

COUNTY OF CRAIG, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

**COUNTY OF CRAIG, VIRGINIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021**

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INTRODUCTORY SECTION

COUNTY OF CRAIG, VIRGINIA

BOARD OF SUPERVISORS

Rusty Zimmerman, Vice Chair Lindsey Dunne	Jesse Spence, Chair	Kathi Toelke Carl Bailey
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COUNTY SCHOOL BOARD

Gina Smith, Vice Chair Trace Bellassai	Sue Crenshaw, Chair Sonja Switzer, Clerk	George Foster Faye Powers
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COUNTY WELFARE BOARD

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

Clerk of the Circuit Court	Sharon Oliver
Commonwealth's Attorney	Matt Dunne
Commissioner of the Revenue	Elizabeth C. Huffman
Treasurer	Jackie M. Parsons
Sheriff	Trevor Craddock
Superintendent of Schools.....	Jeanette D. Warwick
Director of Social Services.....	James T. Weber
County Administrator.....	R.R. Dan Collins
County Attorney	Mike Bedsaul

FINANCIAL SECTION



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, discretely presented component units, each major fund, and the aggregate remaining fund information of County of Craig, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise County of Craig, Virginia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Craig, Virginia, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 22 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 22 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the schedules related to pension and OPEB funding on pages 81-82 and 83-96, respectively, be presented to supplement the basic financial statements. Such 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. 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Craig, Virginia's basic financial statements. The introductory section, other supplementary information, and other statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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.

The introductory section and other statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2021, on our consideration of County of Craig, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Craig, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Craig, Virginia's internal control over financial reporting and compliance.



Blacksburg, Virginia
November 22, 2021

Basic Financial Statements

County of Craig, Virginia
Statement of Net Position
June 30, 2021

	Primary Government Governmental Activities	Component Unit School Board	Component Unit EDA
ASSETS			
Cash and cash equivalents	\$ 4,676,567	\$ 489,594	\$ 71,071
Investments	1,403,341	-	-
Receivables (net of allowance for uncollectibles):			
Taxes receivable	1,788,778	-	-
Accounts receivable	92,713	22,240	752
Due from component unit	184,285	-	-
Due from other governments	367,268	205,130	-
Prepaid items	-	81,987	-
Restricted assets:			
Cash and cash equivalents	33,384	-	-
Capital assets not being depreciated:			
Land	225,419	79,830	362,094
Construction in progress	-	21,380	-
Capital assets, net of accumulated depreciation:			
Buildings and improvements	6,715,943	1,271,870	883,216
Machinery, equipment, and vehicles	804,727	403,159	-
Total assets	\$ 16,292,425	\$ 2,575,190	\$ 1,317,133
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 497,467	\$ 1,683,920	\$ -
OPEB related items	42,979	131,384	-
Total deferred outflows of resources	\$ 540,446	\$ 1,815,304	\$ -
LIABILITIES			
Accounts payable	\$ 96,310	\$ 40,182	\$ 140
Accrued payroll liabilities	-	321,532	-
Accrued interest payable	45,223	-	-
Due to primary government	-	184,285	-
Unearned revenues	729,919	1,125	1,262
Noncurrent liabilities:			
Due within one year	760,568	61,334	-
Due in more than one year	2,683,149	7,464,793	-
Total liabilities	\$ 4,315,169	\$ 8,073,251	\$ 1,402
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 1,622,199	\$ -	\$ -
Pension related items	13,891	566,597	-
OPEB related items	4,485	56,076	-
Total deferred inflows of resources	\$ 1,640,575	\$ 622,673	\$ -
NET POSITION			
Net investment in capital assets	\$ 5,279,231	\$ 1,776,239	\$ 1,245,310
Restricted:			
Cafeteria	-	70,462	-
Debt service and bond covenants	33,384	-	-
Asset forfeiture	10,479	-	-
Unrestricted	5,554,033	(6,152,131)	70,421
Total net position	\$ 10,877,127	\$ (4,305,430)	\$ 1,315,731

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

County of Craig, Virginia
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units		
					Primary Government	School Board	EDA
					Total		
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 961,195	\$ 289	\$ 240,971	\$ -	\$ (719,935)		
Judicial administration	379,400	912	257,879	-	(120,609)		
Public safety	2,384,383	251,472	1,337,132	25,000	(770,779)		
Public works	616,027	19,470	6,640	-	(589,917)		
Health and welfare	1,847,197	-	1,329,809	-	(517,388)		
Education	1,667,811	-	-	-	(1,667,811)		
Parks, recreation, and cultural	44,619	-	9,213	-	(35,406)		
Community development	147,487	640	-	-	(146,847)		
Interest on long-term debt	159,699	-	-	-	(159,699)		
Total primary government	\$ 8,207,818	\$ 272,783	\$ 3,181,644	\$ 25,000	\$ (4,728,391)		
COMPONENT UNITS:							
School Board	\$ 7,407,036	\$ 31,816	\$ 5,899,090	\$ 81,967	\$ (1,394,163)	\$ -	\$ -
EDA	47,759	-	-	-	-	(47,759)	
Total component units	\$ 7,454,795	\$ 31,816	\$ 5,899,090	\$ 81,967	\$ (1,394,163)	\$ (47,759)	
General revenues:							
General property taxes					\$ 4,407,646	\$ -	\$ -
Other local taxes:							
Local sales and use taxes					265,993	-	-
Consumers' utility taxes					117,366	-	-
Consumption taxes					13,248	-	-
Franchise license taxes					1,070	-	-
Recordation tax					49,346	-	-
Hotel and motel room taxes					35,251	-	-
Restaurant food taxes					91,225	-	-
Unrestricted revenues from use of money and property					37,232	34	15,131
Miscellaneous					69,209	177,297	384
Contributions from County of Craig					-	1,342,972	-
Grants and contributions not restricted to specific programs					816,061	-	-
Total general revenues					\$ 5,903,647	\$ 1,520,303	\$ 15,515
Change in net position					\$ 1,175,256	\$ 126,140	\$ (32,244)
Net position - beginning, as restated					9,701,871	(4,431,570)	1,347,975
Net position - ending					\$ 10,877,127	\$ (4,305,430)	\$ 1,315,731

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

County of Craig, Virginia
Balance Sheet
Governmental Funds
June 30, 2021

	<u>General</u>	<u>Asset Forfeiture</u>	<u>Capital Improvement</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 3,640,408	\$ 10,479	\$ 1,025,680	\$ 4,676,567
Investments	1,403,341	-	-	1,403,341
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,788,778	-	-	1,788,778
Accounts receivable	92,713	-	-	92,713
Due from component unit	184,285	-	-	184,285
Due from other governments	367,268	-	-	367,268
Restricted assets:				
Cash and cash equivalents	33,384	-	-	33,384
Total assets	<u>\$ 7,510,177</u>	<u>\$ 10,479</u>	<u>\$ 1,025,680</u>	<u>\$ 8,546,336</u>
LIABILITIES				
Accounts payable	\$ 96,310	\$ -	\$ -	\$ 96,310
Unearned revenue - COVID-19 grants	729,919	-	-	729,919
Total liabilities	<u>\$ 826,229</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 826,229</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - rescue revenue	\$ 17,401	\$ -	\$ -	\$ 17,401
Unavailable revenue - property taxes	1,782,850	-	-	1,782,850
Total deferred inflows of resources	<u>\$ 1,800,251</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,800,251</u>
FUND BALANCE				
Restricted:				
Asset Forfeiture	\$ -	\$ 10,479	\$ -	\$ 10,479
Debt reserve	33,384	-	-	33,384
Committed:				
Law library	12,686	-	-	12,686
Courthouse maintenance	8,434	-	-	8,434
School capital projects	-	-	237,888	237,888
County capital projects	-	-	787,792	787,792
Assigned:				
Memorial	2,013	-	-	2,013
School operations - annual carryover	454,926	-	-	454,926
Unassigned				
Total fund balance	<u>\$ 4,883,697</u>	<u>\$ 10,479</u>	<u>\$ 1,025,680</u>	<u>\$ 5,919,856</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,510,177</u>	<u>\$ 10,479</u>	<u>\$ 1,025,680</u>	<u>\$ 8,546,336</u>

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

County of Craig, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2021

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

Fund balance per Exhibit 3 - Balance Sheet - Governmental Funds	\$	5,919,856
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$	225,419	
Buildings and improvements		6,715,943	
Machinery, equipment, and vehicles		804,727	7,746,089

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

Unavailable revenue - rescue revenue	\$	17,401	
Unavailable revenue - property taxes		160,651	178,052

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

Pension related items	\$	497,467	
OPEB related items		42,979	540,446

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	\$	(699,291)	
Secured note payable		(98,839)	
Capital lease		(1,668,728)	
Compensated absences		(179,276)	
Accrued interest payable		(45,223)	
Transfer station closure		(16,152)	
Net OPEB liability		(150,195)	
Net pension liability		(631,236)	(3,488,940)

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

Pension related items	\$	(13,891)	
OPEB related items		(4,485)	(18,376)

Net position of governmental activities	\$	10,877,127
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The notes to the financial statements are an integral part of this statement.

County of Craig, Virginia
Statement of Revenues, Expenditures, and Change in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	<u>General</u>	<u>Asset Forfeiture</u>	<u>Capital Improvement</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 4,426,774	\$ -	\$ -	\$ 4,426,774
Other local taxes	573,499	-	-	573,499
Permits, privilege fees, and regulatory licenses	30,557	-	-	30,557
Fines and forfeitures	7,208	-	-	7,208
Revenue from the use of money and property	37,220	12	-	37,232
Charges for services	231,055	-	-	231,055
Miscellaneous	69,209	-	-	69,209
Recovered costs	224,216	-	-	224,216
Intergovernmental:				
Commonwealth	2,319,970	2,082	-	2,322,052
Federal	1,700,653	-	-	1,700,653
Total revenues	<u>\$ 9,620,361</u>	<u>\$ 2,094</u>	<u>\$ -</u>	<u>\$ 9,622,455</u>
EXPENDITURES				
Current:				
General government administration	\$ 935,759	\$ -	\$ -	\$ 935,759
Judicial administration	372,961	-	-	372,961
Public safety	2,191,491	3,609	-	2,195,100
Public works	562,529	-	-	562,529
Health and welfare	1,831,127	-	-	1,831,127
Education	1,366,811	-	-	1,366,811
Parks, recreation, and cultural	39,749	-	-	39,749
Community development	314,892	-	-	314,892
Nondepartmental	77,402	-	-	77,402
Capital projects	-	-	236,590	236,590
Debt service:				
Principal retirement	607,093	-	-	607,093
Interest and other fiscal charges	169,415	-	-	169,415
Total expenditures	<u>\$ 8,469,229</u>	<u>\$ 3,609</u>	<u>\$ 236,590</u>	<u>\$ 8,709,428</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,151,132</u>	<u>\$ (1,515)</u>	<u>\$ (236,590)</u>	<u>\$ 913,027</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 92,114	\$ 92,114
Transfers out	(92,114)	-	-	(92,114)
Total other financing sources (uses)	<u>\$ (92,114)</u>	<u>\$ -</u>	<u>\$ 92,114</u>	<u>\$ -</u>
Net change in fund balance	\$ 1,059,018	\$ (1,515)	\$ (144,476)	\$ 913,027
Fund balance - beginning	3,824,679	11,994	1,170,156	5,006,829
Fund balance - ending	<u>\$ 4,883,697</u>	<u>\$ 10,479</u>	<u>\$ 1,025,680</u>	<u>\$ 5,919,856</u>

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

County of Craig, Virginia
Reconciliation of Statement of the Revenues,
Expenditures, and Change in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2021

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

Net change in fund balance - governmental funds	\$	913,027
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay in the current period.

Capital asset additions	\$ 266,476	
Depreciation expense	<u>(505,418)</u>	(238,942)

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

Increase (decrease) in unavailable revenue - property taxes	\$ (19,128)	
Increase (decrease) in unavailable revenue - rescue revenue	<u>3,963</u>	(15,165)

The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.

Principal payments:		
General obligation bonds	\$ 392,311	
Secured notes payable	29,364	
Capital leases	<u>185,418</u>	607,093

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	\$ (5,015)	
Change in net pension liability and related deferred items	(96,474)	
Change in net OPEB liability and related deferred items	1,207	
Change in accrued interest payable	9,716	
Change in transfer station closure liability	<u>(191)</u>	(90,757)

Change in net position of governmental activities	\$	<u><u>1,175,256</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Craig, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 39,631</u>
LIABILITIES	
Accounts payable	<u>\$ -</u>
NET POSITION	
Restricted	<u><u>\$ 39,631</u></u>

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

County of Craig, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	<u>Custodial Funds</u>
ADDITIONS	
Contributions:	
Donations	\$ 5,585
Miscellaneous	2,291
Intergovernmental - Social Security payments	31,694
Total contributions	<u>\$ 39,570</u>
Total additions	<u>\$ 39,570</u>
 DEDUCTIONS	
Checks for SS & SSI Recipients	\$ 27,765
Other welfare	6,394
Total deductions	<u>\$ 34,159</u>
 Net increase (decrease) in fiduciary net position	 \$ 5,411
 Total net position - beginning, as restated	 <u>34,220</u>
Total net position - ending	<u><u>\$ 39,631</u></u>

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

COUNTY OF CRAIG, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021

Note 1—Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

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

The County has no blended component units to be included for the fiscal year ended June 30, 2021.

Discretely Presented Component Units

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

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

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

A. Financial Reporting Entity (Continued)

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

Jointly Governed Organizations - The County, the County of Botetourt, and the City of Roanoke participate in supporting the Blue Ridge Community Services Board. For the year ended June 30, 2021, the County contributed \$8,328 to the Community Services Board.

B. Government-Wide and Fund Financial Statements

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

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

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

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

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

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

The government reports the following major governmental funds:

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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

D. Budgets and Budgetary Accounting

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

1. Prior to May 1st, the County Administrator submits to the County Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1st. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund, School Operating Fund, and the School Cafeteria Fund.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30th, the budget is legally enacted through passage of an Appropriations Resolution.

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

D. Budgets and Budgetary Accounting (Continued)

4. The Appropriations Resolution places legal restrictions on expenditures at the department level for the General Fund and all other funds at the functional level. Only the County Board of Supervisors can change the appropriation by function. The County Administrator is authorized to transfer budgeted amounts within general government activities or departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Operating and School Cafeteria Funds are integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30th for all County units. The County's practice is to appropriate capital projects by project.
8. All budgetary data presented in the accompanying financial statements is the revised budget as of June 30th.
9. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

Excess of expenditures over appropriations

For the fiscal year ended June 30, 2021, there were not any funds/departments that over expended appropriations.

Deficit fund balance

At June 30, 2021, there were no funds with deficit fund balances.

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

1. Cash and Cash Equivalents/Investments

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

1. Cash and Cash Equivalents/Investments (Continued)

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

2. Receivables and Payables

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

3. Property Taxes

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

4. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$68,018 at June 30, 2021 and is comprised of property taxes in the amount of \$35,542 and EMS billings in the amount of \$32,476.

5. Use of Estimates

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

6. Prepaid Items

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

7. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Machinery, equipment, and vehicles	4-30

8. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with accounting standards, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The County accrues salary-related payments associated with the payment of compensated absences.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

9. Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. 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

The County reports fund balance in accordance with current reporting standards. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaid expenditures) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

10. Fund Balance (Continued)

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

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

11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

12. Net Position

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

The County's net position is classified as follows:

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

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

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

13. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as *restricted—net position* and *unrestricted—net position* in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider *restricted—net position* to have been depleted before *unrestricted—net position* is applied.

14. Pensions

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

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

15. Other Post Employment Benefit (OPEB) Plans

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

Note 2—Deposits and Investments:

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

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

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investments as of June 30, 2021 were held in the County's name by the County's custodial bank.

Interest Rate Risk:

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

Investment Maturities (in years)			
Investment Type	Fair Value	Less than 1 year	1-5 years
Local Government Investment Pool (LGIP)	\$ 286,497	\$ 286,497	\$ -
VML/VACO Virginia Investment Pool (VIP)	1,116,844	807,177	309,667
Total	\$ 1,403,341	\$ 1,093,674	\$ 309,667

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 2—Deposits and Investments: (Continued)

Credit Risk of Debt Securities:

The County has not adopted an investment policy for credit risk. The County's rated debt investments as of June 30, 2021 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

County's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings		
	AAAm	AA+f/S1	Total
Local Government Investment Pool (LGIP)	\$ 286,497	\$ -	\$ 286,497
VML/VACO Virginia Investment Pool (VIP)	807,177	309,667	1,116,844
Total	\$ 1,093,674	\$ 309,667	\$ 1,403,341

External Investment Pools:

LGIP:

The value of the positions in the external investment pool (Local Government Investment Pool (LGIP)) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

Virginia Investment Pool (VIP):

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

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COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 3—Due from Other Governmental Units:

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 47,847	\$ -
State sales tax	-	110,330
Noncategorical aid	23,542	-
Categorical aid - shared expenses	91,797	-
Categorical aid - welfare payments	38,055	-
Categorical aid - CSA funds	71,555	-
Categorical aid - other	7,501	-
<u>Federal Government:</u>		
Categorical aid - welfare payments	64,729	-
Categorical aid - education	-	66,462
Categorical aid - other	22,242	28,338
Totals	\$ 367,268	\$ 205,130

Note 4—Interfund Transfers:

Interfund transfers for the fiscal year ended June 30, 2021 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 92,114
Capital Improvement Fund	92,114	-
Total	\$ 92,114	\$ 92,114

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

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 4—Interfund Transfers: (Continued)

<u>Fund</u>	<u>Due from Primary Government/ Component Unit</u>	<u>Due to Primary Government/ Component Unit</u>
Primary Government:		
General Fund	\$ 184,285	\$ -
Component Unit:		
School Board	\$ -	\$ 184,285

Note 5—Long-Term Obligations:

Primary Government - Governmental Activities Indebtedness:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2021:

	<u>Beginning Balance</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Ending Balance</u>
Direct Borrowings and Placements:				
General obligation bonds	\$ 1,091,602	\$ -	\$ (392,311)	\$ 699,291
Secured notes payable	128,203	-	(29,364)	98,839
Capital leases	1,854,146	-	(185,418)	1,668,728
Transfer station closure liability	15,961	191	-	16,152
Compensated absences	174,261	135,711	(130,696)	179,276
Net pension liability	266,401	846,764	(481,929)	631,236
Net OPEB liability	141,247	50,787	(41,839)	150,195
Total	\$ 3,671,821	\$ 1,033,453	\$ (1,261,557)	\$ 3,443,717

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

<u>Year Ending June 30,</u>	<u>Direct Borrowings and Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 432,410	\$ 30,661
2023	328,782	9,102
2023	32,611	773
2024	4,327	16
Totals	\$ 798,130	\$ 40,552

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 5—Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
<u>Direct Borrowings and Placements:</u>						
<i>General Obligation Bonds:</i>						
General obligation bond	5.63%	5/1/2001	5/1/2022	\$ 1,400,000	\$ 110,000	\$ 110,000
VPSA general obligation bond	4.60-5.10%	2/2/2003	7/15/2022	5,210,980	589,291	292,000
<i>Notes Payable:</i>						
Rural Development - secured note payable	3.50%	7/18/2019	8/8/2024	152,830	98,839	30,410
Total direct borrowings and placements					<u>\$ 798,130</u>	<u>\$ 432,410</u>
<u>Capital Leases:</u>						
Capital lease - transfer station	2.295%	6/15/2013	6/15/2023	253,500	\$ 55,429	\$ 27,398
Capital lease - CIP equipment	3.120%	7/20/2018	8/1/2023	458,250	238,211	93,078
Capital lease - CIP building renovations	3.980%	7/20/2018	8/1/2033	568,750	496,282	31,337
Capital lease - school energy projects	4.223%	12/20/2018	1/1/2034	922,351	878,806	41,888
Total capital leases					<u>\$ 1,668,728</u>	<u>\$ 193,701</u>
<u>Other Obligations:</u>						
Transfer station closure liability					\$ 16,152	\$ -
Compensated absences					179,276	134,457
Net pension liability					631,236	-
Net OPEB liability					150,195	-
Total other obligations					<u>\$ 976,859</u>	<u>\$ 134,457</u>
Total long-term obligations					<u>\$ 3,443,717</u>	<u>\$ 760,568</u>

Events of Default:

The County's general obligation bonds are subject to the state aid intercept program. Under terms of the program, the County's State aid is redirected to bond holders to cure any event(s) of default.

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 5—Long-Term Obligations: (Continued)

Long-Term Obligations-Component Unit School Board:

The following is a summary of long-term obligation transactions of the School Board for the year ended June 30, 2021:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Compensated absences	\$ 85,165	\$ 60,488	\$ (63,874)	\$ 81,779
Net pension liability	5,685,377	2,598,696	(1,768,457)	6,515,616
Net OPEB liabilities	882,292	223,627	(177,187)	928,732
Total	\$ 6,652,834	\$ 2,882,811	\$ (2,009,518)	\$ 7,526,127

Details of long-term obligations:

	Total Amount	Amount Due Within One Year
<u>Other Obligations:</u>		
Compensated absences	\$ 81,779	\$ 61,334
Net pension liability	6,515,616	-
Net OPEB liabilities	928,732	-
Total other obligations	\$ 7,526,127	\$ 61,334
Total long-term obligations	\$ 7,526,127	\$ 61,334

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COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 6—Capital Lease:

Primary Government

The County has entered into several lease agreements to finance the acquisition equipment and building improvements. These lease agreements qualify as a capital lease for accounting purposes and, therefore, have been recorded at the present value of the minimum lease payments at the date of inception.

The asset acquired through capital lease are as follows:

	Governmental Activities
Asset:	
Building improvements	\$ 624,937
Backhoe loader	64,776
Ford pickup trucks	115,132
911 records management	40,000
Phone system	93,002
Storage building	101,449
School energy improvements	947,189
Less: Accumulated depreciation	(195,130)
Net capital assets	\$ <u>1,791,355</u>

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2021, were as follows:

Year Ending June 30,	Capital Leases
2022	\$ 258,084
2023	260,084
2024	183,675
2025	135,780
2026	137,780
2027-2031	717,890
2032-2035	<u>420,950</u>
Sub-total	\$ 2,114,243
Less:	
Amount representing interest	<u>(445,515)</u>
Present Value of Lease Agreements	\$ <u>1,668,728</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 7—Pension Plan:

Plan Description

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

Benefit Structures

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

- a. Employees a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 7—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, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	36	12
Inactive members:		
Vested inactive members	17	1
Non-vested inactive members	11	3
Inactive members active elsewhere in VRS	18	5
Total inactive members	46	9
Active members	44	16
Total covered employees	126	37

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 7—Pension Plan: (continued)

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2021 was 11.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$208,208 and \$210,532 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2021 was 9.83% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Craig County School Board's nonprofessional employees were \$26,851 and \$30,475 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2020. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020.

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, 2019, 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, 2020.

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 7—Pension Plan: (continued)

Actuarial Assumptions - General Employees (continued)

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*

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

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

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 7—Pension Plan: (continued)

Actuarial Assumptions - General Employees (continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased from 7.00% to 6.75%

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, 2019, 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, 2020.

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*

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 7—Pension Plan: (continued)

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

Mortality rates:

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the changes in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 7—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:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

* The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long term-rate of 6.75% which is roughly the 40th percentile of expected long term-results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 7—Pension Plan: (continued)

Discount Rate (continued)

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, 2020, 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, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2020, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 8,197,212	\$ 7,930,811	\$ 266,401
Changes for the year:			
Service cost	\$ 276,652	\$ -	\$ 276,652
Interest	536,145	-	536,145
Differences between expected and actual experience	28,573	-	28,573
Assumption changes	-	-	-
Contributions - employer	-	231,876	(231,876)
Contributions - employee	-	98,805	(98,805)
Net investment income	-	151,245	(151,245)
Benefit payments, including refunds of employee contributions	(508,638)	(508,638)	-
Administrative expenses	-	(5,213)	5,213
Other changes	-	(178)	178
Net changes	\$ 332,732	\$ (32,103)	\$ 364,835
Balances at June 30, 2020	\$ 8,529,944	\$ 7,898,708	\$ 631,236

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 7—Pension Plan: (continued)

Changes in Net Pension Liability

	Component Unit - School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 1,993,591	\$ 1,896,192	\$ 97,399
Changes for the year:			
Service cost	\$ 31,304	\$ -	\$ 31,304
Interest	131,287	-	131,287
Differences between expected and actual experience	106,044	-	106,044
Assumption changes	-	-	-
Contributions - employer	-	30,475	(30,475)
Contributions - employee	-	13,894	(13,894)
Net investment income	-	35,862	(35,862)
Benefit payments, including refunds of employee contributions	(97,188)	(97,188)	-
Administrative expenses	-	(1,247)	1,247
Other changes	-	(42)	42
Net changes	\$ 171,447	\$ (18,246)	\$ 189,693
Balances at June 30, 2020	\$ 2,165,038	\$ 1,877,946	\$ 287,092

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 7—Pension Plan: (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
County			
Net Pension Liability (Asset)	\$ 1,540,212	\$ 631,236	\$ (133,049)
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 526,479	\$ 287,092	\$ 84,522

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

For the year ended June 30, 2021, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$326,026 and \$130,165, respectively. At June 30, 2021, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit-School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,466	\$ 13,891	\$ 70,115	\$ -
Change in assumptions	37,563	-	7,051	-
Net difference between projected and actual earnings on pension plan investments	235,230	-	55,810	-
Employer contributions subsequent to the measurement date	208,208	-	26,851	-
Total	\$ 497,467	\$ 13,891	\$ 159,827	\$ -

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 7—Pension Plan: (continued)

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

\$208,208 and \$21,851 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (Nonprofessional)</u>
2022	\$ 41,534	\$ 57,389
2023	78,164	38,368
2024	80,089	19,158
2025	75,581	18,061
2026	-	-
Thereafter	-	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 7—Pension Plan: (continued)

Component Unit School Board (Professional) (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$589,467 and \$568,737 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$6,228,524 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was 0.04284% as compared to 0.04246% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$546,132. 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.

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COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 7—Pension Plan: (continued)

Component Unit School Board (Professional) (continued)

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

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit-School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 473,748	\$ 365,087
Change in assumptions	425,175	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	35,703	201,510
Employer contributions subsequent to the measurement date	589,467	-
Total	\$ 1,524,093	\$ 566,597

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 7—Pension Plan: (continued)

Component Unit School Board (Professional) (continued)

\$589,467 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Component Unit School Board (professional)</u>
2022	\$ (97,732)
2023	107,401
2024	197,000
2025	166,801
2026	(5,441)
Thereafter	-

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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*

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 7—Pension Plan: (continued)

Component Unit School Board (Professional) (continued)

Actuarial Assumptions (Continued)

Mortality rates:

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount rate	Decreased rate from 7.00% to 6.75%

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 7—Pension Plan: (continued)

Component Unit School Board (Professional) (continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	51,001,855
Plan Fiduciary Net Position		36,449,229
Employers' Net Pension Liability (Asset)	\$	14,552,626
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		71.47%

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

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

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 9,138,643	\$ 6,228,524	\$ 3,821,487

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 7—Pension Plan: (continued)

Component Unit School Board (Professional) (continued)

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 497,467	\$ 13,891	\$ 631,236	\$ 326,026	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	159,827	-	287,092	130,165
School Board Professional	-	-	-	-	1,524,093	566,597	6,228,524	546,132
Totals	<u>\$ 497,467</u>	<u>\$ 13,891</u>	<u>\$ 631,236</u>	<u>\$ 326,026</u>	<u>\$ 1,683,920</u>	<u>\$ 566,597</u>	<u>\$ 6,515,616</u>	<u>\$ 676,297</u>

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COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 8—Capital Assets:

Primary Government

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 225,419	\$ -	\$ -	\$ 225,419
Capital assets, being depreciated:				
Buildings and improvements	\$ 10,828,827	\$ 131,449	\$ -	\$ 10,960,276
Machinery and equipment	2,526,195	135,027	(22,219)	2,639,003
Total capital assets being depreciated	\$ 13,355,022	\$ 266,476	\$ (22,219)	\$ 13,599,279
Accumulated depreciation:				
Buildings and improvements	\$ (3,966,041)	\$ (278,292)	\$ -	\$ (4,244,333)
Machinery and equipment	(1,629,369)	(227,126)	22,219	(1,834,276)
Total accumulated depreciation	\$ (5,595,410)	\$ (505,418)	\$ 22,219	\$ (6,078,609)
Total capital assets being depreciated, net	\$ 7,759,612	\$ (238,942)	\$ -	\$ 7,520,670
Governmental activities capital assets, net	\$ 7,985,031	\$ (238,942)	\$ -	\$ 7,746,089

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

Governmental Activities:	
General government administration	\$ 42,941
Judicial administration	390
Public safety	147,368
Public works	98,007
Health and welfare	21,016
Education	187,711
Parks, recreation, and cultural	4,870
Community development	3,115
Total depreciation expense-governmental activities	\$ 505,418

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 8—Capital Assets: (Continued)

Discretely Presented Component Unit - School Board

Capital asset activity for the School Board for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 79,830	\$ -	\$ -	\$ 79,830
Construction in progress	-	21,380	-	21,380
Total capital assets not being depreciated	\$ 79,830	\$ 21,380	\$ -	\$ 101,210
Capital assets, being depreciated:				
Buildings and improvements	\$ 4,143,296	\$ 67,315	\$ -	\$ 4,210,611
Machinery and equipment	905,057	255,755	-	1,160,812
Total capital assets being depreciated	\$ 5,048,353	\$ 323,070	\$ -	\$ 5,371,423
Accumulated depreciation:				
Buildings and improvements	\$ (2,824,064)	\$ (114,677)	\$ -	\$ (2,938,741)
Machinery and equipment	(714,929)	(42,724)	-	(757,653)
Total accumulated depreciation	\$ (3,538,993)	\$ (157,401)	\$ -	\$ (3,696,394)
Total capital assets being depreciated, net	\$ 1,509,360	\$ 165,669	\$ -	\$ 1,675,029
Component Unit School Board capital assets, net	\$ 1,589,190	\$ 187,049	\$ -	\$ 1,776,239

Note 9—Risk Management:

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

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 10—Contingent Liabilities:

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

Note 11—Surety Bonds:

Primary Government:

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

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COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 12—Deferred/Unavailable Revenue:

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

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Primary Government:		
Deferred property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 160,651
2nd half tax assessments due in December 2021	1,541,653	1,541,653
Prepaid property taxes due in December 2021, but paid in advance by taxpayers	80,546	80,546
Total deferred/unavailable revenue	\$ 1,622,199	\$ 1,782,850

Note 13-Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

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

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

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 13-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Plan Description (continued)

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ($1.34\% \times 60\%$) and the employer component was 0.54% ($1.34\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$10,251 and \$9,630 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 13-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Contributions (continued)

Contributions to the Group Life Insurance Plan from the Component Unit School Board (nonprofessional) were \$1,544 and \$1,520 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (Professional) were \$19,875 and \$18,621 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

Primary Government

At June 30, 2021, the entity reported a liability of \$150,195 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 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, 2019 and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.00900% as compared to 0.00868% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$9,067. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Component Unit School Board (nonprofessional)

At June 30, 2021, the entity reported a liability of \$23,698 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.00140% as compared to 0.00158% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$313. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 13-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

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

Component Unit School Board (professional)

At June 30, 2021, the entity reported a liability of \$304,563 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.01820% as compared to 0.01828% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$8,724. 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, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)		Component Unit School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,634	\$ 1,349	\$ 1,520	\$ 213	\$ 19,535	\$ 2,736
Net difference between projected and actual earnings on GLI OPEB program investments	4,512	-	712	-	9,149	-
Change in assumptions	7,511	3,136	1,185	495	15,232	6,359
Changes in proportion	11,071	-	-	3,018	-	9,589
Employer contributions subsequent to the measurement date	10,251	-	1,544	-	19,875	-
Total	\$ 42,979	\$ 4,485	\$ 4,961	\$ 3,726	\$ 63,791	\$ 18,684

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 13-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

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

\$10,251, \$1,544, and \$19,875 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)	Component Unit School Board (professional)
2022	\$ 5,602	\$ (233)	\$ 1,697
2023	6,876	(32)	4,281
2024	7,299	151	7,504
2025	6,169	159	9,239
2026	2,033	(275)	2,355
Thereafter	264	(79)	156

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020. 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 CAFR.

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

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 13-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions (continued)

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

Mortality Rates - Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 13-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions (continued)

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 13-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Actuarial Assumptions (continued)

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 13-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
		<hr/>
Total GLI OPEB Liability	\$	3,523,937
Plan Fiduciary Net Position		1,855,102
		<hr/>
GLI Net OPEB Liability (Asset)	\$	1,668,835
		<hr/> <hr/>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.64%

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

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COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 13-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

*The above allocation provides a one-year return of 7.14 %. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy 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, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 13-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

Discount Rate (continued)

contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 197,443	\$ 150,195	\$ 111,826
Component Unit School Board's (nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	31,153	23,698	17,644
Component Unit School Board's (professional) proportionate share of the GLI Plan Net OPEB Liability	400,371	304,563	226,757

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$44,535 and \$43,038 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$558,855 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net VRS Teacher Employee HIC Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.04284% as compared to 0.04271% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$40,729. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Plan OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 7,464
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	2,477	-
Change in assumptions	11,048	3,053
Change in proportion	1,456	23,149
Employer contributions subsequent to the measurement date	44,535	-
Total	\$ 59,516	\$ 33,666

\$44,535 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, 2022. 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	
2022	\$ (5,038)
2023	(4,792)
2024	(4,874)
2025	(3,406)
2026	(501)
Thereafter	(74)

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

Mortality Rates - Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased from 7.00% to 6.75%

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, 2020, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,448,676
Plan Fiduciary Net Position		144,160
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<u>1,304,516</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		
		9.95%

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, 2021**Note 14- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Long-Term Expected Rate of Return***

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

*The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**Note 14- 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, 2020, 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, 2020 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	\$ 625,850	\$ 558,855	\$ 502,144

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 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 15 - Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 15 - Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Employees Covered by Benefit Terms

As of the June 30, 2019 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>-</u>
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	<u>-</u>
Total inactive members	<u>-</u>
Active members	<u>16</u>
Total covered employees	<u><u>16</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board's contractually required employer contribution rate for the year ended June 30, 2021 was 1.09% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the HIC Plan were \$3,116 and \$0 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net HIC OPEB Liability

The School Board's net HIC OPEB liability was measured as of June 30, 2020. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 15 - 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, 2019, 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, 2020.

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

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 15 - Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**Note 15 - Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)*****Long-Term Expected Rate of Return***

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 15 - 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, 2020, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 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, 2019	\$ -	\$ -	\$ -
Changes for the year:			
Service cost	\$ -	\$ -	\$ -
Interest	-	-	-
Benefit changes	41,616	-	41,616
Differences between expected and actual experience	-	-	-
Assumption changes	-	-	-
Contribution - employer	-	-	-
Net investment income	-	-	-
Benefit payments	-	-	-
Administrative expenses	-	-	-
Other changes	-	-	-
Net changes	\$ 41,616	\$ -	\$ 41,616
Balances at June 30, 2020	\$ 41,616	\$ -	\$ 41,616

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 15 - Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
City of Bristol, Virginia School Board's Net HIC OPEB Liability	\$ 45,814	\$ 41,616	\$ 37,972

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, 2021, the School Board recognized HIC Plan OPEB expense of \$41,616. At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board's HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	-	-
Change in assumptions	-	-
Employer contributions subsequent to the measurement date	3,116	-
Total	\$ 3,116	\$ -

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 15 - 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)

\$3,116 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2022	\$	-
2023		-
2024		-
2025		-
2026		-
Thereafter		-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 16-LODA (OPEB):

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

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

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

Note 16-LODA (OPEB): (Continued)

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VRSA. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2021 was \$16,632.

Note 17-Summary of Other Post-Employment Benefits (OPEB):

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:								
GLI Plan (Note 13)								
County	\$ 42,979	\$ 4,485	\$ 150,195	\$ 9,067	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	4,961	3,726	23,698	313
School Board Professional	-	-	-	-	63,791	18,684	304,563	8,724
Teacher HIC Plan (Note 14)	-	-	-	-	59,516	33,666	558,855	40,729
HIC Nonprofessional (Note 15)	-	-	-	-	3,116	-	41,616	41,616
Totals	\$ 42,979	\$ 4,485	\$ 150,195	\$ 9,067	\$ 131,384	\$ 56,076	\$ 928,732	\$ 91,382

Note 18—Commitments and Contingencies:

Operating Leases:

On November 30, 2008, the County entered into a lease agreement with Botetourt County, Virginia for rent of the jail. The County has agreed to pay Botetourt County, Virginia \$104,416 each year through fiscal year 2032.

Note 19—Litigation:

As of June 30, 2021, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decisions on pending matters not be favorable.

Note 20—Transfer Station:

The County maintains and operates a transfer station and reports a liability in accordance with State and Federal laws for closure of the transfer station. The County reports an estimated liability of \$16,152 as of June 30, 2021. Closure care requirements are mandated under the United States Environmental Protection Agency (EPA) rule, "Solid Waste Disposal Facility Criteria", and are subject to revisions by the EPA. Federal and state regulations require owners of municipal landfills and transfer stations to demonstrate financial responsibility for closure care, postclosure care, and corrective costs arising from operations of such facilities. The County has demonstrated financial assurance requirements for closure and postclosure care through submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code.

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

Note 21—COVID-19 Pandemic:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the County, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

CARES Act Funding

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF).

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The County received total CRF funding of \$895,320. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of \$100,000. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. Unspent CRF funds in the amount of \$231,600 are reported as unearned revenue as of June 30.

ARPA Funding

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

On June 24, 2021, the County received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$498,319 from the initial allocation are reported as unearned revenue as of June 30.

ESF Funding

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

COUNTY OF CRAIG, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 22—Adoption of Accounting Principle:

The County and School Board implemented provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The implementation of this Statement resulted in the following restatement of fund balance and net position by the inclusion of school activity funds and change in reporting of special welfare funds. Special welfare funds were determined to be a custodial fund and \$34,220 previously reported as liability in the fiduciary funds is now restated to be reported as net position in this fund. The school activity fund impact is below:

Fund balance, as previously reported 6/30/2020	\$ -
Inclusion of School Activity Fund (per GASB 84)	102,664
Fund balance, as restated 6/30/2020	<u>\$ 102,664</u>
School Board Net position, as previously reported 6/30/2020	\$ (4,534,234)
Inclusion of School Activity Fund (per GASB 84)	102,664
School Board Net position, as restated 6/30/2020	<u>\$ (4,431,570)</u>

Note 23—Upcoming Pronouncements:

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 23—Upcoming Pronouncements: (Continued)

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement. No 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

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

Required Supplementary Information

County of Craig, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
General property taxes	\$ 4,122,391	\$ 4,122,391	\$ 4,426,774	\$ 304,383
Other local taxes	462,412	462,412	573,499	111,087
Permits, privilege fees, and regulatory licenses	30,186	30,271	30,557	286
Fines and forfeitures	8,200	8,200	7,208	(992)
Revenue from the use of money and property	41,938	41,938	37,220	(4,718)
Charges for services	232,062	232,062	231,055	(1,007)
Miscellaneous	23,053	33,624	69,209	35,585
Recovered costs	216,980	217,260	224,216	6,956
Intergovernmental:				
Commonwealth	2,504,630	2,901,200	2,319,970	(581,230)
Federal	947,013	1,691,241	1,700,653	9,412
Total revenues	\$ 8,588,865	\$ 9,740,599	\$ 9,620,361	\$ (120,238)
EXPENDITURES				
Current:				
General government administration	\$ 922,244	\$ 1,027,607	\$ 935,759	\$ 91,848
Judicial administration	333,395	387,187	372,961	14,226
Public safety	1,916,272	2,720,417	2,191,491	528,926
Public works	567,604	626,415	562,529	63,886
Health and welfare	2,143,497	2,202,957	1,831,127	371,830
Education	1,760,000	1,954,550	1,366,811	587,739
Parks, recreation, and cultural	39,985	42,290	39,749	2,541
Community development	271,361	334,245	314,892	19,353
Nondepartmental	128,028	382,868	77,402	305,466
Debt service:				
Principal retirement	635,608	635,608	607,093	28,515
Interest and other fiscal charges	95,916	142,116	169,415	(27,299)
Total expenditures	\$ 8,813,910	\$ 10,456,260	\$ 8,469,229	\$ 1,987,031
Excess (deficiency) of revenues over (under) expenditures	\$ (225,045)	\$ (715,661)	\$ 1,151,132	\$ 1,866,793
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (92,114)	\$ (92,114)
Total other financing sources (uses)	\$ -	\$ -	\$ (92,114)	\$ (92,114)
Net change in fund balance	\$ (225,045)	\$ (715,661)	\$ 1,059,018	\$ 1,774,679
Fund balances - beginning	225,045	715,661	3,824,679	3,109,018
Fund balances - ending	\$ -	\$ -	\$ 4,883,697	\$ 4,883,697

County of Craig, Virginia
 Asset Forfeiture Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 12	\$ 12
Intergovernmental:				
Commonwealth	-	2,082	2,082	-
Total revenues	\$ -	\$ 2,082	\$ 2,094	\$ 12
EXPENDITURES				
Current:				
Public safety	\$ -	\$ 13,944	\$ 3,609	\$ 10,335
Total expenditures	\$ -	\$ 13,944	\$ 3,609	\$ 10,335
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (11,862)	\$ (1,515)	\$ 10,347
Net change in fund balance	\$ -	\$ (11,862)	\$ (1,515)	\$ 10,347
Fund balances - beginning	-	11,862	11,994	132
Fund balances - ending	\$ -	\$ -	\$ 10,479	\$ 10,479

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

For the Measurement Dates of June 30, 2014 through June 30, 2019

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 276,652	250,942 \$	243,484 \$	210,744 \$	203,107 \$	204,611 \$	204,353
Interest	536,145	524,921	503,673	490,171	490,983	464,354	442,058
Changes of assumptions	-	208,309	-	7,806	-	-	-
Differences between expected and actual experience	28,573	(77,033)	(37,207)	(97,720)	(245,735)	116,725	-
Benefit payments	(508,638)	(417,602)	(395,194)	(441,058)	(478,837)	(331,733)	(324,060)
Net change in total pension liability	\$ 332,732	489,537 \$	314,756 \$	169,943 \$	(30,482) \$	453,957 \$	322,351
Total pension liability - beginning	8,197,212	7,707,675	7,392,919	7,222,976	7,253,458	6,799,501	6,477,150
Total pension liability - ending (a)	\$ 8,529,944	8,197,212 \$	7,707,675 \$	7,392,919 \$	7,222,976 \$	7,253,458 \$	6,799,501
Plan fiduciary net position							
Contributions - employer	\$ 231,876	196,475 \$	166,660 \$	157,265 \$	160,131 \$	165,490 \$	126,032
Contributions - employee	98,805	83,979	79,741	75,211	68,608	70,729	71,845
Net investment income	151,245	502,431	529,685	795,684	110,571	300,147	905,225
Benefit payments	(508,638)	(417,602)	(395,194)	(441,058)	(478,837)	(331,733)	(324,060)
Administrator charges	(5,213)	(4,996)	(4,606)	(4,711)	(4,299)	(4,142)	(4,941)
Other	(178)	(317)	(470)	(703)	(48)	(61)	47
Net change in plan fiduciary net position	\$ (32,103)	359,970 \$	375,816 \$	581,688 \$	(143,874) \$	200,430 \$	774,148
Plan fiduciary net position - beginning	7,930,811	7,570,841	7,195,025	6,613,337	6,757,211	6,556,781	5,782,633
Plan fiduciary net position - ending (b)	\$ 7,898,708	7,930,811 \$	7,570,841 \$	7,195,025 \$	6,613,337 \$	6,757,211 \$	6,556,781
County's net pension liability - ending (a) - (b)	\$ 631,236	266,401 \$	136,834 \$	197,894 \$	609,639 \$	496,247 \$	242,720
Plan fiduciary net position as a percentage of the total pension liability	92.60%	96.75%	98.22%	97.32%	91.56%	93.16%	96.43%
Covered payroll	\$ 1,852,006	1,701,824 \$	1,640,317 \$	1,534,935 \$	1,383,512 \$	1,424,898 \$	1,437,339
County's net pension liability as a percentage of covered payroll	34.08%	15.65%	8.34%	12.89%	44.06%	34.83%	16.89%

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

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

For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 31,304	27,312 \$	47,432 \$	44,753 \$	55,326 \$	54,544 \$	56,017
Interest	131,287	125,236	119,763	123,679	124,157	114,416	106,519
Changes of assumptions	-	51,119	-	(40,139)	-	-	-
Differences between expected and actual experience	106,044	48,277	11,521	(81,547)	(111,640)	19,496	-
Benefit payments	(97,188)	(94,887)	(106,168)	(99,209)	(50,123)	(48,491)	(50,930)
Net change in total pension liability	\$ 171,447	\$ 157,057	\$ 72,548	\$ (52,463)	\$ 17,720	\$ 139,965	\$ 111,606
Total pension liability - beginning	1,993,591	1,836,534	1,763,986	1,816,449	1,798,729	1,658,764	1,547,158
Total pension liability - ending (a)	\$ 2,165,038	\$ 1,993,591	\$ 1,836,534	\$ 1,763,986	\$ 1,816,449	\$ 1,798,729	\$ 1,658,764
Plan fiduciary net position							
Contributions - employer	\$ 30,475	32,535 \$	29,539 \$	30,714 \$	42,876 \$	55,133 \$	45,582
Contributions - employee	13,894	14,853	15,429	16,075	16,146	20,837	20,422
Net investment income	35,862	120,519	129,148	193,426	28,337	69,197	201,832
Benefit payments	(97,188)	(94,887)	(106,168)	(99,209)	(50,123)	(48,491)	(50,930)
Administrator charges	(1,247)	(1,214)	(1,151)	(1,142)	(967)	(904)	(1,065)
Other	(42)	(76)	(113)	(172)	(12)	(16)	10
Net change in plan fiduciary net position	\$ (18,246)	\$ 71,730	\$ 66,684	\$ 139,692	\$ 36,257	\$ 95,756	\$ 215,851
Plan fiduciary net position - beginning	1,896,192	1,824,462	1,757,778	1,618,086	1,581,829	1,486,073	1,270,222
Plan fiduciary net position - ending (b)	\$ 1,877,946	\$ 1,896,192	\$ 1,824,462	\$ 1,757,778	\$ 1,618,086	\$ 1,581,829	\$ 1,486,073
School Division's net pension liability - ending (a) - (b)	\$ 287,092	\$ 97,399	\$ 12,072	\$ 6,208	\$ 198,363	\$ 216,900	\$ 172,691
Plan fiduciary net position as a percentage of the total pension liability	86.74%	95.11%	99.34%	99.65%	89.08%	87.94%	89.59%
Covered payroll	\$ 294,418	\$ 309,022	\$ 317,794	\$ 327,803	\$ 324,831	\$ 416,726	\$ 408,442
School Division's net pension liability as a percentage of covered payroll	97.51%	31.52%	3.80%	1.89%	61.07%	52.05%	42.28%

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

County of Craig, Virginia
 Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
 Pension Plans
 For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.0428%	0.0425%	0.0428%	0.0438%	0.0461%	0.0484%	0.0501%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,228,524	\$ 5,587,978	\$ 5,030,000	\$ 5,389,000	\$ 6,457,000	\$ 6,087,000	\$ 6,054,000
Employer's Covered Payroll	\$ 3,755,972	\$ 3,577,009	\$ 3,483,372	\$ 3,493,365	\$ 3,512,489	\$ 3,595,880	\$ 3,672,064
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	165.83%	156.22%	144.40%	154.26%	183.83%	169.28%	164.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

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

County of Craig, Virginia
Schedule of Employer Contributions
Pension Plans
For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess)* (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2021	\$ 208,208	\$ 208,208	\$ -	\$ 1,898,316	10.97%
2020	210,532	210,532	-	1,852,006	11.37%
2019	196,470	196,470	-	1,701,824	11.54%
2018	166,660	166,660	-	1,640,317	10.16%
2017	157,299	157,299	-	1,534,935	10.25%
2016	160,130	160,130	-	1,383,512	11.57%
2015	165,490	165,490	-	1,424,898	11.61%
2014	178,374	126,055	52,319	1,437,339	8.77%
2013	179,079	126,553	52,526	1,443,020	8.77%
2012	139,685	139,685	-	1,592,757	8.77%
Component Unit School Board (nonprofessional)					
2021	\$ 26,851	\$ 26,851	\$ -	\$ 285,897	9.39%
2020	30,475	30,475	-	294,418	10.35%
2019	32,535	32,535	-	309,022	10.53%
2018	29,539	29,539	-	317,794	9.30%
2017	30,793	30,793	-	327,803	9.39%
2016	42,879	42,879	-	324,831	13.20%
2015	55,133	55,133	-	416,726	13.23%
2014	52,771	45,582	7,189	408,442	11.16%
2013	51,615	44,574	7,041	399,498	11.16%
2012	44,823	44,823	-	401,641	11.16%
Component Unit School Board (professional)					
2021	\$ 589,467	\$ 589,467	\$ -	\$ 3,680,522	16.02%
2020	568,737	568,737	-	3,755,972	15.14%
2019	543,267	543,267	-	3,577,009	15.19%
2018	553,546	553,546	-	3,483,372	15.89%
2017	503,157	503,157	-	3,493,365	14.40%
2016	489,140	489,140	-	3,512,489	13.93%
2015	518,231	518,231	-	3,595,880	14.41%
2014	428,365	428,365	-	3,672,064	11.67%
2013	544,812	544,812	-	3,605,864	15.11%
2012	231,969	231,969	-	3,644,192	6.37%

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

County of Craig, Virginia
Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2021

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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

County of Craig, Virginia
Schedule of Employer's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2020

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2020	0.00900% \$	150,195 \$	1,852,006	8.11%	52.64%
2019	0.00868%	141,247 \$	1,701,824	8.30%	52.00%
2018	0.00863%	131,000	1,640,317	7.99%	51.22%
2017	0.00833%	125,000	1,534,935	8.14%	48.86%
Component Unit-School Board (Non-Professional)					
2020	0.01400% \$	23,698 \$	292,207	8.11%	52.64%
2019	0.00158%	25,711	309,022	8.32%	52.00%
2018	0.00167%	25,000	317,794	7.87%	51.22%
2017	0.00178%	26,000	327,803	7.93%	48.86%
Component Unit-School Board (Professional)					
2020	0.01820% \$	304,563 \$	3,755,972	8.11%	52.64%
2019	0.01828%	297,465	3,577,009	8.32%	52.00%
2018	0.01831%	278,000	3,483,372	7.98%	51.22%
2017	0.01894%	285,000	3,493,365	8.16%	48.86%

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

County of Craig, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2021	\$ 10,251	\$ 10,251	\$ -	\$ 1,898,316	0.54%
2020	9,630	9,630	-	1,852,006	0.52%
2019	8,850	8,850	-	1,701,824	0.52%
2018	8,530	8,530	-	1,640,317	0.52%
2017	7,994	7,994	-	1,534,935	0.52%
2016	6,667	6,667	-	1,383,512	0.48%
2015	6,840	6,840	-	1,424,898	0.48%
2014	6,899	6,899	-	1,437,339	0.48%
2013	6,927	6,927	-	1,443,020	0.48%
2012	4,460	4,460	-	1,592,757	0.28%
Component Unit-School Board (Non-Professional)					
2021	\$ 1,544	\$ 1,544	\$ -	\$ 285,897	0.54%
2020	1,520	1,520	-	292,207	0.52%
2019	1,607	1,607	-	309,022	0.52%
2018	1,652	1,652	-	317,794	0.52%
2017	1,705	1,705	-	327,803	0.52%
2016	1,559	1,559	-	324,831	0.48%
2015	2,000	2,000	-	416,726	0.48%
2014	1,961	1,961	-	408,442	0.48%
2013	1,918	1,918	-	399,498	0.48%
2012	1,125	1,125	-	401,641	0.28%
Component Unit-School Board (Professional)					
2021	\$ 19,875	\$ 19,875	\$ -	\$ 3,680,522	0.54%
2020	18,621	18,621	-	3,755,972	0.50%
2019	18,600	18,600	-	3,577,009	0.52%
2018	18,114	18,114	-	3,483,372	0.52%
2017	18,166	18,166	-	3,493,365	0.52%
2016	16,860	16,860	-	3,512,489	0.48%
2015	17,260	17,260	-	3,595,880	0.48%
2014	17,626	17,626	-	3,672,064	0.48%
2013	17,308	17,308	-	3,605,864	0.48%
2012	10,205	10,205	-	3,644,192	0.28%

County of Craig, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2021

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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

County of Craig, Virginia
Schedule of School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2020

Date	Employer's Proportion of the Net HIC OPEB Liability	Employer's Proportionate Share of the Net HIC OPEB Liability	Employer's Covered Payroll	Employer's	Plan Fiduciary
				Proportionate Share of the Net HIC OPEB Liability as a Percentage of Covered Payroll (3)/(4)	
(1)	(2)	(3)	(4)	(5)	(6)
2020	0.0428%	\$ 558,855	\$ 3,755,972	14.88%	9.95%
2019	0.0427%	559,116	3,577,009	15.63%	8.97%
2018	0.0431%	547,000	3,483,372	15.70%	8.08%
2017	0.0441%	560,000	3,493,365	16.03%	7.04%

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

County of Craig, Virginia
Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2012 through June 30, 2021

Date	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)		
	(1)	(2)	(3)	(4)	(5)
Component Unit-School Board (Professional)					
2021	\$ 44,535	\$ 44,535	\$ -	\$ 3,680,552	1.21%
2020	43,038	43,038	-	3,755,972	1.15%
2019	42,924	42,924	-	3,577,009	1.20%
2018	42,846	42,846	-	3,483,372	1.23%
2017	38,658	38,658	-	3,493,365	1.11%
2016	37,232	37,232	-	3,512,489	1.06%
2015	38,116	38,116	-	3,595,880	1.06%
2014	40,668	40,668	-	3,672,064	1.11%
2013	39,563	39,563	-	3,564,244	1.11%
2012	21,988	21,988	-	3,644,192	0.60%

County of Craig, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2021

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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Component Unit-School Board (Professional):

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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

	<u>2020</u>
Total HIC OPEB Liability	
Service cost	\$ -
Interest	-
Changes in benefit terms	41,616
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	-
Net change in total HIC OPEB liability	<u>\$ 41,616</u>
Total HIC OPEB Liability - beginning	-
Total HIC OPEB Liability - ending (a)	<u><u>\$ 41,616</u></u>
 Plan fiduciary net position	
Contributions - employer	\$ -
Contributions - employee	-
Net investment income	-
Benefit payments	-
Administrator charges	-
Other	-
Net change in plan fiduciary net position	<u>\$ -</u>
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	<u><u>\$ -</u></u>
 School Division's net HIC OPEB liability - ending (a) - (b)	 \$ 41,616
 Plan fiduciary net position as a percentage of the total HIC OPEB liability	 0.00%
 Covered payroll	 \$ -
 School Division's net HIC OPEB liability as a percentage of covered payroll	 N/A

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

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

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

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

County of Craig, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2021

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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Other Supplementary Information

County of Craig, Virginia
Capital Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Capital projects	\$ -	\$ 504,016	\$ 236,590	\$ 267,426
Total expenditures	\$ -	\$ 504,016	\$ 236,590	\$ 267,426
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (504,016)	\$ (236,590)	\$ 267,426
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 92,114	\$ 92,114	\$ -
Total other financing sources (uses)	\$ -	\$ 92,114	\$ 92,114	\$ -
Net change in fund balances	\$ -	\$ (411,902)	\$ (144,476)	\$ 267,426
Fund balances - beginning	-	742,725	1,170,156	427,431
Fund balances - ending	\$ -	\$ 330,823	\$ 1,025,680	\$ 694,857

County of Craig, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2021

	School Operating Fund	School Cafeteria Fund	Nonmajor Fund School Activity Fund	Total
ASSETS				
Cash and cash equivalents	\$ 315,100	\$ 67,273	\$ 107,221	\$ 489,594
Accounts receivable	22,240	-	-	22,240
Due from other governmental units	189,199	15,931	-	205,130
Total assets	<u>\$ 526,539</u>	<u>\$ 83,204</u>	<u>\$ 107,221</u>	<u>\$ 716,964</u>
LIABILITIES				
Accounts payable	\$ 28,817	\$ 4,647	\$ 6,718	\$ 40,182
Accrued payroll liabilities	313,437	8,095	-	321,532
Due to primary government	184,285	-	-	184,285
Unearned revenue	-	-	1,125	1,125
Total liabilities	<u>\$ 526,539</u>	<u>\$ 12,742</u>	<u>\$ 7,843</u>	<u>\$ 547,124</u>
FUND BALANCE				
Restricted:				
Cafeteria	\$ -	\$ 70,462	\$ -	\$ 70,462
Committed:				
School activities	-	-	99,378	99,378
Total fund balance	<u>\$ -</u>	<u>\$ 70,462</u>	<u>\$ 99,378</u>	<u>\$ 169,840</u>
Total liabilities and fund balance	<u>\$ 526,539</u>	<u>\$ 83,204</u>	<u>\$ 107,221</u>	<u>\$ 716,964</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:				
Fund balance per above				\$ 169,840
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				
Land			\$ 79,830	
Construction in progress			21,380	
Buildings and improvements			1,271,870	
Machinery and equipment			403,159	1,776,239
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.				
Pension related items			\$ 1,683,920	
OPEB related items			131,384	1,815,304
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			\$ (81,779)	
Net pension liability			(6,515,616)	
Net OPEB liabilities			(928,732)	(7,526,127)
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net position.				
Prepaid items				81,987
Deferred inflows of resources are not due and payable for current period and, therefore, are not reported in the funds.				
Pension related items			\$ (566,597)	
OPEB related items			(56,076)	(622,673)
Net position of component unit school board				<u>\$ (4,305,430)</u>

County of Craig, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2021

	School Operating Fund	School Cafeteria Fund	Nonmajor Fund School Activity Fund	Total
REVENUES				
Charges for services	\$ -	\$ 31,816	\$ -	\$ 31,816
Revenue from the use of money and property	-	34	-	34
Miscellaneous	94,778	-	82,519	177,297
Intergovernmental:				
Local government	1,155,261	-	-	1,155,261
Commonwealth	4,745,087	6,394	-	4,751,481
Federal	902,870	326,706	-	1,229,576
Total revenues	<u>\$ 6,897,996</u>	<u>\$ 364,950</u>	<u>\$ 82,519</u>	<u>\$ 7,345,465</u>
EXPENDITURES				
Current:				
Education	<u>\$ 6,897,996</u>	<u>\$ 379,082</u>	<u>\$ 85,805</u>	<u>\$ 7,362,883</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (14,132)</u>	<u>\$ (3,286)</u>	<u>\$ (17,418)</u>
Net change in fund balance	\$ -	\$ (14,132)	\$ (3,286)	\$ (17,418)
Fund balance - beginning, as restated	-	84,594	102,664	187,258
Fund balance - ending	<u>\$ -</u>	<u>\$ 70,462</u>	<u>\$ 99,378</u>	<u>\$ 169,840</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:				
Net change in fund balance - governmental fund - per above				\$ (17,418)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.				
Capital outlays			\$ 344,450	
Depreciation expense			<u>(157,401)</u>	187,049
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			\$ 3,386	
Change in net OPEB liabilities and related deferred items			(19,324)	
Change in net pension liabilities and related deferred items			<u>(60,428)</u>	(76,366)
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net position.				
Increase (decrease) in prepaid items				32,875
Change in net position of component unit school board				<u>\$ 126,140</u>

County of Craig, Virginia
Schedule of Revenues, Expenditures, and Change in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2021

	School Operating Fund				School Cafeteria Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,816	\$ 31,816
Revenue from the use of money and property	-	-	-	-	-	-	34	34
Miscellaneous	45,438	45,438	94,778	49,340	-	-	-	-
Intergovernmental:								
Local government	1,743,000	1,743,000	1,155,261	(587,739)	-	-	-	-
Commonwealth	4,601,818	4,601,818	4,745,087	143,269	10,848	10,848	6,394	(4,454)
Federal	462,647	767,913	902,870	134,957	366,238	406,287	326,706	(79,581)
Total revenues	\$ 6,852,903	\$ 7,158,169	\$ 6,897,996	\$ (260,173)	\$ 377,086	\$ 417,135	\$ 364,950	\$ (52,185)
EXPENDITURES								
Current:								
Education	\$ 6,852,903	\$ 7,158,169	\$ 6,897,996	\$ 260,173	\$ 377,086	\$ 417,135	\$ 379,082	\$ 38,053
Total expenditures	\$ 6,852,903	\$ 7,158,169	\$ 6,897,996	\$ 260,173	\$ 377,086	\$ 417,135	\$ 379,082	\$ 38,053
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (14,132)	\$ (14,132)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (14,132)	\$ (14,132)
Fund balance - beginning	-	-	-	-	-	-	84,594	84,594
Fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,462	\$ 70,462

County of Craig, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 2,953,390	\$ 2,953,390	\$ 3,216,855	\$ 263,465
Real and personal public service corporation taxes	133,647	133,647	106,966	(26,681)
Personal property taxes	895,190	895,190	950,900	55,710
Mobile home taxes	20,594	20,594	19,759	(835)
Machinery and tools taxes	52,162	52,162	48,841	(3,321)
Merchant's capital	12,805	12,805	13,016	211
Penalties	33,038	33,038	44,211	11,173
Interest	21,565	21,565	26,226	4,661
Total general property taxes	<u>\$ 4,122,391</u>	<u>\$ 4,122,391</u>	<u>\$ 4,426,774</u>	<u>\$ 304,383</u>
Other local taxes:				
Local sales and use taxes	\$ 191,850	\$ 191,850	\$ 265,993	\$ 74,143
Consumers' utility taxes	117,000	117,000	117,366	366
Consumption taxes	12,848	12,848	13,248	400
Franchise license taxes	5,000	5,000	1,070	(3,930)
Recordation tax	31,626	31,626	49,346	17,720
Hotel and motel room taxes	19,772	19,772	35,251	15,479
Restaurant food taxes	84,316	84,316	91,225	6,909
Total other local taxes	<u>\$ 462,412</u>	<u>\$ 462,412</u>	<u>\$ 573,499</u>	<u>\$ 111,087</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 9,950	\$ 10,035	\$ 9,023	\$ (1,012)
Transfer fees	350	350	289	(61)
Zoning, subdivision permits, and erosion and sediment control	765	765	640	(125)
Building permits	19,121	19,121	20,605	1,484
Total permits, privilege fees, and regulatory licenses	<u>\$ 30,186</u>	<u>\$ 30,271</u>	<u>\$ 30,557</u>	<u>\$ 286</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 7,900	\$ 7,900	\$ 6,558	\$ (1,342)
Interest on fines	200	200	87	(113)
Law library costs	100	100	563	463
Total fines and forfeitures	<u>\$ 8,200</u>	<u>\$ 8,200</u>	<u>\$ 7,208</u>	<u>\$ (992)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 11,000	\$ 11,000	\$ 6,211	\$ (4,789)
Revenue from use of property	30,938	30,938	31,009	71
Total revenue from use of money and property	<u>\$ 41,938</u>	<u>\$ 41,938</u>	<u>\$ 37,220</u>	<u>\$ (4,718)</u>
Charges for services:				
Charges for courthouse maintenance	\$ 1,000	\$ 1,000	\$ 1,251	\$ 251
Charges for courthouse security	7,348	7,348	9,125	1,777
Charges for Commonwealth's Attorney	488	488	349	(139)
Charges for sanitation and waste removal	9,749	9,749	18,219	8,470
Charges for emergency medical services	213,000	213,000	201,387	(11,613)
Jail admission fees	477	477	724	247
Total charges for services	<u>\$ 232,062</u>	<u>\$ 232,062</u>	<u>\$ 231,055</u>	<u>\$ (1,007)</u>

County of Craig, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 23,053	\$ 33,624	\$ 69,209	\$ 35,585
Recovered costs:				
Mt Castle salary reimbursement	\$ 180,481	\$ 180,481	\$ 177,196	\$ (3,285)
LOA - special welfare	21,182	21,182	20,991	(191)
Other recovered costs	15,317	15,597	26,029	10,432
Total recovered costs	\$ 216,980	\$ 217,260	\$ 224,216	\$ 6,956
Total revenue from local sources	\$ 5,137,222	\$ 5,148,158	\$ 5,599,738	\$ 451,580
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 212	\$ 212	\$ 262	\$ 50
Mobile home titling tax	6,796	6,796	28,329	21,533
Grantor's tax	9,549	9,549	13,212	3,663
State recordation tax	10,393	10,393	-	(10,393)
Communication tax	105,001	105,001	84,982	(20,019)
Games of Skill	-	-	12,384	12,384
Personal property tax relief funds	341,055	341,055	341,055	-
Total noncategorical aid	\$ 473,006	\$ 473,006	\$ 480,224	\$ 7,218
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 75,708	\$ 75,708	\$ 73,030	\$ (2,678)
Sheriff	512,450	512,450	505,692	(6,758)
Commissioner of revenue	74,614	80,743	79,787	(956)
Treasurer	79,017	79,017	78,261	(756)
Registrar/electoral board	34,931	34,931	37,740	2,809
Clerk of the Circuit Court	153,278	169,678	178,264	8,586
Total shared expenses	\$ 929,998	\$ 952,527	\$ 952,774	\$ 247
Other categorical aid:				
Welfare payments	\$ 454,112	\$ 512,200	\$ 359,398	\$ (152,802)
CSA payments	561,790	561,790	384,151	(177,639)
Litter control grant	-	6,640	6,640	-
Four-for-life	5,598	6,186	6,186	-
Fire program	20,000	20,000	30,000	10,000
Library grant	7,808	9,213	9,213	-
State E-911 program	45,730	45,730	51,488	5,758
VJCCA grant	6,588	6,588	6,585	(3)
E-911 PSAP program	-	236,014	-	(236,014)
Emergency services	-	71,306	33,311	(37,995)
Total other categorical aid	\$ 1,101,626	\$ 1,475,667	\$ 886,972	\$ (588,695)
Total categorical aid	\$ 2,031,624	\$ 2,428,194	\$ 1,839,746	\$ (588,448)
Total revenue from the Commonwealth	\$ 2,504,630	\$ 2,901,200	\$ 2,319,970	\$ (581,230)

County of Craig, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 317,638	\$ 317,638	\$ 335,837	\$ 18,199
Categorical aid:				
Welfare payments	\$ 586,260	\$ 586,260	\$ 586,260	\$ -
DMV grants	8,750	8,750	3,087	(5,663)
Emergency preparedness grant	7,500	48,006	48,006	-
Forest reserve	20,265	20,265	17,084	(3,181)
COVID-19 Coronavirus Relief Fund	-	630,770	630,770	-
COVID-19 HHS Provider Relief	-	-	8,040	8,040
COVID-19 CARES Registrar	-	47,952	45,183	(2,769)
USDA grant	-	25,000	25,000	-
Forest service grant	6,600	6,600	1,386	(5,214)
Total categorical aid	\$ 629,375	\$ 1,373,603	\$ 1,364,816	\$ (8,787)
Total revenue from the federal government	\$ 947,013	\$ 1,691,241	\$ 1,700,653	\$ 9,412
Total General Fund	\$ 8,588,865	\$ 9,740,599	\$ 9,620,361	\$ (120,238)
Special Revenue Fund:				
Asset Forfeiture Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 12	\$ 12
Total revenue from local sources	\$ -	\$ -	\$ 12	\$ 12
Revenue from the Commonwealth:				
Categorical aid:				
Forfeited assets	\$ -	\$ 2,082	\$ 2,082	\$ -
Total revenue from the Commonwealth	\$ -	\$ 2,082	\$ 2,082	\$ -
Total Asset Forfeiture Fund	\$ -	\$ 2,082	\$ 2,094	\$ 12
Total Primary Government	\$ 8,588,865	\$ 9,742,681	\$ 9,622,455	\$ (120,226)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ 45,438	\$ 45,438	\$ 94,778	\$ 49,340
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Craig, Virginia	\$ 1,743,000	\$ 1,743,000	\$ 1,155,261	\$ (587,739)

County of Craig, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 821,566	\$ 821,566	\$ 877,392	\$ 55,826
Basic school aid	1,894,531	1,894,531	2,046,656	152,125
Foster care	1,395	1,395	22,614	21,219
Gifted and talented	18,193	18,193	17,631	(562)
Special education	395,342	395,342	383,135	(12,207)
Special education regional payments	184,755	184,755	144,505	(40,250)
Textbook payment	37,599	37,599	36,439	(1,160)
Jobs for Virginia graduates	30,000	30,000	60,000	30,000
Early intervention	16,583	16,583	18,952	2,369
Vocational standards of quality payments	76,269	76,269	73,915	(2,354)
Homebound education	2,014	2,014	748	(1,266)
Fringe benefits	443,622	443,622	429,925	(13,697)
Vocational education - equipment	2,442	2,442	4,759	2,317
At-risk payments	129,874	129,874	125,563	(4,311)
Remedial assistance	85,996	85,996	88,661	2,665
Primary class size	47,691	47,691	50,780	3,089
VPSA grants	102,000	102,000	81,967	(20,033)
Standards of Learning algebra readiness	9,572	9,572	12,020	2,448
Mentor teacher	-	-	50,400	50,400
Lottery proceeds	200,000	200,000	200,000	-
ISAP	8,386	8,386	8,387	1
English Second Language	1,913	1,913	956	(957)
Other state funds	92,075	92,075	9,682	(82,393)
Total categorical aid	\$ 4,601,818	\$ 4,601,818	\$ 4,745,087	\$ 143,269
Total revenue from the Commonwealth	\$ 4,601,818	\$ 4,601,818	\$ 4,745,087	\$ 143,269
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 191,066	\$ 191,066	\$ 188,925	\$ (2,141)
COVID-19 Education Relief Funds	-	208,455	233,709	25,254
Forest reserve fund	-	96,811	96,811	-
Title VI-B, special education flow-through	154,686	154,686	157,716	3,030
Vocational education	14,525	14,525	14,440	(85)
Title VI-B, special education pre-school	7,009	7,009	7,030	21
Title III, Impact aid	49,000	49,000	45,726	(3,274)
Title II, Part A	27,538	27,538	37,726	10,188
Other federal funds	18,823	18,823	26,385	7,562
COVID-19 Coronavirus Relief Fund (CRF)	-	-	94,402	94,402
Total categorical aid	\$ 462,647	\$ 767,913	\$ 902,870	\$ 134,957
Total revenue from the federal government	\$ 462,647	\$ 767,913	\$ 902,870	\$ 134,957
Total School Operating Fund	\$ 6,852,903	\$ 7,158,169	\$ 6,897,996	\$ (260,173)

County of Craig, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 34	\$ 34
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 31,816	\$ 31,816
Total revenue from local sources	\$ -	\$ -	\$ 31,850	\$ 31,850
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 10,848	\$ 10,848	\$ 6,394	\$ (4,454)
Total revenue from the Commonwealth	\$ 10,848	\$ 10,848	\$ 6,394	\$ (4,454)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 366,238	\$ 406,287	\$ 326,706	\$ (79,581)
Total revenue from the federal government	\$ 366,238	\$ 406,287	\$ 326,706	\$ (79,581)
Total School Cafeteria Fund	\$ 377,086	\$ 417,135	\$ 364,950	\$ (52,185)
School Activity Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 82,519	\$ 82,519
Total School Activity Fund	\$ -	\$ -	\$ 82,519	\$ 82,519
Total Discretely Presented Component Unit - School Board	\$ 7,229,989	\$ 7,575,304	\$ 7,345,465	\$ (229,839)

County of Craig, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 36,860	\$ 36,860	\$ 27,005	\$ 9,855
General and financial administration:				
County administrator	\$ 141,821	\$ 153,182	\$ 137,915	\$ 15,267
Commissioner of revenue	175,709	185,939	180,793	5,146
Audit	62,750	63,905	62,306	1,599
Treasurer	216,622	234,088	228,841	5,247
Accounting/purchasing	65,195	65,195	63,228	1,967
Technology/data processing	106,690	106,690	76,948	29,742
Total general and financial administration	\$ 768,787	\$ 808,999	\$ 750,031	\$ 58,968
Board of elections:				
Electoral board and officials	\$ 29,921	\$ 33,988	\$ 31,631	\$ 2,357
Registrar	86,676	147,760	127,092	20,668
Total board of elections	\$ 116,597	\$ 181,748	\$ 158,723	\$ 23,025
Total general government administration	\$ 922,244	\$ 1,027,607	\$ 935,759	\$ 91,848
Judicial administration:				
Courts:				
Circuit court	\$ 6,400	\$ 6,400	\$ 3,931	\$ 2,469
General district court	3,145	4,036	3,622	414
Clerk of the circuit court	211,981	264,882	258,993	5,889
Total courts	\$ 221,526	\$ 275,318	\$ 266,546	\$ 8,772
Commonwealth's attorney:				
Commonwealth's attorney	\$ 111,869	\$ 111,869	\$ 106,415	\$ 5,454
Total judicial administration	\$ 333,395	\$ 387,187	\$ 372,961	\$ 14,226
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,004,799	\$ 1,059,865	\$ 929,288	\$ 130,577
Fire and rescue services:				
Public safety	\$ 137,377	\$ 193,038	\$ 194,973	\$ (1,935)
Emergency medical services	481,693	1,159,249	815,278	343,971
E-911	25,191	25,191	18,165	7,026
Total fire and rescue services	\$ 644,261	\$ 1,377,478	\$ 1,028,416	\$ 349,062
Correction and detention:				
Care of prisoners	\$ 25,000	\$ 37,000	\$ 32,155	\$ 4,845
Contribution to Regional Jail	104,416	104,416	104,416	-
Total correction and detention	\$ 129,416	\$ 141,416	\$ 136,571	\$ 4,845
Inspections:				
Building	\$ 88,882	\$ 93,159	\$ 85,198	\$ 7,961

County of Craig, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Other protection:				
Animal control	\$ 44,737	\$ 44,322	\$ 8,102	\$ 36,220
Medical examiner	400	400	140	260
Forest service	3,777	3,777	3,776	1
Total other protection	<u>\$ 48,914</u>	<u>\$ 48,499</u>	<u>\$ 12,018</u>	<u>\$ 36,481</u>
Total public safety	<u>\$ 1,916,272</u>	<u>\$ 2,720,417</u>	<u>\$ 2,191,491</u>	<u>\$ 528,926</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 422,468	\$ 422,468	\$ 372,013	\$ 50,455
Litter control grant	-	6,640	6,640	-
Total sanitation and waste removal	<u>\$ 422,468</u>	<u>\$ 429,108</u>	<u>\$ 378,653</u>	<u>\$ 50,455</u>
Maintenance of general buildings and grounds:				
Maintenance of properties	\$ 145,136	\$ 197,307	\$ 183,876	\$ 13,431
Total public works	<u>\$ 567,604</u>	<u>\$ 626,415</u>	<u>\$ 562,529</u>	<u>\$ 63,886</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 60,640	\$ 60,640	\$ 57,809	\$ 2,831
Behavioral Health and Development Services:				
Blue Ridge Community Services Board	\$ 8,328	\$ 8,328	\$ 8,328	\$ -
Welfare:				
Welfare administration	\$ 1,243,272	\$ 1,302,732	\$ 1,175,072	\$ 127,660
Children's Services Act (CSA)	791,257	791,257	547,920	243,337
Tax relief for the elderly/veterans	40,000	40,000	41,998	(1,998)
Total welfare	<u>\$ 2,074,529</u>	<u>\$ 2,133,989</u>	<u>\$ 1,764,990</u>	<u>\$ 368,999</u>
Total health and welfare	<u>\$ 2,143,497</u>	<u>\$ 2,202,957</u>	<u>\$ 1,831,127</u>	<u>\$ 371,830</u>
Education:				
Other instructional costs:				
Contribution to Community College	\$ 17,000	\$ 17,000	\$ 17,000	\$ -
Contribution to County School Board - COVID-19 CRF	-	194,550	194,550	-
Contribution to County School Board	1,743,000	1,743,000	1,155,261	587,739
Total education	<u>\$ 1,760,000</u>	<u>\$ 1,954,550</u>	<u>\$ 1,366,811</u>	<u>\$ 587,739</u>
Parks, recreation, and cultural:				
Cultural enrichment:				
League of older Americans	\$ 1,200	\$ 1,200	\$ 1,200	\$ -
Library:				
Regional library	\$ 38,785	\$ 41,090	\$ 38,549	\$ 2,541
Total parks, recreation, and cultural	<u>\$ 39,985</u>	<u>\$ 42,290</u>	<u>\$ 39,749</u>	<u>\$ 2,541</u>

County of Craig, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development:				
Planning and community development:				
Community development	\$ 12,525	\$ 70,909	\$ 88,716	\$ (17,807)
Zoning board	1,000	1,000	420	580
Planning	2,653	2,653	389	2,264
Tourism	7,840	12,340	2,795	9,545
Contribution to Virginia's First Regional IFA	10,844	10,844	10,844	-
Fifth planning district	5,094	5,094	5,094	-
Total planning and community development	<u>\$ 39,956</u>	<u>\$ 102,840</u>	<u>\$ 108,258</u>	<u>\$ (5,418)</u>
Environmental management:				
Mountain Castle - soil conservation	\$ 183,481	\$ 183,481	\$ 177,194	\$ 6,287
Erosion and sediment control	2,500	2,500	-	2,500
Total environmental management	<u>\$ 185,981</u>	<u>\$ 185,981</u>	<u>\$ 177,194</u>	<u>\$ 8,787</u>
Cooperative extension program:				
Extension office	\$ 45,424	\$ 45,424	\$ 29,440	\$ 15,984
Total community development	<u>\$ 271,361</u>	<u>\$ 334,245</u>	<u>\$ 314,892</u>	<u>\$ 19,353</u>
Nondepartmental:				
Fringe benefits	\$ 68,169	\$ 79,821	\$ 73,677	\$ 6,144
Contingencies	59,859	303,047	3,725	299,322
Total nondepartmental	<u>\$ 128,028</u>	<u>\$ 382,868</u>	<u>\$ 77,402</u>	<u>\$ 305,466</u>
Debt service:				
Principal retirement	\$ 635,608	\$ 635,608	\$ 607,093	\$ 28,515
Interest and other fiscal charges	95,916	142,116	169,415	(27,299)
Total debt service	<u>\$ 731,524</u>	<u>\$ 777,724</u>	<u>\$ 776,508</u>	<u>\$ 1,216</u>
Total General Fund	<u>\$ 8,813,910</u>	<u>\$ 10,456,260</u>	<u>\$ 8,469,229</u>	<u>\$ 1,987,031</u>
Special Revenue Fund:				
Asset Forfeiture Fund:				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ -	\$ 13,944	\$ 3,609	\$ 10,335
Total public safety	<u>\$ -</u>	<u>\$ 13,944</u>	<u>\$ 3,609</u>	<u>\$ 10,335</u>
Total Asset Forfeiture Fund	<u>\$ -</u>	<u>\$ 13,944</u>	<u>\$ 3,609</u>	<u>\$ 10,335</u>

County of Craig, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund:				
Capital Improvements Fund:				
Capital projects:				
School capital projects	\$ -	\$ 351,178	\$ 113,289	\$ 237,889
Storage building	-	53,800	27,330	26,470
DSS HVAC improvements	-	13,500	13,240	260
Ambulance equipment	-	6,600	3,793	2,807
PAR/PER Courthouse/DSS Improvements	-	78,938	78,938	-
Total capital projects	\$ -	\$ 504,016	\$ 236,590	\$ 267,426
Total Capital Projects Fund	\$ -	\$ 504,016	\$ 236,590	\$ 267,426
Total Primary Government	\$ 8,813,910	\$ 10,974,220	\$ 8,709,428	\$ 2,264,792
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Executive administration services	\$ 591,149	\$ 595,024	\$ 555,366	\$ 39,658
Instruction costs:				
Instruction costs	\$ 4,893,948	\$ 4,974,786	\$ 4,938,335	\$ 36,451
Technology	290,487	368,796	254,063	114,733
Total instruction costs	\$ 5,184,435	\$ 5,343,582	\$ 5,192,398	\$ 151,184
Operating costs:				
Pupil transportation	\$ 529,548	\$ 621,617	\$ 589,382	\$ 32,235
Operation and maintenance of school plant	547,771	597,946	560,850	37,096
Total operating costs	\$ 1,077,319	\$ 1,219,563	\$ 1,150,232	\$ 69,331
Total education	\$ 6,852,903	\$ 7,158,169	\$ 6,897,996	\$ 260,173
Total School Operating Fund	\$ 6,852,903	\$ 7,158,169	\$ 6,897,996	\$ 260,173
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 377,086	\$ 417,135	\$ 379,082	\$ 38,053
Total School Cafeteria Fund	\$ 377,086	\$ 417,135	\$ 379,082	\$ 38,053
School Activity Fund:				
Education:				
Instruction costs:				
Instruction costs	\$ -	\$ -	\$ 85,805	\$ (85,805)
Total School Activity Fund	\$ -	\$ -	\$ 85,805	\$ (85,805)
Total Discretely Presented Component Unit - School Board	\$ 7,229,989	\$ 7,575,304	\$ 7,362,883	\$ 212,421

Other Statistical Information

Table 1

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

Fiscal Year	General			Parks,			Interest			
	Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Recreation, and Cultural	Community Development	on Long- Term Debt	Total
2020-21	\$ 961,195	\$ 379,400	\$ 2,384,383	\$ 616,027	\$ 1,847,197	\$ 1,667,811	\$ 44,619	\$ 147,487	\$ 159,699	\$ 8,207,818
2019-20	912,493	369,406	2,008,933	652,904	1,922,459	2,107,155	44,444	83,424	138,356	8,239,574
2018-19	740,339	312,306	1,758,372	614,928	1,506,879	1,752,410	45,779	42,348	154,488	6,927,848
2017-18	605,223	301,263	1,741,399	577,668	1,250,607	2,192,694	42,753	149,288	102,784	6,963,679
2016-17	821,376	326,560	1,625,010	571,442	1,234,904	1,843,293	38,779	140,256	122,050	6,723,670
2015-16	739,661	304,096	1,467,324	579,770	1,222,920	1,843,269	37,456	142,775	140,070	6,477,341
2014-15	687,049	282,082	1,488,590	460,013	1,222,584	2,524,567	35,161	157,523	159,707	7,017,276
2013-14	791,988	323,664	1,324,152	609,729	1,043,298	2,119,299	34,833	139,465	177,884	6,564,312
2012-13	755,333	296,577	1,329,756	524,687	1,010,860	2,732,769	30,047	103,568	191,361	6,974,958
2011-12	771,452	275,294	1,264,434	492,085	1,641,432	1,961,795	36,364	188,737	204,612	6,836,205

Table 2

County of Craig, Virginia
Government-Wide Revenues
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES						
	Charges for Services (1)	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Gain on Sale of Capital Assets	Total
2020-21	\$ 272,783	\$ 3,181,644	\$ 25,000	\$ 4,407,646	\$ 573,499	\$ 37,232	\$ 69,209	\$ 816,061	\$ -	\$ 9,383,074
2019-20	270,795	2,578,752	-	4,229,625	475,834	52,797	83,988	790,388	-	8,482,179
2018-19	276,769	2,172,849	-	4,140,233	450,251	62,060	54,457	789,654	232,683	8,178,956
2017-18	198,082	2,059,715	28,233	4,060,334	442,686	115,422	73,886	791,477	-	7,769,835
2016-17	225,644	1,929,108	-	3,735,991	531,210	96,023	93,989	657,441	-	7,269,406
2015-16	147,572	2,115,406	-	3,502,061	535,567	80,207	68,671	665,593	-	7,115,077
2014-15	130,563	1,920,486	-	3,528,790	536,953	75,408	50,351	630,602	-	6,873,153
2013-14	98,996	1,731,459	313,600	3,394,671	499,033	84,783	72,073	635,965	-	6,830,580
2012-13	68,084	1,701,928	-	3,395,934	505,675	81,702	97,377	622,697	-	6,473,397
2011-12	279,913	1,990,992	89,659	3,305,224	509,246	81,751	88,147	584,807	-	6,929,739

(1) Beginning in 2012-2013, charges for child care services are reported in the fiduciary Child Care Fund.

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Capital Projects	Non-departmental	Debt Service	Total
2020-21	\$ 935,759	\$ 372,961	\$ 2,195,100	\$ 562,529	\$ 1,831,127	\$ 7,574,433	\$ 39,749	\$ 314,892	\$ 236,590	\$ 77,402	\$ 776,508	\$ 14,917,050
2019-20	876,842	367,366	1,909,116	569,258	1,937,280	7,571,946	39,574	242,263	618,687	58,240	728,872	14,919,444
2018-19	782,851	335,545	1,916,549	534,884	1,529,730	7,146,068	40,909	227,638	1,660,917	35,793	578,611	14,789,495
2017-18	789,421	321,181	1,712,051	484,629	1,264,965	7,234,728	37,856	308,033	356,020	56,336	497,240	13,062,460
2016-17	812,332	331,884	1,577,157	507,774	1,220,066	7,280,787	33,909	295,405	99,678	23,980	506,021	12,688,993
2015-16	807,913	308,648	1,715,254	524,366	1,232,970	7,234,274	32,586	307,491	255,149	29,267	514,620	12,962,538
2014-15	683,263	291,281	1,319,777	530,378	1,241,655	7,908,590	30,291	289,719	360,736	29,242	522,932	13,207,864
2013-14	698,893	315,527	1,233,002	732,380	1,066,647	7,592,779	31,137	250,823	-	33,105	530,908	12,485,201
2012-13	686,849	288,615	1,231,648	480,036	995,082	7,243,484	30,047	241,045	-	69,512	513,581	11,779,899
2011-12	756,836	273,610	1,247,722	482,996	1,676,392	7,064,450	25,121	321,900	-	56,358	555,794	12,461,179

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

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

Table 4

County of Craig, Virginia
General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2020-21	\$ 4,426,774	\$ 573,499	\$ 30,557	\$ 7,208	\$ 37,266	\$ 262,871	\$ 246,506	\$ 224,216	\$ 10,003,762	\$ 15,812,659
2019-20	4,224,933	475,834	25,027	9,074	52,845	389,646	338,044	213,107	8,800,138	14,528,648
2018-19	4,164,098	450,251	27,594	9,247	62,060	209,797	350,631	216,664	8,415,905	13,906,247
2017-18	4,014,581	442,686	24,386	4,406	115,422	159,797	323,898	205,243	8,129,300	13,419,719
2016-17	3,780,172	531,210	29,472	5,986	96,023	194,461	438,522	196,331	7,910,595	13,182,772
2015-16	3,491,806	535,567	25,773	4,275	80,207	117,524	413,557	172,230	7,963,316	12,804,255
2014-15	3,495,927	536,953	33,583	3,535	75,408	93,445	372,363	161,472	7,734,458	12,507,144
2013-14	3,405,962	499,033	28,680	5,007	84,986	219,868	386,507	147,064	7,510,744	12,287,851
2012-13	3,410,578	505,675	25,889	4,661	81,826	186,109	237,905	178,341	7,327,897	11,958,881
2011-12	3,257,197	509,246	23,335	5,801	81,886	414,432	299,252	202,123	7,668,001	12,461,273

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

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

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1,2)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2020-21	\$ 4,645,561	\$ 4,498,432	96.83%	\$ 198,960	\$ 4,697,392	101.12%	\$ 282,667	6.08%
2019-20	4,528,811	4,337,840	97.17%	168,149	4,505,989	99.50%	294,883	6.51%
2018-19	4,452,003	4,325,867	97.17%	121,418	4,447,285	99.89%	269,134	6.05%
2017-18	4,324,605	4,241,937	98.09%	67,375	4,309,312	99.65%	281,778	6.52%
2016-17	3,979,080	3,908,195	98.22%	149,256	4,057,451	101.97%	224,479	5.64%
2015-16	3,818,731	3,684,660	96.49%	106,352	3,791,012	99.27%	266,353	6.97%
2014-15	3,855,268	3,632,756	94.23%	155,833	3,788,589	98.27%	252,169	6.54%
2013-14	3,736,546	3,543,990	94.85%	156,332	3,700,322	99.03%	234,129	6.27%
2012-13	3,680,533	3,478,001	94.50%	218,368	3,696,369	100.43%	233,864	6.35%
2011-12	3,580,886	3,292,776	91.95%	256,343	3,549,119	99.11%	265,974	7.43%

(1) Exclusive of penalties and interest.

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

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes (3)	Machinery and Tools	Merchant's Capital	Public Utilities (1)(2)	Total
2020-21	\$ 518,372,550	\$ 40,887,341	\$ 2,233,193	\$ 376,207	\$ 20,455,651	\$ 582,324,942
2019-20	513,945,350	40,132,122	2,182,037	367,673	20,678,193	577,305,375
2018-19	510,949,900	38,971,378	2,384,170	359,874	23,485,893	576,151,215
2017-18	502,657,721	38,738,626	2,331,275	273,765	17,030,937	561,032,324
2016-17	493,739,433	37,504,338	1,951,604	410,566	18,319,870	551,925,811
2015-16	490,384,380	35,729,749	1,463,786	316,819	16,609,743	544,504,477
2014-15	487,617,041	36,560,925	1,735,986	303,551	14,601,241	540,818,744
2013-14	485,172,230	34,622,620	2,040,191	285,556	14,212,421	536,333,018
2012-13	483,945,781	34,330,943	2,309,708	289,470	14,034,655	534,910,557
2011-12	456,489,768	33,674,308	2,528,832	282,742	12,698,689	505,674,339

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

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

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

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital
2020-21	\$ 0.59	\$ 3.50	\$ 2.20	\$ 3.50
2019-20	0.59	3.50	2.20	3.50
2018-19	0.59	3.50	2.20	3.50
2017-18	0.59	3.50	2.20	3.50
2016-17	0.59	3.00	2.20	3.50
2015-16	0.56	3.00	2.20	3.50
2014-15	0.56	3.00	2.20	3.50
2013-14	0.54/0.56	3.00	2.20	3.50
2012-13	0.54	3.00	2.20	3.50
2011-12	0.56/0.54	3.00	2.20	3.50

(1) Per \$100 of assessed value.

Table 8

County of Craig, Virginia
Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Net Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2020-21	5,190	\$ 577,305	\$ 699,291	0.12%	\$ 135
2019-20	5,190	576,151	1,091,602	0.19%	210
2018-19	5,190	561,032	1,474,101	0.26%	284
2017-18	5,190	551,926	1,846,327	0.33%	356
2016-17	5,190	544,504	2,208,543	0.41%	426
2015-16	5,190	540,819	2,560,997	0.47%	493
2014-15	5,190	536,333	2,903,926	0.54%	560
2013-14	5,190	534,911	3,237,055	0.60%	624
2012-13	5,190	505,674	3,561,599	0.67%	686
2011-12	5,190	477,914	3,878,180	0.77%	747

(1) Bureau of the Census.

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

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

Excludes net pension and OPEB liabilities, capital leases, and compensated absences.

Table 9

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

Fiscal Year	Principal	Interest (2)	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2020-21	\$ 607,093	\$ 169,415	\$ 776,508	\$ 14,917,050	5.21%
2019-20	579,865	149,007	728,872	14,919,444	4.89%
2018-19	453,501	125,110	578,611	14,789,495	3.91%
2017-18	387,225	110,015	497,240	13,062,460	3.81%
2016-17	376,899	129,122	506,021	12,688,993	3.99%
2015-16	366,823	147,797	514,620	12,962,538	3.97%
2014-15	356,483	166,449	522,932	13,207,864	3.96%
2013-14	347,371	183,537	530,908	12,485,201	4.25%
2012-13	316,581	197,000	513,581	11,779,899	4.36%
2011-12	345,755	210,039	555,794	12,461,179	4.46%

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

(2) Excludes bond issuance and other costs.

COMPLIANCE SECTION



**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Craig, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise County of Craig, Virginia's basic financial statements and have issued our report thereon November 22, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as item 2021-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Craig, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County of Craig, Virginia's Response to Findings

County of Craig, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. County of Craig, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

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

Blacksburg, Virginia
November 22, 2021

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

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

Report on Compliance for Each Major Federal Program

We have audited County of Craig, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Craig, Virginia's major federal programs for the year ended June 30, 2021. County of Craig, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Craig, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Craig, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of County of Craig, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Craig, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.


Report on Internal Control over Compliance

Management of County of Craig, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered County of Craig, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Craig, Virginia's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, 2021

County of Craig, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/State Pass-Through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Direct Payments:			
COVID-19 Provider Relief Fund (PRF)	93.498	Not applicable	\$ 8,040
Pass-through payments from:			
Virginia Department of Social Services:			
MaryLee Allen Promoting Safe and Stable Families	93.556	0950120, 0950121	\$ 10,940
Temporary Assistance for Needy Families	93.558	0400120, 0400121	47,311
Refugee and Entrant Assistance State/Replacement Designee Administered Program:	93.566	0500120, 0500121	96
Low-Income Home Energy Assistance	93.568	0600420, 0600421	7,477
Child Care and Development Fund Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760120, 0760121	10,090
Chafee Education and Training Vouchers Program (ETV)	93.599	9160119	128
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900120, 0900121	29
Foster Care - Title IV-E	93.658	1100120, 1100121	72,130
Adoption Assistance	93.659	1120120, 1120121	223,619
Social Services Block Grant	93.667	1000120, 1000121	36,006
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150119, 9150120	2,479
Children's Health Insurance Program	93.767	0540120, 0540121	859
Medicaid Cluster:			
Medical Assistance Program	93.778	1200120, 1200121	74,743
Total Department of Health and Human Services			<u>\$ 493,947</u>
DEPARTMENT OF AGRICULTURE:			
Direct Payments:			
Community Facilities Loans and Grants Cluster:			
Community Facilities Loans and Grants	10.766	Not applicable	\$ 25,000
Pass-through payments from:			
Virginia Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010120, 0010121 0040120, 0040121	100,353
Virginia Department of Agriculture:			
Cooperative Forestry Assistance	10.664	16-LE11080818-005	1,386
Child Nutrition Cluster:			
National School Lunch Program (Note 3)	10.555	Not available	\$ 43,129
Virginia Department of Education:			
COVID-19 National School Lunch Program	10.555	APE40254	131
COVID-19 Summer Food Service Program for Children	10.559	APE60303	\$ 22,968
Summer Food Service Program for Children	10.559	APE60303	254,836
COVID-19 School Breakfast Program	10.553	APE40253	\$ 44
Total Child Nutrition Cluster			321,108
Forest Service Schools and Roads Cluster:			
Schools and Roads - Grants to States	10.665	APE43841	113,895
Total Department of Agriculture			<u>\$ 561,742</u>
DEPARTMENT OF TREASURY:			
Pass through payments from:			
Virginia Department of Education:			
COVID-19 Coronavirus Relief Fund	21.019	SLT0022	\$ 100,000
Virginia Department of Accounts:			
COVID-19 Coronavirus Relief Fund	21.019	SLT0022	630,770
Total Department of Treasury			<u>\$ 730,770</u>
DEPARTMENT OF TRANSPORTATION:			
Pass-through payments from:			
Virginia Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	FSC-2021-51064-21064 FSC-2020-50016-20016	\$ 3,087
US ELECTION ASSISTANCE COMMISSION:			
Pass-through payments from:			
Virginia Department of Elections:			
COVID-19 HAVA Election Security Grants	90.404	Not available	\$ 45,183

County of Craig, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/State Pass-Through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF HOMELAND SECURITY:			
Pass-through payments from:			
Virginia Department of Emergency Management:			
Emergency Management Performance Grants	97.042	EMP-2019-EP-00006	\$ 7,500
Homeland Security Grant Program	97.067	EMW-2020-SS-00096	40,506
Total Department of Homeland Security			<u>\$ 48,006</u>
DEPARTMENT OF EDUCATION:			
Direct Payments:			
Impact Aid	84.041	Not applicable	\$ 45,726
Rural and Low-income School Program	84.358B	Not applicable	18,478
Pass-through payments from:			
Virginia Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	APE42901	188,925
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	APE43071	\$ 157,716
Special Education - Preschool Grants	84.173	APE62521	7,030
Total Special Education Cluster (IDEA)			164,746
Career and Technical Education: Basic Grants to States	84.048	APE61095	14,440
Student Support and Academic Enrichment Program	84.424	APE60019	7,907
		APE60177, APE60041, APE60042, APE50195,	
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	APE60173	222,537
COVID-19 Governor's Emergency Education Relief Fund	84.425C	APE70037	11,172
Supporting Effective Instruction State Grants	84.367	APE61480	37,726
Total Department of Education			<u>\$ 711,657</u>
Total Expenditures of Federal Awards			<u>\$ 2,594,392</u>

Notes to Schedule of Expenditures of Federal Awards

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of County of Craig, Virginia and its discretely presented component units under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Note 2 -- Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (3) The County did not elect the 10% de minimis indirect cost rate because they only request direct costs for reimbursement.

Note 3 -- Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, County of Craig, Virginia did not report any commodity inventory, as it was immaterial to the financials.

Note 4 -- Subrecipients

No awards were passed through to subrecipients.

Note 5 -- Relationship to the Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary Government:

General Fund	\$ 1,700,653
Less: Payment in lieu of taxes	(335,837)
Total Primary Government	<u>\$ 1,364,816</u>

Component Unit School Board:

School Operating Fund	\$ 902,870
School Cafeteria Fund	326,706
Total Component Unit School Board	<u>\$ 1,229,576</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards:	<u>\$ 2,594,392</u>
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County of Craig, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

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:

CFDA #	Name of Federal Program or Cluster
21.019	COVID-19 Coronavirus Relief Fund (CRF)
84.010	Title I: Grants to Local Educational Agencies
84.425C	COVID-19 Governor's Emergency Education Relief Fund
84.425D	COVID-19 Elementary and Secondary School Emergency Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

County of Craig, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section II - Financial Statement Findings

2021-001

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

Section III - Federal Award Findings and Questioned Costs

None

County of Craig, Virginia
Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2021

Finding 2020-001 repeated in the current year as 2021-001.