

COUNTY OF GRAYSON, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

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INTRODUCTORY SECTION

COUNTY OF GRAYSON, VIRGINIA

BOARD OF SUPERVISORS

Michael S. Hash, Vice Chair
Tracy A. "Zeke" Anderson

R. Brantley Ivey, Chairman

Mary E. Dickenson Tomlinson
Mitchell D. Cornett

COUNTY SCHOOL BOARD

Fred Weatherman, Vice Chair
Joseph "Jody" Poole

Diane Haynes, Chair

Vacant Position
Jonathan Warren

SOCIAL SERVICES BOARD

Susan Mitchell, Vice Chair

Brantley Ivey, Chair

Brenda Sutherland

OTHER OFFICIALS

Clerk of the Circuit Court	Renee Nester
Commonwealth's Attorney.....	Brandon Boyles
Commissioner of the Revenue	Jessica Vaughan
Treasurer	Sarah Hash-Trimble
Sheriff.....	Richard Vaughan
Superintendent of Schools.....	Kelly Wilmore
Director of Social Services.....	Kristin Shumate
County Administrator.....	Stephen Boyer

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Grayson, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Grayson, as of and for the year ended June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of County of Grayson, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

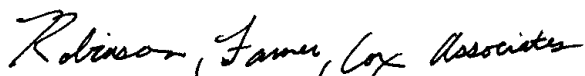
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2025, on our consideration of the County of Grayson'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 Grayson, 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 Grayson's internal control over financial reporting and compliance.



Blacksburg, Virginia
May 1, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

To the Honorable Members of the Board of Supervisors
To the Citizens of Grayson County
County of Grayson, Virginia

As management of the County of Grayson, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements.

Financial Highlights

- The assets and deferred outflows of the County's governmental activities exceeded its liabilities and deferred inflows at the close of the fiscal year by \$23,252,133 (net position). Of this amount, \$9,433,729 was considered unrestricted.
- The assets and deferred outflows of the County's business-type activities exceeded its liabilities and deferred inflows at the close of the fiscal year by \$1,843,118 (net position). Of this amount, \$73,505 was considered unrestricted.
- The liabilities and deferred inflows of the School Board component unit exceeded its assets and deferred outflows at the close of the fiscal year by \$3,539,535 (net position). Of this amount \$(8,950,584) was considered unrestricted.
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$15,427,672. Of this amount, \$9,502,960 was considered unassigned, \$114,989 was considered nonspendable, \$1,505,447 was considered assigned, \$1,271,278 was considered committed, and \$3,032,998 was considered restricted.
- During the fiscal year, the County had a change in net position of \$1,204,599 for governmental activities, \$46,654 for business-type activities, and \$3,144,234 for the School Board component unit. For the governmental activities, revenues and net transfers exceeded the expenses for the fiscal year. For the business-type activities, the revenues and net transfers for the fiscal year exceeded expenses. For the School Board component unit, the revenues exceeded the expenses for the fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024 (CONTINUED)

Overview of the Financial Statements

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

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

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

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

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Our governmental activities include general government, courts, public safety, sanitation, social services, education, cultural events, and recreation. Our business-type activities are for a water distribution system.

The government-wide financial statements include not only the County of Grayson, Virginia itself (known as the primary government), but also a legally separate school board for which the County of Grayson, Virginia is financially accountable.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024 (CONTINUED)

Overview of the Financial Statements (Continued)

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statement focus on near-term inflows and outflows of spendable resources, as well as on balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions.

Both the Governmental Fund Balance Sheet and the governmental Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains two individual governmental funds. Information is presented in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the Economic Development Fund, both of which are considered to be major funds.

The County adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

Proprietary Funds - The County maintains two proprietary funds. One proprietary fund is an enterprise fund for the water distribution system. The activities of the system are accounted for in the Water Fund. The other proprietary fund is an internal service fund that accounts for goods and services provided to other departments within the County on a cost reimbursement basis. The Internal Service Fund accounts for the County's self-insured health insurance plan for employees.

Fiduciary funds - The County is the trustee, or fiduciary, for the County's custodial funds and expendable trust funds. We are responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Custodial funds include the Special Welfare, Building Code, ASAP, and Regional Library funds.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024 (CONTINUED)

Overview of the Financial Statements (Continued)

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison and presentation of combining financial statements for the discretely presented component units and the non-major funds.

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a County's financial position. In the case of the County's Primary Government, assets and deferred outflows exceed liabilities and deferred inflows by \$25,095,251 at the close of the most recent fiscal year.

A significant portion of the County's net position, \$14,739,924 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any outstanding debt related to acquisition of those assets. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position, totaling \$851,093, is subject to restrictions on how it may be used. The remaining balance of net position of \$9,507,234 may be used to meet the County's ongoing obligations.

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COUNTY OF GRAYSON, VIRGINIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024 (CONTINUED)

Overview of the Financial Statements (Continued)

The following table summarizes the County's Statement of Net Position and Statement of Activities for 2023 and 2024:

	Table 1					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2024	2023	2024	2023	2024
Current Assets	\$30,090,442	31,231,360	\$115,801	\$195,375	\$30,206,243	31,416,735
Capital Assets	22,542,657	23,137,213	1,816,082	1,769,613	24,358,739	24,906,826
Total Assets	52,633,099	54,368,573	1,931,883	1,964,988	54,564,982	56,333,561
Deferred Outflow of Resources	1,355,141	1,114,963	6,764	4,998	1,361,905	1,119,961
Current Liabilities	3,665,773	4,394,862	91,002	92,810	3,756,775	4,487,672
Long-Term Liabilities	16,128,595	16,158,073	30,342	18,689	16,158,937	16,176,762
Total Liabilities	19,794,368	20,552,935	121,344	111,499	19,915,712	20,664,434
Deferred Inflows of Resources	12,146,338	11,678,468	20,839	15,369	12,167,177	1,935,609
Net Position:						
Net Investment in						
Capital Assets	11,723,136	12,967,311	1,808,805	1,769,613	13,531,941	14,736,924
Restricted	420,766	851,093	-	-	420,766	851,093
Unrestricted	9,903,632	9,433,729	(12,341)	73,505	9,891,291	9,507,234
Total Net Position	\$22,047,534	23,252,133	\$1,796,464	1,843,118	\$23,843,998	25,095,251

COUNTY OF GRAYSON, VIRGINIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024 (CONTINUED)

Overview of the Financial Statements (Continued)

The revenues and expenses for governmental activities and business-type activities are shown in Table 2:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2024	2023	2024	2023	2024
Charges for Services	\$2,418,615	\$2,492,886	\$ 224,333	\$ 261,537	\$2,642,948	\$2,754,423
Operating Grants/Contributions	6,998,686	7,111,270	-	-	6,998,686	7,111,270
Capital Grants/Contributions	684,052	1,790,098	-	-	684,052	1,790,098
Program Revenues	10,101,353	11,394,254	224,333	261,537	10,325,686	11,655,791
Taxes	16,361,197	16,317,965	-	-	16,361,197	16,317,965
Interest Income	376,198	827,565	-	-	376,198	827,565
Miscellaneous	326,418	717,696	-	-	326,418	717,696
Grants not restricted to Program	1,493,951	1,526,001	-	-	1,493,951	1,526,001
Transfers	-	(275,000)	-	275,000	-	-
General Revenues	18,557,764	19,114,227	-	0	18,557,764	19,389,227
Total Revenues	28,659,117	30,508,481	224,333	261,537	28,883,450	31,045,018
General Government	1,957,130	2,423,206	-	-	1,957,130	2,423,206
Judicial Administration	1,019,304	1,083,901	-	-	1,019,304	1,083,901
Public Safety	5,316,594	6,257,072	-	-	5,316,594	6,257,072
Public Works	2,438,709	2,731,885	-	-	2,438,709	2,731,885
Health and Welfare	4,228,713	4,675,735	-	-	4,228,713	4,675,735
Education	6,968,646	7,955,161	-	-	6,968,646	7,955,161
Parks, Recreation, Cultural	795,004	869,559	-	-	795,004	869,559
Community Development	2,354,613	2,921,822	-	-	2,354,613	2,921,822
Interest on long-term debt	344,064	385,541	-	-	344,064	385,541
Public Service Authority	-	-	399,967	489,883	399,967	489,883
Total Expenses	25,422,777	29,303,882	399,967	489,883	25,822,744	29,793,765
Change in Net Position	3,236,340	1,204,599	(175,634)	(228,346)	3,060,706	1,251,253
Beginning Net Position	18,881,194	22,047,534	1,972,098	1,796,464	20,783,292	23,843,998
Ending Net Position	22,047,534	23,252,133	1,796,464	1,568,118	23,843,998	25,095,251

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024 (CONTINUED)

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a county's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$15,427,672; \$3,032,998 constitutes restricted fund balance, which is not available for current spending since it has been restricted by external parties such as grantors, laws or legislation. Approximately \$1,271,278 has been committed by action of the Board of Supervisors and \$1,505,447 has been assigned by the Board of Supervisors. The remaining balance, \$9,502,960 is unassigned, meaning there are no restrictions placed on the funds.

The general fund is the operating fund of the County. At the end of the current fiscal year, total fund balance of the general fund was \$14,555,936 of this amount \$9,502,960 was considered unassigned. The Economic Development Fund's entire fund balance of \$892,743 was committed.

Total governmental fund revenues increased \$2,675,241 as a result of the increased local tax assessments (\$270,526) and an allocation from the Revenue from Commonwealth (\$981,910). Expenditures increased \$3,886,405 over prior fiscal year amounts mostly to broadband projects, public safety wage increases, public safety vehicles purchased, and an increased contribution to the School Board. For fiscal year ended June 30, 2024, expenditures exceeded revenues by (\$170,481) as compared to the fiscal year ended June 30, 2023, when revenues exceeded expenditures and other financing sources by \$1,041,208.

General Fund Budgetary Highlights

There were differences between the original budget and the final amended budget for the current year. The County budgeted revenues of \$31,664,178 for fiscal year 2024. The actual revenues were \$31,273,138 which is an unfavorable variance of (\$391,040). Revenues from interest earned on investments beat budgeted projections but federal grant revenues were less due to funds on hand and delays in projects. The budgeted expenditures were \$33,907,865 for the County. The actual expenditures were \$31,306,645 which is a favorable variance of \$2,601,211 which is attributed to capital project expenditures.

COUNTY OF GRAYSON, VIRGINIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2024 (CONTINUED)

Capital Assets and Debt Administration

Capital assets - The County's investment in capital assets for its governmental funds activities as of June 30, 2024, amounts to \$23,137,213 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. Expenditures for capital assets included the industrial park improvements, bike trail/greenway construction, and several vehicles. The County's investment in capital assets for its business-type activities as of June 30, 2024, amounts to \$1,769,613 (net of accumulated depreciation). Additional information on the County of Grayson's capital assets can be found in Note 16 of this report.

Long-term debt

The outstanding debt for governmental activities on June 30, 2024, is as follows:

	Balance July 1, 2023	Issuances	Retirements	Balance June 30, 2024
General obligation bonds	\$ 10,227,411	\$ -	\$ (444,340)	\$ 9,783,071
Revenue Bond	\$ -	\$ 2,300,000	\$ -	\$ 2,300,000
Premium on bond	273,851	289,745	(88,259)	475,337
Note Payable	27,399	-	(5,054)	22,345
Financed purchases	203,132	-	(99,680)	103,452
Net pension liability (ERIP)	402,500	-	(157,600)	244,900
Net OPEB obligation	652,447	188,140	(161,724)	678,863
Compensated absences	599,312	546,019	(449,484)	695,847
Net pension liability	3,742,543	2,453,857	(2,795,572)	3,400,828
Total	\$ 16,128,595	\$ 5,777,761	\$ (4,201,713)	\$ 17,704,643

At the end of the fiscal year, the County had the following outstanding debt for business-type activities:

	Balance July 1, 2023	Issuances	Retirements	Balance June 30, 2024
Revenue and GO bonds	\$ 7,277	\$ -	\$ (7,277)	\$ -
Net OPEB Liabilities	19,838	11,432	(15,426)	15,844
Net Pension Liability (VRS)	3,227	837	(1,219)	2,845
Total	\$ 30,342	\$ 12,269	\$ (23,922)	\$ 18,689

Additional information on the County of Grayson's long-term debt can be found in Note 7 of this report.

Economic Factors

The unemployment rate for the County of Grayson, Virginia was on average 2.3% for fiscal year 2024. This is slightly below the state's average unemployment rate of 2.9% and below the national average rate of 4.0%.

Request for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, P. O. Box 217, Independence, Virginia 24348.

Basic Financial Statements

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

	Primary Government			Component
	Governmental	Business-type		Unit
	Activities	Activities	Total	School Board
ASSETS				
Cash and cash equivalents	\$ 341,651	\$ 115,681	\$ 457,332	\$ 3,603,220
Cash and cash equivalents in custody of others	-	-	-	574,659
Restricted cash and cash equivalents - customers' deposits	-	39,078	39,078	-
Investments	12,008,204	-	12,008,204	-
Investments - restricted	2,553,778	-	2,553,778	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	13,305,438	-	13,305,438	-
Accounts receivable	987,334	40,711	1,028,045	218,281
Notes receivable	34,139	-	34,139	-
Lease receivable	23,900	-	23,900	-
Internal balances	500	(500)	-	-
Due from other governmental units	1,861,427	-	1,861,427	1,920,861
Prepaid items	114,989	405	115,394	777,762
Capital assets (net of accumulated depreciation):				
Land	911,038	10,648	921,686	142,233
Buildings, improvements, and systems	19,656,917	-	19,656,917	6,740,676
Machinery and equipment	1,904,733	5,969	1,910,702	3,607,173
Infrastructure	-	1,709,617	1,709,617	-
Construction in progress	664,525	43,379	707,904	646,189
Right to use assets:				
Machinery and equipment	-	-	-	18,359
Subscription assets	-	-	-	114,579
Total assets	\$ 54,368,573	\$ 1,964,988	\$ 56,333,561	\$ 18,363,992
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 972,634	\$ 4,400	\$ 977,034	\$ 4,016,629
OPEB related items	142,329	598	142,927	620,369
Total deferred outflows of resources	\$ 1,114,963	\$ 4,998	\$ 1,119,961	\$ 4,636,998
LIABILITIES				
Accounts payable	\$ 506,115	\$ 53,172	\$ 559,287	\$ 234,102
Accounts payable - capital	39,475	-	39,475	111,759
Accrued salaries	52,386	560	52,946	1,062,659
Customers' deposits	-	39,078	39,078	-
Accrued interest payable	202,651	-	202,651	-
Unearned grant revenue - COVID-19	2,047,665	-	2,047,665	790,065
Long-term liabilities:				
Due within one year	1,546,570	-	1,546,570	133,573
Due in more than one year	16,158,073	18,689	16,176,762	15,193,688
Total liabilities	\$ 20,552,935	\$ 111,499	\$ 20,664,434	\$ 17,525,846
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 10,714,069	\$ -	\$ 10,714,069	\$ -
Pension related items	732,565	14,524	747,089	1,393,512
OPEB related items	210,827	845	211,672	542,097
Lease related items	21,007	-	21,007	-
Total deferred inflows of resources	\$ 11,678,468	\$ 15,369	\$ 11,693,837	\$ 1,935,609
NET POSITION				
Net investment in capital assets	\$ 12,967,311	\$ 1,769,613	\$ 14,736,924	\$ 11,138,814
Restricted:				
Opioid settlement funds	682,259	-	682,259	-
DARE	1,955	-	1,955	-
CDBG	33,197	-	33,197	-
Special law enforcement	133,682	-	133,682	-
School construction	-	-	-	1,067,480
Grants	-	-	-	132,001
School nutrition	-	-	-	151,824
Unrestricted (deficit)	9,433,729	73,505	9,507,234	(8,950,584)
Total net position	\$ 23,252,133	\$ 1,843,118	\$ 25,095,251	\$ 3,539,535

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions		Primary Government		Component Unit	
			Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	School Board
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 2,423,206	\$ 97,586	\$ 365,813	\$ -	\$ (1,959,807)	\$ -	\$ (1,959,807)	\$ -
Judicial administration	1,083,901	31,659	835,377	-	(216,865)	-	(216,865)	-
Public safety	6,257,072	99,567	1,680,678	443,690	(4,033,137)	-	(4,033,137)	-
Public works	2,731,885	2,158,839	13,913	319,791	(239,342)	-	(239,342)	-
Health and welfare	4,675,735	-	4,036,097	-	(639,638)	-	(639,638)	-
Education	7,955,161	-	-	-	(7,955,161)	-	(7,955,161)	-
Parks, recreation, and cultural	869,559	105,235	27,509	287,269	(449,546)	-	(449,546)	-
Community development	2,921,822	-	151,883	739,348	(2,030,591)	-	(2,030,591)	-
Interest on long-term debt	385,541	-	-	-	(385,541)	-	(385,541)	-
Total governmental activities	\$ 29,303,882	\$ 2,492,886	\$ 7,111,270	\$ 1,790,098	\$ (17,909,628)	\$ -	\$ (17,909,628)	\$ -
Business-type activities:								
Public Service Authority	\$ 489,883	\$ 261,537	\$ -	\$ -	\$ -	\$ (228,346)	\$ (228,346)	\$ -
Total primary government	\$ 29,793,765	\$ 2,754,423	\$ 7,111,270	\$ 1,790,098	\$ (17,909,628)	\$ (228,346)	\$ (18,137,974)	\$ -
COMPONENT UNIT:								
School Board	\$ 27,154,737	\$ 36,601	\$ 21,516,222	\$ -	\$ -	\$ -	\$ -	\$ (5,601,914)
Total component unit	\$ 27,154,737	\$ 36,601	\$ 21,516,222	\$ -	\$ -	\$ -	\$ -	\$ (5,601,914)
General revenues:								
General property taxes					\$ 14,386,552	\$ -	\$ 14,386,552	\$ -
Other local taxes:								
Local sales and use taxes					863,306	-	863,306	-
Consumers' utility taxes					378,487	-	378,487	-
Motor vehicle licenses					432,285	-	432,285	-
Other local taxes					257,335	-	257,335	-
Unrestricted revenues from use of money					827,565	-	827,565	-
Miscellaneous					717,696	-	717,696	809,147
Payment from Grayson County					-	-	-	7,937,001
Grants and contributions not restricted to specific programs					1,526,001	-	1,526,001	-
Transfers					(275,000)	275,000	-	-
Total general revenues and transfers					\$ 19,114,227	\$ 275,000	\$ 19,389,227	\$ 8,746,148
Change in net position					\$ 1,204,599	\$ 46,654	\$ 1,251,253	\$ 3,144,234
Net position - beginning					22,047,534	1,796,464	23,843,998	395,301
Net position - ending					\$ 23,252,133	\$ 1,843,118	\$ 25,095,251	\$ 3,539,535

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

County of Grayson, Virginia
Balance Sheet
Governmental Funds
June 30, 2024

	<u>General</u>	<u>Economic Development</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 196,639	\$ 67,916	\$ 264,555
Investments	11,241,416	766,788	12,008,204
Investments - restricted	2,553,778	-	2,553,778
Receivables (net of allowance for uncollectibles):			
Taxes receivable	13,305,438	-	13,305,438
Accounts receivable	987,334	-	987,334
Notes receivable	-	34,139	34,139
Lease receivable	-	23,900	23,900
Due from other funds	500	-	500
Due from other governmental units	1,861,427	-	1,861,427
Prepaid items	114,989	-	114,989
Total assets	<u>\$ 30,261,521</u>	<u>\$ 892,743</u>	<u>\$ 31,154,264</u>
LIABILITIES			
Accounts payable	\$ 505,215	\$ -	\$ 505,215
Accrued liabilities	52,386	-	52,386
Accounts payable - capital	39,475	-	39,475
Unearned grant revenue	2,047,665	-	2,047,665
Total liabilities	<u>\$ 2,644,741</u>	<u>\$ -</u>	<u>\$ 2,644,741</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - prepaid taxes	\$ 93,345	\$ -	\$ 93,345
Unavailable revenue - opioid	371,873	-	371,873
Unavailable revenue - property taxes	12,595,626	-	12,595,626
Lease related items	-	21,007	21,007
Total deferred inflows of resources	<u>\$ 13,060,844</u>	<u>\$ 21,007</u>	<u>\$ 13,081,851</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	\$ 114,989	\$ -	\$ 114,989
Restricted:			
Opioid Settlement Fund	310,386	-	310,386
DARE	1,955	-	1,955
CDBG Program Income	33,197	-	33,197
Special Law Enforcement	133,682	-	133,682
Capital projects	2,553,778	-	2,553,778
Committed:			
Law Library	11,960	-	11,960
Courthouse Security	40,896	-	40,896
Courthouse Maintenance	15,507	-	15,507
School Capital Improvements	15,627	-	15,627
Baywood Tech Center	315,552	-	315,552
Economic Development	-	871,736	871,736
Assigned:			
Reassessment	17,432	-	17,432
Public Safety - Casino revenue	713,390	-	713,390
Capital Improvements	691,626	-	691,626
Sheriff	31,539	-	31,539
Treasurer	51,460	-	51,460
Unassigned	9,502,960	-	9,502,960
Total fund balances	<u>\$ 14,555,936</u>	<u>\$ 871,736</u>	<u>\$ 15,427,672</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 30,261,521</u>	<u>\$ 892,743</u>	<u>\$ 31,154,264</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	15,427,672
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$	911,038
Buildings and system		19,656,917
Machinery and equipment		1,904,733
Construction in progress		664,525
		23,137,213

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

Unavailable revenue - property taxes	1,974,902	
Unavailable revenue - opioid settlement funds	371,873	
	2,346,775	

Internal service funds are used by management to charge the costs of certain activities, such as self insured health insurance plan, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

76,196

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

Pension related items	\$	972,634
OPEB related items		142,329
		1,114,963

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	\$	(9,783,071)
Lease revenue bond		(2,300,000)
Premium on bond issuance		(475,337)
Note payable		(22,345)
Financed purchases		(103,452)
Accrued interest payable		(202,651)
Net OPEB liabilities		(678,863)
Compensated absences		(695,847)
Net pension liability - ERIP		(244,900)
Net pension liability - VRS		(3,400,828)
		(17,907,294)

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

Pension related items	\$	(732,565)
OPEB related items		(210,827)
		(943,392)

Net position of governmental activities	\$	23,252,133
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The notes to the financial statements are an integral part of this statement.

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

	<u>General</u>	<u>Economic Development</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 14,510,417	\$ -	\$ 14,510,417
Other local taxes	1,931,413	-	1,931,413
Permits, privilege fees, and regulatory licenses	85,452	-	85,452
Fines and forfeitures	10,883	-	10,883
Revenue from the use of money and property	795,272	40,783	836,055
Charges for services	2,388,061	-	2,388,061
Miscellaneous	542,863	2,800	545,663
Recovered costs	581,408	30,000	611,408
Intergovernmental:			
Commonwealth	7,117,425	-	7,117,425
Federal	3,309,944	-	3,309,944
Total revenues	<u>\$ 31,273,138</u>	<u>\$ 73,583</u>	<u>\$ 31,346,721</u>
EXPENDITURES			
Current:			
General government administration	\$ 2,539,505	\$ -	\$ 2,539,505
Judicial administration	1,235,831	-	1,235,831
Public safety	7,420,618	-	7,420,618
Public works	2,504,834	-	2,504,834
Health and welfare	4,810,746	-	4,810,746
Education	7,370,773	-	7,370,773
Parks, recreation, and cultural	913,719	-	913,719
Community development	1,223,472	210,557	1,434,029
Capital projects	2,449,283	-	2,449,283
Debt service:			
Principal retirement	549,074	-	549,074
Bond issuance costs	104,337	-	104,337
Interest and other fiscal charges	184,453	-	184,453
Total expenditures	<u>\$ 31,306,645</u>	<u>\$ 210,557</u>	<u>\$ 31,517,202</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (33,507)</u>	<u>\$ (136,974)</u>	<u>\$ (170,481)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 65,741	\$ 65,741
Transfers out	(356,741)	-	(356,741)
Issuance of lease revenue bonds	2,300,000	-	2,300,000
Premium on issuance of lease revenue bonds	289,745	-	289,745
Total other financing sources (uses)	<u>\$ 2,233,004</u>	<u>\$ 65,741</u>	<u>\$ 2,298,745</u>
Net change in fund balances	\$ 2,199,497	\$ (71,233)	\$ 2,128,264
Fund balances - beginning	12,356,439	942,969	13,299,408
Fund balances - ending	<u>\$ 14,555,936</u>	<u>\$ 871,736</u>	<u>\$ 15,427,672</u>

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

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

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

Net change in fund balances - total governmental funds	\$	2,128,264
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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 detail of items supporting this adjustment:

Capital outlay	\$ 1,897,898	
Depreciation expense	(1,303,342)	594,556

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

Change in unavailable revenue - property taxes	\$ (123,865)	
Change in unavailable revenue - opioid settlement funds	172,033	48,168

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.

Debt issued or incurred:		
Issuance of lease revenue bonds	\$ (2,300,000)	
Premium on issuance	(289,745)	
Principal repayments:		
General obligation bonds	444,340	
Note payable	5,054	
Financed purchases	99,680	(2,040,671)

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	\$ (96,535)	
Change in accrued interest payable	(185,010)	
Amortization of bond premium	88,259	
Change in net pension liability and related deferred items - ERIP	113,900	
Change in net pension liability and related deferred items - VRS	545,400	
Change in net OPEB liability and related deferred items	35,409	501,423

Internal service funds are used by management to charge the costs of certain activities, such as self insured health insurance plan, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

(27,141)

Change in net position of governmental activities	\$	1,204,599
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The notes to the financial statements are an integral part of this statement.

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

	Enterprise Fund Public Service <u>Authority</u>	Internal Service Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 115,681	\$ 77,096
Restricted cash and cash equivalents - customers' deposits	39,078	-
Accounts receivables, net of allowance for uncollectibles	40,711	-
Prepaid expenses	405	-
Total current assets	<u>\$ 195,875</u>	<u>\$ 77,096</u>
Capital assets:		
Land	\$ 10,648	\$ -
Construction in progress	43,379	-
Machinery and equipment	57,796	-
Infrastructure	3,674,073	-
Accumulated depreciation	(2,016,283)	-
Total capital assets	<u>\$ 1,769,613</u>	<u>\$ -</u>
Total assets	<u>\$ 1,965,488</u>	<u>\$ 77,096</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	\$ 4,400	\$ -
OPEB related items	598	-
Total deferred outflows of resources	<u>\$ 4,998</u>	<u>\$ -</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 53,172	\$ 900
Accrued liabilities	560	-
Customers' deposits	39,078	-
Due to other funds	500	-
Total current liabilities	<u>\$ 93,310</u>	<u>\$ 900</u>
Noncurrent liabilities:		
Net pension liability	\$ 15,844	\$ -
Net OPEB liabilities	2,845	-
Total noncurrent liabilities	<u>\$ 18,689</u>	<u>\$ -</u>
Total liabilities	<u>\$ 111,999</u>	<u>\$ 900</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related items	\$ 14,524	\$ -
OPEB related items	845	-
Total deferred inflows of resources	<u>\$ 15,369</u>	<u>\$ -</u>
NET POSITION		
Investment in capital assets	\$ 1,769,613	\$ -
Unrestricted	73,505	76,196
Total net position	<u>\$ 1,843,118</u>	<u>\$ 76,196</u>

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

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

	Enterprise Fund Public Service Authority	Internal Service Fund
OPERATING REVENUES		
Charges for services:		
Water revenues	\$ 261,537	\$ -
Insurance premiums	-	44,251
Total operating revenues	<u>\$ 261,537</u>	<u>\$ 44,251</u>
OPERATING EXPENSES		
Salaries and wages	\$ 63,787	\$ -
Employee benefits	4,929	-
Utilities	9,911	-
Professional services	23,518	-
Purchase of water	243,961	-
Materials and supplies	33,402	-
Travel	4,423	-
Maintenance services	6,231	-
Insurance claims and expenses	663	93,970
Miscellaneous	1,404	-
Depreciation	97,308	-
Total operating expenses	<u>\$ 489,537</u>	<u>\$ 93,970</u>
Operating income (loss)	<u>\$ (228,000)</u>	<u>\$ (49,719)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	\$ -	\$ 6,578
Interest expense	(346)	-
Total nonoperating revenues (expenses)	<u>\$ (346)</u>	<u>\$ 6,578</u>
Income before capital contributions and grants	<u>\$ (228,346)</u>	<u>\$ (43,141)</u>
Transfers in	<u>\$ 275,000</u>	<u>\$ 16,000</u>
Change in net position	<u>\$ 46,654</u>	<u>\$ (27,141)</u>
Total net position - beginning	1,796,464	103,337
Total net position - ending	<u><u>\$ 1,843,118</u></u>	<u><u>\$ 76,196</u></u>

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

County of Grayson, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

	Enterprise Fund Public Service Authority	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 257,990	\$ -
Receipts for insurance premiums	-	44,251
Payments to suppliers	(323,962)	-
Payments to and for employees	(76,236)	-
Payments for insurance premiums	-	(95,597)
Net cash provided by (used for) operating activities	<u>\$ (142,208)</u>	<u>\$ (51,346)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	\$ 275,000	\$ 16,000
Net cash provided by (used for) noncapital financing activities	<u>\$ 275,000</u>	<u>\$ 16,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	\$ (50,839)	\$ -
Principal payments on bonds	(7,277)	-
Interest payments	(346)	-
Net cash provided by (used for) capital and related financing activities	<u>\$ (58,462)</u>	<u>\$ -</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received	\$ -	\$ 6,578
Net cash provided by (used for) investing activities	<u>\$ -</u>	<u>\$ 6,578</u>
Net increase (decrease) in cash and cash equivalents	\$ 74,330	\$ (28,768)
Cash and cash equivalents - beginning (includes restricted cash and cash equivalents of \$37,786)	80,429	105,864
Cash and cash equivalents - ending (includes restricted cash cash equivalents of \$39,078)	<u>\$ 154,759</u>	<u>\$ 77,096</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	<u>\$ (228,000)</u>	<u>\$ (49,719)</u>
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation	\$ 97,308	\$ -
(Increase) decrease in accounts receivable	(4,839)	-
(Increase) decrease in prepaid expenses	(405)	-
Increase (decrease) in accounts payable	(44)	(1,627)
Increase (decrease) in accrued payroll	560	-
Increase (decrease) in customer deposits	1,292	-
Increase (decrease) in net pension liability	(3,994)	-
Increase (decrease) in net OPEB liabilities	(382)	-
Increase (decrease) in deferred inflows	(5,470)	-
(Increase) decrease in deferred outflows	1,766	-
Total adjustments	<u>\$ 85,792</u>	<u>\$ (1,627)</u>
Net cash provided by (used for) operating activities	<u>\$ (142,208)</u>	<u>\$ (51,346)</u>

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

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

	Employee Early Retirement Incentive <u>Plan Trust</u>	Custodial <u>Funds</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 361,665
Investments	129,773	58,031
Prepaid items	-	14,745
Total assets	\$ 129,773	\$ 434,441
LIABILITIES		
Accounts payable	\$ -	\$ 27,992
Accrued liabilities	-	9,889
Total liabilities	\$ -	\$ 37,881
NET POSITION		
Restricted	\$ 129,773	\$ 396,560

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

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

	Employee Early Retirement Incentive <u>Plan Trust</u>	Custodial <u>Funds</u>
ADDITIONS		
Contributions:		
Government grants	\$ 84,075	\$ 1,315,633
Social security and welfare receipts	-	39,546
Miscellaneous	37,000	94,423
Total contributions	<u>\$ 121,075</u>	<u>\$ 1,449,602</u>
Investment earnings:		
Interest	\$ 1,676	\$ 3,369
Net decrease in the fair market value of investments	546	-
Total investment earnings	<u>\$ 2,222</u>	<u>\$ 3,369</u>
Total additions	<u>\$ 123,297</u>	<u>\$ 1,452,971</u>
DEDUCTIONS		
Pension benefits	\$ 14,369	\$ -
Pension administrative expenses	2,026	-
Special welfare payments	-	34,963
Fees to the Commonwealth of VA	-	1,734
Mt. Rogers Alcohol Safety Action Program expenses	-	392,360
Mt. Rogers Alcohol Safety Action Program administration fees	-	4,820
Wythe-Grayson Regional Library expenses	-	1,110,579
Total deductions	<u>\$ 16,395</u>	<u>\$ 1,544,456</u>
Change in net position	\$ 106,902	\$ (91,485)
Net position - beginning	22,871	488,045
Net position - ending	<u>\$ 129,773</u>	<u>\$ 396,560</u>

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

Blended component units -

The Grayson County Economic Development Authority (“the EDA”) is a blended component unit of the County. The Development Authority is fiscally dependent upon the County. In addition, the County Board appoints the Authority’s Board.

The Grayson County Public Service Authority (“the PSA”) is a blended component unit of the County. The PSA is fiscally dependent upon the County. In addition, the County Board appoints the Authority’s Board.

Discretely Presented Component Units - The component unit column in the financial statements include the financial data of the County’s discretely presented component unit. It is reported in a separate column to emphasize that it is legally separate from the County.

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

Related Organizations - The County has no related organizations.

Jointly Governed Organizations:

1. The County, along with the Counties of Wythe, Bland, Carroll, and Smyth and the City of Galax, participates in supporting the Mount Rogers Community Services Board. For the fiscal year ended June 30, 2024, the County contributed \$65,000.
2. The County, along with the County of Wythe, participates in supporting the Wythe/Grayson Regional Library. For the fiscal year ended June 30, 2024, the County contributed \$374,745.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

A. Financial Reporting Entity (Continued)

Jointly Governed Organizations: (Continued)

3. The County, along with the County of Carroll and the City of Galax, participates in the Carroll-Grayson-Galax Solid Waste Authority. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. Operating expenses of the Authority are offset by user fees and no local contribution was required of the County for the fiscal year ended June 30, 2024.
4. The County, along with the City of Galax, participates in supporting the Galax-Grayson Emergency Medical Service. Each locality appoints two members to the Service's Board. The Service bills the County and the City of Galax for locality funding, based on year to date revenue and expenses. For the fiscal year ended June 30, 2024, the County contributed \$245,695.
5. The County, along with the County of Carroll and the City of Galax, participates in supporting the Twin Counties E-911 Program. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2024, the County contributed \$250,055.
6. The County, along with the County of Carroll and the City of Galax, participates in The Twin County Airport Commission. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. The Commission is charged with operating the Twin County Regional Airport. For the fiscal year ended June 30, 2024, the County contributed \$59,320.
7. Blue Ridge Crossroads Economic Development Authority (BRCEDA) is the regional industrial facilities authority that represents the County, along with the County of Carroll and the City of Galax. Each jurisdiction appoints two members and an alternate member. A moral obligation for debt service is currently in place for a regional project known as Wildwood. Contributions to BRCEDA during the current year were \$162,841. It is the hope of BRCEDA that this park project will be a catalyst for economic development in the region.

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 unit. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

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

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

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

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

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 reporting model, governments provide budgetary comparison information in their annual reports, including the original budget and a comparison of final budget and actual results.

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

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

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

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

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

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

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

The County reports the following major governmental funds:

The *General fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. The General fund includes the activities of the ARPA recovery funds, Opioid funds, special law enforcement funds, CDBG program income, emergency donations, law library, courthouse security, courthouse maintenance, capital improvements, reassessment, and economic development.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

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

The Economic Development fund is reported as the County's major *special revenue fund*. The fund accounts for and report the proceeds of specific revenues sources that are restricted or committed to expenditure for specified economic development purposes other than debt service or capital projects. This fund contains the activity of the blended Economic Development Authority.

The County reports the following major proprietary funds:

The County's blended Public Service Authority (PSA) operates a water distribution system and activities of the PSA are accounted for in this fund.

The *internal service fund* accounts for goods or services provided to other departments within the County on a cost reimbursement basis. The County has a self-insured health insurance plan for employees.

Additionally, the County reports the following fund types:

Fiduciary funds (Trust and Custodial Funds) account for assets held by the government in a trustee capacity or as custodian for individuals, private organizations, other governmental units, or other funds. Custodial funds include the Special Welfare, Building Code, ASAP, and Regional Library funds. The County also operates a trust fund for the Employee Early Retirement Incentive Program.

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

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

1. Cash and Cash Equivalents and Investments

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

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

1. Receivables and payables

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

2. Property Taxes

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

3. 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 \$233,292 at June 30, 2024 and is comprised \$212,414 of property taxes, \$3,373 of water billings, and \$17,505 for solid waste billings.

4. 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, 2024

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

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

5. Capital assets

Capital assets, which include property, plant, equipment, lease, subscription, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities 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.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Structures, lines, and accessories	20-40
Machinery and equipment	4-30
Lease - machinery and equipment	4-30
Subscription asset	3-5

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

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

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources, represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The County has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

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

7. Compensated Absences

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

8. Pensions

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

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

9. Other Postemployment Benefits (OPEB)

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

In addition to the OPEB programs managed by VRS, the County and School Board have an OPEB plan related to the implicit rate subsidy of their respective health insurance plans. The County and School Board allow retirees to stay on their health insurance after employment terminates generating a liability for same.

11. Long-term obligations

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

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

12. Fund Balance

The County reports fund balance in accordance current accounting standards. The County evaluated its funds at year-end and classified fund balance into the following five classifications to describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);

Restricted fund balance- amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

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

12. Fund Balance (Continued)

Committed fund balance - amounts that have been committed (establish, modify, or rescind) by formal action by the entity's "highest level of decision-making authority"; which the County considers to be the Board of Directors.

Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;

Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned

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

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance/resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment, which does not lapse at year end, is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes) or other official to which the Board has delegated the authority to assign amounts including but limited to the County Administrator and the Director of Finance.

13. Net Position

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

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

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

13. Net Position (Continued)

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

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

14. Leases and Subscription-Based IT Arrangements

The County has leases various lease assets and subscription-based IT arrangements (SBITAs) requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

Lessee

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

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

14. Leases and Subscription-Based IT Arrangements (Continued)

Lessor

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

Subscriptions

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

Key Estimates and Judgments

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

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

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to April 1st, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund, Economic Development, and the School Operating Fund. The School Activity Fund does not require a legally adopted budget.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. The School Operating Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
7. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of expenditures over appropriations

At June 30, 2024, the Economic Development (EDA) Fund had expenditures in excess of appropriations. Otherwise, there were no functions that had expenditures that exceeded their appropriations.

C. Deficit fund balance

At June 30, 2024, there were no funds with deficit fund balances.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2024

Note 3-Deposits and Investments:

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board.

Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

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

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 at June 30, 2024 were held in the County’s name by the County’s custodial bank.

Credit Risk of Debt Securities: The County has adopted an investment policy for credit risk.

The County’s rated debt investments as of June 30, 2024 were rated by Standard & Poor’s and/or an equivalent national rating organization and the ratings are presented below using the Standard & Poor’s rating scale.

County’s Rated Debt Investments’ Values

Rated Debt Investments	Fair Quality Ratings			
	AAAm	AAA	Unrated	Total
Local Government Investment Pool (LGIP)	\$ 1,497,464	\$ -	\$ -	\$ 1,497,464
Money Market Funds	-	7,185	-	7,185
Exchange Traded Fund (ETF)	-	-	122,588	122,588
SNAP	-	2,553,778	-	2,553,778
VACO/VML Virginia Investment Pool (VIP)	-	10,568,771	-	10,568,771
Total	\$ 1,497,464	\$ 13,129,734	\$ 122,588	\$ 14,749,786

Concentration of Credit Risk: At June 30, 2024, the County did not have any investments meeting the definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 3-Deposits and Investments: (Continued)

Interest Rate Risk:

Investment Maturities (in years)		
Investment Type	Fair Value	Less than 1 year
Local Government Investment Pool (LGIP)	\$ 1,497,464	\$ 1,497,464
SNAP	2,553,778	2,553,778
VACO/VML Virginia Investment Pool (VIP)	10,568,771	10,568,771
Total	\$ 14,620,013	\$ 14,620,013

External Investment Pools:

The County is a participant in the Virginia Investment Pool (VIP). VIP is a Section 115 governmental fund created under the Joint Exercise of Powers statute of the Commonwealth of Virginia to provide political subdivisions with an investment vehicle to pool surplus funds and to invest such funds into one or more investment portfolios under the direction and daily supervision of a professional fund manager. The VIP Trust is governed by a Board of Trustees. The 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 the above VACO/VML Investment Pool investment at the net asset value (NAV). VACO/VML VIP allows the County to have the option to have access to withdraw funds twice a month, with a five-day period notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources with one-time outlays (disasters, immediate capital needs, state budget cuts, and etc.).

The fair 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.

The value of the position in the external investment pool (State Non-Arbitrage Pool) is the same as the value of the pool shares. As SNAP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. SNAP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 4-Fair Value Measurements:

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 categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The County maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

The County has the following recurring fair value measurements as of June 30, 2024:

		Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment	6/30/2024			
Exchange Traded Fund (ETF)	\$ 122,588	\$ 122,588	\$ -	\$ -
Money Market Funds	7,185	7,185	-	-
Total	\$ 129,773	\$ 129,773	\$ -	\$ -

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 5-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	\$ 154,494	\$ -
State sales tax	-	389,963
Shared costs	190,795	-
Categorical aid	57,038	206,000
Noncategorical aid	935,121	-
Virginia public assistance funds	110,212	-
Children's services act	256,796	-
<u>Federal Government:</u>		
Virginia public assistance funds	152,848	-
Categorical aid	4,123	1,324,898
	<u> </u>	<u> </u>
Totals	\$ 1,861,427	\$ 1,920,861
	<u> </u>	<u> </u>

Note 6- Interfund/Component-Unit Obligations and Transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 356,741
Water Fund	275,000	-
Internal Service Fund	16,000	-
Economic Development Fund	65,741	-
Total	<u>\$ 356,741</u>	<u>\$ 356,741</u>

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 7-Long-Term Obligations:

Primary Government - Governmental Activities Obligations:

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

	Beginning Balance July 1, 2023	Increases/ Issuances	Decreases/ Retirements	Ending Balance June 30, 2024
Direct borrowings and direct placements:				
General obligation bonds	\$ 10,227,411	\$ -	\$ (444,340)	\$ 9,783,071
Revenue Bond	-	2,300,000	-	2,300,000
Premium on bond	273,851	289,745	(88,259)	475,337
Note payable	27,399	-	(5,054)	22,345
Financed purchases	203,132	-	(99,680)	103,452
Net pension liability (ERIP)	402,500	-	(157,600)	244,900
Compensated absences	599,312	546,019	(449,484)	695,847
Net pension liability (VRS)	3,742,543	2,453,857	(2,795,572)	3,400,828
Net OPEB liabilities	652,447	188,140	(161,724)	678,863
Total	\$ 16,128,595	\$ 5,777,761	\$ (4,201,713)	\$ 17,704,643

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

Year Ending June 30,	Direct Borrowings and Direct Placements							
	General Obligation Bonds		Note Payable		Financed Purchases		Revenue Bond	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 866,048	\$ 308,768	\$ 5,207	\$ 587	\$ 48,248	\$ 1,941	\$ -	\$ 113,291
2026	902,023	264,089	5,367	428	55,204	1,975	50,000	116,594
2027	865,000	219,730	5,528	265	-	-	175,000	110,828
2028	910,000	174,822	6,243	97	-	-	175,000	101,859
2029	950,000	132,977	-	-	-	-	175,000	92,891
2030-2034	5,290,000	202,423	-	-	-	-	875,000	329,922
2035-2039	-	-	-	-	-	-	850,000	108,906
Totals	\$ 9,783,071	\$ 1,302,809	\$ 22,345	\$ 1,377	\$ 103,452	\$ 3,916	\$ 2,300,000	\$ 974,291

On September 8, 2014, the County agreed to allow the Virginia Public School Authority (VPSA) to refinance its 2005 bond issuance. The refinance was performed a no cost to the County and provided savings of \$68,796 to be credited against interest payments from FY16 - FY26. Interest shown in the previous schedule is net of those savings credits.

On October 7, 2020, the County agreed to allow the Virginia Public School Authority (VPSA) to refinance its 2013 bond issuance. The refinance was performed a no cost to the County and provided savings of \$762,623 to be credited against interest payments from FY21 - FY33. Interest shown in the previous schedule is net of those savings credits.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 7-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Obligations: (Continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
Direct Borrowings and Direct Placements:						
<i>General Obligation Bonds:</i>						
General obligation bonds - VPSA*	5.10%	11/10/2005	2025	\$ 585,603	\$ 95,000	\$ 50,000
General obligation bonds - VPSA*	5.10%	11/10/2005	2025	995,000	73,071	36,048
General obligation bonds - VPSA*	3.05%-5.05%	5/9/2013	2034	15,670,000	9,615,000	780,000
Subtotal					\$ 9,783,071	\$ 866,048
Premium on bond				\$ 2,157,388	\$ 185,592	\$ 68,047
Total general obligation bonds					\$ 9,968,663	\$ 934,095
<i>Notes Payable:</i>						
Note Payable	3.00%	5/17/2018	2028	\$ 50,000	\$ 22,345	\$ 5,207
<i>Revenue Bonds:</i>						
Revenue Bond - VRA	5.13%	5/15/2024	2039	\$ 2,300,000	\$ 2,300,000	\$ -
Premium on bond				289,745	289,745	37,135
Total revenue bonds					\$ 2,589,745	\$ 37,135
Total direct borrowings and direct placements					\$ 12,580,753	\$ 976,437
Financed Purchases:						
Financed purchase - School Buses	3.58%	7/30/2019	2026	\$ 453,066	\$ 55,204	\$ -
Financed purchase - County Rec. Lights	3.95%	9/2/2019	2025	223,290	48,248	48,248
Total financed purchases					\$ 103,452	\$ 48,248
Other Obligations:						
Net pension liability (ERIP)					\$ 244,900	\$ -
Compensated absences					695,847	521,885
Net pension liability (VRS)					3,400,828	-
Net OPEB liabilities					678,863	-
Total other obligations					\$ 5,020,438	\$ 521,885
Total long-term obligations					\$ 17,704,643	\$ 1,546,570

* See notes on previous page regarding VPSA interest savings credits.

Default Provisions:

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.

Collateral:

The County's lease revenue bond issued May 15, 2024, for public safety radio improvements, is secured by the Sheriff's office building.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 7-Long-Term Obligations: (Continued)

Primary Government - Business-type Activities Indebtedness:

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

	Beginning Balance July 1, 2023	Increases/ Issuances	Decreases/ Retirements	Ending Balance June 30, 2024
Direct borrowings and direct placements:				
Revenue Bond	\$ 7,277	\$ -	\$ (7,277)	\$ -
Net pension liability (VRS)	19,838	11,432	(15,426)	15,844
Net OPEB liabilities	3,227	837	(1,219)	2,845
Total	\$ 30,342	\$ 12,269	\$ (23,922)	\$ 18,689

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COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 7-Long-Term Obligations: (Continued)

Primary Government - Business-type 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
Other Obligations:						
Net pension liability (VRS)					\$ 15,844	\$ -
Net OPEB liabilities					2,845	-
Total other obligations					<u>\$ 18,689</u>	<u>\$ -</u>
Total long-term obligations					<u>\$ 18,689</u>	<u>\$ -</u>

Discretely Presented Component Unit-School Board-Obligations:

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

	Beginning Balance July 1, 2023	Increases/ Issuances	Decreases/ Retirements	Ending Balance June 30, 2024
Compensated absences	\$ 186,059	\$ 118,198	\$ (139,544)	\$ 164,713
Net pension liability (VRS)	10,953,617	6,020,060	(5,187,217)	11,786,460
Net OPEB liabilities	3,425,706	711,171	(779,425)	3,357,452
Lease liabilities	34,204	-	(15,568)	18,636
Subscription liabilities	-	122,058	(122,058)	-
Total	<u>\$ 14,599,586</u>	<u>\$ 6,971,487</u>	<u>\$ (6,243,812)</u>	<u>\$ 15,327,261</u>

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

Year Ending June 30,	Lease Liabilities	
	Principal	Interest
2025	\$ 10,039	\$ 422
2026	<u>8,597</u>	<u>119</u>
Totals	<u>\$ 18,636</u>	<u>\$ 541</u>

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2024

Note 7-Long-Term Obligations: (Continued)

Discretely Presented Component Unit-School Board-Obligations: (Continued)

Details of long-term obligations:

	Interest Rates	Issuance Date	Final Maturity Date	Installment Amounts	Amount of Original Issue	Total Amount	Amount Due Within One Year
<u>Lease Liabilities:</u>							
School Copier Leases	3.00%	5/1/2023	4/1/2026	\$90-\$178	\$3,114-\$6,130	\$ 18,636	\$ 10,039
						\$ 18,636	\$ 10,039
<u>Other Obligations:</u>							
Compensated absences						\$ 164,713	\$ 123,534
Net pension liability (VRS)						11,786,460	-
Net OPEB liabilities						3,357,452	-
Total long-term obligations						\$ 15,327,261	\$ 133,573

Note 8-Pension Plan:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of the 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. However, several entities whose financial information is not included in the primary government report, participate in the VRS plan through County of Grayson, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 8-Pension Plan: (Continued)

Benefit Structures

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

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

Note 8-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.

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, 2024 was 14.96% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$948,783 and \$849,306 for the years ended June 30, 2024 and June 30, 2023, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 8-Pension Plan: (Continued)

Net Pension Liability

At June 30, 2024, the County reported a liability of \$3,416,672 for its proportionate share of the net pension liability. The County's net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. In order to allocate the net pension liability to all employers included in the plan, the County is required to determine its proportionate share of the net pension liability. Creditable compensation as of June 30, 2023 and 2022 was used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2023 and 2022, the County's proportion was 98.07% and 97.68%, respectively.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County of Grayson's Retirement Plan and the Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 8-Pension Plan: (Continued)

Actuarial Assumptions - General Employees (continued)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 8—Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County’s Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 8—Pension Plan: (Continued)

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Long-Term Expected Rate of Return

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 8—Pension Plan: (Continued)

Long-Term Expected Rate of Return (Continued)

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

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

* The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 8—Pension Plan: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2023, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 112% of the actuarially determined contribution rate. From July 1, 2023 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the County's proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the County'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:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>(5.75%)</u>	<u>Discount Rate</u>	<u>(7.75%)</u>
		<u>(6.75%)</u>	
County's proportionate share of the			
County of Grayson's Retirement Plan			
Net Pension Liability (Asset)	\$ 6,693,636	\$ 3,416,672	\$ 666,298

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

For the year ended June 30, 2024, the County recognized pension expense of \$395,539. 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.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 8—Pension Plan: (Continued)

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

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

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 281,763
Net difference between projected and actual earnings on pension plan investments	-	363,069
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,551	9,257
Employer contributions subsequent to the measurement date	948,783	-
Total	\$ 955,334	\$ 654,089

\$948,783 reported as deferred outflows of resources related to pensions resulting from the County’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Primary Government
2025	\$ (496,016)
2026	(497,309)
2027	333,906
2028	11,881
2029	-
Thereafter	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 8—Pension Plan: (Continued)

Pension Plan Data

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

Component Unit School Board (Nonprofessional)

Additional information related to the plan description, plan contribution requirements, actuarial assumptions, long-term expected rate of return, and discount rate is included in the first section of this note.

Employees Covered by Benefit Terms

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

	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	71
Inactive members:	
Vested inactive members	11
Non-vested inactive members	20
Inactive members active elsewhere in VRS	11
Total inactive members	42
Active members	51
Total covered employees	164

Contributions

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2024 was 9.75% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 8—Pension Plan: (Continued)

Component Unit School Board (Nonprofessional) (Continued)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Grayson County School Board's nonprofessional employees were \$104,752 and \$93,171 for the years ended June 30, 2024 and June 30, 2023, 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 Component Unit School Board's (nonprofessional) net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

Changes in Net Pension Liability (Asset)

	Component Unit - School Board (Nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 6,838,518	\$ 6,436,580	\$ 401,938
Changes for the year:			
Service cost	\$ 89,295	\$ -	\$ 89,295
Interest	452,534	-	452,534
Differences between expected and actual experience	(36,181)	-	(36,181)
Assumption changes	-	-	-
Contributions - employer	-	93,350	(93,350)
Contributions - employee	-	47,856	(47,856)
Net investment income	-	405,103	(405,103)
Benefit payments, including refunds of employee contributions	(447,207)	(447,207)	-
Administrative expenses	-	(4,204)	4,204
Other changes	-	162	(162)
Net changes	\$ 58,441	\$ 95,060	\$ (36,619)
Balances at June 30, 2023	\$ 6,896,959	\$ 6,531,640	\$ 365,319

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 8—Pension Plan: (Continued)

Component Unit School Board (Nonprofessional) (Continued)

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

The following presents the net pension liability of the Grayson County School Board (nonprofessional) using the discount rate of 6.75%, as well as what the Grayson 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	Current	1% Increase
	(5.75%)	Discount Rate (6.75%)	(7.75%)
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 1,087,582	\$ 365,319	\$ (247,648)

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

For the year ended June 30, 2024, the Component Unit School Board (nonprofessional) recognized pension expense of \$8,500. At June 30, 2024, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit-School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 17,337
Net difference between projected and actual earnings on pension plan investments	-	112,058
Employer contributions subsequent to the measurement date	104,752	-
Total	\$ 104,752	\$ 129,395

\$104,752 reported as deferred outflows of resources related to pensions resulting from the Component Unit School Board's (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2025.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 8—Pension Plan: (Continued)

Component Unit School Board (Nonprofessional) (Continued)

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

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 (Nonprofessional)</u>
2025	\$ (94,841)
2026	(131,626)
2027	93,290
2028	3,782
2029	-
Thereafter	-

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). Addition information related to the plan description is included in the first section of this note.

Additional information regarding the plan description is included in the first section of this note.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division’s contractually required employer contribution rate for the year ended June 30, 2024 was 16.62% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,962,550 and \$1,781,540 for the years ended June 30, 2024 and June 30, 2023, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 8—Pension Plan: (Continued)

Component Unit School Board (Professional) (Continued)

Contributions (Continued)

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

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

At June 30, 2024, the school division reported a liability of \$11,421,141 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion was 0.11300% as compared to 0.11083% at June 30, 2022.

For the year ended June 30, 2024, the school division recognized pension expense of \$1,187,833. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

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COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 8—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, 2024, 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	\$ 981,086	\$ 445,702
Change in assumptions	517,760	-
Net difference between projected and actual earnings on pension plan investments	-	742,605
Changes in proportion and differences between employer contributions and proportionate share of contributions	450,481	75,810
Employer contributions subsequent to the measurement date	<u>1,962,550</u>	<u>-</u>
Total	<u>\$ 3,911,877</u>	<u>\$ 1,264,117</u>

\$1,962,550 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 year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Component Unit School Board (Professional)
2025	\$ (59,036)
2026	(503,999)
2027	989,543
2028	258,702
2029	-
Thereafter	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 8—Pension Plan: (Continued)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 8—Pension Plan: (Continued)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions (Continued)

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB Statement No. 67, less that system’s fiduciary net position. As of June 30, 2023, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

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

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

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 8—Pension Plan: (Continued)

Component Unit School Board (Professional) (Continued)

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

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

	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)	\$ 20,245,610	\$ 11,421,141	\$ 4,166,702

Pension Plan Fiduciary Net Position

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

Note 9—Aggregate Pension Information:

Primary Government and Component Unit School Board:

	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
County ERIP Plan:	\$ 21,700	\$ 93,000	\$ 244,900	\$ 7,200	\$ -	\$ -	\$ -	\$ -
VRS Pension Plans:								
Primary Government	955,334	654,089	3,416,672	395,539	-	-	-	-
School Board Nonprofessional	-	-	-	-	104,752	129,395	365,319	8,500
School Board Professional	-	-	-	-	3,911,877	1,264,117	11,421,141	1,187,833
Totals	\$ 977,034	\$ 747,089	\$ 3,661,572	\$ 402,739	\$ 4,016,629	\$ 1,393,512	\$ 11,786,460	\$ 1,196,333

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 10—Health Insurance - Pay-as-you-Go (OPEB Plan):

Primary Government - County

Plan Description

The County administers a cost-sharing employer defined benefit healthcare plan, Grayson County Postemployment Healthcare Plan (The “Plan”). Several entities participate in the defined benefit healthcare plan through the County of Grayson, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan. The plan provides postemployment healthcare benefits to all eligible permanent employees who meet the requirements under the County’s pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

The Plan provides health insurance benefits to eligible retirees and their spouses. To be eligible, employees must meet the age and service criteria for immediate retirement benefits under VRS, which requires that the employee be age 50 with 10 years of service, or be age 55 with 5 years of service, or permanently, totally disabled and injured in the line of duty. Additionally, the employee must be of full-time status in VRS and must be covered by the active plan at the time of retirement or disability.

Contributions

The County does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2024 was \$4,805.

Actuarial Assumptions

The total OPEB liability was measured July 1, 2023, based on the July 1, 2022 actuarial valuation, and was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.86%
Salary Scale	Future salaries are assumed to increase 2.50% annually
Healthcare Cost Trend Rate	6.50% for 2024, decreasing by 0.25% per year to an ultimate rate of 5.00%
Actuarial Cost Method	Entry Age Actuarial Cost Method
Participation	45% of active employees are assumed to elect coverage in retirement, 33% of their spouses are assumed to elect coverage in retirement; 100% of actives who become disabled are assumed to elect coverage

Mortality rates for Active employees and healthy retirees were based on a RP-2014 Mortality Table fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 10—Health Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

Primary Government - County (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.86% and represents the Municipal GO AA 20-year yield curve rate as of July 1, 2023.

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

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

Discount Rate					
1% Decrease		Current		1% Increase	
2.86%		3.86%		4.86%	
\$	417,276	\$	380,500	\$	347,942

Sensitivity of the Employer's Proportionate Share of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using healthcare trend rates that are one percentage point lower (5.50% decreasing by 0.25% annually to an ultimate rate of 4.00%) or one percentage point higher (7.50% decreasing by 0.25% annually to an ultimate rate of 6.00%) than the current healthcare trend rates:

Healthcare Cost Trend Rate					
1% Decrease		Current		1% Increase	
(5.50% decreasing to 4.00%)		(6.50% decreasing to 5.00%)		(7.50% decreasing to 6.00%)	
\$	336,272	\$	380,500	\$	433,457

Total OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2024, the County reported a liability of \$380,500 for its proportionate share of the total OPEB Liability. The total OPEB Liability was measured as of July 1, 2022 and determined by an actuarial valuation as of July 1, 2022. At June 30, 2023 and 2022, the County's proportion was 98.07% and 97.57%, respectively.

For the year ended June 30, 2024, the County recognized OPEB expense in the amount of (\$17,946).

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 10—Health Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

Primary Government - County (Continued)

Total OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 103,559
Change in assumptions	36,873	60,115
Employer contributions subsequent to the measurement date	4,805	-
Total	\$ 41,678	\$ 163,674

\$4,805 reported as deferred outflows of resources related to OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2025.

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

Year Ended June 30	Primary Government
2025	\$ (40,600)
2026	(38,835)
2027	(41,874)
2028	(4,315)
2029	(1,177)
Thereafter	-

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 10—Health Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

Discretely Presented Component Unit - School Board

Plan Description

In addition to the pension benefits described in Note 8, the School Board administers a single employer defined benefit healthcare plan, Grayson School Board Postemployment Healthcare Plan (The “Plan”). The plan provides postemployment healthcare benefits to all eligible permanent employees who meet the requirements under the School Board’s pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

The Plan provides health insurance benefits to eligible retirees and their spouses. To be eligible, employees must meet the age and service criteria for immediate retirement benefits under VRS, which requires that the employee be age 50 with 10 years of service, or be age 55 with 5 years of service, or permanently, totally disabled and injured in the line of duty. Additionally, the employee must be of full-time status in VRS and must be covered by the active plan at the time of retirement or disability.

Plan Membership

At July 1, 2022 (valuation date), the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	7
Active employees	264
Total	<u>271</u>

Contributions

The School Board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2024 was \$36,200.

Total OPEB Liability

The School Board’s total OPEB liability was measured as of July 1, 2023. The measurement of the total OPEB liability is based on a valuation date of July 1, 2022.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 10—Health Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

Discretely Presented Component Unit - School Board (Continued)

Actuarial Assumptions

The total OPEB liability was measured July 1, 2023, based on the July 1, 2022 actuarial valuation, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.86%
Salary Scale	Future salaries are assumed to increase 2.50% annually
Healthcare Cost Trend Rate	6.50% for 2024, decreasing by 0.25% per year to an ultimate rate of 5.00%
Actuarial Cost Method	Entry Age Actuarial Cost Method
Participation	40% of active employees are assumed to elect coverage in retirement, 20% of their spouses are assumed to elect coverage in retirement

Mortality rates for Active employees and healthy retirees were based on a RP-2014 Mortality Table fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.86% and represents the Municipal GO AA 20-year yield curve rate as of July 1, 2023.

Changes in Total OPEB Liability

Balances at July 1, 2023	\$ 1,173,200
Changes for the year:	
Service cost	\$ 46,000
Interest	44,300
Effect of Economic/Demographic Gains or Losses	(46,000)
Effect of Assumption Changes or Inputs	(14,700)
Benefit payments	(36,200)
Net changes	\$ (6,600)
Balances at June 30, 2024	\$ <u>1,166,600</u>

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 10—Health Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

Discretely Presented Component Unit - School Board (Continued)

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

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

Discount Rate		
1% Decrease 2.86%	Current 3.86%	1% Increase 4.86%
\$ 1,255,600	\$ 1,166,600	\$ 1,084,100

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare trend rates that are one percentage point lower or one percentage point higher than the current healthcare trend rates:

Healthcare Cost Trend Rate		
1% Decrease (5.50% decreasing to 4.00%)	Current (6.50% decreasing to 5.00%)	1% Increase (7.50% decreasing to 6.00%)
\$ 1,051,200	\$ 1,166,600	\$ 1,300,000

Total OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2024, the School Board recognized OPEB expense in the amount of \$32,200. At June 30, 2024, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,400	\$ 161,500
Net difference between projected and actual earnings on OPEB plan investments	114,000	135,600
Employer contributions subsequent to the measurement date	36,200	-
Total	<u>\$ 156,600</u>	<u>\$ 297,100</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 10—Health Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

Discretely Presented Component Unit - School Board (Continued)

Total OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

\$36,200 reported as deferred outflows of resources related to OPEB resulting from the School Board’s contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30</u>	<u>Component Unit School Board</u>
2025	\$ (47,100)
2026	(55,900)
2027	(47,200)
2028	(17,300)
2029	(9,200)
Thereafter	-

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

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

Plan Description

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

Eligible Employees

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

Benefit Amounts

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

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ($1.34\% \times 60\%$) and the employer component was 0.54% ($1.34\% \times 40\%$). 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, 2024 was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the Group Life Insurance Plan from the County were \$36,126 and \$31,947 for the years ended June 30, 2024 and June 30, 2023, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (nonprofessional) were \$6,604 and \$5,747 for the years ended June 30, 2024 and June 30, 2023, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (professional) were \$66,437 and \$60,329 for the years ended June 30, 2024 and June 30, 2023, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

Contributions (Continued)

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

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, 2024, the entity reported a liability of \$301,208 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was 0.02512% as compared to 0.02422% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$20,613. 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, 2024, the entity reported a liability of \$54,209 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was 0.00452% as compared to 0.00440% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of (\$688). 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 GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

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

Component Unit School Board (Professional)

At June 30, 2024, the entity reported a liability of \$568,834 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was 0.04743% as compared to 0.04710% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$25,067. 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.

At June 30, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Board (Nonprofessional)		Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,084	\$ 9,143	\$ 5,414	\$ 1,646	\$ 56,813	\$ 17,267
Net difference between projected and actual earnings on GLI OPEB plan investments	-	12,104	-	2,178	-	22,859
Change in assumptions	6,439	20,869	1,159	3,756	12,159	39,411
Changes in proportion	28,600	5,882	2,678	4,534	22,073	10,506
Employer contributions subsequent to the measurement date	36,126	-	6,604	-	66,437	-
Total	\$ 101,249	\$ 47,998	\$ 15,855	\$ 12,114	\$ 157,482	\$ 90,043

\$36,126, \$6,604, and \$66,437 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, 2025. 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:

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

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

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (Nonprofessional)</u>	<u>Component Unit School Board (Professional)</u>
2025	\$ 3,197	\$ (2,359)	\$ (4,568)
2026	(7,351)	(3,040)	(18,319)
2027	9,758	1,320	14,209
2028	6,672	452	3,337
2029	4,849	764	6,343
Thereafter	-	-	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

Actuarial Assumptions (continued)

Mortality Rates - Teachers (continued)

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

Actuarial Assumptions (continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees (continued)

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Pre-Retirement:

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

Pre-Retirement:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

Actuarial Assumptions (continued)

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net GLI OPEB Liability

The net OPEB liability (NOL) for the 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, 2023, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

Net GLI OPEB Liability (continued)

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

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

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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	<u>100.00%</u>		<u>5.75%</u>
Inflation			2.50%
Expected arithmetic nominal return**			<u>8.25%</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

Long-Term Expected Rate of Return (continued)

*The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the GLI Plan			
Net OPEB Liability	\$ 446,486	\$ 301,208	\$ 183,752
Component Unit School Board's (Nonprofessional) proportionate share of the GLI Plan			
Net OPEB Liability	80,355	54,209	33,070
Component Unit School Board's (Professional) proportionate share of the GLI Plan			
Net OPEB Liability	843,190	568,834	347,016

GLI Program Fiduciary Net Position

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

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

Plan Description

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

Plan Description (continued)

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2024 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$148,727 and \$135,181 for the years ended June 30, 2024 and June 30, 2023, respectively.

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

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

At June 30, 2024, the school division reported a liability of \$1,357,272 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2023 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion of the VRS Teacher Employee HIC was 0.11200% as compared to 1.0990% at June 30, 2022.

For the year ended June 30, 2024, the school division recognized VRS Teacher Employee HIC OPEB expense of \$108,990. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 59,740
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	681	-
Change in assumptions	31,595	1,368
Change in proportionate share and differences between actual and expected contributions	69,070	35,950
Employer contributions subsequent to the measurement date	<u>148,727</u>	<u>-</u>
Total	<u>\$ 250,073</u>	<u>\$ 97,058</u>

\$148,727 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2025.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

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

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:

<u>Year Ended June 30</u>	
2025	\$ (3,968)
2026	(5,015)
2027	7,053
2028	4,746
2029	349
Thereafter	1,123

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

Actuarial Assumptions (continued)

Mortality Rates - Teachers (continued)

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2023, NOL amounts for the VRS Teacher Employee HIC Plan are as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,475,471
Plan Fiduciary Net Position		264,054
Teacher Employee Net HIC OPEB Liability (Asset)	\$	1,211,417

Plan Fiduciary Net Position as a Percentage
of the Total Teacher Employee HIC OPEB Liability 17.90%

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

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

Long-Term Expected Rate of Return

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

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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

*The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

Long-Term Expected Rate of Return (continued)

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2023, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2023 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

The following presents the school division's proportionate share of the VRS Teacher Employee HIC Program 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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 1,535,226	\$ 1,357,272	\$ 1,206,471

Teacher Employee HIC OPEB Fiduciary Net Position

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

Employees Covered by Benefit Terms

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>22</u>
Inactive members:	
Vested inactive members	2
Inactive members active elsewhere in VRS	<u>11</u>
Total inactive members	<u>35</u>
Active members	<u>51</u>
Total covered employees	<u><u>86</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board’s contractually required employer contribution rate for the year ended June 30, 2023 was 2.72% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the HIC Plan were \$33,264 and \$28,949 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net HIC OPEB Liability

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

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

Actuarial Assumptions (continued)

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

Actuarial Assumptions (continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees (continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

*The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2023, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 281,629	\$ 21,565	\$ 260,064
Changes for the year:			
Service cost	\$ 2,306	\$ -	\$ 2,306
Interest	18,623	-	18,623
Differences between expected and actual experience	(39,649)	-	(39,649)
Contributions - employer	-	28,950	(28,950)
Net investment income	-	1,900	(1,900)
Benefit payments	(16,087)	(16,087)	-
Administrative expenses	-	(52)	52
Other changes	-	9	(9)
Net changes	\$ (34,807)	\$ 14,720	\$ (49,527)
Balances at June 30, 2023	\$ 246,822	\$ 36,285	\$ 210,537

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County of Grayson, Virginia School Board's Net HIC OPEB Liability	\$ 234,234	\$ 210,537	\$ 190,058

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

For the year ended June 30, 2024, the School Board recognized HIC Plan OPEB expense of \$1,371. At June 30, 2024, 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	\$ -	\$ 45,782
Net difference between projected and actual earnings on HIC OPEB plan investments	338	-
Change in assumptions	6,757	-
Employer contributions subsequent to the measurement date	33,264	-
Total	\$ 40,359	\$ 45,782

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

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

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB: (Continued)

\$33,264 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2025	\$	(18,898)
2026		(13,742)
2027		(6,044)
2028		(3)
2029		-
Thereafter		-

HIC Plan Data

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

Note 14 - Line of Duty Act (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 VACORP. VACORP assumes all liability for the County's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2024 was \$26,602.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 15-OPEB Summary:

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
Stand Alone OPEB Plan (Note 10):								
County	\$ 41,678	\$ 163,674	\$ 380,500	\$ (17,946)	\$ -	\$ -	\$ -	\$ -
School Board	-	-	-	-	156,600	297,100	1,166,600	32,200
VRS OPEB Plans:								
GLI Plan (Note 11)								
County	101,249	47,998	301,208	20,613	-	-	-	-
School Board Nonprofessional	-	-	-	-	15,855	12,114	54,209	(688)
School Board Professional	-	-	-	-	157,482	90,043	568,834	25,067
School Board HIC Plans:								
Teacher Plan (Note 12)	-	-	-	-	250,073	97,058	1,357,272	108,990
Nonprofessional Plan (Note 13)	-	-	-	-	40,359	45,782	210,537	1,371
Totals	<u>\$ 142,927</u>	<u>\$ 211,672</u>	<u>\$ 681,708</u>	<u>\$ 2,667</u>	<u>\$ 620,369</u>	<u>\$ 542,097</u>	<u>\$ 3,357,452</u>	<u>\$ 166,940</u>

Note 16-Capital Assets:

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

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 911,038	\$ -	\$ -	\$ 911,038
Construction in progress	1,374,027	664,525	(1,374,027)	664,525
Total capital assets not being depreciated	<u>\$ 2,285,065</u>	<u>\$ 664,525</u>	<u>\$ (1,374,027)</u>	<u>\$ 1,575,563</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 29,629,688	\$ 1,588,404	\$ -	\$ 31,218,092
Machinery and equipment	5,296,024	1,018,996	-	6,315,020
Total capital assets being depreciated	<u>\$ 34,925,712</u>	<u>\$ 2,607,400</u>	<u>\$ -</u>	<u>\$ 37,533,112</u>
Accumulated depreciation:				
Buildings and improvements	\$ (10,760,630)	\$ (800,545)	\$ -	\$ (11,561,175)
Machinery and equipment	(3,907,490)	(502,797)	-	(4,410,287)
Total accumulated depreciation	<u>\$ (14,668,120)</u>	<u>\$ (1,303,342)</u>	<u>\$ -</u>	<u>\$ (15,971,462)</u>
Total capital assets being depreciated, net	<u>\$ 20,257,592</u>	<u>\$ 1,304,058</u>	<u>\$ -</u>	<u>\$ 21,561,650</u>
Governmental activities capital assets, net	<u>\$ 22,542,657</u>	<u>\$ 1,968,583</u>	<u>\$ (1,374,027)</u>	<u>\$ 23,137,213</u>

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 16-Capital Assets: (Continued)

Primary Government: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 10,648	\$ -	\$ -	\$ 10,648
Construction in progress	-	43,379	-	43,379
Total capital assets not being depreciated	\$ 10,648	\$ 43,379	\$ -	\$ 54,027
Capital assets, being depreciated:				
Infrastructure	\$ 3,674,073	\$ -	\$ -	\$ 3,674,073
Machinery and equipment	50,336	7,460	-	57,796
Total capital assets being depreciated	\$ 3,724,409	\$ 7,460	\$ -	\$ 3,731,869
Accumulated depreciation:				
Infrastructure	\$ (1,872,245)	\$ (92,211)	\$ -	\$ (1,964,456)
Machinery and equipment	(46,730)	(5,097)	-	(51,827)
Total accumulated depreciation	\$ (1,918,975)	\$ (97,308)	\$ -	\$ (2,016,283)
Total capital assets being depreciated, net	\$ 1,805,434	\$ (89,848)	\$ -	\$ 1,715,586
Business-type activities capital assets, net	\$ 1,816,082	\$ (46,469)	\$ -	\$ 1,769,613

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

Governmental Activities:	
General government administration	\$ 96,284
Judicial administration	1,936
Public safety	226,065
Public works	201,367
Health and welfare	12,488
Education	584,389
Parks, recreation, and cultural	78,262
Community development	102,551
Total depreciation expense-governmental activities	<u>\$ 1,303,342</u>
Business-type activities:	
Water	\$ 97,308
Total depreciation expense-business-type activities	<u>\$ 97,308</u>

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 16-Capital Assets: (Continued)

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

Discretely Presented Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 142,233	\$ -	\$ -	\$ 142,233
Construction in progress	1,514,785	646,189	(1,514,785)	646,189
Total capital assets not being depreciated/amortized	<u>\$ 1,657,018</u>	<u>\$ 646,189</u>	<u>\$ (1,514,785)</u>	<u>\$ 788,422</u>
Capital assets, being depreciated/amortized:				
Buildings and improvements	\$ 17,898,898	\$ 2,495,153	\$ -	\$ 20,394,051
Machinery and equipment	6,983,188	2,152,846	(22,160)	9,113,874
Right-to-use machinery and equipment	63,171	-	(33,122)	30,049
Right-to-use subscription asset	-	122,058	-	122,058
Total capital assets being depreciated/amortized	<u>\$ 24,945,257</u>	<u>\$ 4,770,057</u>	<u>\$ (55,282)</u>	<u>\$ 29,660,032</u>
Accumulated depreciation/amortization:				
Buildings and improvements	\$ (13,023,284)	\$ (630,091)	\$ -	\$ (13,653,375)
Machinery and equipment	(4,913,762)	(615,099)	22,160	(5,506,701)
Right-to-use machinery and equipment	(28,999)	(15,813)	33,122	(11,690)
Right-to-use subscription asset	-	(7,479)	-	(7,479)
Total accumulated depreciation/amortization	<u>\$ (17,966,045)</u>	<u>\$ (1,268,482)</u>	<u>\$ 55,282</u>	<u>\$ (19,179,245)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 6,979,212</u>	<u>\$ 3,501,575</u>	<u>\$ -</u>	<u>\$ 10,480,787</u>
Governmental activities capital assets, net	<u>\$ 8,636,230</u>	<u>\$ 4,147,764</u>	<u>\$ (1,514,785)</u>	<u>\$ 11,269,209</u>

Note 17-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 and auto insurance with the Virginia Municipal Liability Pool. Each member of each 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 Virginia Municipal Group contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The County and its component unit - School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 18-Commitments and Contingencies:

Construction Commitments:

Project	Amount of Contract	Amount Outstanding	Accounts Payable	Retainage Payable
County - Industrial Site Improvements	\$ 345,000	\$ 17,250	\$ -	\$ 17,250
County - Louisville Lane Waterline Extension	419,340	419,340	-	-
County - Recreational Park Access Drive	362,800	362,800	-	-
County - 911 Upgrades	22,225	22,225	22,225	-
Schools - Piping Replacement	1,166,446	766,625	-	19,991
Schools - Independence MS Waterline Replacement	4,798	4,798	4,798	-
Schools - High School Turf Conversion	1,500,000	75,000	-	75,000
Schools - Fries School Drainage Improvements	311,700	266,090	11,970	-
Total	<u>\$ 4,132,309</u>	<u>\$ 1,934,128</u>	<u>\$ 38,993</u>	<u>\$ 112,241</u>

Contingencies:

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

Note 19-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:

Renee Nester, Clerk of the Circuit Court	\$ 500,000
Sarah Hash-Trimble, Treasurer	400,000
Jessica Vaughan, Commissioner of Revenue	27,000
Richard A. Vaughan, Sheriff	30,000
All Social Services employees-blanket bond	100,000

Travelers Casualty and Surety Company of America:

Board of Supervisors	\$ 100,000
County Administrator's Office	100,000

Component Unit - School Board:

Virginia School Board Association:

All School Board employees-blanket bond	\$ 250,000
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Note 20-Notes Receivable:

On June 5, 2008, the County loaned \$150,000 to Millworks LLC. The loan is payable in 120 monthly installments of \$1,380 starting with the first payment due on August 15, 2008. The note bears interest at the rate of 2%. The outstanding balance at June 30, 2024 was \$34,139. The note is delinquent as of June 30, 2024, but the County still expects full repayment.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 21-County Early Retirement Incentive Plan:

Defined Benefit Plan

Plan Description:

The effective date of the Supplemental Retirement Program for Grayson County is July 1, 2000.

The Supplemental Retirement Program is a single employer defined benefit plan. The Supplemental Retirement Program has one participating employer, Grayson County, Virginia. Participants who meet the following eligibility requirements are eligible to receive benefits from the plan:

- Participant is a former employee of Grayson County, Virginia and has retired for purposes of eligibility to receive retirement benefits under the Virginia Retirement System;
- Participant has a bona fide separation from service of at least 30 days during a period of time the employee would normally be working;
- Participant is not eligible for disability retirement benefits under the Virginia Retirement System or Social Security; and
- Participant has at least 5 consecutive years of employment with Grayson County, Virginia immediately preceding retirement.
- Participant was not a constitutional officer or an employee of a constitutional officer.

A participant may elect to receive a retirement benefit in one of the forms of payment shown below. The retirement benefit shall commence in accordance with plan provisions and the participant must elect to have his retirement benefit commence no later than his Social Security Retirement Age. Optional forms of payments:

- Monthly payment of 30% of plan annual compensation divided by 12 for 48 months following date of retirement
- Monthly payment of 24% of plan annual compensation divided by 12 for 60 months following date of retirement
- Monthly payment of 20% of plan annual compensation divided by 12 for 72 months following date of retirement
- Monthly payment of 17.14% of plan annual compensation divided by 12 for 84 months following date of retirement

A participant should always be 100% vested in their accrued benefit and if the participant fails to complete their entire contract period the benefits will be paid on a pro-rata basis. The contract period is defined as working 87% of the fiscal year. If the total benefit is less than \$5,000 then payment will be made in a single lump sum payment.

If a participant dies prior to the commencement of his retirement benefit, his beneficiary shall receive a death benefit equal to the retirement benefit the participant would have received had the participant retired the day before his death. The participant's beneficiary shall choose a form of benefit as described above. In the event a participant dies after the first year of participation in the plan, the benefit will be the entire remaining balance of the participant's account.

Note 21-County Early Retirement Incentive Plan: (Continued)

Defined Benefit Plan

Contributions Policy

All funding is paid by the employer, Grayson County, Virginia, and no employee contributions are allowed or required.

Actuarial Methods and Assumptions Used to Determine Contribution Rates and Net Pension Liability

The following assumptions were used to determine contribution rates and net pension liability:

Actuarial Methods:

- Actuarial Cost Method—the actuarial cost method used to determine the actuarial accrued liability and the normal cost for both funding and financial reporting purposes is the Entry Age Actuarial Cost Method. The accrued liability and the normal cost are used to determine the County’s contribution requirement. Under this method, the cost of each individual’s pension is allocated on a level percent of payroll basis between the time employment starts (entry age) and the assumed retirement date. The normal cost is the amount allocated for a given year and actuarial liability is the accumulation of prior normal costs as of the determination date. The total actuarial liability for retirement benefits is the sum of the actuarial liability for all members.
- Asset Cost Method—
 - GASB 68--Market value of assets
 - Actuarially determined contribution—Market value of assets
- Amortization Method—
 - GASB 68 recognition period—For differences between expected and actual experience with regard to economic or demographic factors and for changes in assumptions, the amounts will be amortized over a closed period equal to the average of the expected remaining service lives of all employees determined at the beginning of the measurement period. The differences between projected and actual earnings on pension plan investments will be recognized over a closed five-year period.

Actuarial Assumptions for GASB 68 Results:

- Valuation date—July 1, 2023
- Measurement date—June 30, 2024
- Mortality table— RP 2014 Mortality tables, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.
- Discount rate—July 1, 2023 is 5.20% and July 1, 2021 valuations is 2.73%.
- Expected long term rate of return— July 1, 2023 is 5.20% and July 1, 2021 valuations is 3.00%.
- Inflation—2.50% per year
- Salary increase—2.50% per year

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 21-County Early Retirement Incentive Plan: (Continued)

Plan Membership

As of June 30, 2024 (the measurement date), membership in the Supplemental Retirement Program was comprised as follows:

Inactive employees or beneficiaries currently receiving benefits	1
Active employees	<u>7</u>
Total	8

Net Pension Liability

A detailed schedule of changes in the net pension liability is presented under required supplementary information. This information is intended to help users assess the extent of the Grayson County's obligation to the Defined Benefit Plan. The net pension liability at June 30, 2024 is as follows:

Total pension liability (TPL)	\$	374,700
Plan fiduciary net position		<u>129,800</u>
Net pension liability (NPL)	\$	<u>244,900</u>
Plan fiduciary net position as a percentage of the total pension liability		34.64%
Covered employee payroll	\$	383,000
Net pension liability as a percentage of covered employee payroll		63.94%

Expected Rate of Return and Target Allocation

The long-term expected rate of return on pension plan investments was determined based on the current investment portfolio.

Sensitivity of the Net Pension Liability

Changes in the discount rate affect the measurement of pension liabilities; therefore, a small change in the discount rate could result in a significant change in the net pension liability. As an illustration, the following table presents the net pension liability for the Supplemental Retirement Program calculated using the discount rate of 5.20%, as well as what the Supplemental Retirement Program's net pension liability would be if it were calculated using a discount rate of one percentage point lower (4.20%) or one percentage point higher (6.20%) than the current rate:

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 21-County Early Retirement Incentive Plan: (Continued)

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

	1% Decrease 4.20%	Current Discount Rate 5.20%	1% Increase 6.20%
Net Pension Liability	\$ 264,700	\$ 244,900	\$ 226,500

Summary of Deferred Outflows and Inflows of Resources

Grayson County reports deferred outflows of resources and deferred inflows of resources on its Statement of Net Position as a result of pension related activities required under GAAP. Deferred outflows of resources represent a consumption of net position that is applied to future periods and, thus, is not recognized as an outflow of resources or expense until a later year. Deferred inflows of resources are an acquisition of net position that is not recognized in the current year but are recognized as an inflow of resources or revenue in a future year.

Since certain pension expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts increase the expense, they are labeled as deferred outflows and amounts that decrease the expense are labeled as deferred inflows. These outflows and inflows are amortized on a level dollar basis with no interest added for the deferred amounts. Deferred experience gains/losses and changes in assumptions are amortized over the average remaining service lives of all employees that are provided with pensions through the pension plan at the beginning of the measurement period. Investment gains/losses are amortized over a five-year period.

The deferred inflows of resources and deferred outflows of resources is comprised as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,300	42,600
Change in assumptions	8,500	50,400
Net difference between projected and actual earnings on pension plan investments	900	-
Total	\$ 21,700	93,000

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are amortized over specific years and recognized in pension expense in future years as shown below:

Year Ended June 30	
2025	\$ (21,500)
2026	(19,300)
2027	(21,800)
2028	(8,700)
2029	-
Thereafter	-

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 21-County Early Retirement Incentive Plan: (Continued)

Components of Pension Expense

		<u>Pension Expense</u>
Service Cost	\$	6,800
Interest Cost		15,200
Projected Earnings on Plan Assets		(2,600)
Recognition of differences between expected and actual experience in the measurement of total pension liability		200
Recognition of changes in assumptions in the measurement of total pension liability		(3,600)
Recognition of differences between projected and actual earnings on plan investments		(10,800)
Administrative Expense		<u>2,000</u>
Pension Expense	\$	<u><u>7,200</u></u>

The Defined Benefit Plan is considered part of the Grayson County’s financial reporting entity and is included in the financial statements as a Pension Trust Fund.

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COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 22-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.

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Primary Government:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures.	\$ -	\$ 1,974,902
Tax assessments due after June 30	10,620,724	10,620,724
Prepaid taxes relating to taxes due in a future period.	93,345	93,345
Lease related items	21,007	21,007
Opioid settlement receivable	-	371,873
Total deferred/unavailable revenue	\$ 10,735,076	\$ 13,081,851

Note 23-Litigation:

As of the date of these financial statements, the County had one item of significant litigation that would materially affect the County's financial position. The County was named as a defendant in a personal injury lawsuit where the individual is seeking damages in the amount of \$30,000,000. At this point, the County is unable to predict the outcome but the County plans to defend the lawsuit using all available legal defenses provided by the County insurer. No other items of not were pending.

Note 24-Lease Receivable:

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

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Lease receivable	\$ 59,160	\$ -	\$ (35,260)	\$ 23,900	\$ 861

Lease revenue recognized during the fiscal year was \$35,260.

Lease Description	Start Date	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One Year
Oak Hall Building Lease	3/1/2015	2/1/2025	Monthly	2.00%	\$ 23,900	\$ 23,900

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2024

Note 25-COVID-19 Pandemic Funding:

ARPA Funding

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

On August 12, 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. As of June 30, 2024, the County had received both tranches of funding and unspent funds in the amount of \$1,824,843 are reported as unearned revenue.

ESF Funding

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

Note 26-Subsequent Events:

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

Note 27-Upcoming Pronouncements:

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

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 27-Upcoming Pronouncements: (Continued)

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

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

Required Supplementary Information

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 14,523,884	\$ 14,523,884	\$ 14,510,417	\$ (13,467)
Other local taxes	1,878,407	1,878,407	1,931,413	53,006
Permits, privilege fees, and regulatory licenses	83,700	83,700	85,452	1,752
Fines and forfeitures	13,500	13,500	10,883	(2,617)
Revenue from the use of money and property	104,000	104,000	795,272	691,272
Charges for services	2,218,360	2,218,360	2,388,061	169,701
Miscellaneous	679,300	800,419	542,863	(257,556)
Recovered costs	482,999	682,999	581,408	(101,591)
Intergovernmental:				
Commonwealth	4,868,682	6,920,182	7,117,425	197,243
Federal	4,178,727	4,438,727	3,309,944	(1,128,783)
Total revenues	\$ 29,031,559	\$ 31,664,178	\$ 31,273,138	\$ (391,040)
EXPENDITURES				
Current:				
General government administration	\$ 2,571,222	\$ 2,685,414	\$ 2,539,505	\$ 145,909
Judicial administration	1,336,492	1,340,206	1,235,831	104,375
Public safety	6,339,953	7,647,129	7,420,618	226,511
Public works	2,571,629	2,744,616	2,504,834	239,782
Health and welfare	4,314,886	4,829,936	4,810,746	19,190
Education	7,639,201	7,542,830	7,370,773	172,057
Parks, recreation, and cultural	855,011	915,944	913,719	2,225
Community development	2,065,876	1,850,967	1,223,472	627,495
Capital projects	1,922,000	3,641,500	2,449,283	1,192,217
Debt service:				
Principal retirement	1,100,116	499,637	549,074	(49,437)
Bond issuance costs	-	-	104,337	(104,337)
Interest and other fiscal charges	209,677	209,677	184,453	25,224
Total expenditures	\$ 30,926,063	\$ 33,907,856	\$ 31,306,645	\$ 2,601,211
Excess (deficiency) of revenues over (under) expenditures	\$ (1,894,504)	\$ (2,243,678)	\$ (33,507)	\$ 2,210,171
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (25,000)	\$ (25,000)	\$ (356,741)	\$ (331,741)
Issuance of lease revenue bonds	-	-	2,300,000	2,300,000
Premium on issuance of lease revenue bonds	-	-	289,745	289,745
Total other financing sources (uses)	\$ (25,000)	\$ (25,000)	\$ 2,233,004	\$ 2,258,004
Net change in fund balances	\$ (1,919,504)	\$ (2,268,678)	\$ 2,199,497	\$ 4,468,175
Fund balances - beginning	1,919,504	2,268,678	12,356,439	10,087,761
Fund balances - ending	\$ -	\$ -	\$ 14,555,936	\$ 14,555,936

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

	Economic Development Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 40,783	\$ 40,783
Miscellaneous	-	-	2,800	2,800
Recovered costs	-	-	30,000	30,000
Total revenues	\$ -	\$ -	\$ 73,583	\$ 73,583
EXPENDITURES				
Current:				
Community development	\$ -	\$ -	\$ 210,557	\$ (210,557)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (136,974)	\$ (136,974)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	65,741	\$ 65,741
Total other financing sources (uses)	\$ -	\$ -	\$ 65,741	\$ 65,741
Net change in fund balances	\$ -	\$ -	\$ (71,233)	\$ (71,233)
Fund balances - beginning	-	-	942,969	942,969
Fund balances - ending	\$ -	\$ -	\$ 871,736	\$ 871,736

County of Grayson, Virginia
Schedule of Employer's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2023

Date	Employer's Proportion of the Net GLI OPEB Liability (Asset)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	Employer's Covered Payroll	Employer's	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability
				Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	
(1)	(2)	(3)	(4)	(5)	(6)
Primary Government					
2023	0.02512% \$	301,208 \$	5,916,191	5.09%	69.30%
2022	0.02422%	291,924	5,273,791	5.54%	67.21%
2021	0.02240%	261,067	4,629,444	5.64%	67.45%
2020	0.02309%	386,232	4,786,346	8.07%	52.64%
2019	0.02284%	369,642	4,470,577	8.27%	52.00%
2018	0.02305%	350,505	4,322,308	8.11%	51.22%
2017	0.02235%	336,031	4,122,885	8.15%	48.86%
Component Unit-School Board (Nonprofessional)					
2023	0.00452% \$	54,209 \$	1,064,284	5.09%	69.30%
2022	0.00440%	53,101	960,041	5.53%	67.21%
2021	0.00440%	50,879	903,147	5.63%	67.45%
2020	0.00422%	70,425	868,101	8.11%	52.64%
2019	0.00475%	77,295	929,375	8.32%	52.00%
2018	0.00503%	77,000	955,734	8.06%	51.22%
2017	0.00575%	86,000	1,061,120	8.10%	48.86%
Component Unit-School Board (Professional)					
2023	0.04743% \$	568,834 \$	11,171,998	5.09%	69.30%
2022	0.04710%	566,889	10,240,877	5.54%	67.21%
2021	0.04650%	541,270	9,597,869	5.64%	67.45%
2020	0.04582%	764,661	9,429,860	8.11%	52.64%
2019	0.04439%	722,344	8,702,106	8.30%	52.00%
2018	0.04718%	717,000	8,971,288	7.99%	51.22%
2017	0.04826%	726,000	8,902,636	8.15%	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 Grayson, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2015 through June 30, 2024

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2024	\$ 36,126	\$ 36,126	\$ -	\$ 6,690,248	0.54%
2023	31,947	31,947	-	5,916,191	0.54%
2022	28,479	28,479	-	5,273,791	0.54%
2021	24,999	24,999	-	4,629,444	0.54%
2020	24,889	24,889	-	4,786,346	0.52%
2019	23,247	23,247	-	4,470,577	0.52%
2018	22,476	22,476	-	4,322,308	0.52%
2017	21,439	21,439	-	4,122,885	0.52%
Component Unit-School Board (nonprofessional)					
2024	\$ 6,604	\$ 6,604	\$ -	\$ 1,222,917	0.54%
2023	5,747	5,747	-	1,064,284	0.54%
2022	5,184	5,184	-	960,041	0.54%
2021	4,877	4,877	-	903,147	0.54%
2020	4,514	4,514	-	868,101	0.52%
2019	4,819	4,819	-	929,375	0.52%
2018	4,985	4,985	-	955,734	0.52%
2017	5,518	5,518	-	1,061,120	0.52%
2016	5,079	5,079	-	1,058,056	0.48%
2015	5,962	5,962	-	1,242,043	0.48%
Component Unit-School Board (professional)					
2024	\$ 66,437	\$ 66,437	\$ -	\$ 12,303,089	0.54%
2023	60,329	60,329	-	11,171,998	0.54%
2022	55,301	55,301	-	10,240,877	0.54%
2021	51,828	51,828	-	9,597,869	0.54%
2020	49,036	49,036	-	9,429,860	0.52%
2019	45,156	45,156	-	8,702,106	0.52%
2018	46,684	46,684	-	8,971,288	0.52%
2017	46,294	46,294	-	8,902,636	0.52%
2016	40,406	40,406	-	8,417,889	0.48%
2015	45,808	45,808	-	9,543,276	0.48%

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

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

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Grayson, Virginia
Schedule of School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2023

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2023	0.1120%	\$ 1,357,272	\$ 11,171,998	12.15%	17.90%
2022	0.1099%	1,372,452	10,240,877	13.40%	15.08%
2021	0.1085%	1,392,159	9,591,950	14.51%	13.15%
2020	0.1074%	1,400,921	9,414,834	14.88%	9.95%
2019	0.1038%	1,358,189	8,702,106	15.61%	8.97%
2018	0.1109%	1,408,000	8,971,288	15.69%	8.08%
2017	0.1128%	1,432,000	8,902,636	16.09%	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 Grayson, Virginia
Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2015 through June 30, 2024

Date	Contributions in Relation to			Contributions	
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	as a % of Covered Payroll (5)
2024	\$ 148,727	\$ 148,727	\$ -	\$ 12,291,494	1.21%
2023	135,181	135,181	-	11,171,998	1.21%
2022	123,915	123,915	-	10,240,877	1.21%
2021	116,063	116,063	-	9,591,950	1.21%
2020	112,977	112,977	-	9,414,834	1.20%
2019	104,204	104,204	-	8,702,106	1.20%
2018	110,427	110,427	-	8,971,288	1.23%
2017	98,819	98,819	-	8,902,636	1.11%
2016	88,976	88,976	-	8,393,999	1.06%
2015	100,794	100,794	-	9,508,838	1.06%

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

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

County of Grayson, Virginia
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
Health Insurance Credit (HIC) Plan - School Board Nonprofessional
For the Measurement Dates of June 30, 2020 through June 30, 2023

	2023	2022	2021	2020
Total pension liability				
Service cost	\$ 2,306	\$ 1,331	\$ 1,648	\$ -
Interest	18,623	13,502	12,487	-
Changes of benefit terms	-	105,552	-	184,985
Differences between expected and actual experience	(39,649)	(43,759)	-	-
Changes in assumptions	-	14,486	7,762	-
Benefit payments, including refunds of employee contributions	(16,087)	(16,365)	-	-
Net change in total pension liability	\$ (34,807)	\$ 74,747	\$ 21,897	\$ 184,985
Total pension liability - beginning	281,629	206,882	184,985	-
Total pension liability - ending (a)	\$ 246,822	\$ 281,629	\$ 206,882	\$ 184,985
Plan fiduciary net position				
Contributions - employer	\$ 28,950	\$ 23,232	\$ 13,097	\$ -
Net investment income	1,900	(208)	1,735	-
Benefit payments, including refunds of employee contributions	(16,087)	(16,365)	-	-
Administrative expense	(52)	(37)	(58)	-
Other	9	169	-	-
Net change in plan fiduciary net position	\$ 14,720	\$ 6,791	\$ 14,774	\$ -
Plan fiduciary net position - beginning	21,565	14,774	-	-
Plan fiduciary net position - ending (b)	\$ 36,285	\$ 21,565	\$ 14,774	\$ -
County's net pension liability - ending (a) - (b)	\$ 210,537	\$ 260,064	\$ 192,108	\$ 184,985
Plan fiduciary net position as a percentage of the total pension liability	14.70%	7.66%	7.14%	0.00%
Covered payroll	\$ 1,064,284	\$ 960,041	\$ 903,147	\$ -
County's net pension liability as a percentage of covered payroll	19.78%	27.09%	21.27%	N/A

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

County of Grayson, Virginia
Schedule of Employer Contributions
Health Insurance Credit (HIC) Plan - School Board Nonprofessional
For the Year Ended June 30, 2021 through June 30, 2024

Date	Contributions in Relation to					Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
2024	\$ 33,264	\$ 33,264	\$ -	\$ 1,222,917		2.72%
2023	28,949	28,949	-	1,064,284		2.72%
2022	13,921	13,921	-	960,041		1.45%
2021	13,096	13,096	-	903,147		1.45%

Schedule is intended to show information for 10 years but the School Board only joined the plan in 2021.

County of Grayson, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan - School Board Nonprofessional
For the Year Ended June 30, 2024

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

County of Grayson, Virginia
Schedule of Employer's Proportionate Share of the Total OPEB Liability
Primary Government
Health Insurance
For the Measurement Dates of July 1, 2017 through July 1, 2023

Date (1)	Proportion of the Total OPEB Liability (TOL) (2)	Proportionate Share of the TOL (3)	Covered Employee Payroll (4)	Proportionate Share of the TOL as a Percentage of Covered Employee Payroll (3)/(4) (5)
2023	98.0671%	\$ 380,500	\$ 5,409,087	7.03%
2022	97.5772%	363,749	4,543,780	8.01%
2021	97.6802%	537,046	4,548,576	11.81%
2020	97.4075%	466,192	4,535,878	10.28%
2019	97.6533%	447,936	3,981,911	11.25%
2018	97.3625%	407,852	3,970,053	10.27%
2017	97.4024%	503,363	3,658,921	13.76%

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 Grayson, Virginia
Schedule of Changes in Total OPEB Liability and Related Ratios
Discretely Presented Component Unit - School Board
Health Insurance
For the Measurement Dates of July 1, 2017 through July 1, 2023

	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability							
Service cost	\$ 46,000	\$ 80,000	\$ 66,200	\$ 56,300	\$ 50,200	\$ 52,400	\$ 51,100
Interest	44,300	27,700	29,500	40,200	44,500	48,300	49,600
Changes in assumptions	(14,700)	(196,000)	149,400	65,700	45,800	(91,900)	-
Differences between expected and actual experience	(46,000)	-	9,100	-	8,500	(7,300)	-
Effect of Economic/Demographic Gains or Losses	-	(79,800)	-	(187,900)	-	-	-
Benefit payments	(36,200)	(39,300)	(26,500)	(98,300)	(102,300)	(150,200)	(127,900)
Net change in total OPEB liability	\$ (6,600)	\$ (207,400)	\$ 227,700	\$ (124,000)	\$ 46,700	\$ (148,700)	\$ (27,200)
Total OPEB liability - beginning	1,173,200	1,380,600	1,152,900	1,276,900	1,230,200	1,378,900	1,406,100
Total OPEB liability - ending	\$ 1,166,600	\$ 1,173,200	\$ 1,380,600	\$ 1,152,900	\$ 1,276,900	\$ 1,230,200	\$ 1,378,900
Covered-employee payroll	\$ 11,307,700	\$ 11,307,700	\$ 9,280,400	\$ 9,280,400	\$ 9,311,900	\$ 9,311,900	\$ 9,228,700
School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	10.32%	10.38%	14.88%	12.42%	13.71%	13.21%	14.94%

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

County of Grayson, Virginia
Notes to Required Supplementary Information
Primary Government and Discretely Presented Component Unit - School Board
Health Insurance
For the Year Ended June 30, 2024

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

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

Primary Government:

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Salary Increase Rates	Future salaries are assumed to increase 2.50% annually
Participation Rate	45% of active employees are assumed to elect coverage in retirement; 33% of their spouses are assumed to elect coverage in retirement; 100% of actives who become disabled are assumed to elect coverage
Discount Rate	3.86%
Medical Trend Rate	6.50% for 2024, decreasing by 0.25% per year to an ultimate rate of 5.00%
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 Fully Generational Mortality Table, with base year 2006, using two-dimensional improvement scale MP-2021.

Discretely Presented Component Unit - School Board:

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Salary Increase Rates	Future salaries are assumed to increase 2.50% annually
Participation Rate	40% of active employees are assumed to elect coverage in retirement; 20% of their spouses are assumed to elect coverage in retirement
Discount Rate	3.86%
Medical Trend Rate	6.50% for 2024, decreasing by 0.25% per year to an ultimate rate of 5.00%
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 Fully Generational Mortality Table, with base year 2006, using two-dimensional improvement scale MP-2021.

County of Grayson, Virginia
Schedule of Employer's Proportionate Share of the Net Pension Liability
For the Measurement Dates of June 30, 2014 through June 30, 2023

Date (1)	Proportion of the Net Pension Liability (NPL) (2)	Proportionate Share of the NPL (3)	Covered Payroll (4)	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
Primary Government - County Retirement Plan					
2023	98.07%	\$ 3,416,672	\$ 5,919,802	57.72%	87.72%
2022	97.68%	3,762,381	5,327,232	70.63%	86.12%
2021	97.41%	3,003,325	4,675,039	64.24%	88.76%
2020	97.65%	6,023,149	4,919,014	122.45%	75.95%
2019	97.12%	5,599,704	4,472,745	125.20%	77.24%
2018	97.36%	4,395,557	4,425,894	99.31%	80.61%
2017	97.40%	5,137,512	4,119,304	124.72%	77.14%
2016	96.31%	6,079,894	3,813,997	159.41%	71.94%
2015	94.61%	5,257,154	3,646,980	144.15%	74.44%
2014	94.61%	4,836,844	3,532,363	136.93%	75.57%
Component Unit School Board (professional)					
2023	0.11300%	\$ 11,421,141	\$ 11,694,412	97.66%	82.45%
2022	0.11083%	10,551,679	10,230,955	103.13%	82.61%
2021	0.11001%	8,540,184	9,591,951	89.03%	85.46%
2020	0.10826%	15,754,673	9,434,807	166.98%	71.47%
2019	0.10440%	13,739,633	8,683,626	158.22%	73.51%
2018	0.11168%	13,134,000	8,977,806	146.29%	74.81%
2017	0.11334%	13,938,000	8,906,833	156.49%	72.92%
2016	0.11000%	15,416,000	8,373,995	184.09%	68.28%
2015	0.12789%	16,097,000	9,484,994	169.71%	70.68%
2014	0.12803%	15,438,000	9,342,058	165.25%	70.88%

County of Grayson, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
For the Measurement Dates of June 30, 2014 through June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 89,295	\$ 72,643	\$ 82,984	\$ 89,222	\$ 93,993	\$ 109,951	\$ 108,624	\$ 129,545	\$ 137,242	\$ 131,743
Interest	452,534	443,041	408,942	395,867	390,004	382,342	385,307	372,488	358,587	340,515
Differences between expected and actual experience	(36,181)	48,846	86,422	104,207	26,932	(48,254)	(194,674)	(53,238)	(63,481)	-
Changes of assumptions	(447,207)	(433,869)	(414,543)	(376,639)	(354,207)	(314,932)	(287,538)	(243,791)	(223,735)	(204,448)
Benefit payments	58,441	130,661	442,185	212,667	304,409	129,107	(28,669)	205,004	208,613	267,810
Net change in total pension liability	\$ 6,838,518	\$ 6,707,857	\$ 6,265,672	\$ 6,053,005	\$ 5,748,596	\$ 5,619,489	\$ 5,648,158	\$ 5,443,154	\$ 5,234,541	\$ 4,966,731
Total pension liability - beginning	\$ 6,896,959	\$ 6,838,518	\$ 6,707,857	\$ 6,265,672	\$ 6,053,005	\$ 5,748,596	\$ 5,619,489	\$ 5,443,154	\$ 5,234,541	\$ 5,234,541
Total pension liability - ending (a)										
Plan fiduciary net position										
Contributions - employer	\$ 93,350	\$ 69,808	\$ 67,458	\$ 50,066	\$ 54,911	\$ 15,893	\$ 70,121	\$ 105,215	\$ 292,271	\$ 130,031
Contributions - employee	47,856	45,229	42,394	40,821	44,052	17,050	51,220	52,631	61,197	66,050
Net investment income	405,103	(2,035)	1,490,769	108,439	367,479	402,454	611,656	87,815	222,854	646,555
Benefit payments	(447,207)	(433,869)	(414,543)	(376,639)	(354,207)	(314,932)	(287,538)	(243,791)	(223,735)	(204,448)
Administrator charges	(4,204)	(4,286)	(3,904)	(3,872)	(3,647)	(3,617)	(3,617)	(3,179)	(2,874)	(3,460)
Other	162	151	139	(126)	(230)	(351)	(541)	(37)	(46)	34
Net change in plan fiduciary net position	\$ 95,060	\$ (325,002)	\$ 1,182,313	\$ (181,301)	\$ 108,183	\$ 116,467	\$ 441,301	\$ (1,346)	\$ 349,667	\$ 634,762
Plan fiduciary net position - beginning	\$ 6,436,580	\$ 6,761,582	\$ 5,579,269	\$ 5,760,570	\$ 5,652,387	\$ 5,535,920	\$ 5,094,619	\$ 5,095,965	\$ 4,746,298	\$ 4,111,536
Plan fiduciary net position - ending (b)	\$ 6,531,640	\$ 6,436,580	\$ 6,761,582	\$ 5,579,269	\$ 5,760,570	\$ 5,652,387	\$ 5,535,920	\$ 5,094,619	\$ 5,095,965	\$ 4,746,298
School Board's net pension liability (asset) - ending (a) - (b)	\$ 365,319	\$ 401,938	\$ (53,725)	\$ 686,403	\$ 292,435	\$ 96,209	\$ 83,569	\$ 553,539	\$ 347,189	\$ 488,243
Plan fiduciary net position as a percentage of the total pension liability	94.70%	94.12%	100.80%	89.05%	95.17%	98.33%	98.51%	90.20%	93.62%	90.67%
Covered payroll	\$ 1,064,284	\$ 960,041	\$ 903,147	\$ 863,916	\$ 929,375	\$ 949,587	\$ 1,046,780	\$ 1,058,056	\$ 1,242,043	\$ 1,271,330
School Board's net pension liability as a percentage of covered payroll	34.33%	41.87%	-5.95%	79.45%	31.47%	10.13%	7.98%	52.32%	27.95%	38.40%

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

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2024	\$ 948,783	\$ 948,783	\$ -	\$ 6,690,248	14.18%
2023	849,306	849,306	-	5,919,802	14.35%
2022	779,259	779,259	-	5,327,232	14.63%
2021	688,331	688,331	-	4,675,039	14.72%
2020	685,929	685,929	-	4,919,014	13.94%
2019	644,726	644,726	-	4,472,745	14.41%
2018	677,569	677,569	-	4,425,894	15.31%
2017	648,735	648,735	-	4,119,304	15.75%
2016	712,656	712,656	-	3,813,997	18.69%
2015	684,883	684,883	-	3,646,980	18.78%
Component Unit School Board (nonprofessional)					
2024	\$ 104,752	\$ 104,752	\$ -	\$ 1,222,917	8.57%
2023	93,171	93,171	-	1,064,284	8.75%
2022	70,052	70,052	-	960,041	7.30%
2021	67,456	67,456	-	903,147	7.47%
2020	50,066	50,066	-	863,916	5.80%
2019	54,851	54,851	-	929,375	5.90%
2018	63,092	63,092	-	949,587	6.64%
2017	70,121	70,121	-	1,046,780	6.70%
2016	105,194	105,194	-	1,058,056	9.94%
2015	122,393	292,271	(169,878)	1,242,043	23.53%
Component Unit School Board (professional)					
2024	\$ 1,962,550	\$ 1,962,550	\$ -	\$ 12,291,494	15.97%
2023	1,781,540	1,781,540	-	11,694,412	15.23%
2022	1,643,291	1,643,291	-	10,230,955	16.06%
2021	1,551,396	1,551,396	-	9,591,951	16.17%
2020	1,437,496	1,437,496	-	9,434,807	15.24%
2019	1,332,964	1,332,964	-	8,683,626	15.35%
2018	1,442,354	1,442,354	-	8,977,806	16.07%
2017	1,295,037	1,295,037	-	8,906,833	14.54%
2016	1,171,227	1,171,227	-	8,373,995	13.99%
2015	1,368,732	1,368,732	-	9,484,994	14.43%

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

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

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements,
Retirement Rates	Adjusted rates to better fit experience and changed final
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Component Unit School Board - Professional Employees

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

County of Grayson, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Grayson County Supplemental Retirement Program (ERIP)
For the Measurement Dates of June 30, 2017 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability								
Service cost	\$ 6,800	\$ 12,200	\$ 10,400	\$ 12,000	\$ 11,600	\$ 12,500	\$ 7,900	\$ 7,700
Interest	15,200	8,600	11,400	13,700	12,300	12,400	19,600	18,400
Changes of benefit terms	-	-	1,000	-	-	-	-	-
Differences between expected and actual experience	(25,200)	(14,000)	23,200	(61,300)	35,900	(8,100)	(6,200)	-
Changes in assumptions	(33,100)	(39,500)	20,900	-	-	(7,000)	65,600	-
Benefit payments, including refunds of employee contributions	(14,400)	(13,700)	(5,300)	5,800	(12,200)	(9,200)	(4,400)	(7,600)
Other charges	-	-	-	(12,200)	(200)	-	-	-
Net change in total pension liability	\$ (50,700)	\$ (46,400)	\$ 61,600	\$ (42,000)	\$ 47,400	\$ 600	\$ 82,500	\$ 18,500
Total pension liability - beginning	425,400	471,800	410,200	452,200	404,800	404,200	321,700	303,200
Total pension liability - ending (a)	\$ 374,700	\$ 425,400	\$ 471,800	\$ 410,200	\$ 452,200	\$ 404,800	\$ 404,200	\$ 321,700
Plan fiduciary net position								
Contributions - employer	\$ 121,100	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net investment income	2,200	500	(1,300)	900	2,700	3,300	600	(1,100)
Benefit payments, including refunds of employee contributions	(14,400)	(13,700)	(5,300)	(12,200)	(12,200)	(9,200)	(4,400)	(7,600)
Administrative expense	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	-
Net change in plan fiduciary net position	\$ 106,900	\$ 9,800	\$ (8,600)	\$ (13,300)	\$ (11,500)	\$ (7,900)	\$ (5,800)	\$ (8,700)
Plan fiduciary net position - beginning	22,900	13,100	21,700	35,000	46,500	54,400	60,200	68,900
Plan fiduciary net position - ending (b)	\$ 129,800	\$ 22,900	\$ 13,100	\$ 21,700	\$ 35,000	\$ 46,500	\$ 54,400	\$ 60,200
County's net pension liability - ending (a) - (b)	\$ 244,900	\$ 402,500	\$ 458,700	\$ 388,500	\$ 417,200	\$ 358,300	\$ 349,800	\$ 261,500
Plan fiduciary net position as a percentage of the total pension liability	34.64%	5.38%	2.78%	5.29%	7.74%	11.49%	13.46%	18.71%
Covered payroll	\$ 383,000	\$ 458,200	\$ 456,600	\$ 429,200	\$ 488,900	\$ 472,000	\$ 470,400	\$ 469,800
County's net pension liability as a percentage of covered payroll	63.94%	87.84%	100.46%	90.52%	85.33%	75.91%	74.36%	55.66%

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 Grayson, Virginia
Notes to Required Supplementary Information
Primary Government
Grayson County Supplemental Retirement Program (ERIP)
For the Year Ended June 30, 2024

Valuation Date: 7/1/2023
Measurement Date: 6/30/2024

Primary Government:

Methods and assumptions used to determine pension liability:

Actuarial Cost Method	Entry age actuarial cost method
Salary Increase Rates	Future salaries are assumed to increase 2.50% annually
Participation Rate	The plan is closed to only those 100% vested.
Expected Return on Assets	5.20%
Discount Rate	5.20%
Inflation	2.50% per year as of June 30, 2024
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 Fully Generational Mortality Table, with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.

Other Supplementary Information

County of Grayson, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
June 30, 2024

	Custodial Funds				
	<u>Special Welfare</u>	<u>Building Code</u>	<u>ASAP</u>	<u>Regional Library</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 9,454	\$ 321	\$ 54,722	\$ 297,168	\$ 361,665
Investments	-	-	58,031	-	58,031
Prepaid items	-	-	-	14,745	14,745
Total assets	<u>\$ 9,454</u>	<u>\$ 321</u>	<u>\$ 112,753</u>	<u>\$ 311,913</u>	<u>\$ 434,441</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 4,610	\$ 23,382	\$ 27,992
Accrued liabilities	-	-	215	9,674	9,889
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,825</u>	<u>\$ 33,056</u>	<u>\$ 37,881</u>
NET POSITION					
Restricted:					
Special Welfare	\$ 9,454	\$ -	\$ -	\$ -	\$ 9,454
State building code funds	-	321	-	-	321
Mt. Rogers Alcohol Safety Action Program	-	-	107,928	-	107,928
Wythe-Grayson Regional Library	-	-	-	278,857	278,857
Total net position	<u>\$ 9,454</u>	<u>\$ 321</u>	<u>\$ 107,928</u>	<u>\$ 278,857</u>	<u>\$ 396,560</u>

County of Grayson, Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2024

	Custodial Funds				
	<u>Special Welfare</u>	<u>Building Code</u>	<u>ASAP</u>	<u>Regional Library</u>	<u>Total</u>
ADDITIONS					
Contributions:					
Government grants	\$ -	\$ -	\$ 289,891	\$ 1,025,742	\$ 1,315,633
Social security and welfare receipts	39,546	-	-	-	39,546
Investment income	-	-	3,087	282	3,369
Miscellaneous	-	1,596	-	92,827	94,423
Total contributions	\$ 39,546	\$ 1,596	\$ 292,978	\$ 1,118,851	\$ 1,452,971
DEDUCTIONS					
Special welfare payments	\$ 34,963	\$ -	\$ -	\$ -	\$ 34,963
Fees to the Commonwealth of VA	-	1,734	-	-	1,734
Mt. Rogers Alcohol Safety Action Program expenses	-	-	392,360	-	392,360
Mt. Rogers Alcohol Safety Action Program administration fees	-	-	4,820	-	4,820
Wythe-Grayson Regional Library expenses	-	-	-	1,110,579	1,110,579
Total deductions	\$ 34,963	\$ 1,734	\$ 397,180	\$ 1,110,579	\$ 1,544,456
Net increase (decrease) in fiduciary net position	\$ 4,583	\$ (138)	\$ (104,202)	\$ 8,272	\$ (91,485)
Net position - beginning	4,871	459	212,130	270,585	488,045
Net position - ending	\$ 9,454	\$ 321	\$ 107,928	\$ 278,857	\$ 396,560

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

	School Operating Fund	School Activity Fund	Total
ASSETS			
Cash and cash equivalents	\$ 3,603,220	\$ -	\$ 3,603,220
Cash in custody of others	-	574,659	574,659
Accounts receivable	218,281	-	218,281
Due from other governmental units	1,920,861	-	1,920,861
Prepaid items	777,762	-	777,762
Total assets	<u>\$ 6,520,124</u>	<u>\$ 574,659</u>	<u>\$ 7,094,783</u>
LIABILITIES			
Accounts payable	224,394	\$ 9,708	\$ 234,102
Accounts payable - capital	111,759	-	111,759
Accrued salaries	1,062,659	-	1,062,659
Unearned revenue	790,065	-	790,065
Total liabilities	<u>\$ 2,188,877</u>	<u>\$ 9,708</u>	<u>\$ 2,198,585</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	\$ 777,762	\$ -	\$ 777,762
Restricted:			
Cafeteria	151,824	-	151,824
Construction	1,067,480	-	1,067,480
Grants	132,001	-	132,001
Committed:			
Textbooks	372,566	-	372,566
School activities	-	564,951	564,951
Unassigned	1,829,614	-	1,829,614
Total fund balances	<u>\$ 4,331,247</u>	<u>\$ 564,951</u>	<u>\$ 4,896,198</u>
Total liabilities and fund balances	<u>\$ 6,520,124</u>	<u>\$ 574,659</u>	<u>\$ 7,094,783</u>

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total fund balances per above		\$ 4,896,198
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$ 142,233	
Buildings and improvements	6,740,676	
Machinery and equipment	3,607,173	
Lease - machinery and equipment	18,359	
Subscription assets	114,579	
Construction in progress	<u>646,189</u>	11,269,209
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 4,016,629	
OPEB related items	<u>620,369</u>	4,636,998
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	\$ (164,713)	
Net OPEB liabilities	(3,357,452)	
Net pension liability	(11,786,460)	
Lease liabilities	<u>(18,636)</u>	(15,327,261)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (1,393,512)	
OPEB related items	<u>(542,097)</u>	(1,935,609)
Net position of governmental activities		<u>\$ 3,539,535</u>

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

	School Operating Fund	School Activity Fund	Total
REVENUES			
Charges for services	\$ 36,601	\$ -	\$ 36,601
Miscellaneous	283,152	525,995	809,147
Recovered costs	555,327	-	555,327
Intergovernmental:			
Local government	7,352,613	-	7,352,613
Commonwealth	15,516,993	-	15,516,993
Federal	5,832,603	-	5,832,603
Total revenues	<u>\$ 29,577,289</u>	<u>\$ 525,995</u>	<u>\$ 30,103,284</u>
EXPENDITURES			
Current:			
Education	\$ 30,046,629	\$ 741,860	\$ 30,788,489
Debt service:			
Principal retirement	137,626	-	137,626
Interest and other fiscal charges	746	-	746
Total expenditures	<u>\$ 30,185,001</u>	<u>\$ 741,860</u>	<u>\$ 30,926,861</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (607,712)</u>	<u>\$ (215,865)</u>	<u>\$ (823,577)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 264,266	\$ 264,266
Transfers out	(264,266)	-	(264,266)
Issuance of subscription liabilities	122,058	-	122,058
Total other financing sources and uses	<u>\$ (142,208)</u>	<u>\$ 264,266</u>	<u>\$ 122,058</u>
Net change in fund balances	\$ (749,920)	\$ 48,401	\$ (701,519)
Fund balances - beginning	5,081,167	516,550	5,597,717
Fund balances - ending	<u>\$ 4,331,247</u>	<u>\$ 564,951</u>	<u>\$ 4,896,198</u>

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above \$ (701,519)

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 detail of items supporting this adjustment:

Capital outlay	\$ 3,901,461	
Depreciation/amortization expense	<u>(1,268,482)</u>	2,632,979

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

Debt Issuances

Subscription liabilities	\$ (122,058)	
<u>Principal Payments</u>		
Subscription liabilities	122,058	
Lease liabilities	<u>15,568</u>	15,568

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	\$ 21,346	
Change in net pension liabilities and related deferred items	1,040,011	
Change in net OPEB liabilities and related deferred items	<u>135,849</u>	1,197,206

Change in net position of governmental activities \$ 3,144,234

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

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 3,000	\$ 425	\$ -	\$ (425)
Charges for services	30,000	36,601	36,601	-
Miscellaneous	61,788	238,515	283,152	44,637
Recovered costs	420,095	528,340	555,327	26,987
Intergovernmental:				
Local government	6,739,548	7,324,400	7,352,613	28,213
Commonwealth	16,040,471	15,863,588	15,516,993	(346,595)
Federal	3,892,772	6,498,998	5,832,603	(666,395)
Total revenues	<u>\$ 27,187,674</u>	<u>\$ 30,490,867</u>	<u>\$ 29,577,289</u>	<u>\$ (913,578)</u>
EXPENDITURES				
Current:				
Education	\$ 27,134,857	\$ 30,438,050	\$ 30,046,629	\$ 391,421
Debt service:				
Principal retirement	51,587	51,587	137,626	(86,039)
Interest and other fiscal charges	1,230	1,230	746	484
Total expenditures	<u>\$ 27,187,674</u>	<u>\$ 30,490,867</u>	<u>\$ 30,185,001</u>	<u>\$ 305,866</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (607,712)</u>	<u>\$ (607,712)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (264,266)	\$ (264,266)
Issuance of subscription liabilities	-	-	122,058	122,058
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (142,208)</u>	<u>\$ (142,208)</u>
Net change in fund balances	\$ -	\$ -	\$ (749,920)	\$ (749,920)
Fund balances - beginning	-	-	5,081,167	5,081,167
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,331,247</u>	<u>\$ 4,331,247</u>

County of Grayson, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 10,187,760	\$ 10,187,760	\$ 10,140,550	\$ (47,210)
Real and personal public service corporation taxes	340,000	340,000	351,327	11,327
Personal property taxes	3,465,332	3,465,332	3,469,182	3,850
Mobile home taxes	21,603	21,603	21,603	-
Machinery and tools taxes	211,604	211,604	211,604	-
Merchant's capital	34,585	34,585	34,585	-
Penalties	73,000	73,000	122,677	49,677
Interest	190,000	190,000	158,889	(31,111)
Total general property taxes	<u>\$ 14,523,884</u>	<u>\$ 14,523,884</u>	<u>\$ 14,510,417</u>	<u>\$ (13,467)</u>
Other local taxes:				
Local sales and use taxes	\$ 820,484	\$ 820,484	\$ 863,306	\$ 42,822
Consumption taxes	36,500	36,500	8,566	(27,934)
Consumers' utility taxes	348,000	348,000	378,487	30,487
Motor vehicle licenses	410,423	410,423	432,285	21,862
Recordation taxes	181,500	181,500	137,693	(43,807)
Hotel and motel room taxes	68,000	68,000	99,842	31,842
Bank stock tax	13,500	13,500	11,234	(2,266)
Total other local taxes	<u>\$ 1,878,407</u>	<u>\$ 1,878,407</u>	<u>\$ 1,931,413</u>	<u>\$ 53,006</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 2,500	\$ 2,500	\$ 2,545	\$ 45
Zoning permits	200	200	501	301
Transfer fees	-	-	930	930
Erosion control	200	200	355	155
Building permits	79,000	79,000	79,081	81
Other permits	1,800	1,800	2,040	240
Total permits, privilege fees, and regulatory licenses	<u>\$ 83,700</u>	<u>\$ 83,700</u>	<u>\$ 85,452</u>	<u>\$ 1,752</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 13,500	\$ 13,500	\$ 10,883	\$ (2,617)
Revenue from use of money and property:				
Revenue from use of money	\$ 95,000	\$ 95,000	\$ 786,782	\$ 691,782
Revenue from use of property	9,000	9,000	8,490	(510)
Total revenue from use of money and property	<u>\$ 104,000</u>	<u>\$ 104,000</u>	<u>\$ 795,272</u>	<u>\$ 691,272</u>
Charges for services:				
Charges for trash fees	\$ 1,504,500	\$ 1,504,500	\$ 1,517,874	\$ 13,374
Charges for sanitation and waste removal	550,860	550,860	578,370	27,510
Charges for recycling	75,000	75,000	62,595	(12,405)
Charges for parks and recreation	69,000	69,000	105,235	36,235
Charges for courtroom security	-	-	15,341	15,341
Charges for Commonwealth's Attorney	3,000	3,000	2,781	(219)
Charges for courthouse maintenance	-	-	2,654	2,654
Charges for administration	8,000	8,000	89,096	81,096
Charges for law enforcement	8,000	8,000	14,115	6,115
Total charges for services	<u>\$ 2,218,360</u>	<u>\$ 2,218,360</u>	<u>\$ 2,388,061</u>	<u>\$ 169,701</u>

County of Grayson, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Other miscellaneous	\$ 679,300	\$ 700,419	\$ 451,750	\$ (248,669)
Opioid settlement	-	100,000	91,113	(8,887)
Total miscellaneous revenue	\$ 679,300	\$ 800,419	\$ 542,863	\$ (257,556)
Recovered costs:				
City of Galax	\$ 388,999	\$ 388,999	\$ 451,856	\$ 62,857
School resource officer	36,000	36,000	45,000	9,000
Department of Social Services	13,500	13,500	24,696	11,196
Commonwealth Attorney	44,500	244,500	59,856	(184,644)
Total recovered costs	\$ 482,999	\$ 682,999	\$ 581,408	\$ (101,591)
Total revenue from local sources	\$ 19,984,150	\$ 20,305,269	\$ 20,845,769	\$ 540,500
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 43,000	\$ 43,000	\$ 10,230	\$ (32,770)
Motor vehicle rental tax	7,500	7,500	876	(6,624)
Communication tax	267,000	267,000	248,201	(18,799)
Personal property tax relief funds	437,787	437,787	437,787	-
Shared gaming/casino taxes	-	-	713,390	713,390
Total noncategorical aid	\$ 755,287	\$ 755,287	\$ 1,410,484	\$ 655,197
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 454,747	\$ 454,747	\$ 395,269	\$ (59,478)
Sheriff	1,233,259	1,233,259	1,251,391	18,132
Commissioner of revenue	133,987	133,987	133,790	(197)
Treasurer	124,389	124,389	127,820	3,431
Registrar/electoral board	77,036	77,036	82,928	5,892
Clerk of the Circuit Court	327,127	327,127	337,129	10,002
Total shared expenses	\$ 2,350,545	\$ 2,350,545	\$ 2,328,327	\$ (22,218)
Other categorical aid:				
Public assistance and welfare administration	\$ 989,237	\$ 1,214,237	\$ 1,199,627	\$ (14,610)
Children's services act	495,154	555,154	588,457	33,303
VJCCA	76,817	76,817	102,979	26,162
Fire programs	53,000	53,000	61,805	8,805
Victim witness	26,097	26,097	21,144	(4,953)
Law enforcement grants	86,000	86,000	229,322	143,322
Tourism grant	-	10,000	104,945	94,945
Opioid revenue	-	-	260,199	260,199
Litter grant	10,000	10,000	13,913	3,913
Emergency services grants	22,045	22,045	16,075	(5,970)
Asset forfeiture	-	-	43,291	43,291
Tobacco Commission grant	-	-	8,466	8,466
Art and humanity grants	4,500	11,000	27,509	16,509

County of Grayson, Virginia
Schedule of Revenues - Budget and Actual
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For the Year Ended June 30, 2024

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
DHCD Broadband grants	\$ -	\$ 1,750,000	\$ 700,882	\$ (1,049,118)
Total other categorical aid	\$ 1,762,850	\$ 3,814,350	\$ 3,378,614	\$ (435,736)
Total categorical aid	\$ 4,113,395	\$ 6,164,895	\$ 5,706,941	\$ (457,954)
 Total revenue from the Commonwealth	 \$ 4,868,682	 \$ 6,920,182	 \$ 7,117,425	 \$ 197,243
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 98,000	\$ 98,000	\$ 115,517	\$ 17,517
Categorical aid:				
Public assistance and welfare administration	\$ 1,910,763	\$ 1,910,763	\$ 1,910,763	\$ -
Law enforcement grants	116,470	376,470	12,792	(363,678)
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	455	455	455	-
Children's services act	54,846	54,846	54,846	-
Community development block grant	281,790	281,790	31,938	(249,852)
Victim witness	44,403	44,403	44,403	-
USDA community facilities grant	-	-	152,690	152,690
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	1,672,000	1,672,000	986,540	(685,460)
Total categorical aid	\$ 4,080,727	\$ 4,340,727	\$ 3,194,427	\$ (1,146,300)
 Total revenue from the federal government	 \$ 4,178,727	 \$ 4,438,727	 \$ 3,309,944	 \$ (1,128,783)
 Total General Fund	 \$ 29,031,559	 \$ 31,664,178	 \$ 31,273,138	 \$ (391,040)
Special Revenue Fund:				
Economic Development Fund:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 40,783	\$ 40,783
Total revenue from use of money and property	\$ -	\$ -	\$ 40,783	\$ 40,783
 Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 2,800	\$ 2,800
 Recovered costs:				
Economic development recovered costs	\$ -	\$ -	\$ 30,000	\$ 30,000
 Total revenue from local sources	 \$ -	 \$ -	 \$ 73,583	 \$ 73,583
 Total Economic Development Fund	 \$ -	 \$ -	 \$ 73,583	 \$ 73,583
 Total Primary Government	 \$ 29,031,559	 \$ 31,664,178	 \$ 31,346,721	 \$ (317,457)

County of Grayson, Virginia
Schedule of Revenues - Budget and Actual
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 3,000	\$ 425	\$ -	\$ (425)
Charges for services:				
Cafeteria sales	\$ 30,000	\$ 36,601	\$ 36,601	\$ -
Miscellaneous:				
Other miscellaneous	\$ 61,788	\$ 238,515	\$ 283,152	\$ 44,637
Recovered costs:				
Dual credit recovered costs	\$ 174,000	\$ 182,044	\$ 182,044	\$ -
E-rate recovered costs	56,095	56,137	56,095	(42)
Other recovered costs	190,000	290,159	317,188	27,029
Total recovered costs	\$ 420,095	\$ 528,340	\$ 555,327	\$ 26,987
Total revenue from local sources	\$ 514,883	\$ 803,881	\$ 875,080	\$ 71,199
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Grayson, Virginia	\$ 6,739,548	\$ 7,324,400	\$ 7,352,613	\$ 28,213
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,449,944	\$ 2,324,689	\$ 2,343,938	\$ 19,249
Basic school aid	6,004,995	6,107,736	6,107,736	-
Remedial summer education	106,241	85,446	85,446	-
Foster care	-	39,059	39,059	-
ISAEF	8,203	8,173	8,173	-
Gifted and talented	53,657	54,606	54,606	-
Remedial education	232,831	236,950	236,950	-
Jobs for VA graduates	30,000	30,000	30,000	-
Special education	592,138	602,612	602,612	-
Textbook payment	128,554	129,084	129,084	-
School nutrition	41,673	25,407	25,407	-
Vocational standards of quality payments	399,549	406,617	406,617	-
Social security fringe benefits	365,056	371,513	371,513	-
Retirement fringe benefits	850,839	865,890	865,890	-
Group life insurance fringe benefit	25,870	26,328	26,328	-
State lottery payments	394,393	394,837	394,837	-
Early reading intervention	45,965	43,546	43,546	-
Special education - Homebound	13,307	4,837	4,837	-
Special education - tuition	235,926	273,063	273,063	-
At risk payments	1,051,895	1,071,161	1,071,161	-
Primary class size	259,177	238,561	238,561	-
Technology	206,000	-	206,000	206,000

County of Grayson, Virginia
Schedule of Revenues - Budget and Actual
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
State foster care	\$ 25,692	\$ 7,862	\$ 7,862	\$ -
Compensation supplement	939,018	956,014	956,014	-
Industry certification cost	2,259	2,417	2,417	-
English as a second language	12,809	16,750	16,750	-
Standards of Learning algebra readiness	29,318	34,347	34,347	-
National board certified teacher	12,500	15,000	15,000	-
Positive behavior grant	24,000	39,800	39,800	-
Virginia preschool initiative	178,583	171,169	171,169	-
School security grant	70,187	152,216	75,579	(76,637)
CTE	4,319	4,516	4,516	-
Project Graduation	3,440	3,440	3,440	-
Hold harmless	184,677	184,677	184,677	-
Community schools	657,505	454,667	-	(454,667)
Supp GF pay in lieu of sales tax	360,972	346,947	346,947	-
Other categorical aid	38,979	133,651	93,111	(40,540)
Total categorical aid	\$ 16,040,471	\$ 15,863,588	\$ 15,516,993	\$ (346,595)
Total revenue from the Commonwealth	\$ 16,040,471	\$ 15,863,588	\$ 15,516,993	\$ (346,595)
Revenue from the federal government:				
Categorical aid:				
Forest reserve fund	\$ 45,000	\$ 53,074	\$ 53,074	\$ -
Title I	718,687	601,521	781,657	180,136
Title VI-B, special education flow-through	457,273	481,895	568,811	86,916
Title VI-B, special education pre-school	22,578	24,968	32,149	7,181
EPA clean school bus rebates program	-	1,579,676	1,579,676	-
21st century learning grants	-	221,968	2,463	(219,505)
Migrant education	-	2,595	2,595	-
COVID-19 mitigation grants	1,169,124	2,049,066	1,236,706	(812,360)
School nutrition grants	1,241,649	1,258,285	1,325,773	67,488
Student support and academic achievement	62,084	47,480	54,469	6,989
Supporting effective instruction	87,515	93,245	97,818	4,573
Perkins vocational education	46,212	46,696	47,663	967
Title VI, rural and low income school administration	42,650	38,529	49,749	11,220
Total categorical aid	\$ 3,892,772	\$ 6,498,998	\$ 5,832,603	\$ (666,395)
Total revenue from the federal government	\$ 3,892,772	\$ 6,498,998	\$ 5,832,603	\$ (666,395)
Total School Operating Fund	\$ 27,187,674	\$ 30,490,867	\$ 29,577,289	\$ (913,578)

County of Grayson, Virginia
Schedule of Revenues - Budget and Actual
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For the Year Ended June 30, 2024

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Fund:				
School Activity Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 525,995	\$ 525,995
Total School Activity Fund	\$ -	\$ -	\$ 525,995	\$ 525,995
Total Discretely Presented Component Unit - School Board	\$ 27,187,674	\$ 30,490,867	\$ 30,103,284	\$ (387,583)

County of Grayson, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

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<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 56,791	\$ 58,997	\$ 57,200	\$ 1,797
General and financial administration:				
County administrator	\$ 812,546	\$ 838,495	\$ 802,077	\$ 36,418
Auditing and financial consulting	116,550	116,550	67,550	49,000
Legal services	60,000	61,348	113,428	(52,080)
Commissioner of revenue	314,129	314,129	287,323	26,806
Treasurer	361,917	386,917	405,280	(18,363)
Information technology	430,468	490,157	435,129	55,028
Other general and financial administration	60,000	60,000	35,414	24,586
Total general and financial administration	\$ 2,155,610	\$ 2,267,596	\$ 2,146,201	\$ 121,395
Board of elections:				
Electoral board and officials	\$ 170,564	\$ 170,564	\$ 163,768	\$ 6,796
Registrar	188,257	188,257	172,336	15,921
Total board of elections	\$ 358,821	\$ 358,821	\$ 336,104	\$ 22,717
Total general government administration	\$ 2,571,222	\$ 2,685,414	\$ 2,539,505	\$ 145,909
Judicial administration:				
Courts:				
Circuit court	\$ 25,205	\$ 26,705	\$ 20,134	\$ 6,571
General district court	8,635	8,789	4,623	4,166
Special magistrates	1,350	1,850	1,814	36
VJCCA	99,707	101,057	95,841	5,216
Law library	480	600	-	600
Victim witness	86,906	86,906	82,001	4,905
Clerk of the circuit court	576,801	576,891	508,429	68,462
Total courts	\$ 799,084	\$ 802,798	\$ 712,842	\$ 89,956
Commonwealth's attorney:				
Commonwealth's attorney	\$ 537,408	\$ 537,408	\$ 522,989	\$ 14,419
Total judicial administration	\$ 1,336,492	\$ 1,340,206	\$ 1,235,831	\$ 104,375
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,005,029	\$ 3,696,079	\$ 3,571,529	\$ 124,550
Fire and rescue services:				
Emergency operations	\$ 1,607,750	\$ 1,986,441	\$ 1,976,190	\$ 10,251
Twin County E911	251,466	251,466	250,055	1,411
Total fire and rescue services	\$ 1,859,216	\$ 2,237,907	\$ 2,226,245	\$ 11,662

County of Grayson, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

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<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
New River Valley Regional Jail payments	\$ 936,408	\$ 1,001,408	\$ 996,917	\$ 4,491
New River Valley Juvenile Detention Center payments	62,800	117,504	113,029	4,475
Total correction and detention	\$ 999,208	\$ 1,118,912	\$ 1,109,946	\$ 8,966
Inspections:				
Building	\$ 213,734	\$ 214,746	\$ 195,843	\$ 18,903
Other protection:				
Animal warden	\$ 155,738	\$ 172,457	\$ 134,691	\$ 37,766
Day report	97,028	97,028	83,845	13,183
Medical examiner	10,000	10,000	260	9,740
Opioid settlement expense	-	100,000	98,259	1,741
Total other protection	\$ 262,766	\$ 379,485	\$ 317,055	\$ 62,430
Total public safety	\$ 6,339,953	\$ 7,647,129	\$ 7,420,618	\$ 226,511
Public works:				
Sanitation and waste removal:				
Refuse collection	\$ 1,083,404	\$ 1,198,526	\$ 1,171,900	\$ 26,626
Refuse disposal	535,000	574,416	418,515	155,901
Recycling program	260,105	261,566	271,189	(9,623)
Total sanitation and waste removal	\$ 1,878,509	\$ 2,034,508	\$ 1,861,604	\$ 172,904
Maintenance of general buildings and grounds:				
General properties	\$ 314,484	\$ 316,152	\$ 297,039	\$ 19,113
Public works	81,000	81,356	73,674	7,682
Jail building	24,200	31,933	30,801	1,132
Courthouse	166,653	171,380	166,755	4,625
Other buildings	106,783	109,287	74,961	34,326
Total maintenance of general buildings and grounds	\$ 693,120	\$ 710,108	\$ 643,230	\$ 66,878
Total public works	\$ 2,571,629	\$ 2,744,616	\$ 2,504,834	\$ 239,782
Health and welfare:				
Health:				
Supplement of local health department	\$ 194,743	\$ 194,793	\$ 194,793	\$ -
Behavioral health and development services:				
Mt. Rogers Community Services Board	\$ 65,000	\$ 65,000	\$ 65,000	\$ -
Welfare:				
Welfare administration and programs	\$ 3,339,936	\$ 3,714,936	\$ 3,700,269	\$ 14,667
Children's services act	700,000	840,000	835,477	4,523
Area office on aging	15,207	15,207	15,207	-
Total welfare	\$ 4,055,143	\$ 4,570,143	\$ 4,550,953	\$ 19,190
Total health and welfare	\$ 4,314,886	\$ 4,829,936	\$ 4,810,746	\$ 19,190

County of Grayson, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

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<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contribution to Community College	\$ 18,160	\$ 18,160	\$ 18,160	\$ -
Contribution to County School Board	7,621,041	7,524,670	7,352,613	172,057
Total education	\$ 7,639,201	\$ 7,542,830	\$ 7,370,773	\$ 172,057
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation	\$ 480,265	\$ 541,198	\$ 538,974	\$ 2,224
Library:				
Contribution to regional library	\$ 374,746	\$ 374,746	\$ 374,745	\$ 1
Total parks, recreation, and cultural	\$ 855,011	\$ 915,944	\$ 913,719	\$ 2,225
Community development:				
Planning and community development:				
Planning and zoning	\$ 124,620	\$ 124,972	\$ 106,289	\$ 18,683
Tourism development	369,810	380,354	368,672	11,682
Twin county airport	56,560	59,360	59,320	40
Economic development	1,176,919	948,266	392,632	555,634
Other community development	121,100	121,100	110,988	10,112
Total planning and community development	\$ 1,849,009	\$ 1,634,052	\$ 1,037,901	\$ 596,151
Environmental management:				
Contribution to soil and water district	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Agricultural Eco Development	116,784	116,832	116,058	774
Total environmental management	\$ 122,784	\$ 122,832	\$ 122,058	\$ 774
Cooperative extension program:				
Extension office	\$ 94,083	\$ 94,083	\$ 63,513	\$ 30,570
Total community development	\$ 2,065,876	\$ 1,850,967	\$ 1,223,472	\$ 627,495
Capital projects:				
Broadband project	\$ 1,467,819	\$ 1,467,819	\$ 1,467,819	\$ -
Pool renovation	-	138,250	138,250	-
Grayson County recreation park improvements	-	86,547	86,547	-
Public works vehicles	454,181	639,316	639,316	-
Other capital projects	-	1,309,568	117,351	1,192,217
Total capital projects	\$ 1,922,000	\$ 3,641,500	\$ 2,449,283	\$ 1,192,217

County of Grayson, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

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<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Debt service:				
Principal retirement	\$ 1,100,116	\$ 499,637	\$ 549,074	\$ (49,437)
Bond issuance costs	-	-	104,337	(104,337)
Interest and other fiscal charges	209,677	209,677	184,453	25,224
Total debt service	<u>\$ 1,309,793</u>	<u>\$ 709,314</u>	<u>\$ 837,864</u>	<u>\$ (128,550)</u>
Total General Fund	<u>\$ 30,926,063</u>	<u>\$ 33,907,856</u>	<u>\$ 31,306,645</u>	<u>\$ 2,601,211</u>
Special Revenues Fund:				
Economic Development Fund				
Community Development:				
Economic development	\$ -	\$ -	\$ 210,557	\$ (210,557)
Total Economic Development Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 210,557</u>	<u>\$ (210,557)</u>
Total Primary Government	<u>\$ 30,926,063</u>	<u>\$ 33,907,856</u>	<u>\$ 31,517,202</u>	<u>\$ 2,390,654</u>
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Administration of schools:				
Administration, attendance and health	\$ 1,806,735	\$ 1,883,539	\$ 1,869,026	\$ 14,513
Instructional costs:				
Classroom instruction	\$ 18,631,897	\$ 18,193,203	\$ 18,042,970	\$ 150,233
Operating costs:				
School cafeteria operations	\$ 1,313,322	\$ 1,399,688	\$ 1,532,145	\$ (132,457)
Pupil transportation	1,865,123	3,831,637	3,579,187	252,450
Operation and maintenance of school plant	2,681,613	4,092,377	4,037,308	55,069
Technology	836,167	1,037,606	985,993	51,613
Total operating costs	<u>\$ 6,696,225</u>	<u>\$ 10,361,308</u>	<u>\$ 10,134,633</u>	<u>\$ 226,675</u>
Total Education	<u>\$ 27,134,857</u>	<u>\$ 30,438,050</u>	<u>\$ 30,046,629</u>	<u>\$ 391,421</u>
Debt service:				
Principal retirement	\$ 51,587	\$ 51,587	\$ 137,626	\$ (86,039)
Interest and other fiscal charges	1,230	1,230	746	484
Total debt service	<u>\$ 52,817</u>	<u>\$ 52,817</u>	<u>\$ 138,372</u>	<u>\$ (85,555)</u>
Total School Operating Fund	<u>\$ 27,187,674</u>	<u>\$ 30,490,867</u>	<u>\$ 30,185,001</u>	<u>\$ 305,866</u>
Special Revenue Fund:				
School Activity Fund:				
Education:				
Instructional costs:				
Classroom instruction	\$ -	\$ -	\$ 741,860	\$ (741,860)
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 741,860</u>	<u>\$ (741,860)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 27,187,674</u>	<u>\$ 30,490,867</u>	<u>\$ 30,926,861</u>	<u>\$ (435,994)</u>

Other Statistical Information

Table 1

County of Grayson, Virginia
Government-wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Public Service Authority	Total
2023-24	\$ 2,423,206	\$ 1,083,901	\$ 6,257,072	\$ 2,731,885	\$ 4,675,735	\$ 7,955,161	\$ 869,559	\$ 2,921,822	\$ 385,541	\$ 489,883	\$ 29,793,765
2022-23	1,957,130	1,019,304	5,316,594	2,438,709	4,228,713	6,968,646	795,004	2,354,613	344,064	399,967	25,822,744
2021-22	2,225,395	989,857	4,538,508	2,415,646	4,057,072	6,455,616	899,626	1,808,786	357,068	326,622	24,074,196
2020-21	1,982,630	1,042,313	5,217,121	2,108,280	3,882,215	7,432,540	584,590	1,532,861	347,041	352,184	24,481,775
2019-20	1,777,753	990,449	4,122,541	2,102,385	3,780,733	6,102,480	407,788	817,271	390,591	331,640	20,823,631
2018-19	1,617,064	935,359	4,029,927	2,069,853	3,579,973	6,286,883	569,100	1,160,240	538,345	315,022	21,101,766
2017-18	1,458,826	1,056,799	4,527,923	1,874,082	3,439,152	6,497,246	518,306	1,127,597	452,581	315,932	21,268,444
2016-17	1,347,040	988,337	4,130,658	1,833,305	2,757,910	6,166,623	479,298	1,168,881	487,320	313,773	19,673,145
2015-16	1,221,223	738,367	3,756,030	1,684,005	2,568,994	5,768,172	566,508	841,802	484,527	251,679	17,881,307
2014-15	1,427,523	834,684	3,434,969	1,826,856	2,866,899	6,361,306	446,006	2,989,423	602,957	242,411	21,033,034

Table 2

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

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES						
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General			Unrestricted		Grants and Contributions	
				Property Taxes	Other Local Taxes	Revenues from Use of Money & Property	Miscellaneous	Not Restricted to Specific Programs	Total	
2023-24	\$ 2,754,423	\$ 7,111,270	\$ 1,790,098	\$ 14,386,552	\$ 1,931,413	\$ 827,565	\$ 717,696	\$ 1,526,001	\$ 31,045,018	
2022-23	2,642,948	6,998,686	684,052	14,451,756	1,909,441	376,198	326,418	1,493,951	28,883,450	
2021-22	2,640,684	6,679,245	382,916	13,475,549	1,710,961	51,377	622,492	861,824	26,425,048	
2020-21	2,449,489	7,974,157	147,111	13,191,008	1,654,440	111,821	232,200	861,248	26,621,474	
2019-20	2,434,652	5,517,259	24,883	12,333,841	1,457,413	108,057	204,105	883,902	22,964,112	
2018-19	2,010,936	5,019,848	509,056	10,825,412	1,272,947	143,375	176,525	905,828	20,863,927	
2017-18	2,014,046	5,143,093	9,801	12,202,158	1,257,026	138,902	248,750	922,019	21,935,795	
2016-17	2,010,029	4,674,073	550,267	10,051,720	1,251,842	105,301	276,787	871,750	19,791,769	
2015-16	1,892,199	4,075,141	519,113	10,051,393	1,237,656	54,782	128,790	871,626	18,830,700	
2014-15	1,873,127	6,416,998	117,736	9,952,630	1,216,759	13,685	199,924	833,385	20,624,244	

Table 3

County of Grayson, 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	Debt Service	Total
2023-24	\$ 2,539,505	\$ 1,235,831	\$ 7,420,618	\$ 2,504,834	\$ 4,810,746	\$ 30,806,649	\$ 913,719	\$ 1,434,029	\$ 837,864	\$ 52,503,795
2022-23	2,034,556	1,174,482	5,808,917	2,499,495	4,373,319	29,043,026	828,559	1,818,362	2,087,460	49,668,176
2021-22	2,126,432	1,133,351	4,938,748	2,392,130	4,109,286	27,142,213	607,916	1,261,377	1,280,278	44,991,731
2020-21	1,874,975	1,032,482	5,536,722	2,215,426	3,919,430	23,451,397	548,284	1,509,077	1,255,959	41,343,752
2019-20	1,610,789	1,000,097	4,375,698	1,839,264	3,735,016	20,669,024	461,907	757,474	1,454,572	35,903,841
2018-19	1,547,977	994,811	4,411,831	1,808,399	3,691,791	19,746,155	555,025	1,154,434	1,905,027	35,815,450
2017-18	1,580,318	1,038,752	4,517,536	1,802,003	3,542,794	20,328,800	503,949	967,379	2,274,565	36,556,096
2016-17	1,467,391	943,616	4,320,257	1,686,457	2,814,099	19,980,386	449,665	1,047,077	1,343,950	34,052,898
2015-16	1,570,382	863,080	4,008,618	1,669,383	2,671,830	18,834,455	437,924	772,224	1,279,515	32,107,411
2014-15	1,674,343	824,504	3,599,711	1,800,178	2,997,266	21,203,761	437,609	2,954,436	1,516,865	37,008,673

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

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

Table 4

County of Grayson, 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
2023-24	\$ 14,510,417	\$ 1,931,413	\$ 85,452	\$ 10,883	\$ 836,055	\$ 2,424,662	\$ 1,354,810	\$ 1,166,735	\$ 31,776,965	\$ 54,097,392
2022-23	14,239,891	1,909,441	89,314	14,252	430,710	2,293,156	1,070,209	1,100,895	32,494,236	53,642,104
2021-22	13,315,868	1,710,961	74,333	14,528	98,249	2,381,066	1,133,923	962,261	28,592,232	48,283,421
2020-21	13,408,757	1,654,440	75,810	13,965	114,521	2,248,686	790,034	927,652	26,020,538	45,254,403
2019-20	11,887,949	1,457,413	59,220	13,445	116,857	2,300,297	313,931	871,606	20,334,685	37,355,403
2018-19	10,769,991	1,272,947	64,413	20,376	154,175	1,918,831	374,356	1,108,834	20,027,736	35,711,659
2017-18	11,774,326	1,257,026	76,829	24,983	141,658	1,915,555	368,634	1,353,700	19,868,074	36,780,785
2016-17	10,191,512	1,251,842	78,610	19,792	108,015	1,932,915	315,877	1,031,393	20,055,326	34,985,282
2015-16	10,066,617	1,237,656	73,401	13,803	55,263	1,825,435	226,586	937,777	17,881,553	32,318,091
2014-15	9,742,742	1,216,759	76,772	20,858	13,712	1,855,831	328,596	1,078,855	21,666,780	36,000,905

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Units. Exclusive of Capital Projects.

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

Table 5

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

Fiscal Year	Total Tax Levy (1,2)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1,3)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2023-24	\$ 14,230,641	\$ 13,204,251	92.79%	\$ 1,024,600	14,228,851	99.99%	\$ 1,947,180	13.68%
2022-23	14,117,997	13,071,229	92.59%	896,278	13,967,507	98.93%	2,010,191	14.24%
2021-22	13,131,623	12,282,258	93.53%	726,114	13,008,372	99.06%	2,151,122	16.38%
2020-21	13,077,821	12,181,064	93.14%	971,383	13,152,447	100.57%	1,856,544	14.20%
2019-20	12,310,378	10,633,218	86.38%	994,071	11,627,289	94.45%	2,112,848	17.16%
2018-19	10,513,631	9,434,854	89.74%	1,036,369	10,471,223	99.60%	1,841,477	17.52%
2017-18	12,301,485	10,875,900	88.41%	615,601	11,491,501	93.42%	1,843,214	14.98%
2016-17	9,924,601	9,312,581	93.83%	658,611	9,971,192	100.47%	1,323,643	13.34%
2015-16	9,826,512	9,146,131	93.08%	650,180	9,796,311	99.69%	1,344,578	13.68%
2014-15	9,748,700	9,128,324	93.64%	477,081	9,605,405	98.53%	1,438,969	14.76%

(1) Exclusive of penalties and interest.

(2) Fiscal year 2018 included a change in due date for personal property resulting in two years of levies.

(3) Does not include land redemptions.

Table 6

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

Fiscal Year	Real Estate	Personal Property and Mobile Homes	Merchant's Capital	Machinery and Tools	Public Utility (2)			Total
					Real Estate	Personal Property	Personal Property	
2023-24	\$ 1,893,918,300	\$ 187,828,537	\$ 1,478,463	\$ 19,763,537	\$ 65,062,268	\$ -	\$ -	\$ 2,168,051,105
2022-23	1,882,416,100	182,641,459	796,778	19,579,213	63,681,875	-	-	2,149,115,425
2021-22	1,669,828,600	197,982,175	605,167	14,130,812	58,735,161	-	-	1,941,281,915
2020-21	1,671,187,800	152,857,370	536,592	11,921,467	53,723,582	-	-	1,890,226,811
2019-20	1,670,223,100	130,022,384	499,532	13,025,501	54,863,799	-	-	1,868,634,316
2018-19	1,664,078,600	127,786,990	796,294	21,724,721	51,516,064	-	-	1,865,902,669
2017-18	1,663,763,300	254,155,821	1,716,629	28,317,329	53,498,280	-	-	2,001,451,359
2016-17	1,661,250,900	113,102,005	458,676	11,169,205	49,120,441	-	-	1,835,101,227
2015-16	1,677,434,500	100,886,499	658,664	9,507,998	53,443,671	-	-	1,841,931,332
2014-15	1,675,444,500	99,452,456	634,712	8,222,871	46,905,446	-	-	1,830,659,985

(1) All property types are assessed at 100% of fair market value.

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

(3) Fiscal year 2018 included a change in due date for personal property resulting in two years of assessments.

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital
2023-24	\$ 0.54	\$ 2.25	\$ 1.75	\$ 6.70
2022-23	0.54	2.25	1.75	6.70
2021-22	0.59	2.25	1.75	6.70
2020-21	0.58	2.25	1.70	6.70
2019-20	0.56	2.25	2.25	6.70
2018-19	0.49	1.75	1.75	6.70
2017-18	0.49	1.75	1.75	6.70
2016-17	0.49	1.75	1.75	6.70
2015-16	0.49	1.75	1.75	6.70
2014-15	0.49	1.75	1.75	6.70

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2023-24	15,240	\$ 2,168,051	\$ 12,105,416	\$ 12,105,416	0.56%	\$ 794
2022-23	15,240	2,149,115	10,254,809	10,254,809	0.48%	673
2021-22	15,240	1,941,282	11,785,894	11,785,894	0.61%	773
2020-21	15,665	1,890,227	12,670,625	12,670,625	0.67%	809
2019-20	15,665	1,868,634	13,464,600	13,464,600	0.72%	860
2018-19	15,665	1,865,903	14,415,440	14,415,440	0.77%	920
2017-18	15,665	2,001,451	14,654,904	14,654,904	0.73%	936
2016-17	15,533	1,835,101	14,864,703	14,864,703	0.81%	957
2015-16	15,533	1,841,931	15,478,753	15,478,753	0.84%	997
2014-15	15,533	1,830,660	16,072,090	16,072,090	0.88%	1,035

(1) Bureau of the Census.

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

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

Table 9

County of Grayson, 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	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2023-24	\$ 549,074	\$ 184,453	\$ 733,527	\$ 52,503,795	1.40%
2022-23	1,420,599	666,861	2,087,460	49,668,176	4.20%
2021-22	800,439	479,839	1,280,278	44,991,731	2.85%
2020-21	811,498	444,014	1,255,512	41,343,752	3.04%
2019-20	990,528	464,044	1,454,572	35,903,841	4.05%
2018-19	1,060,011	845,016	1,905,027	35,815,450	5.32%
2017-18	1,619,450	655,115	2,274,565	36,556,096	6.22%
2016-17	655,868	688,082	1,343,950	34,052,898	3.95%
2015-16	595,860	683,655	1,279,515	32,107,411	3.99%
2014-15	822,434	694,431	1,516,865	37,008,673	4.10%

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

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 Grayson, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Grayson, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County of Grayson, Virginia's basic financial statements, and have issued our report thereon dated May 1, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Grayson, Virginia's internal control over financial reporting (internal control) as a basis to design 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 Grayson, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Grayson, Virginia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as item 2024-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

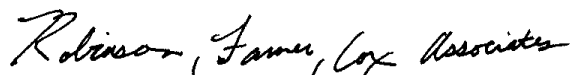
As part of obtaining reasonable assurance about whether County of Grayson, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 one instance (2024-002) of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County of Grayson, Virginia's Response to the Findings

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

Purpose of This Report

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



Blacksburg, Virginia
May 1, 2025

**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 Grayson, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Grayson, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Grayson, Virginia's major federal programs for the year ended June 30, 2024. County of Grayson, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. In our opinion, County of Grayson, Virginia, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (Continued)

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

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

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

Robinson, Famer, Cox Associates

Blacksburg, Virginia
May 1, 2025

County of Grayson, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department Health and Human Services:			
Pass Through Payments:			
<i>Virginia Department of Social Services:</i>			
Title IV-E Prevention Program	93.472	1140123, 1140124	\$ 4,102
Guardianship Assistance	93.090	1110123, 1110124	294
Temporary Assistance for Needy Families	93.558	0400123, 0400124	182,436
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950122, 0950123, 0960123	12,101
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500123, 0500124	808
Low-Income Home Energy Assistance	93.568	0600423, 0600424	41,481
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760123, 0760124	42,832
Adoption and Legal Guardianship Incentive Payments	93.603	1130122	4,365
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900122, 0900123	201
Foster Care - Title IV-E	93.658	1100123, 1100124	213,483
Adoption Assistance	93.659	1120123, 1120124	466,586
Social Services Block Grant	93.667	1000123, 1000124	223,272
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150122, 9150123	2,592
Medicaid Cluster:			
Medical Assistance Program	93.778	1200123, 1200124	320,662
Children's Health Insurance Program	93.767	0540123, 0540124	3,513
<i>Virginia Department of Health:</i>			
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK000555	10,465
Total Department of Health and Human Services			\$ 1,529,193
Department of Agriculture:			
Direct Payments:			
Community Facilities Loans and Grants	10.766	Not applicable	\$ 152,690
Pass Through Payments:			
<i>Child Nutrition Cluster:</i>			
<i>Virginia Department of Agriculture:</i>			
Food Distribution (Note 3)	10.555	Not available	\$ 73,995
<i>Virginia Department of Education:</i>			
National School Lunch Program	10.555	APE40254, APE41108	853,212 \$ 927,207
School Breakfast Program	10.553	APE40253	366,513
Fresh Fruit and Vegetable Program	10.582	APE40252	11,399
Summer Food Service Program for Children	10.559	APE60302, APE60303	15,537
Total Child Nutrition Cluster			\$ 1,320,656
<i>Virginia Department of Education:</i>			
Child and Adult Care Food Program	10.558	APE70027	1,336
Team Nutrition Grants	10.574	APE60072	525
COVID-19 Pandemic EBT Admin Costs	10.649	DOE86556	3,256
<i>Forest Service Schools and Roads Cluster:</i>			
Schools and Roads - Grants to States	10.665	APE43841	53,074
<i>Virginia Department of Emergency Management</i>			
<i>Virginia Department of Social Services:</i>			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010123, 0010124, 0040124 0040124, 0050123, 0050124	446,881
Total Department of Agriculture			\$ 1,978,418
Department of Justice:			
Pass Through Payments:			
<i>Virginia Department of Criminal Justice Service:</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA23GG03038MUMU 2020V2GX0048, 15POVC21GG00602ASSI, 15POVC22GG00681ASSI	\$ 1,441
Crime Victim Assistance	16.575		44,403
Total Department of Justice			\$ 45,844

County of Grayson, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Transportation:			
Pass Through Payments:			
Virginia Department of Motor Vehicles:			
Highway Safety Cluster			
State and Community Highway Safety	20.600	BSC-2023-53064-23064, BPT- 2024-54115-24115	\$ 7,036
Alcohol Open Container Requirements	20.607	ENF_AL-2023-53063-23063, ENF_AL-2024-54104-24104	4,315
Total Department of Transportation			<u>\$ 11,351</u>
Department of Homeland Security:			
Pass Through Payments:			
Virginia Department of Emergency Services:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4411DRVAP00000001	<u>\$ 455</u>
Department of Treasury:			
Pass Through Payments:			
Virginia Department of Accounts:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	2207FFARPA	\$ 628,335
Virginia Tourism Corporation:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	15,000
Virginia Department of Social Services:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	9122222	22,205
Virginia Department of Housing and Community Development:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	30,000
Virginia Department of Criminal Justice Services:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	291,000
Total Department of Treasury			<u>\$ 986,540</u>
Environmental Protection Agency:			
Direct Payments:			
Clean School Bus Rebate Program	66.045	Not applicable	<u>\$ 1,579,676</u>
Department of Education:			
Pass Through Payments:			
Virginia Department of Education:			
Special Education Cluster:			
Special Education - Preschool Grants	84.173	APE62521, APE40286	\$ 32,149
Special Education - Grants to States	84.027	APE43071, APE40287	568,811
Total Special Education Cluster			<u>\$ 600,960</u>
Title I: Grants to Local Educational Agencies	84.010	APE42901	781,657
Twenty-first Century Community Learning Centers	84.287	APE60565	2,463
Career and Technical Education - Basic Grants to States	84.048	APE60031	47,663
Rural Education	84.358	APE43481	49,749
Migrant Education - State Grant Program	84.011	Not available	2,595
Supporting Effective Instruction State Grants	84.367	APE61480	97,818
COVID-19 Elementary and Secondary Emergency Relief Fund	84.425D	APE50195, APE50185	\$ 235,367
COVID-19 American Rescue Plan Elementary and Secondary Emergency Relief Fund	84.425U	APE41117, APE50193	990,874
Student Support and Academic Enrichment Program	84.424	APE60281	54,469
Total Department of Education			<u>\$ 2,863,615</u>
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	HCD50790	<u>\$ 31,938</u>
Total Expenditures of Federal Awards			<u>\$ 9,027,030</u>

County of Grayson, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024 (Continued)

Notes to Schedule of Expenditures of Federal Awards

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Grayson, Virginia, its blended component units Grayson County Public Service Authority and Grayson County Economic Development Authority, and its discretely presented component unit - School Board under programs of the federal government for the year ended June 30, 2024. 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 of Grayson, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Grayson, Virginia.

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 to use the 10 percent de minimis indirect cost rate because they only request direct costs for reimbursement.
- (4) The County did not have any loans or loan guarantees which are subject to reporting requirements for the year.

Note 3 -- Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed. At June 30, 2024, the County had no food commodities in inventory.

Note 4 -- Subrecipients

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

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

\$ 3,309,944

Less: Payment in lieu of taxes

(115,517)

Total primary government

\$ 3,194,427

Component Unit School Board:

School Operating Fund

\$ 5,832,603

Total expenditures of federal awards per basic financial statements

\$ 9,027,030

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

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?	Yes

Federal Awards

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

Identification of major programs:

Assistance Listing #	Name of Federal Program or Cluster
66.045	Clean School Bus Rebates Program
21.027	Coronavirus State and Local Fiscal Recovery Funds
84.425	COVID-19 Education Stabilization Fund
84.027/84.173	Special Education Cluster
93.659	Adoption Assistance

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

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

Section II - Financial Statement Findings

2024-001	Material Weakness
Criteria:	Per auditing standards, an auditee should have sufficient expertise in the selection and application of accounting principles used in the preparation of the annual financial report. In addition, the auditee should have sufficient internal controls over the preparation of the financial statements in accordance with generally accepted accounting principles. Furthermore, reliance on the auditors to propose audit adjustments may not be a component of the auditee's internal controls.
Condition:	The financial statements, as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP). As such, the auditor proposed adjustments that were material to the financial statements.
Cause:	The County and School Board have had numerous changes in the financial reporting processes including software, staffing, and consultants.
Effect:	There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected by the entity's internal controls over financial reporting.
Recommendation:	The County and School Board should continue to improve monthly reconciliations and work with the consulting firm to ensure financials as provided for audit are materially correct.
Management's Response:	The County and School Board will continue to improve on the understanding and review of the financial information prior to providing same to the auditors for next year.
2024-002	Compliance Finding
Criteria:	The <u>Code of Virginia</u> § 15.2-2506 requires an appropriation prior to all expenditures.
Condition:	The County's Economic Development Fund did not include an appropriated budget.
Cause:	The funds were not appropriated with the normal budget appropriation due to an oversight.
Effect:	The County does not appear to be in compliance with the <u>Code of Virginia</u> in regards to the appropriation process.
Recommendation:	We recommend the County appropriate expected expenditures for all funds and ensure same is properly posted to the accounting system. Further, we recommend the County review the budgeted expenditures versus actual monthly to ensure compliance.
Management's Response:	Management will implement the recommended actions as soon as possible.

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

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings to report.

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

The prior audit findings 2023-001 and 2023-002 recurred in the current year as 2024-001 and 2024-002, respectively.