County of Wythe, Virginia
Financial Statements

Fiscal Year Ended June 30, 2022

County of Wythe, Virginia

Annual Financial Report

For the Year Ended June 30, 2022

COUNTY OF WYTHE, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

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BOARD OF SUPERVISORS

Brian Vaught, Chair

Ryan Lawson, Vice Chair
B. G. “Gene” Horney, Jr.
Jamie Smith

Jesse Burnett
Rolland Cook
Stacy Terry

Martha Collins, Clerk

COUNTY SCHOOL BOARD

Peggy Wagy, Chair

Ann Manley, Vice Chair
Lee Johnson
Steven King

Tonya Freeman
Chalmer Frye
Don Goode

Catrina Hall, Clerk

SOCIAL SERVICES BOARD

Patty O’Quinn, Chair

Jonathan Hammon, Vice Chair
Sandra Thomas

Maggie Harless
Brian Vaught

Kimberly Ayers, Clerk

OTHER OFFICIALS

Judge of the Circuit Court	Josiah T. Showalter, Jr.
Clerk of the Circuit Court	Jeremiah Musser
Judge of the General District Court	Gino Williams
Judge of the Juvenile & Domestic Relations Court	Bradley Dalton
Commonwealth's Attorney	Mike Jones
Commissioner of the Revenue	Kathy Vaught
Treasurer	Lori Guynn
Sheriff	Charles Foster
Superintendent of Schools	Dr. G Wesley Poole
Director of Social Services	Kimberly Ayers
County Administrator	Stephen Bear
County Attorney	Scot S. Farthing

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants

CPAs | CONSULTANTS

Independent Auditors' Report

To the Honorable Members of
the Board of Supervisors of the
County of Wythe, 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 unit, each major fund, and the aggregate remaining fund information of the County of Wythe, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County of Wythe, Virginia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Wythe, Virginia, as of and for the year ended June 30, 2022, 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 Wythe, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 22 to the financial statements, in 2022, the County adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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 Wythe, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Wythe, Virginia's basic financial statements. The accompanying individual fund financial statements and schedules 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 individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2022, on our consideration of County of Wythe, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Wythe, 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 Wythe, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 12, 2022

Basic Financial Statements

County of Wythe, Virginia
Statement of Net Position
June 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Cash and cash equivalents	$ 58,950,654	$ 8,613,628	$ 67,564,282	$ 6,439,319
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,937,440	-	1,937,440	-
Accounts receivable	1,200,108	435,157	1,635,265	71,229
Leases receivable	167,508	-	167,508	-
Due from other governmental units	1,975,653	3,370,429	5,346,082	1,696,188
Inventories	-	-	-	87,874
Prepaid expenses	62,256	-	62,256	1,003,816
Net pension asset	-	-	-	57,458
Investment in land	601,394	-	601,394	-
Restricted assets:				
Cash and cash equivalents	15,319,773	1,928,226	17,247,999	-
Certificates of deposits	425,117	-	425,117	-
Capital assets (net of accumulated depreciation/amortization):				
Land	4,112,379	233,205	4,345,584	774,089
Buildings and improvements	50,442,687	-	50,442,687	12,300,152
Machinery and equipment	4,196,630	310,013	4,506,643	1,842,087
Infrastructure	781,725	40,750,429	41,532,154	-
Construction in progress	1,922,275	1,437,790	3,360,065	865,154
Leased assets:				
Machinery and equipment	407,049	-	407,049	22,408
Total assets	$ 142,502,648	$ 57,078,877	$ 199,581,525	$ 25,159,774
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	$ 1,909,930	$ 127,039	$ 2,036,969	$ 7,258,195
OPEB related items	327,124	17,104	344,228	1,485,280
Total deferred outflows of resources	$ 2,237,054	$ 144,143	$ 2,381,197	$ 8,743,475
LIABILITIES				
Accounts payable	$ 885,852	$ 269,173	$ 1,155,025	$ 438,743
Construction and retainage payables	432,823	16,303	449,126	177,009
Salaries payable	288,488	21,521	310,009	3,323,720
Customer deposits	-	78,784	78,784	-
Accrued interest payable	445,428	71,824	517,252	-
Unearned revenue	3,264,714	-	3,264,714	-
Deposits held in escrow	7,000	-	7,000	-
Long-term liabilities:				
Due within one year	4,257,812	1,511,846	5,769,658	584,580
Due in more than one year	55,021,793	27,508,825	82,530,618	27,328,001
Total liabilities	$ 64,603,910	$ 29,478,276	$ 94,082,186	$ 31,852,053
DEFERRED INFLOWS OF RESOURCES				
Property taxes paid in advance	$ 147,574	$ -	$ 147,574	$ -
Lease related items	166,281	-	166,281	-
Pension related items	4,601,015	239,706	4,840,721	15,676,424
OPEB related items	380,650	19,498	400,148	2,660,158
Total deferred inflows of resources	$ 5,295,520	$ 259,204	$ 5,554,724	$ 18,336,582
NET POSITION				
Net investment in capital assets	$ 18,583,636	$ 13,812,388	$ 32,396,024	$ 15,604,479
Restricted:				
Law library	10,942	-	10,942	-
Property seizure	258,190	-	258,190	-
Road project (VDOT)	425,117	-	425,117	-
Bond covenants	-	1,849,442	1,849,442	-
Courtroom security	241,272	-	241,272	-
Clerk's records grant	26,592	-	26,592	-
JAG	2,605	-	2,605	-
Electronic summons	262,887	-	262,887	-
Concealed weapons	38,520	-	38,520	-
Opioid settlement receivable	751,568	-	751,568	-
School activity fund	-	-	-	1,509,687
School cafeterias	-	-	-	1,307,395
Net pension asset	-	-	-	57,458
Unrestricted (deficit)	54,238,943	11,823,710	66,062,653	(34,764,405)
Total net position (deficit)	$ 74,840,272	$ 27,485,540	$ 102,325,812	$ (16,285,386)

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

Exhibit 2

County of Wythe, Virginia
Statement of Activities
For the Year Ended June 30, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	School Board
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	$ 2,475,710	$ 27,084	$ 1,091,187	$ -	$ (1,357,439)	$ -	$ (1,357,439)	$ -
Judicial administration	1,566,120	9,518	1,043,403	-	(513,199)	-	(513,199)	-
Public safety	8,085,822	1,119,669	3,865,745	-	(3,100,408)	-	(3,100,408)	-
Public works	2,629,945	37,772	-	-	(2,592,173)	-	(2,592,173)	-
Health and welfare	8,965,094	169,972	6,692,684	-	(2,102,438)	-	(2,102,438)	-
Education	15,328,975	-	-	-	(15,328,975)	-	(15,328,975)	-
Parks, recreation, and cultural	654,180	115,243	-	-	(538,937)	-	(538,937)	-
Community development	14,825,939	-	-	-	(14,825,939)	-	(14,825,939)	-
Interest on long-term debt	1,229,966	-	-	-	(1,229,966)	-	(1,229,966)	-
Total governmental activities	$ 55,761,751	$ 1,479,258	$ 12,693,019	$ -	$ (41,589,474)	$ -	$ (41,589,474)	$ -
Business-type activities:								
Water and sewer	$ 4,893,207	$ 3,564,007	$ 4,558	$ 341,225	$ -	$ (983,417)	$ (983,417)	$ -
Total business-type activities	$ 4,893,207	$ 3,564,007	$ 4,558	$ 341,225	$ -	$ (983,417)	$ (983,417)	$ -
Total primary government	$ 60,654,958	$ 5,043,265	$ 12,697,577	$ 341,225	$ (41,589,474)	$ (983,417)	$ (42,572,891)	$ -
COMPONENT UNIT:								
School Board	$ 46,258,599	$ 2,094,043	$ 34,645,524	$ -	$ -	$ -	$ -	$ (9,519,032)
Total component unit	$ 46,258,599	$ 2,094,043	$ 34,645,524	$ -	$ -	$ -	$ -	$ (9,519,032)
General revenues:								
General property taxes					$ 22,487,548	$ -	$ 22,487,548	$ -
Other local taxes:								
Local sales and use taxes					5,040,568	-	5,040,568	-
Consumers' utility taxes					799,800	-	799,800	-
Motor vehicle licenses					445,340	-	445,340	-
Bank stock taxes					44,717	-	44,717	-
Taxes on recordation and wills					292,100	-	292,100	-
Hotel and motel room taxes					248,064	-	248,064	-
Restaurant food taxes					1,245,250	-	1,245,250	-
Admission tax					15,673	-	15,673	-
Cigarette tax					133,596	-	133,596	-
Unrestricted revenues from use of money					439,319	28,546	467,865	30,299
Miscellaneous					759,331	-	759,331	10,567
Payments from the County of Wythe, Virginia					-	-	-	15,280,108
Grants and contributions not restricted to specific programs					2,448,962	-	2,448,962	-
Transfers					74,994	(74,994)	-	-
Total general revenues and transfers					$ 34,475,262	$ (46,448)	$ 34,428,814	$ 15,320,974
Change in net position					$ (7,114,212)	$ (1,029,865)	$ (8,144,077)	$ 5,801,942
Net position (deficit) - beginning					81,954,484	28,515,405	110,469,889	(22,087,328)
Net position (deficit) - ending					$ 74,840,272	$ 27,485,540	$ 102,325,812	$ (16,285,386)

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

Exhibit 3

County of Wythe, Virginia
Balance Sheet
Governmental Funds
June 30, 2022

	General		County Capital Projects		Total
ASSETS					
Cash and cash equivalents	47,908,769	$	11,041,885	$	58,950,654
Receivables (net of allowance for uncollectibles):					
Property taxes receivable	1,937,440		-		1,937,440
Accounts receivable	1,193,861		6,247		1,200,108
Leases receivable	72,228		95,280		167,508
Due from other governmental units	1,975,653		-		1,975,653
Prepaid items	62,256		-		62,256
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	15,319,773		-		15,319,773
Certificates of deposit	425,117		-		425,117
Land held for resale	601,394		-		601,394
Total assets	$ 69,496,491	$	11,143,412	$	80,639,903
LIABILITIES					
Accounts payable	$ 885,852	$	-	$	885,852
Salaries payable	288,488				288,488
Construction and retainage payable	432,823		-		432,823
Unearned revenue	3,264,714		-		3,264,714
Deposits held in escrow	7,000		-		7,000
Total liabilities	$ 4,878,877	$	-	$	4,878,877
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	$ 1,850,294	$	-	$	1,850,294
Unavailable revenue-land held for resale	601,394		-		601,394
Unavailable revenue-opioid settlement receivable	725,462		-		725,462
Lease related items	72,228		95,280		167,508
Total deferred inflows of resources	$ 3,249,378	$	95,280	$	3,344,658
FUND BALANCES					
Nonspendable					
Prepaid expenses	$ 62,256	$	-	$	62,256
Restricted					
Law library	10,942		-		10,942
Property seizure	258,190		-		258,190
Capital projects	14,478,765		-		14,478,765
Road project (VDOT)	425,117		-		425,117
Courtroom security	241,272		-		241,272
Clerk's records grant	26,592		-		26,592
JAG	2,605		-		2,605
Electronic summons	262,887		-		262,887
Concealed weapons	38,520		-		38,520
Opioid settlement receivable	26,106		-		26,106
Committed for capital projects	2,161,400		11,048,132		13,209,532
Assigned					
Police activity	851,149		-		851,149
Unassigned	42,522,435		-		42,522,435
Total fund balances	$ 61,368,236	$	11,048,132	$	72,416,368
Total liabilities, deferred inflows of resources, and fund balances	$ 69,496,491	$	11,143,412	$	80,639,903

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

County of Wythe, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2022

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		$ 72,416,368
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	$ 4,112,379	
Buildings and improvements	50,442,687	
Infrastructure	781,725	
Machinery and equipment	4,196,630	
Construction in progress	1,922,275	
Leased machinery and equipment	407,049	61,862,745
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the funds. These amounts are as follows:		
Unavailable revenue - property taxes	$ 1,702,720	
Leases receivable related items	1,227	
Land held for resale	601,394	
Unavailable revenue - opioid settlement receivable	725,462	3,030,803
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	$ 1,909,930	
OPEB related items	327,124	2,237,054
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	$ (48,642,781)	
Literary loans	(8,516,107)	
Accrued interest payable	(445,428)	
Unamortized bond premium	(12,765)	
Lease liabilities	(153,398)	
Compensated absences	(410,189)	
Net OPEB liabilities	(1,282,967)	
Net pension liability	(261,398)	(59,725,033)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	$ (4,601,015)	
OPEB related items	(380,650)	(4,981,665)
Net position of governmental activities		$ 74,840,272

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

Exhibit 5

County of Wythe, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General	County Capital Projects	Total
REVENUES			
General property taxes	$ 22,672,294	$ -	$ 22,672,294
Other local taxes	8,265,108	-	8,265,108
Permits, privilege fees, and regulatory licenses	370,711	-	370,711
Fines and forfeitures	609,517	-	609,517
Revenue from the use of money and property	550,663	84,500	635,163
Charges for services	290,343	11,616	301,959
Miscellaneous	33,869	-	33,869
Recovered costs	646,573	-	646,573
Intergovernmental	15,141,981	-	15,141,981
Total revenues	$ 48,581,059	$ 96,116	$ 48,677,175
EXPENDITURES			
Current:			
General government administration	$ 2,846,117	$ -	$ 2,846,117
Judicial administration	1,566,899	-	1,566,899
Public safety	7,429,137	-	7,429,137
Public works	2,403,973	-	2,403,973
Health and welfare	9,093,591	-	9,093,591
Education	14,096,431	-	14,096,431
Parks, recreation, and cultural	689,078	-	689,078
Community development	821,944	-	821,944
Capital projects	2,991,666	-	2,991,666
Debt service:			
Principal retirement	3,846,898	-	3,846,898
Interest and other fiscal charges	1,093,712	-	1,093,712
Bond issuance costs	114,720	-	114,720
Total expenditures	$ 46,994,166	$ -	$ 46,994,166
Excess (deficiency) of revenues over (under) expenditures	$ 1,586,893	$ 96,116	$ 1,683,009
OTHER FINANCING SOURCES (USES)			
Transfers in	$ 2,274,306	$ 1,414,555	$ 3,688,861
Transfers out	(3,613,867)	-	(3,613,867)
Issuance of general obligation bonds	12,915,000	-	12,915,000
Issuance of leases	92,116	-	92,116
Sale of capital assets	22,502	-	22,502
Total other financing sources (uses)	$ 11,690,057	$ 1,414,555	$ 13,104,612
Net change in fund balances	$ 13,276,950	$ 1,510,671	$ 14,787,621
Fund balances - beginning	48,091,286	9,537,461	57,628,747
Fund balances - ending	$ 61,368,236	$ 11,048,132	$ 72,416,368

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

County of Wythe, 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, 2022

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 14,787,621
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/amortization expense. This is the detail of items supporting this adjustment:		
Capital outlays	$ 2,794,120	
Depreciation/amortization expense	(2,776,691)	17,429
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		
Disposal of assets		(9,412)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	$ 540,716	
Leases receivable	1,227	
Land held for resale	(13,428,519)	(12,886,576)
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 general obligation debt	$ (12,915,000)	
Issuance of lease liabilities	(92,116)	
Principal repayments:		
General obligation bonds, literary loans, and lease liabilities	3,846,898	(9,160,218)
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	$ (44,859)	
Change in accrued interest payable	(31,620)	
Change in OPEB related items	4,048	
Change in pension related items	199,289	
Amortization of bond premium	10,086	136,944
Change in net position of governmental activities		$ (7,114,212)

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

County of Wythe, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2022

	Enterprise Funds		
	Water Department	Sewer Department	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 4,731,173	$ 3,882,455	$ 8,613,628
Accounts receivable (net of allowance)	286,371	148,786	435,157
Due from other governmental units	3,370,429	-	3,370,429
Total unrestricted current assets	$ 8,387,973	$ 4,031,241	$ 12,419,214
Restricted current assets:			
Cash and cash equivalents	$ 1,910,078	$ 18,148	$ 1,928,226
Total restricted current assets	$ 1,910,078	$ 18,148	$ 1,928,226
Total current assets	$ 10,298,051	$ 4,049,389	$ 14,347,440
Noncurrent assets:			
Capital assets:			
Land	$ 211,245	$ 21,960	$ 233,205
Infrastructure	37,288,777	27,613,170	64,901,947
Machinery and equipment	502,298	153,724	656,022
Accumulated depreciation	(13,089,694)	(11,407,833)	(24,497,527)
Construction in progress	-	1,437,790	1,437,790
Total capital assets	$ 24,912,626	$ 17,818,811	$ 42,731,437
Total noncurrent assets	$ 24,912,626	$ 17,818,811	$ 42,731,437
Total assets	$ 35,210,677	$ 21,868,200	$ 57,078,877
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	$ 64,495	$ 62,544	$ 127,039
OPEB related items	8,978	8,126	17,104
Total deferred outflows of resources	$ 73,473	$ 70,670	$ 144,143
LIABILITIES			
Current liabilities:			
Accounts payable	$ 148,148	$ 121,025	$ 269,173
Construction and retainage payable	-	16,303	16,303
Salaries payable	9,679	11,842	21,521
Customers' deposits	60,636	18,148	78,784
Accrued interest payable	47,621	24,203	71,824
Compensated absences - current portion	12,661	16,452	29,113
Bonds payable - current portion	839,040	643,693	1,482,733
Total current liabilities	$ 1,117,785	$ 851,666	$ 1,969,451
Noncurrent liabilities:			
Compensated absences - net of current portion	$ 4,220	$ 5,484	$ 9,704
Bonds payable - net of current portion	20,536,295	6,883,718	27,420,013
Net pension liability	6,902	6,488	13,390
Net OPEB liabilities	33,868	31,850	65,718
Total noncurrent liabilities	$ 20,581,285	$ 6,927,540	$ 27,508,825
Total liabilities	$ 21,699,070	$ 7,779,206	$ 29,478,276
DEFERRED INFLOWS OF RESOURCES			
Pension related items	$ 122,806	$ 116,900	$ 239,706
OPEB related items	10,049	9,449	19,498
Total deferred inflows of resources	$ 132,855	$ 126,349	$ 259,204
NET POSITION			
Net investment in capital assets	$ 3,537,291	$ 10,275,097	$ 13,812,388
Restricted for bond covenants	1,849,442	-	1,849,442
Unrestricted	8,065,492	3,758,218	11,823,710
Total net position	$ 13,452,225	$ 14,033,315	$ 27,485,540

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

Exhibit 8

County of Wythe, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	Enterprise Funds		
	Water Department	Sewer Department	Total
OPERATING REVENUES			
Charges for services:			
Water and sewer billings	$ 2,027,508	$ 1,536,076	$ 3,563,584
Miscellaneous	365	58	423
Total operating revenues	$ 2,027,873	$ 1,536,134	$ 3,564,007
OPERATING EXPENSES			
Personnel services	$ 213,435	$ 252,941	$ 466,376
Fringe benefits	78,153	75,641	153,794
Professional services	38,115	15,994	54,109
Operating expenses	554,900	360,325	915,225
Purchase of water - regional plant	477,866	-	477,866
Repair and maintenance	244,741	389,821	634,562
Depreciation	941,428	719,251	1,660,679
Total operating expenses	$ 2,548,638	$ 1,813,973	$ 4,362,611
Operating income (loss)	$ (520,765)	$ (277,839)	$ (798,604)
NONOPERATING REVENUES (EXPENSES)			
Interest income	$ 13,058	$ 15,488	$ 28,546
Gain on sale of assets	5,388	-	5,388
Interest expense	(319,637)	(162,707)	(482,344)
Bond issuance costs	(53,640)	-	(53,640)
Intergovernmental grant	4,055	503	4,558
Total nonoperating revenues (expenses)	$ (350,776)	$ (146,716)	$ (497,492)
Income before contributions and transfers	$ (871,541)	$ (424,555)	$ (1,296,096)
Capital contributions and construction grants	45,000	296,225	341,225
Transfers in	-	280	280
Transfers out	(37,637)	(37,637)	(75,274)
Change in net position	$ (864,178)	$ (165,687)	$ (1,029,865)
Total net position - beginning	14,316,403	14,199,002	28,515,405
Total net position - ending	$ 13,452,225	$ 14,033,315	$ 27,485,540

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

Exhibit 9

County of Wythe, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	Enterprise Funds		
	Water Department	Sewer Department	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 2,011,089	$ 1,636,665	$ 3,647,754
Payments to suppliers	(1,258,356)	(648,712)	(1,907,068)
Payments to and for employees	(282,617)	(307,477)	(590,094)
Net cash provided by (used for) operating activities	$ 470,116	$ 680,476	$ 1,150,592
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	$ (37,637)	$ (37,637)	$ (75,274)
Transfers from other funds	-	280	280
Intergovernmental grant	4,055	503	4,558
Net cash provided by (used for) noncapital financing activities	$ (33,582)	$ (36,854)	$ (70,436)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital asset additions	$ (20,084)	$ (1,348,370)	$ (1,368,454)
Construction grants	384,187	296,225	680,412
Principal payments on bonds	(2,843,332)	(2,073,508)	(4,916,840)
Proceeds from indebtedness	6,579,805	3,510,162	10,089,967
Bond issuance costs	(53,640)	-	(53,640)
Interest expense	(291,096)	(143,262)	(434,358)
Proceeds from sales of capital assets	5,388	-	5,388
Net cash provided by (used for) capital and related financing activities	$ 3,761,228	$ 241,247	$ 4,002,475
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	$ 13,058	$ 15,488	$ 28,546
Net cash provided by (used for) investing activities	$ 13,058	$ 15,488	$ 28,546
Net increase (decrease) in cash and cash equivalents	$ 4,210,820	$ 900,357	$ 5,111,177
Cash and cash equivalents - beginning (including $1,672,144 of restricted cash)	2,430,431	3,000,246	5,430,677
Cash and cash equivalents - ending (including $1,928,226 of restricted cash)	$ 6,641,251	$ 3,900,603	$ 10,541,854
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	$ (520,765)	$ (277,839)	$ (798,604)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	$ 941,428	$ 719,251	$ 1,660,679
(Increase) decrease in accounts receivable	(2,391)	101,861	99,470
(Increase) decrease in deferred outflows of resources	1,928	(1,862)	66
Increase (decrease) in customer deposits	(8,689)	1,115	(7,574)
Increase (decrease) in accounts payable	57,266	117,428	174,694
Increase (decrease) in salaries payable	9,679	11,842	21,521
Increase (decrease) in unearned revenue	(5,704)	(2,445)	(8,149)
Increase (decrease) in compensated absences	3,795	5,711	9,506
Increase (decrease) in net pension liability	(133,101)	(117,356)	(250,457)
Increase (decrease) in net OPEB liabilities	(303)	1,624	1,321
Increase (decrease) in deferred inflows of resources	126,973	121,146	248,119
Total adjustments	$ 990,881	$ 958,315	$ 1,949,196
Net cash provided by (used for) operating activities	$ 470,116	$ 680,476	$ 1,150,592
Noncash investing, capital, and financing activities:			
Capital asset additions included in accounts payable at end of year	$ -	$ 16,303	$ 16,303

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

Exhibit 10

County of Wythe, Virginia
Statement of Fiduciary Net Position
June 30, 2022

	Custodial Fund Special Welfare
ASSETS	
Cash and cash equivalents	$ 27,515
Total assets	$ 27,515
NET POSITION	
Restricted - amounts held for special welfare clients	$ 27,515
Total net position	$ 27,515

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

Exhibit 11

County of Wythe, Virginia
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2022

		Custodial Fund Special Welfare
ADDITIONS		
Gifts, donations, and aid	$	28,793
Revenue from the use of money		163
Total additions	$	28,956
Deductions		
Special welfare payments	$	35,874
Total deductions	$	35,874
Net increase (decrease) in fiduciary net position	$	(6,918)
Total net position, beginning of year		34,433
Total net position, end of year	$	27,515

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

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity:

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

Blended component units – The County has no blended component units.

Discretely Presented Component Unit –

The component unit column in the financial statements includes 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 Wythe 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. Separate financial statements are not issued for the Component Unit – School Board.

Related Organizations - The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointment.

Jointly Governed Organizations –

The Counties of Wythe and Grayson participate in supporting the Wythe/Grayson Regional Library. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the year ended June 30, 2022, the County contributed $314,455 to the Library.

The Counties of Wythe and Smyth participate in supporting the Smyth/Wythe Airport Authority. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the year ended June 30, 2022, the County contributed $53,720 to the Airport.

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

B. Government-wide and fund financial statements:

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

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

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

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

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

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

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

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

Property taxes, 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 un-collectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenue. 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 government 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 Law Library Fund and the Property Seizure Fund.

The County reports the following major capital projects funds:

The *County Capital Projects Fund* accounts for and reports financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. It accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

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

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

The government reports the following major proprietary funds:

The *water department fund and sewer department fund* account for the activities of the County water and sewer system, which includes water distribution and sewage collections systems throughout the County.

Additionally, the government reports the following fund types:

Fiduciary funds (Trust and Custodial funds) account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Custodial funds include the special welfare fund.

The School Board reports the following major governmental funds:

The *School Operating Fund* is the primary operating fund of the School Board and accounts for and reports all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from appropriations from the County and state and federal grants.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's water and sewer function and various other functions of the government.

Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

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

1. Cash and Cash Equivalents

   Cash and cash equivalents include cash on hand and amounts in demand deposits, and 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. Accordingly, investments totaling $14,481,207 are reported as cash and cash equivalents in the accompanying financial statements.

2. Investments

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

3. Receivables and Payables

   Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are 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 interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

4. Property Taxes

   Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on December 5^{th}.

   Personal property taxes are due and collectible annually on December 5^{th}. The County bills and collects its own property taxes.

5. Allowance for Uncollectible Accounts

   The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately $1,321,421 on June 30, 2022. This allowance consists of delinquent taxes in the amount of $234,720 and delinquent water and sewer bills of $1,086,701.

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

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

6. Use of Estimates

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

7. Inventory

Land held for resale includes land, land improvement, and infrastructure at the Progress Park located in Wythe County. This inventory is valued at original cost. Fair market value cannot be determined as comparable sites do not exist within the vicinity of the County.

8. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable 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) (except for intangible right-to-use lease assets with an initial, individual cost of more than $20,000) 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 assets (lease assets), the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

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

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

8. Capital Assets (Continued)

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

Assets	Years
Buildings	40
Building improvements	40
Structures, lines, and accessories	20-40
Machinery and equipment	4-30
Leased machinery and equipment	3-5

9. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The County accrues salary-related payments associated with the payment of compensated absences. The School Board and Social Services department accrue payments associated with sick leave upon retirement. The County does not pay for sick leave upon retirement. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

10. Pensions

For purposes of measuring the net pension liability (asset), 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 fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

11. 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.

12. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. 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, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums on issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received are reported as debt service expenditures.

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.

- 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.

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

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

14. Net Position Flow Assumption

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.

15. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (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 represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has three types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivables, opioid settlement receivables, and land held for resale are reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30th, property taxes paid in advance, the value of land held for resale, and opioid settlement receivable which are deferred and recognized as an inflow of resources in the period that the amounts become available. Under the accrual basis, tax amounts prepaid are reported as deferred inflows are resources. In addition, certain items related to pension, OPEB, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

16. Fund Balance

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

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

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

16. Fund Balance (Continued)

Committed - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation.

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

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

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

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. 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 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).

17. Leases

The County leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

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

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

17. Leases (Continued)

Lessee
The County recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of $20,000, 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.

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).

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

- The County uses the interest rate stated in lease 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.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

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

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund and the School Operating Fund.

2. Public hearings are conducted to obtain citizen comments.

3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

4. The Appropriations Resolution places legal restrictions on expenditures at the 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 the Capital Projects Fund. The School Fund is integrated only at the level of legal adoption.

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project.

8. All budgetary data presented in the accompanying financial statements is the revised budget as of June 30.

B. Excess of expenditures over appropriations

For fiscal year 2022, there were no expenditures that exceeded appropriations.

C. Deficit fund equity

On June 30, 2022, there were no funds with deficit fund equity.

Note 3-Deposits and Investments:

A. Deposits

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

B. Investments

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

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County and its discretely presented component unit has an investment policy for custodial credit risk included within the County investment policy. The County's investments on June 30, 2022 were held in the County's name by the County's custodial bank. The County's investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2022, were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

County's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings
	AAAm
SNAP (State Non-arbitrage Pool)	$ 14,031,351
VIP (Virginia Investment Pool)	449,856

Note 3-Deposits and Investments: (Continued)

B. Investments (Continued)

Interest Rate Risk

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

Investment Maturities (in years)		
Investment Type	Fair Value	1 Year or less
Certificate of deposit	$ 425,117	$ 425,117
State Non-arbitrage Pool (SNAP)	14,031,351	14,031,351
VACO/VML Virginia Investment Pool (VIP)	449,856	449,856

Concentration of Credit Risk

On June 30, 2022, the County did not have any investments meeting the GASB 40 definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

External Investment Pools

The primary government 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 withdrawal funds twice a month, with a five-day period notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources, one-time outlays (disasters, immediate capital needs, state budget cuts, and etc.).

The primary government is a participant in the Virginia State Non-Arbitrage Program (SNAP) sponsored by the Virginia Treasury Board. SNAP provides comprehensive investment management, accounting and arbitrage calculation services for the proceeds of tax-exempt financings of Virginia governments. The Treasury Board has hired a program/investment manager, rebate calculation agent, central depository, custodian bank, and legal counsel to manage the program and provide services to investors. The value of the positions in the external investment pools (SNAP) 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.

Note 4-Due from Other Governmental Units:

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

	Primary Government		
	Governmental Activities	Business-type Activities	Component Unit-School Board
Local Government:			
New River Valley Regional Water Authority	$ -	$ 1,984,712	$ -
Town of Wytheville	-	1,385,717	-
Commonwealth of Virginia:			
Local sales tax	893,704	-	-
Local communication tax	87,172	-	-
State sales tax	-	-	952,762
Categorical aid	294,445	-	-
Non-categorical aid	41,676	-	-
Virginia public assistance funds	158,101	-	-
Community services act	250,561	-	-
Federal Government:			
Virginia public assistance funds	249,994	-	-
Categorical aid	-	-	743,426
Totals	$ 1,975,653	$ 3,370,429	$ 1,696,188

The County constructed certain debt financed assets that are used by the New River Regional Water Authority and the Town of Wytheville, Virginia. The County has recorded a receivable in the Water Fund of $3,370,429 for repayment of shared construction costs. The County bills these entities as debt service payments are due.

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Note 5-Interfund Transfers/Component Unit Contributions:

Interfund transfers for the year ended June 30, 2022, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	$ 2,274,306	$ 3,613,867
County Capital Projects Fund	1,414,555	-
Water Fund	-	37,637
Sewer Fund	280	37,637
Component Unit-School Board:		
School Operating Fund	121,196	892,712
School Activity Fund	892,712	121,196
Total	$ 4,703,049	$ 4,703,049

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization. There were no interfund obligations on June 30, 2022.

Primary government contributions to the component unit for the year ended June 30, 2022, consisted of the following:

Component Unit:	
School Board	$ 14,047,564

There were no component unit obligations on June 30, 2022.

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Note 6-Long-Term Obligations:

Primary Government - Governmental Activities Obligations:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2022:

	Balance July 1, 2021	GASBS No. 87 Adjustment	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2022
Direct borrowings and placements:					
General obligation bonds	$ 38,936,296	$ -	$ 12,915,000	$ (3,208,515)	$ 48,642,781
GO bond premium	22,851	-	-	(10,086)	12,765
Literary loans	9,017,055	-	-	(500,948)	8,516,107
Capital leases	139,767	(139,767)	-	-	-
Lease liabilties	-	198,717	92,116	(137,435)	153,398
Compensated absences	365,330	-	318,857	(273,998)	410,189
Net OPEB liabilities	1,379,489	-	356,235	(452,757)	1,282,967
Net pension liability	5,652,095	-	4,828,936	(10,219,633)	261,398
Total	$ 55,512,883	$ 58,950	$ 18,511,144	$(14,803,372)	$ 59,279,605

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

Year Ending June 30,	Direct Borrowings and Placements Principal	Direct Borrowings and Placements Interest	Lease Liabilities Principal	Lease Liabilities Interest
2023	$ 3,867,175	$ 1,221,731	$ 76,217	$ 10,176
2024	3,534,093	1,187,886	51,239	2,831
2025	3,392,191	1,106,512	13,829	814
2026	3,454,848	1,028,684	9,342	242
2027	3,517,790	949,215	2,771	6
2028-2032	16,516,541	3,636,090	-	-
2033-2037	15,730,037	1,836,623	-	-
2038-2042	6,369,212	444,419	-	-
2043	777,001	19,969	-	-
Totals	$ 57,158,888	$ 11,431,129	$ 153,398	$ 14,069

Note 6-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Obligations: (Continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements:						
General Obligation Bonds:						
GO bond	3.1-5.35%	11/6/03	2024	$ 7,435,478	$ 861,793	$ 426,505
VPSA GO bond	2.35-5.1%	11/7/02	2023	9,209,707	525,421	525,421
VPSA GO bond	4.255%-5.1%	10/24/06	2027	3,593,557	988,142	192,326
Rural Development GO bond	3.75%	12/29/10	2023	1,550,000	114,462	114,462
VACO/VML Series 2017	3.05%	12/12/17	2038	10,000,000	8,492,000	418,000
2020A GO bond	1.73%	10/15/20	2040	16,883,882	15,797,963	1,106,070
2020B GO bond	2.14%	10/15/20	2038	9,482,000	8,948,000	474,000
2021 GO Bond	1.44%	9/20/21	2029	12,115,000	12,115,000	-
2022A GO Bond	2.57%	3/30/22	2043	800,000	800,000	109,443
Total General Obligation Bonds					$ 48,642,781	$ 3,366,227
Add: Unamortized premium on						
$7,435,478 GO bond	n/a	11/6/03	2024	476,903	$ 6,552	$ 4,875
$3,593,557 GO bond	n/a	10/24/06	2027	102,414	6,213	1,903
Total Unamortized Premiums					$ 12,765	$ 6,778
Total General Obligation Bonds and Unamortized Premiums					$ 48,655,546	$ 3,373,005
Literary Loans:						
State Literary Fund Loan	2.00%	10/1/18	2039	7,500,000	$ 6,375,000	$ 375,000
State Literary Fund Loan	2.00%	10/1/18	2039	2,518,951	2,141,107	125,948
Total Literary Loans					$ 8,516,107	$ 500,948
Total Direct Borrowings and Placements					$ 57,171,653	$ 3,873,953
Lease Liabilities:						
Sheriff Leased Vehicles	11.50-12.50%	1/1/19	2024	258,325	$ 96,538	$ 59,853
Sheriff Leased Vehicle	7.93%	7/1/21	2026	31,084	24,725	5,746
Administration Copier	0.45%	6/1/21	2025	14,385	10,510	3,588
General District Copier	0.32%	11/4/20	2025	5,772	3,375	1,443
Social Services Postage Meter	0.20%	9/1/19	2023	9,921	553	553
Social Services Postage Meter	0.45%	5/27/22	2027	16,480	15,931	3,268
Social Services Copier	0.20%	1/8/20	2023	5,158	862	862
Social Services Copier	0.32%	2/7/19	2023	6,170	904	904
Total Lease Liabilities					$ 153,398	$ 76,217
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	$ 410,189	$ 307,642
Net OPEB Liabilities	n/a	n/a	n/a	n/a	1,282,967	-
Net Pension Liability	n/a	n/a	n/a	n/a	261,398	-
Total Other Obligations					$ 1,954,554	$ 307,642
Total Long-Term Obligations					$ 59,279,605	$ 4,257,812

Note 6-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Obligations: (Continued)

The County's general obligation bonds and literary loans 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.

In an event of default occurs with VPSA bonds, the principal of the bond(s) may be declared immediately due and payable to the registered owner of the bond(s) by written notice to the County.

Primary Government – Business-type Activities Obligations:

The following is a summary of long-term obligation transactions of the Enterprise Funds for the year ended June 30, 2022:

	Balance July 1, 2021	Increase/ Issuances	Decrease/ Retirements	Balance June 30, 2022
Direct borrowings and placements:				
General obligation and revenue bonds	$ 23,733,279	$ 10,089,967	$ (4,916,840)	$ 28,906,406
General obligation bond discount	(4,575)	-	915	(3,660)
Compensated absences	29,311	31,489	(21,983)	38,817
Net OPEB liabilities	64,397	24,514	(23,193)	65,718
Net pension liability	263,847	273,022	(523,479)	13,390
Total	$ 24,086,259	$ 10,418,992	$ (5,484,580)	$ 29,020,671

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Note 6-Long-Term Obligations: (Continued)

Primary Government – Business-type Activities Obligations: (Continued)

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

Year Ending	Direct Borrowings and Placements	
June 30,	Principal	Interest
2023	$ 1,483,648	$ 567,740
2024	1,516,555	552,443
2025	7,552,066	512,878
2026	1,594,378	360,482
2027	742,066	331,307
2028-2032	3,892,451	1,452,644
2033-2037	3,725,199	1,089,307
2038-2042	2,798,931	748,238
2043-2047	2,414,761	458,896
2048-2052	2,139,948	8,048
2053-2057	950,505	46,919
2058-2060	95,898	2,246
Totals	$ 28,906,406	$ 6,131,148

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Note 6-Long-Term Obligations: (Continued)

Primary Government – Business-type Activities Obligations: (Continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Direct Borrowings and Placements:						
General Obligation and Revenue Bonds						
VRA GO Bond	0.00%	2/1/14	2025	$ 110,100	$ 15,720	$ 5,240
VRA GO Bond	0.00%	5/15/12	2033	1,369,871	687,513	68,493
VRA GO Bond	0.65%	9/30/16	2029	2,103,600	1,664,312	104,212
Rural Development Bond*	2.375%	3/31/10	2040	1,100,000	324,197	8,400
Rural Development Bond	2.375%	6/29/11	2051	640,000	534,431	13,131
Rural Development Bond	2.375%	6/14/11	2051	3,316,000	2,773,038	67,925
Rural Development Bond	2.375%	8/11/10	2049	1,065,000	839,141	23,016
Rural Development Bond	2.125%	11/16/12	2052	1,374,000	1,180,185	28,205
Rural Development Bond	2.125%	10/7/15	2055	3,754,000	3,428,197	73,564
Rural Development Bond	2.500%	5/19/16	2056	1,358,000	1,251,018	27,426
Rural Development Bond	3.500%	5/19/16	2056	684,000	635,035	12,686
GO Bond	4.36%	12/15/05	2026	5,900,000	1,622,760	378,011
GO Bond	2.00%	11/19/14	2020	151,809	97,813	4,689
VML/VACO Series 2017	2.25%	12/20/2017	2026	3,184,693	1,658,044	400,723
Rural Development Bond	2.13%	9/19/2019	2060	1,252,000	1,195,108	21,396
GO Bond	1.73%	10/15/2020	2040	701,118	656,037	45,930
VRA GO Bond**	0.00%	6/23/2021	2046	668,300	579,766	11,609
Rural Development Bond	1.50%	8/3/2021	2060	286,000	253,091	5,992
2022B GO Bond	2.57%	3/30/2022	2043	4,100,000	3,511,000	183,000
2022 C Water and Sewer GO Note	1.86%	3/30/2022	2025	6,000,000	6,000,000	-
Total General Obligation and Revenue Bonds					$ 28,906,406	$ 1,483,648
Less: Unamortized GO Bond discount					$ (3,660)	$ (915)
Total Direct Borrowings and Placements					$ 28,902,746	$ 1,482,733
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	$ 38,817	$ 29,113
Net OPEB Liabilities	n/a	n/a	n/a	n/a	65,718	-
Net Pension Liability	n/a	n/a	n/a	n/a	13,390	-
Total Other Obligations					$ 117,925	$ 29,113
Total Long-term obligations					$ 29,020,671	$ 1,511,846

* Loan issued by Carroll County PSA in the amount of $5,000,000 with an underlying agreement that Wythe County is responsible for 7.9733% of such loan.

** As of June 30, 2022, entire bond has not been drawndown.

Note 6-Long-Term Obligations: (Continued)

Primary Government – Business-type Activities Obligations: (Continued)

Details of long-term obligations: (Continued)

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.

In an event of default occurs with VRA bonds, the principal of the bond(s) may be declared immediately due and payable to the register owner of the bond(s) by written notice to the County.

Note 7-Long-Term Obligations - Component Unit:

Discretely Presented Component Unit – School Board Obligations:

The following is a summary of long-term obligation transactions of the School Board for the year ended June 30, 2022.

	Balance July 1, 2021	GASBS No. 87 Adjustment	Increase	Decrease	Balance June 30, 2022
Lease liabilties	$ -	$ 35,637	$ -	$ (13,235)	$ 22,402
Compensated absences	647,030	-	600,348	(485,273)	762,105
Net OPEB liabilities	8,555,818	-	1,628,751	(2,121,109)	8,063,460
Net pension liability	36,944,268	-	7,551,597	(25,431,251)	19,064,614
Total	$ 46,147,116	$ 35,637	$ 9,780,696	$ (28,050,868)	$ 27,912,581

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

Year Ending June 30,	Lease Liabilities Principal	Lease Liabilities Interest
2023	$ 13,001	$ 19
2024	8,796	5
2025	605	-
Totals	$ 22,402	$ 24

Note 7-Long-Term Obligations - Component Unit: (Continued)

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

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Lease Liabilities:	0.11%	8/1/20	2024	$ 8,530	$ 3,862	$ 2,438
Copier lease	0.20%	6/1/19	2023	11,956	2,748	2,748
Copier lease	0.11%	6/1/21	2024	5,396	3,449	1,799
Copier lease	0.11%	6/1/21	2024	5,396	3,449	1,799
Copier lease	0.11%	6/1/21	2024	5,396	3,449	1,799
Postage Meter	0.11%	10/1/19	2025	12,083	5,445	2,418
Total Lease Liabilities					$ 22,402	$ 13,001
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	$ 762,105	$ 571,579
Net OPEB Liabilities	n/a	n/a	n/a	n/a	8,063,460	-
Net Pension Liability	n/a	n/a	n/a	n/a	19,064,614	-
Total Long-term obligations					$ 27,912,581	$ 584,580

Note 8-Pension Plans:

Aggregate Pension Information

The following is a summary of deferred outflows, deferred inflows, net pension liabilities, and pension expense for the year ended June 30, 2022.

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	$ 2,036,969	$ 4,840,721	$ 274,788	$ 586,235	$ -	$ -	$ -	$ -
School Board Nonprofessional	-	-	-	-	268,881	770,010	(57,458)	(24,668)
School Board Professional	-	-	-	-	6,989,314	14,906,414	19,064,614	(296,185)
Totals	$ 2,036,969	$ 4,840,721	$ 274,788	$ 586,235	$ 7,258,195	$ 15,676,424	$ 19,007,156	$ (320,853)

Note 8-Pension Plans: (Continued)

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of the public-school divisions are automatically covered by the VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by a Virginia Retirement System (the System) along with plans for other 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 Wythe County 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.

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 credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

Note 8-Pension Plans: (Continued)

Benefit Structures (Continued)

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.

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, 2022 was 10.35% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

Note 8-Pension Plans: (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 County were $792,183 and $728,445 for the years ended June 30, 2022 and June 30, 2021, respectively.

Net Pension Liability

On June 30, 2022, the County reported a liability of $274,778 for its proportionate share of the net pension liability. The County's net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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. Contributions as of June 30, 2021 and 2020 were used as a basis for allocation to determine the County's proportionate share of the net pension liability. On June 30, 2021 and 2020, the County's proportion was 98.56% and 96.25%, respectively.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Wythe County's Retirement Plan and the Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

Mortality rates:

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

Note 8-Pension Plans: (Continued)

Actuarial Assumptions – General Employees (Continued)

Mortality rates: (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:
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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Wythe County's Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

Note 8-Pension Plans: (Continued)

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

Mortality rates:

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

Pre-Retirement:
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

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Note 8-Pension Plans: (Continued)

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) – 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

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Note 8-Pension Plans: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

* The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Note 8-Pension Plans: (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, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2021, the rate contributed by the employer for the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 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:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	$ 5,609,989	$ 274,788	$ (4,126,270)

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

For the year ended June 30, 2022, the County recognized pension expense of $586,235. 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.

Note 8-Pension Plans: (Continued)

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

On June 30, 2022, 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	$ 227,756	$ 328,894
Change in assumptions	900,351	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	116,679	-
Net difference between projected and actual earnings on pension plan investments	-	4,511,827
Employer contributions subsequent to the measurement date	792,183	-
Total	$ 2,036,969	$ 4,840,721

$792,183 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, 2023. 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
2023	$ (383,084)
2024	(828,245)
2025	(1,017,235)
2026	(1,367,371)
Thereafter	-

Note 8-Pension Plans: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2021-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, 2020 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	81
Inactive members:	
Vested inactive members	9
Non-vested inactive members	31
Inactive members active elsewhere in VRS	21
Total inactive members	61
Active members	66
Total covered employees	208

Contributions

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2022 was 8.12% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

Note 8-Pension Plans: (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 Component Unit School Board's nonprofessional employees were $109,190 and $105,519 for the years ended June 30, 2022 and June 30, 2021, respectively.

Net Pension Asset

The net pension asset (NPA) 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 asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

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Note 8-Pension Plans: (Continued)

Component Unit School Board (nonprofessional) (Continued)

Changes in Net Pension Liability (Asset)

	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (Asset) (a) - (b)
Balances at June 30, 2020	$ 6,630,691	$ 5,842,423	$ 788,268
Changes for the year:			
Service cost	$ 140,664	$ -	$ 140,664
Interest	432,040	-	432,040
Changes of assumptions	238,420	-	238,420
Differences between expected and actual experience	74,820	-	74,820
Contributions - employer	-	105,519	(105,519)
Contributions - employee	-	64,965	(64,965)
Net investment income	-	1,565,108	(1,565,108)
Benefit payments, including refunds of employee contributions	(460,205)	(460,205)	-
Administrative expenses	-	(4,068)	4,068
Other changes	-	146	(146)
Net changes	$ 425,739	$ 1,271,465	$ (845,726)
Balances at June 30, 2021	$ 7,056,430	$ 7,113,888	$ (57,458)

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

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

		Rate	
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	$ 697,938	$ (57,458)	$ (692,197)

Note 8-Pension Plans: (Continued)

Component Unit School Board (nonprofessional) (Continued)

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

For the year ended June 30, 2022, the Component Unit School Board (nonprofessional) recognized pension expense of $(24,668). On June 30, 2022, 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	$ 38,144	$ -
Changes of assumptions	121,547	-
Net difference between projected and actual earnings on pension plan investments	-	770,010
Employer contributions subsequent to the measurement date	109,190	-
Total	$ 268,881	$ 770,010

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Note 8-Pension Plans: (Continued)

Component Unit School Board (nonprofessional) (Continued)

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

$109,190 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 an increase of the Net Pension Asset in the fiscal year ending June 30, 2023. 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	Component Unit School Board (nonprofessional)
2023	$ (26,274)
2024	(168,834)
2025	(179,081)
2026	(236,130)
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). 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 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, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were $3,649,243 and $3,468,853 for the years ended June 30, 2022 and June 30, 2021, respectively.

Note 8-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Contributions (Continued)

In June 2021, the Commonwealth made a special contribution of approximately $61.3 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

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

On June 30, 2022, the school division reported a liability of $19,064,614 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2021, the school division's proportion was 0.2456% as compared to 0.2485% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized pension expense of $(296,185). 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.

On June 30, 2022, 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	$ -	$ 1,623,809
Net difference between projected and actual earnings on pension plan investments	-	12,014,010
Changes of assumptions	3,340,071	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,268,595
Employer contributions subsequent to the measurement date	3,649,243	-
Total	$ 6,989,314	$ 14,906,414

Note 8-Pension Plans: (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)

$3,649,243 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. 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		
2023	$	(2,909,548)
2024		(2,536,659)
2025		(2,648,442)
2026		(3,474,200)
Thereafter		2,506

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

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Note 8-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

Mortality rates:

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

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

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

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 20 except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Note 8-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	$	53,381,141
Plan Fiduciary Net Position		45,617,878
Employers' Net Pension Liability (Asset)	$	7,763,263
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		85.46%

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.

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Note 8-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	$ 36,793,673	$ 19,064,614	$ 4,480,095

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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Note 9-Capital Assets:

Capital asset activity for the year ended June 30, 2022 was as follows:

Primary Government:

	Beginning Balance	GASBS No. 87 Adjustments	Increases	Decreases	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 4,032,359	$ -	$ 80,020	$ -	$ 4,112,379
Construction in progress	837,752	-	1,234,459	(149,936)	1,922,275
Total capital assets not being depreciated	$ 4,870,111	$ -	$ 1,314,479	$ (149,936)	$ 6,034,654
Capital assets, being depreciated:					
Buildings and improvements	$ 71,878,908	$ -	$ 108,980	$ -	$ 71,987,888
Infrastructure	3,448,465	-	-	-	3,448,465
Machinery and equipment	9,148,201	(576,687)	1,428,481	(218,257)	9,781,738
Total capital assets being depreciated	$ 84,475,574	$ (576,687)	$ 1,537,461	$ (218,257)	$ 85,218,091
Accumulated depreciation:					
Buildings and improvements	$ (19,761,344)	$ -	$ (1,783,857)	$ -	$ (21,545,201)
Infrastructure	(2,497,218)	-	(169,522)	-	(2,666,740)
Machinery and equipment	(5,291,345)	129,827	(632,435)	208,845	(5,585,108)
Total accumulated depreciation	$ (27,549,907)	$ 129,827	$ (2,585,814)	$ 208,845	$ (29,797,049)
Total capital assets being depreciated, net	$ 56,925,667	$ (446,860)	$ (1,048,353)	$ (9,412)	$ 55,421,042
Leased assets, being amortized:					
Machinery and equipment	$ -	$ 505,810	$ 92,116	$ (3,029)	$ 594,897
Total capital assets being amortized	$ -	$ 505,810	$ 92,116	$ (3,029)	$ 594,897
Accumulated amortization:					
Machinery and equipment	$ -	$ -	$ (190,877)	$ 3,029	$ (187,848)
Total accumulated amortization	$ -	$ -	$ (190,877)	$ 3,029	$ (187,848)
Total leased assets being amortized, net	$ -	$ 505,810	$ (98,761)	$ -	$ 407,049
Governmental activities capital assets, net	$ 61,795,778	$ 58,950	$ 167,365	$ (159,348)	$ 61,862,745

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Note 9-Capital Assets: (Continued)

Primary Government: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 233,205	$ -	$ -	$ 233,205
Construction in progress	120,934	1,367,514	(50,658)	1,437,790
Total capital assets not being depreciated	$ 354,139	$ 1,367,514	$ (50,658)	$ 1,670,995
Capital assets, being depreciated:				
Infrastructure	$ 64,901,947	$ -	$ -	$ 64,901,947
Machinery and equipment	588,121	67,901	-	656,022
Total capital assets being depreciated	$ 65,490,068	$ 67,901	$ -	$ 65,557,969
Accumulated depreciation:				
Infrastructure	$ (22,549,910)	$ (1,601,608)	$ -	$ (24,151,518)
Machinery and equipment	(286,938)	(59,071)	-	(346,009)
Total accumulated depreciation	$ (22,836,848)	$ (1,660,679)	$ -	$ (24,497,527)
Total capital assets being depreciated, net	$ 42,653,220	$ (1,592,778)	$ -	$ 41,060,442
Business-type activities capital assets, net	$ 43,007,359	$ (225,264)	$ (50,658)	$ 42,731,437

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

Governmental activities:	
General government administration	$ 145,351
Judicial administration	12,835
Public safety	613,645
Public works	291,276
Health and welfare	68,701
Education	1,232,544
Parks, recreation, and culture	18,581
Community development	393,758
Total depreciation/amortization expense-governmental activities	$ 2,776,691
Business type activities:	
Water and sewer	$ 1,660,679
Total depreciation expense-Primary Government	$ 4,437,370

Note 9-Capital Assets: (Continued)

Capital asset activity for the School Board for the year ended June 30, 2022 was as follows:

Discretely Presented Component Unit-School Board:

	Beginning Balance	GASBS No. 87 Adjustments	Increases	Decreases	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 774,089	$ -	$ -	$ -	$ 774,089
Construction in progress	78,775	-	786,379	-	865,154
Total capital assets not being depreciated	$ 852,864	$ -	$ 786,379	$ -	$ 1,639,243
Capital assets, being depreciated:					
Buildings and improvements	$ 28,521,737	$ -	$ 93,335	$ -	$ 28,615,072
Machinery and equipment	9,732,051	-	70,728	(247,233)	9,555,546
Total capital assets being depreciated	$ 38,253,788	$ -	$ 164,063	$ (247,233)	$ 38,170,618
Accumulated depreciation:					
Buildings and improvements	$ (15,756,689)	$ -	$ (558,231)	$ -	$ (16,314,920)
Machinery and equipment	(7,587,095)	-	(355,132)	228,768	(7,713,459)
Total accumulated depreciation	$ (23,343,784)	$ -	$ (913,363)	$ 228,768	$ (24,028,379)
Total capital assets being depreciated, net	$ 14,910,004	$ -	$ (749,300)	$ (18,465)	$ 14,142,239
Leased assets, being amortized:					
Machinery and equipment	$ -	$ 35,637	$ -	$ -	$ 35,637
Total capital assets being amortized	$ -	$ 35,637	$ -	$ -	$ 35,637
Accumulated amortized:					
Machinery and equipment	$ -	$ -	$ (13,229)	$ -	$ (13,229)
Total accumulated amortized	$ -	$ -	$ (13,229)	$ -	$ (13,229)
Total leased assets being amortized, net	$ -	$ 35,637	$ (13,229)	$ -	$ 22,408
Governmental activities capital assets, net	$ 15,762,868	$ 35,637	$ 23,850	$ (18,465)	$ 15,803,890

All depreciation/amortization of the component-unit School Board is posted to the education function in the financial statements.

Note 10-Risk Management:

The County and 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 School Board participate with other localities in a public entity risk pool for their coverage of worker's compensation with the Virginia Municipal League Pool and public officials' liability with the Virginia Association of Counties Group Self Insurance Risk Pool. The County pays an annual premium to the pools for its general insurance coverage. The agreement for the formation of the pools provides that the pool will be self-sustaining through member premiums. The County and School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 11-Commitments and Contingent Liabilities:

Federal programs in which the County and its component unit participate were audited in accordance with the provisions of U.S. Office of Management and Budget Uniform Guidance. Pursuant to the provisions of Uniform Guidance all major programs and certain other programs were tested for compliance with applicable grant requirements. While no material 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.

The County has provided a support agreement to First Bank and Trust Company and VCC Bank related to a $19.2 million dollar loan issued by a business locating in Wythe County. Terms of the support agreement require the County to cover any principal and interest payments due on the loan that are not remitted by the business. The County retains an interest in assets of the Company as collateral under terms of the agreement. For the year ended June 30, 2022, the County has not paid and is not liable for any amounts under the support agreement.

The County and Component Unit School Board were involved in major construction projects during the fiscal year as presented below, along with the anticipated funding source.

Project	Original Contract Amount	Outstanding at June 30, 2022
County		
Wythe County Office Building Addition and Renovations	$ 3,761,046	$ 3,308,349
Lead Mines Rescue Squad	349,625	59,040
Lots Gap Water Tanks-Engineering	488,000	289,250
Fort Chiswell WWTP Improvement-Engineering	780,000	501,500
Max Meadows Collection System Improvements	140,000	61,000
Lot 24 Sewer Expansion	166,600	49,320
Component Unit-School Board		
Scott Memorial Middle School Addition	1,065,000	322,163
Totals	$ 6,750,271	$ 4,590,622

The County, Joint Industrial Development Authority of Wythe County, Wytheville, and Rural Retreat (“IDA”), and Blue Star Manufacturing, LLC (“Company”) entered into a performance agreement on September 12, 2022. The County and IDA agreed to transfer land in its industrial park at a substantial discount to its market value to the Company. The Company agrees to make capital investments of approximately $715,324,032 and create and maintain 2,464 new jobs at the facility.

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Note 12-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:	
Jeremiah Musser, Clerk of the Circuit Court	$ 1,500,000
Lori Guynn, Treasurer	400,000
Kathy Vaught, Commissioner of the Revenue	3,000
Charles Foster, Sheriff	30,000
Aetna Casualty and Surety - Surety:	
All social services employees: blanket bond	$ 100,000
United States Fidelity and Guaranty Company-Surety:	
Stephen Bear, County Administrator	$ 2,000
Martha Collins, Clerk	2,000

Component Unit – School Board:

United States Fire Insurance Company - Surety:	
Catrina Hall, Clerk of the School Board	$ 25,000
All school board employees: blanket bond	10,000

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Note 13-Unearned and Deferred/Unavailable Revenue:

Unearned and 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		Balance Sheet
	Governmental Activities	Business Activities	Governmental Funds
Primary Government:			
Deferred/unavailable revenue:			
Unavailable property tax revenue representing uncollected property tax billings that are not available for funding of current expenditures	$ -	$ -	$ 1,702,720
Prepaid property taxes due subsequent to June 30, 2022 but paid in advance by the taxpayers	147,574	-	147,574
Unavailable opioid settlement receivable not available for funding of current expenditures	-	-	725,462
Unavailable revenue represents the proceeds of land held for resale of which are not available for funding of current expenditures	-	-	601,394
Total deferred/unavailable revenue	$ 147,574	$ -	$ 3,177,150
Unearned revenue:			
Unspent ARPA funds received during the current and previous fiscal year	$ 3,264,714	$ -	$ 3,264,714
Total unearned revenue	$ 3,264,714	$ -	$ 3,264,714

Note 14-Aggregate Other Postemployment Benefits Information:

The following is a summary of deferred outflows, deferred inflows, net OPEB liabilities, and OPEB expense for the year ended June 30, 2022.

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Program								
County	$ 151,156	$ 183,914	$ 426,287	$ 20,062	$ -	$ -	$ -	$ -
School Board Nonprofessional	-	-	-	-	24,336	33,786	82,081	4,020
School Board Professional	-	-	-	-	327,478	540,233	1,210,725	24,534
Health Insurance Credit Program	-	-	-	-	19,031	3,810	136,312	13,461
Teacher Health Insurance Credit Program	-	-	-	-	356,035	308,929	3,094,942	202,557
County Stand-Alone Plan	193,072	216,234	922,398	37,058	-	-	-	-
School Stand-Alone Plan	-	-	-	-	758,400	1,773,400	3,539,400	3,200
Totals	$ 344,228	$ 400,148	$ 1,348,685	$ 57,120	$ 1,485,280	$ 2,660,158	$ 8,063,460	$ 247,772

Note 15-Other Postemployment Benefits – Health Insurance - County:

Plan Description

In addition to the pension benefits, the County administers a cost-sharing defined benefit healthcare plan. Several entities participate in the defined benefit healthcare plan through the County and the participating entities report their proportionate information on the basis of a cost-sharing plan. The plan provides postemployment health care 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 County administers a cost-sharing healthcare plan ("the Plan"). The Plan provides for participation by eligible retirees of the County and their dependents in the health and dental insurance programs available to County employees. The Plan will provide retiring employees the option to continue health and dental insurance offered by the County. An eligible County retiree may receive this benefit until the retiree is eligible to receive Medicare. To be eligible for this benefit a retiree must have 10 years of service with the County and the employee must have attained the age of fifty (50). Alternatively, an employee is also eligible to participate at age fifty-five (55) with 5 years of service. The benefits, employee contributions and the employer contributions are governed by the County Board and can be amended through Board action. The Plan does not issue a publicly available financial report.

Contributions

The Board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County Board. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2022 was $44,054.

Note 15-Other Postemployment Benefits – Health Insurance - County: (Continued)

Total OPEB Liability

On June 30, 2022, the County reported a liability of $922,398 for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of July 1, 2021. The County's total OPEB liability was determined by an actuarial valuation performed as of July 1, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of July 1, 2021. On June 30, 2021 and 2020, the County's proportion was 98.56% and 96.25%, respectively.

Actuarial Assumptions

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Salaries are assumed to increase 2.50%
Discount Rate	1.92%

Mortality is based on the RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

Discount Rate

The discount rate has been set equal to 1.92% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date.

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 (0.92%) or one percentage point higher (2.92%) than the current discount rate:

	Rate	
1% Decrease (0.92%)	**Current Discount Rate (1.92%)**	**1% Increase (2.92%)**
$ 1,006,467	$ 922,398	$ 846,016

Note 15-Other Postemployment Benefits – Health Insurance - County: (Continued)

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

The following presents the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower ((4.97%) increasing to an ultimate rate of 4.00%) or one percentage point higher ((2.97%) increasing to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

	Rates	
1% Decrease (as noted above)	Healthcare Cost Trend (as noted above)	1% Increase (as noted above)
$ 819,898	$ 922,398	$ 1,043,525

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

For the year ended June 30, 2022, the County recognized OPEB expense in the amount of $37,058. On June 30, 2022, 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	$ 10,052	$ 194,847
Change in assumptions	138,966	21,387
Employer contributions subsequent to the measurement date	44,054	-
Total	$ 193,072	$ 216,234

Note 15-Other Postemployment Benefits – Health Insurance - County: (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

$44,054 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 net OPEB liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in the OPEB expense in future reporting periods as follows:

Year Ended June 30	
2023	$ (35,087)
2024	(35,087)
2025	(13,995)
2026	12,911
2027	4,042
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 16-Other Postemployment Benefits – Health Insurance – 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, The Wythe County Public Schools Other Postemployment Benefits Plan. The plan provides postemployment health care 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 Component Unit School Board administers a single-employer healthcare plan ("the Plan"). The Plan provides for participation by eligible retirees of the School Board and their dependents in the health and dental insurance programs available to School Board employees. The Plan will provide retiring employees the option to continue health and dental insurance offered by the School Board. An eligible School Board retiree may receive this benefit until the retiree is eligible to receive Medicare. To be eligible for this benefit a retiree must have 10 years of service with the School Board and the employee must have attained the age of fifty (50). Alternatively, an employee is also eligible to participate at age fifty-five (55) with 5 years of service. The benefits, employee contributions and the employer contributions are governed by the School Board and can be amended through Board action.

Note 16-Other Postemployment Benefits – Health Insurance – Component Unit School Board: (Continued)

Plan Membership

On July 1, 2021 (measurement date), the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	39
Active employees	522
Total	561

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2022 was $195,000.

Total OPEB Liability

The School Board's total OPEB liability was measured as of July 1, 2021. The total OPEB liability was determined by an actuarial valuation performed as of July 1, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of July 1, 2021.

Actuarial Assumptions

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Salaries are assumed to increase 2.50% annually.
Discount Rate	1.92%

Mortality is based on the RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

Note 16-Other Postemployment Benefits – Health Insurance – Component Unit School Board: (Continued)

Changes in Total OPEB Liability

		Component Unit School Board Total OPEB Liability
Beginning Balance	$	3,374,900
Changes for the year:		
Service cost		190,500
Interest		85,000
Difference between expected and actual experience		(296,500)
Changes in assumptions		380,500
Benefit payments		(195,000)
Net changes		164,500
Ending Balance	$	3,539,400

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 (0.92%) or one percentage point higher (2.92%) than the current discount rate:

Rate		
1% Decrease (0.92%)	Current Discount (1.92%)	1% Increase (2.92%)
$ 1,006,467	$ 922,398	$ 846,016

Note 16-Other Postemployment Benefits – Health Insurance – Component Unit School Board: (Continued)

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

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower ((4.97%) increasing to an ultimate rate of 4.00%) or one percentage point higher ((2.97%) increasing to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

	Rates	
1% Decrease (as noted above)	Healthcare Cost Trend (as noted above)	1% Increase (as noted above)
$ 3,134,700	$ 3,539,400	$ 4,017,200

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

For the year ended June 30, 2022, the School Board recognized OPEB expense in the amount of $3,200. On June 30, 2022, 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	$ -	$ 1,566,100
Change in assumptions	563,400	207,300
Employer contributions subsequent to the measurement date	195,000	-
Total	$ 758,400	$ 1,773,400

Note 16-Other Postemployment Benefits – Health Insurance – Component Unit School Board: (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

$195,000 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in the OPEB expense in future reporting periods as follows:

Year Ended June 30	
2023	$ (279,000)
2024	(279,000)
2025	(279,000)
2026	(242,800)
2027	(140,400)
Thereafter	10,200

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 17-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:

Note 17-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 $8,722 as of June 30, 2022.

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% x 60%) and the employer component was 0.54% (1.34% x 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, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the Group Life Insurance Plan from the County were $44,223 and $40,823 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (nonprofessional) were $8,030 and $7,888 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (professional) were $122,643 and $115,914 for the years ended June 30, 2022 and June 30, 2021, respectively.

Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

County of Wythe, Virginia Group Life Insurance Plan

On June 30, 2022, the entity reported a liability of $426,287 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2021, the participating employer's proportion was 0.0367% as compared to 0.0365% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of $20,062. 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) Group Life Insurance Plan

On June 30, 2022, the entity reported a liability of $82,081 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2021, the participating employer's proportion was 0.0070% as compared to 0.0072% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of $4,020. 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 (professional) Group Life Insurance Plan

On June 30, 2022, the entity reported a liability of $1,210,725 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2021, the participating employer's proportion was 0.1040% as compared to 0.1044% at June 30, 2020.

Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Plan OPEB (Continued)

Component Unit School Board (professional) Group Life Insurance Plan (Continued)

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of $24,534. 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.

On June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component Unit School		Component Unit School	
	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	$ 48,619	$ 3,249	$ 9,362	$ 625	$ 138,088	$ 9,225
Net difference between projected and actual earnings on GLI OPEB plan investments	-	101,746	-	19,591	-	288,974
Change in assumptions	23,501	58,325	4,525	11,230	66,747	165,653
Changes in proportion	34,813	20,594	2,419	2,340	-	76,381
Employer contributions subsequent to the measurement date	44,223	-	8,030	-	122,643	-
Total	$ 151,156	$ 183,914	$ 24,336	$ 33,786	$ 327,478	$ 540,233

$44,223, $8,030, and $122,643 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)	Component Unit School Board (professional)
2023	$ (18,404)	$ (3,386)	$ (84,712)
2024	(14,890)	(2,970)	(70,166)
2025	(14,318)	(3,334)	(62,667)
2026	(25,431)	(6,246)	(98,562)
2027	(3,938)	(1,544)	(19,291)
Thereafter	-	-	-

Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

Mortality Rates – Teachers

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

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

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

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

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

Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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

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

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

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

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

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

Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

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

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

Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. 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

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Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	$ 3,577,346
Plan Fiduciary Net Position	2,413,074
GLI Net OPEB Liability (Asset)	$ 1,164,272
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%

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

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Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the 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, 2021, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	$ 622,820	$ 426,287	$ 267,577
Component Unit School Board's (nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	$ 119,923	$ 82,081	$ 51,521
Component Unit School Board's (professional) proportionate share of the GLI Plan Net OPEB Liability	$ 1,768,914	$ 1,210,725	$ 759,963

Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 18-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.

Note 18-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	30
Total inactive members	30
Active members	66
Total covered employees	96

Contributions

The contribution requirements for active employees are governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Component Unit School Board (nonprofessional) contractually required employer contribution rate for the year ended June 30, 2021 was 0.83% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Component Unit School Board (nonprofessional) to the HIC Plan were $12,342 and $11,951 for the years ended June 30, 2022 and June 30, 2021, respectively.

During the 2020 session, House Bill 1513 was enacted. This bill required the addition of Health Insurance Credit benefits for non-teacher employees effective July 1, 2021. While benefit payments became effective July 1, 2021, employers were required to pre-fund the benefits beginning July 1, 2020. The bill impacted 95 employers and resulted in approximately $2.5 million of additional employer contributions in FY 2021.

Net HIC OPEB Liability

The Component Unit School Board's (nonprofessional) net HIC OPEB liability was measured as of June 30, 2021. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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Note 18-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

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Note 18-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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Note 18-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Note 18-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, 2021, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2021 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, 2020	$ 147,870	$ 17,054	$ 130,816
Changes for the year:			
Service cost	$ 3,552	$ -	$ 3,552
Interest	9,270	-	9,270
Benefit changes	-	-	-
Differences between expected and actual experience	5,347	-	5,347
Assumption changes	2,170	-	2,170
Contributions - employer	-	11,951	(11,951)
Net investment income	-	2,904	(2,904)
Benefit payments	(21,068)	(21,068)	-
Administrative expenses	-	(12)	12
Net changes	$ (729)	$ (6,225)	$ 5,496
Balances at June 30, 2021	$ 147,141	$ 10,829	$ 136,312

Note 18-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Sensitivity of the Component Unit School Board's (nonprofessional) HIC Net OPEB Liability to Changes in the Discount Rate

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Component Unit School Board's (nonprofessional) Net HIC OPEB Liability	$ 149,978	$ 136,312	$ 124,455

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, 2022, the Component Unit School Board (nonprofessional) recognized HIC Plan OPEB expense of $13,461. On June 30, 2022, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the Component Unit School Board's (nonprofessional) HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,148	$ 2,855
Net difference between projected and actual earnings on HIC OPEB plan investments	-	955
Change in assumptions	2,541	-
Employer contributions subsequent to the measurement date	12,342	-
Total	$ 19,031	$ 3,810

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Note 18-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)

$12,342 reported as deferred outflows of resources related to the HIC OPEB resulting from the Component Unit School Board's (nonprofessional) 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30		
2023	$	474
2024		585
2025		1,460
2026		360
2027		-
Thereafter		-

HIC Plan Data

Information about the VRS Political Subdivision HIC Program is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 19-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 health insurance credit 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.

Note 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Plan Description (Continued)

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees are 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, 2022 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were $272,373 and $258,889 for the years ended June 30, 2022 and June 30, 2021, respectively.

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Note 19-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, 2022, the school division reported a liability of $3,094,942 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit OPEB Liability was measured as of June 30, 2021 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, 2020 and rolled forward to the measurement date of June 30, 2021. 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, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2021, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was 0.2411% as compared to 0.2444% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee HIC OPEB expense of $202,557. Since there was a change in proportionate share measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 54,007
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	40,770
Change in assumptions	83,662	12,438
Change in proportion	-	201,714
Employer contributions subsequent to the measurement date	272,373	-
Total	$ 356,035	$ 308,929

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Note 19-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)

$272,373 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30		
2023	$	(53,288)
2024		(53,751)
2025		(49,904)
2026		(39,911)
2027		(18,542)
Thereafter		(9,871)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

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Note 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates – Teachers

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

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

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

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Note 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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, 2021, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	$	1,477,874
Plan Fiduciary Net Position		194,305
Teacher Employee Net HIC OPEB Liability (Asset)	$	1,283,569
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		13.15%

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.

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Note 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which was roughly at the 40^{th} percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Note 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, 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, 2021 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

		Rate	
	1% Decrease (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	$ 3,484,047	$ 3,094,942	$ 2,765,667

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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Note 20-Line of Duty Act (LODA) (OPEB Benefits):

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, 2022 was $38,458.

Note 21-Leases Receivable:

The following is a summary of lessor activity of the County for the year ended June 30, 2022:

	Beginning Balance	GASBS No. 87 Adjustment	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	$ -	$ 363,352	$ -	$ (195,844)	$ 167,508	$ 3,817

Lease revenue recognized during the year was $195,844.

Details of leases receivable:

Lease Description	Lease Origination Date*	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One Year
Health department building	12/1/2012	2023	Monthly	2.00%	$ 72,228	$ 72,228
Progress Park land	1/1/2021	2026	Annually	0.76%	95,280	31,520
Total					$ 167,508	$ 103,748

There are no variable payments for any of the leases above

*Date shown is the original lease commencement date. GASB Statement No. 87 was implemented as of July 1, 2021.

Note 22-Adoption of Accounting Principle:

The County implemented provisions of Governmental Accounting Standards Board Statement No. 87, *Leases* during the fiscal year ended June 30, 2022. Statement No. 87, *Leases* requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the leases.

	Governmental Activities	Component Unit School Board	General Fund
GASBs No. 87 Implementation Adjustments:			
Lessee activity:			
Lease assets	$ 505,810	$ 35,637	n/a
Lease liability activity:			
Former capital lease liabilities	$ (139,767)	$ -	n/a
Additional lease liabilities	(58,950)	(35,637)	n/a
Prepaid lease liabilities	(307,093)	-	n/a
Total lease liability activity	$ (505,810)	$ (35,637)	n/a
Lessor activity:			
Leases receivable	$ 363,352	n/a	$ 363,352
Deferred inflows of resources-leases	363,352	n/a	363,352

Note 23-COVID-19 Pandemic Funding and Subsequent Event:

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.

As of June 30, 2022, the County received its share of CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of $3,264,714 are reported as unearned revenue as of June 30.

Note 23-COVID-19 Pandemic Funding and Subsequent Event: (Continued)

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 24-Upcoming Pronouncements:

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

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

Statement No. 99, *Omnibus 2022*, addresses (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to for fiscal years beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, provides more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability for accounting changes and error corrections. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

Note 24-Upcoming Pronouncements: (Continued)

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

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

Required Supplementary Information

County of Wythe, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
General property taxes	$ 21,948,600	$ 21,948,600	$ 22,672,294	$ 723,694
Other local taxes	6,707,000	6,707,000	8,265,108	1,558,108
Permits, privilege fees, and regulatory licenses	112,400	112,400	370,711	258,311
Fines and forfeitures	955,000	955,500	609,517	(345,983)
Revenue from the use of money and property	603,790	603,793	550,663	(53,130)
Charges for services	344,500	344,500	290,343	(54,157)
Miscellaneous	2,500	16,500	33,869	17,369
Recovered costs	1,046,440	1,046,440	646,573	(399,867)
Intergovernmental:				
Commonwealth	8,932,220	9,553,524	9,235,389	(318,135)
Federal	2,845,614	8,417,145	5,906,592	(2,510,553)
Total revenues	$ 43,498,064	$ 49,705,402	$ 48,581,059	$ (1,124,343)
EXPENDITURES				
Current:				
General government administration	$ 2,723,116	$ 3,095,765	$ 2,846,117	$ 249,648
Judicial administration	1,641,333	1,685,840	1,566,899	118,941
Public safety	8,165,248	9,036,207	7,429,137	1,607,070
Public works	2,868,673	3,062,303	2,403,973	658,330
Health and welfare	8,688,547	9,101,085	9,093,591	7,494
Education	13,585,867	14,429,592	14,096,431	333,161
Parks, recreation, and cultural	730,102	771,329	689,078	82,251
Community development	1,376,276	1,569,141	821,944	747,197
Capital projects	2,505,550	10,488,527	2,991,666	7,496,861
Debt service:				
Principal retirement	3,846,898	3,846,898	3,846,898	-
Interest and other fiscal charges	1,095,200	1,095,200	1,093,712	1,488
Bond issuance costs*	-	-	114,720	(114,720)
Total expenditures	$ 47,226,810	$ 58,181,887	$ 46,994,166	$ 11,187,721
Excess (deficiency) of revenues over (under) expenditures	$ (3,728,746)	$ (8,476,485)	$ 1,586,893	$ 10,063,378
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 988,302	$ 750,000	$ 2,274,306	$ 1,524,306
Transfers out	-	(266,698)	(3,613,867)	(3,347,169)
Issuance of general obligation bonds	1,350,000	1,350,000	12,915,000	11,565,000
Issuance of leases payable	-	-	92,116	92,116
Sale of capital assets	-	-	22,502	22,502
Total other financing sources (uses)	$ 2,338,302	$ 1,833,302	$ 11,690,057	$ 9,856,755
Net change in fund balances	$ (1,390,444)	$ (6,643,183)	$ 13,276,950	$ 19,920,133
Fund balances - beginning	1,390,444	6,643,183	48,091,286	41,448,103
Fund balances - ending	$ -	$ -	$ 61,368,236	$ 61,368,236

* Includes issuance costs of $114,720 which are not subject to appropriation.

County of Wythe, Virginia
Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)
For the Measurement Dates of June 30, 2014 through June 30, 2021

Date (1)	Proportion of the Net Pension Liability (Asset) (NPLA) (2)	Proportionate Share of the NPLA (3)	Covered Payroll (4)	Proportionate Share of the NPLA as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (Asset) (6)
Primary Government					
2021	98.56%	$ 274,788	$ 7,463,513	3.68%	99.34%
2020	96.25%	5,915,942	7,451,177	79.40%	84.70%
2019	95.20%	3,193,067	6,376,852	50.07%	91.14%
2018	95.66%	1,923,366	6,523,683	29.48%	94.30%
2017	96.16%	1,841,338	6,519,560	28.24%	94.37%
2016	96.35%	3,656,416	6,168,475	59.28%	88.53%
2015	96.42%	2,513,192	6,040,131	41.61%	92.90%
2014	96.42%	2,483,113	6,030,523	41.18%	91.69%
Component Unit School Board (professional)					
2021	0.2456%	$ 19,064,614	$ 21,293,933	89.53%	85.46%
2020	0.2485%	36,156,000	21,533,806	167.90%	71.47%
2019	0.2527%	33,255,440	20,985,461	158.47%	73.51%
2018	0.2585%	30,404,000	20,774,929	146.35%	74.81%
2017	0.2652%	32,609,000	20,823,957	156.59%	72.92%
2016	0.2678%	37,532,000	20,401,102	183.97%	68.28%
2015	0.2741%	34,501,000	20,379,338	169.29%	70.68%
2014	0.2808%	33,939,000	18,333,516	185.12%	70.88%

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

Exhibit 14

County of Wythe, 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, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	$ 140,664	$ 142,476	$ 134,549	$ 132,216	$ 121,007	$ 136,260	$ 149,645	$ 133,560
Interest	432,040	436,571	428,825	417,302	414,940	412,919	398,722	388,911
Changes in assumptions	238,420	-	164,871	-	(31,193)	-	-	-
Differences between expected and actual experience	74,820	(153,501)	83,874	29,714	(54,011)	(67,963)	90,642	-
Benefit payments	(460,205)	(525,140)	(415,806)	(413,447)	(420,552)	(484,117)	(388,295)	(376,325)
Net change in total pension liability	$ 425,739	$ (99,594)	$ 396,313	$ 165,785	$ 30,191	$ (2,901)	$ 250,714	$ 146,146
Total pension liability - beginning	6,630,691	6,730,285	6,333,972	6,168,187	6,137,996	6,140,897	5,890,183	5,744,037
Total pension liability - ending (a)	$ 7,056,430	$ 6,630,691	$ 6,730,285	$ 6,333,972	$ 6,168,187	$ 6,137,996	$ 6,140,897	$ 5,890,183
Plan fiduciary net position								
Contributions - employer	$ 105,519	$ 113,181	$ 109,285	$ 116,776	$ 115,538	$ 133,755	$ 134,262	$ 133,742
Contributions - employee	64,965	67,883	65,072	63,367	62,491	59,098	60,221	62,468
Net investment income	1,565,108	113,225	386,449	418,789	639,326	90,042	247,316	764,259
Benefit payments	(460,205)	(525,140)	(415,806)	(413,447)	(420,552)	(484,117)	(388,295)	(376,325)
Administrator charges	(4,068)	(4,059)	(3,986)	(3,737)	(3,850)	(3,593)	(3,530)	(4,237)
Other	146	(132)	(243)	(368)	(562)	(39)	(51)	40
Net change in plan fiduciary net position	$ 1,271,465	$ (235,042)	$ 140,771	$ 181,380	$ 392,391	$ (204,854)	$ 49,923	$ 579,947
Plan fiduciary net position - beginning	5,842,423	6,077,465	5,936,694	5,755,314	5,362,923	5,567,777	5,517,854	4,937,907
Plan fiduciary net position - ending (b)	$ 7,113,888	$ 5,842,423	$ 6,077,465	$ 5,936,694	$ 5,755,314	$ 5,362,923	$ 5,567,777	$ 5,517,854
School Division's net pension liability (asset) - ending (a) - (b)	$ (57,458)	$ 788,268	$ 652,820	$ 397,278	$ 412,873	$ 775,073	$ 573,120	$ 372,329
Plan fiduciary net position as a percentage of the total pension liability	100.81%	88.11%	90.30%	93.73%	93.31%	87.37% $	90.67%	93.68%
Covered payroll	$ 1,432,655	$ 1,468,734	$ 1,415,719	$ 1,355,799	$ 1,329,756	$ 1,240,650	$ 1,228,806	$ 1,243,058
School Division's net pension liability (asset) as a percentage of covered payroll	-4.01%	53.67%	46.11%	29.30%	31.05%	62.47% $	46.64%	29.95%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is unavailable. However, additional years will be included as they become available.

Exhibit 15

County of Wythe, Virginia
Schedule of Employer Contributions - Pension Plans
For the Years Ended June 30, 2013 through June 30, 2022

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					
2022	$ 792,183	$ 792,183	$ -	$ 7,735,055	10.24%
2021	728,445	728,445	-	7,463,513	9.76%
2020	569,220	569,220	-	7,451,177	7.64%
2019	504,820	504,820	-	6,376,852	7.92%
2018	548,796	548,796	-	6,523,683	8.41%
2017	553,130	553,130	-	6,519,560	8.48%
2016	709,867	709,867	-	6,168,475	11.51%
2015	700,844	700,844	-	6,040,131	11.60%
Component Unit School Board (Nonprofessional)					
2022	$ 109,190	$ 109,190	$ -	$ 1,486,996	7.34%
2021	105,519	105,519	-	1,432,655	7.37%
2020	113,181	113,181	-	1,468,734	7.71%
2019	109,285	109,285	-	1,415,719	7.72%
2018	116,776	116,776	-	1,355,799	8.61%
2017	115,538	115,538	-	1,329,756	8.69%
2016	133,755	133,755	-	1,240,650	10.78%
2015	134,362	134,362	-	1,228,806	10.93%
2014	133,742	133,742	-	1,243,058	10.76%
2013	125,228	125,228	-	1,162,746	10.77%
Component Unit School Board (Professional)					
2022	$ 3,649,243	$ 3,649,243	$ -	$ 22,510,176	16.21%
2021	3,468,853	3,468,853	-	21,293,933	16.29%
2020	3,302,199	3,302,199	-	21,533,806	15.33%
2019	3,237,661	3,237,661	-	20,985,461	15.43%
2018	3,359,679	3,359,679	-	20,774,929	16.17%
2017	3,028,364	3,028,364	-	20,823,957	14.54%
2016	2,853,193	2,853,193	-	20,401,102	13.99%
2015	2,946,998	2,946,998	-	20,379,338	14.46%
2014	2,137,688	2,137,688	-	18,333,516	11.66%
2013	2,372,402	2,372,402	-	20,346,501	11.66%

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

Schedule is intended to show information for 10 years. Prior to 2015, the County information reported in the County's report included participants that are not reported in the County's report. Therefore, no additional data is currently available for the County. Additional years will be included as they become available.

County of Wythe, Virginia
Notes to Required Supplementary Information - Pension Plans
For the Year Ended June 30, 2022

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, 2020, valuations were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

All Others (Non 10 Largest) – Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

Exhibit 17

County of Wythe, Virginia
Schedule of County's Proportionate Share of the Total Health Insurance OPEB Liability
For the Measurement Dates of July 1, 2017 through July 1, 2021

Date (1)	Proportion of the Total OPEB Liability (Asset) (TOLA) (2)	Proportionate Share of the TOLA (3)	Covered-Employee Payroll (4)	Proportionate Share of the TOLA as a Percentage of Covered-Employee Payroll (3)/(4) (5)
2021	98.56%	$ 922,398	$ 7,321,724	12.60%
2020	96.25%	849,408	7,150,316	11.88%
2019	95.62%	767,083	5,440,144	14.10%
2018	95.66%	741,073	5,442,289	13.62%
2017	95.66%	991,422	5,837,938	16.98%

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.

Exhibit 18

County of Wythe, Virginia
Schedule of Changes in Total Health Insurance OPEB Liability (Asset) and Related Ratios
Component Unit School Board
For the Measurement Dates of July 1, 2017 through July 1, 2021

	2021	2020	2019	2018	2017
Total OPEB liability					
Service cost	$ 190,500	$ 177,200	$ 168,800	$ 197,600	$ 192,800
Interest	85,000	141,300	165,600	183,100	178,300
Changes in assumptions	380,500	178,700	186,300	(437,300)	-
Differences between expected and actual experience	(296,500)	(1,360,100)	(383,600)	(256,900)	-
Benefit payments	(195,000)	(195,000)	(216,800)	(239,500)	(239,500)
Net change in total OPEB liability	$ 164,500	$ (1,057,900)	$ (79,700)	$ (553,000)	$ 131,600
Total OPEB liability - beginning	3,374,900	4,432,800	4,512,500	5,065,500	4,933,900
Total OPEB liability - ending	$ 3,539,400	$ 3,374,900	$ 4,432,800	$ 4,512,500	$ 5,065,500
Covered-employee payroll	$ 21,850,300	$ 21,850,300	$ 21,538,700	$ 21,538,700	$ 20,624,300
Component Unit School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	16.20%	15.45%	20.58%	20.95%	24.56%

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

County of Wythe, Virginia
Notes to Required Supplementary Information - County and Component Unit School Board Health Insurance OPEB
For the Year Ended June 30, 2022

Primary Government

Valuation Date: 7/1/2020
Measurement Date: 7/1/2021

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age actuarial cost method
Discount Rate	1.92%
Inflation	2.50%
Healthcare Trend Rate	(3.97%) for fiscal year end 2021 (to reflect actual experience), then 7.00% for fiscal year end 2022, increasing 0.25% per year to an ultimate rate of 5.00%
Salary Increase Rates	Salaries are assumed to increase 2.50% annually.
Retirement Age	The average age at retirement is 62.
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021

Component Unit School Board

Valuation Date: 7/1/2020
Measurement Date: 7/1/2021

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age actuarial cost method
Discount Rate	1.92%
Inflation	2.50%
Healthcare Trend Rate	(3.97%) for fiscal year end 2021 (to reflect actual experience), then 7.00% for fiscal year end 2022, increasing 0.25% per year to an ultimate rate of 5.00%
Salary Increase Rates	Salaries are assumed to increase 2.50% annually.
Retirement Age	The average age at retirement is 62.
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021

Exhibit 20

County of Wythe, 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, 2021

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2021	0.0367%	$ 426,287	$ 7,507,607	5.68%	67.45%
2020	0.0365%	594,478	7,325,551	8.12%	52.64%
2019	0.0327%	530,139	6,376,851	8.31%	52.00%
2018	0.0344%	522,299	6,523,683	8.01%	51.22%
2017	0.0354%	532,726	6,519,560	8.17%	48.86%
Component Unit School Board (nonprofessional)					
2021	0.0070%	$ 82,081	$ 1,449,080	5.66%	67.45%
2020	0.0072%	120,824	1,487,842	8.12%	52.64%
2019	0.0071%	116,187	1,417,544	8.20%	52.00%
2018	0.0071%	108,000	1,355,799	7.97%	51.22%
2017	0.0072%	108,000	1,329,756	8.12%	48.86%
Component Unit School Board (professional)					
2021	0.1040%	$ 1,210,725	$ 21,430,397	5.65%	67.45%
2020	0.1044%	1,741,431	21,549,379	8.08%	52.64%
2019	0.1073%	1,745,894	21,028,211	8.30%	52.00%
2018	0.1092%	1,658,000	20,774,929	7.98%	51.22%
2017	0.1129%	1,699,000	20,823,957	8.16%	48.86%

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

Exhibit 21

County of Wythe, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2013 through June 30, 2022

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					
2022	$ 44,223	$ 44,223	$ -	$ 8,189,244	0.54%
2021	40,823	40,823	-	7,507,607	0.54%
2020	38,116	38,116	-	7,325,551	0.52%
2019	33,160	33,160	-	6,376,851	0.52%
2018	33,739	33,739	-	6,523,683	0.52%
2017	33,958	33,958	-	6,519,560	0.52%
2016	33,034	29,918	3,116	6,168,475	0.49%
2015	32,066	29,041	3,026	6,040,131	0.48%
Component Unit School Board (nonprofessional)					
2022	$ 8,030	$ 8,030	$ -	$ 1,486,996	0.54%
2021	7,888	7,888	-	1,449,080	0.54%
2020	7,748	7,748	-	1,487,842	0.52%
2019	7,371	7,371	-	1,417,544	0.52%
2018	7,051	7,051	-	1,355,799	0.52%
2017	6,915	6,915	-	1,329,756	0.52%
2016	5,946	5,946	-	1,240,650	0.48%
2015	5,893	5,893	-	1,228,806	0.48%
2014	5,967	5,967	-	1,243,058	0.48%
2013	5,581	5,581	-	1,162,746	0.48%
Component Unit School Board (professional)					
2022	$ 122,643	$ 122,643	$ -	$ 22,711,685	0.54%
2021	115,914	115,914	-	21,430,397	0.54%
2020	111,698	111,698	-	21,549,379	0.52%
2019	109,348	109,348	-	21,028,211	0.52%
2018	108,031	108,031	-	20,774,929	0.52%
2017	108,289	108,289	-	20,823,957	0.52%
2016	98,014	98,014	-	20,401,102	0.48%
2015	97,823	97,823	-	20,379,338	0.48%
2014	98,598	98,598	-	18,333,516	0.54%
2013	97,639	97,639	-	20,346,501	0.48%

Schedule is intended to show information for 10 years. Prior to 2015 the County information reported in the County's reported included participants that are not reported in the County's report. Therefore, no additional data is currently available for the County. Additional years will be included as they become available.

County of Wythe, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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 Wythe, Virginia
Schedule of Changes in the Component Unit School Board (nonprofessional) Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2021

	2021	2020	2019	2018	2017
Total HIC OPEB Liability					
Service cost	$ 3,552	$ 2,694	$ 2,703	$ 2,000	$ 2,000
Interest	9,270	9,908	10,626	10,000	11,000
Changes in benefit terms	-	2,048	-	-	-
Differences between expected and actual experience	5,347	(3,640)	(3,647)	5,000	-
Changes of assumptions	2,170	-	3,036	-	-
Benefit payments	(21,068)	(19,855)	(15,620)	(16,000)	(16,000)
Other	-	-	617	-	-
Net change in total HIC OPEB liability	$ (729)	$ (8,845)	$ (2,285)	$ 1,000	$ (3,000)
Total HIC OPEB Liability - beginning	147,870	156,715	159,000	158,000	161,000
Total HIC OPEB Liability - ending (a)	$ 147,141	$ 147,870	$ 156,715	$ 159,000	$ 158,000
Plan fiduciary net position					
Contributions - employer	$ 11,951	$ 12,034	$ 11,429	$ 11,000	$ 11,000
Net investment income	2,904	410	1,507	2,000	3,000
Benefit payments	(21,068)	(19,855)	(15,620)	(16,000)	(16,000)
Administrator charges	(12)	(30)	(30)	-	-
Other	-	-	209	(1,000)	1,000
Net change in plan fiduciary net position	$ (6,225)	$ (7,441)	$ (2,505)	$ (4,000)	$ (1,000)
Plan fiduciary net position - beginning	17,054	24,495	27,000	31,000	32,000
Plan fiduciary net position - ending (b)	$ 10,829	$ 17,054	$ 24,495	$ 27,000	$ 31,000
Component Unit School Board's (nonprofessional) net HIC OPEB liability - ending (a) - (b)	$ 136,312	$ 130,816	$ 132,220	$ 132,000	$ 127,000
Plan fiduciary net position as a percentage of the total HIC OPEB liability	7.36%	11.53%	15.63%	16.98%	19.62%
Covered payroll	$ 1,432,655	$ 1,468,734	$ 1,415,719	$ 1,355,799	$ 1,329,756
Component Unit School Board's (nonprofessional) net HIC OPEB liability as a percentage of covered payroll	9.51%	8.91%	9.34%	9.74%	9.55%

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.

Exhibit 24

County of Wythe, Virginia
Schedule of Component Unit School Board's (professional) Share of Net OPEB Liability
Teacher Health Insurance Credit (HIC) Program
For the Measurement Dates of June 30, 2017 through June 30, 2021

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)
2021	0.2411%	$ 3,094,942	$ 21,293,933	14.53%	13.15%
2020	0.2444%	3,187,847	21,500,625	14.83%	9.95%
2019	0.2502%	3,275,885	20,985,461	15.61%	8.97%
2018	0.2567%	3,259,000	20,774,929	15.69%	8.08%
2017	0.2639%	3,347,000	20,823,957	16.07%	7.04%

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

Exhibit 25

County of Wythe, Virginia
Schedule of Employer Contributions
Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2013 through June 30, 2022

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)
Component Unit School Board (nonprofessional)					
2022	$ 12,342	$ 12,342	$ -	$ 1,486,996	0.83%
2021	11,951	11,951	-	1,432,655	0.83%
2020	12,038	12,038	-	1,468,734	0.82%
2019	11,757	11,757	-	1,415,719	0.83%
2018	10,843	10,843	-	1,355,799	0.80%
2017	11,000	11,000	-	1,329,756	0.83%
2016	9,538	9,538	-	1,240,650	0.77%
2015	9,454	9,454	-	1,228,806	0.77%
2014	9,572	9,572	-	1,243,058	0.77%
2013	8,977	8,977	-	1,162,746	0.77%
Component Unit School Board (professional)					
2022	$ 272,373	$ 272,373	$ -	$ 22,510,176	1.21%
2021	258,889	258,889	-	21,293,933	1.22%
2020	257,119	257,119	-	21,500,625	1.20%
2019	251,826	251,826	-	20,985,461	1.20%
2018	255,531	255,531	-	20,774,929	1.23%
2017	231,155	231,155	-	20,823,957	1.11%
2016	216,447	216,447	-	20,401,102	1.06%
2015	216,025	216,025	-	20,379,338	1.06%
2014	227,968	227,968	-	18,333,516	1.24%
2013	225,876	225,876	-	20,346,501	1.11%

County of Wythe, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2022

Component Unit School Board (nonprofessional)

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, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 though June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Component Unit School Board (professional)

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement	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

Other Supplementary Information

County of Wythe, Virginia
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Revenue from the use of money and property	$ 109,333	$ 109,333	$ 84,500	$ (24,833)
Charges for services	28,000	28,000	11,616	(16,384)
Miscellaneous	100,000	100,000	-	(100,000)
Total revenues	$ 237,333	$ 237,333	$ 96,116	$ (141,217)
Excess (deficiency) of revenues over (under) expenditures	$ 237,333	$ 237,333	$ 96,116	$ (141,217)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ 1,414,555	$ 1,414,555
Transfers out	(237,333)	(237,333)	-	237,333
Total other financing sources (uses)	$ (237,333)	$ (237,333)	$ 1,414,555	$ 1,651,888
Net change in fund balances	$ -	$ -	$ 1,510,671	$ 1,510,671
Fund balances - beginning	-	-	9,537,461	9,537,461
Fund balances - ending	$ -	$ -	$ 11,048,132	$ 11,048,132

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
MAJOR GOVERNMENTAL FUNDS

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

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

County of Wythe, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2022

	School Operating Fund	School Activity Fund	Total School Fund
ASSETS			
Cash and cash equivalents	$ 4,929,632	$ 1,509,687	$ 6,439,319
Receivables (net of allowance for uncollectibles):			
Accounts receivable	71,229	-	71,229
Due from other governmental units	1,696,188	-	1,696,188
Inventories (restricted for school cafeterias)	87,874	-	87,874
Prepaid items	1,003,816	-	1,003,816
Total assets	$ 7,788,739	$ 1,509,687	$ 9,298,426
LIABILITIES			
Liabilities:			
Accounts payable	$ 438,743	$ -	$ 438,743
Construction and retainage payable	177,009	-	177,009
Salaries payable	3,323,720	-	3,323,720
Total liabilities	$ 3,939,472	$ -	$ 3,939,472
FUND BALANCES			
Nonspendable			
Inventories	$ 87,874	$ -	$ 87,874
Prepaid items	1,003,816	-	1,003,816
Restricted:			
School activity fund	-	1,509,687	1,509,687
School cafeterias	1,307,395	-	1,307,395
Unassigned	1,450,182	-	1,450,182
Total fund balances	$ 3,849,267	$ 1,509,687	$ 5,358,954
Total liabilities and fund balances	$ 7,788,739	$ 1,509,687	$ 9,298,426

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

Total fund balances per above		$ 5,358,954
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	$ 774,089	
Buildings and improvements	12,300,152	
Machinery and equipment	1,842,087	
Construction in progress	865,154	
Leased machinery and equipment	22,408	15,803,890
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	$ 7,258,195	
OPEB related items	1,485,280	
Net pension asset	57,458	8,800,933
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Lease liabilities	$ (22,402)	
Compensated absences	(762,105)	
Net OPEB liabilities	(8,063,460)	
Net pension liability	(19,064,614)	(27,912,581)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	$ (15,676,424)	
OPEB related items	(2,660,158)	(18,336,582)
Net position (deficit) of governmental activities		$ (16,285,386)

County of Wythe, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2022

	School Operating Fund	School Activity Fund*	Total School Fund
REVENUES			
Revenue from the use of money and property	$ 30,299	$ -	$ 30,299
Charges for services	619,828	1,474,215	2,094,043
Miscellaneous	10,567	-	10,567
Recovered costs	627,049	-	627,049
Intergovernmental:			
Local government	14,047,564	-	14,047,564
Commonwealth	29,166,280	-	29,166,280
Federal	5,328,595	-	5,328,595
Total revenues	$ 49,830,182	$ 1,474,215	$ 51,304,397
EXPENDITURES			
Current:			
Education	$ 47,810,198	$ 2,201,212	$ 50,011,410
Debt service:			
Principal retirement	13,235	-	13,235
Interest and other fiscal charges	37	-	37
Total expenditures	$ 47,823,470	$ 2,201,212	$ 50,024,682
Excess (deficiency) of revenues over (under) expenditures	$ 2,006,712	$ (726,997)	$ 1,279,715
OTHER FINANCING SOURCES (USES)			
Transfers in	$ 121,196	$ 892,712	$ 1,013,908
Transfers out	(892,712)	(121,196)	(1,013,908)
Sale of capital assets	11,267	-	11,267
Total other financing sources (uses)	$ (760,249)	$ 771,516	$ 11,267
Net change in fund balances	$ 1,246,463	$ 44,519	$ 1,290,982
Fund balances - beginning	2,602,804	1,465,168	4,067,972
Fund balances - ending	$ 3,849,267	$ 1,509,687	$ 5,358,954

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		$ 1,290,982
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/amortization expense. This is the detail of items supporting this adjustment:		
Capital outlays	$ 950,442	
Depreciation/amortization expense	(926,592)	23,850
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
State non-employer contribution to the pension plan		150,649
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		
Disposal of assets		(18,465)
The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.		
Principal repayments:		
Lease liabilities		13,235
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	$ (115,075)	
Change in OPEB related items	369,132	
Change in pension related items	4,087,634	4,341,691
Change in net position of governmental activities		$ 5,801,942

*The School Activity Fund does not require a legally adopted budget.

Exhibit 30

County of Wythe, 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, 2022

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 30,299	$ 30,299
Charges for services	1,202,039	1,202,039	619,828	(582,211)
Miscellaneous	-	-	10,567	10,567
Recovered costs	356,860	356,860	627,049	270,189
Intergovernmental:				
Local government	13,537,000	14,380,725	14,047,564	(333,161)
Commonwealth	28,275,241	28,275,241	29,166,280	891,039
Federal	3,762,741	3,762,741	5,328,595	1,565,854
Total revenues	$ 47,133,881	$ 47,977,606	$ 49,830,182	$ 1,852,576
EXPENDITURES				
Current:				
Education	$ 47,120,609	$ 47,964,334	$ 47,810,198	$ 154,136
Debt service:				
Principal retirement	13,235	13,235	13,235	-
Interest and other fiscal charges	37	37	37	-
Total expenditures	$ 47,133,881	$ 47,977,606	$ 47,823,470	$ 154,136
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ 2,006,712	$ 2,006,712
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ 121,196	$ 121,196
Transfers out	-	-	(892,712)	(892,712)
Sale of capital assets	-	-	11,267	11,267
Total other financing sources (uses)	$ -	$ -	$ (760,249)	$ (760,249)
Net change in fund balances	$ -	$ -	$ 1,246,463	$ 1,246,463
Fund balances - beginning	-	-	2,602,804	2,602,804
Fund balances - ending	$ -	$ -	$ 3,849,267	$ 3,849,267

Statistical Information

Table 1

County of Wythe, 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	Water/Sewer Department	Total
2021-22	$ 2,475,710	$ 1,566,120	$ 8,085,822	$ 2,629,945	$ 8,965,094	$ 15,328,975	$ 654,180	$ 14,825,939	$ 1,229,966	$ 4,893,207	$ 60,654,958
2020-21	2,405,893	1,656,324	8,111,446	4,443,048	11,083,463	13,491,919	618,110	2,301,827	1,418,111	4,363,186	49,893,327
2019-20	1,691,818	1,465,861	7,512,947	3,594,343	7,930,667	13,572,672	608,950	1,268,938	1,585,273	4,107,787	43,339,256
2018-19	1,254,724	1,242,975	6,803,794	2,558,930	7,390,268	17,061,608	612,628	1,010,793	1,642,176	3,978,183	43,556,079
2017-18	1,436,286	1,295,981	6,351,152	2,319,128	7,483,031	14,282,432	603,606	571,414	1,107,291	3,799,874	39,250,195
2016-17	2,077,350	1,397,035	5,933,755	2,421,854	7,059,375	14,076,234	587,212	1,132,949	1,134,619	3,625,177	39,445,560
2015-16	1,962,812	1,415,646	6,054,094	2,227,414	6,796,270	14,417,669	546,211	1,407,644	1,217,966	3,318,125	39,363,851
2014-15	1,352,398	1,092,798	6,237,978	2,306,367	6,604,731	14,166,892	553,381	879,896	1,164,014	3,650,586	38,009,041
2013-14	1,557,004	1,136,607	6,416,496	1,960,842	6,223,639	12,134,257	533,197	533,516	1,256,115	3,403,181	35,154,854
2012-13	1,187,678	1,119,156	6,372,381	2,419,128	6,468,123	14,422,799	610,551	787,448	1,284,699	3,519,922	38,191,885

Table 2

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

	PROGRAM REVENUES			GENERAL REVENUES					
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total
2021-22	$ 5,043,265	$ 12,697,577	$ 341,225	$ 22,487,548	$ 8,265,108	$ 467,865	$ 759,331	$ 2,448,962	$ 52,510,881
2020-21	5,069,025	14,431,099	266,457	22,612,055	7,226,182	1,020,574	14,695	2,372,208	53,012,295
2019-20	4,660,873	9,111,997	264,800	21,801,978	6,551,370	1,254,952	46,009	2,477,320	46,169,299
2018-19	4,780,969	8,718,675	209,009	21,207,545	6,323,967	1,357,857	46,375	2,480,225	45,124,622
2017-18	5,169,249	8,557,870	1,973,133	19,774,868	6,268,739	1,185,342	403,052	2,541,688	45,873,941
2016-17	5,393,714	8,309,992	1,097,712	18,926,937	5,908,026	1,101,874	292,421	2,459,363	43,490,039
2015-16	4,957,694	7,877,176	824,304	18,844,528	5,796,378	1,104,094	326,712	2,475,547	42,206,433
2014-15	4,879,094	7,434,357	1,611,079	17,470,264	5,869,453	1,054,365	525,963	2,502,844	41,347,419
2013-14	4,568,488	7,498,457	1,909,241	17,303,112	5,448,614	1,393,622	642,961	2,525,329	41,289,824
2012-13	4,743,836	7,955,016	2,282,618	16,817,889	5,483,817	1,342,421	437,423	2,568,029	41,631,049

Table 3

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

Fiscal Year	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation & Cultural	Community Development	Debt Service	Capital Projects	Totals
2021-22	$ 2,846,117	$ 1,566,899	$ 7,429,137	$ 2,403,973	$ 9,093,591	$ 50,060,277	$ 689,078	$ 821,944	$ 5,068,602	$ 2,991,666	$ 82,971,284
2020-21	2,929,124	1,478,694	8,517,010	2,206,047	10,881,405	46,741,585	461,101	1,892,650	4,575,675	2,854,185	82,537,476
2019-20	1,828,190	1,427,165	7,036,194	2,146,372	7,950,908	46,463,419	582,640	830,650	4,916,109	3,562,468	76,744,115
2018-19	1,702,335	1,295,561	6,579,742	2,035,896	7,519,151	54,030,893	618,432	760,131	4,129,790	3,897,373	82,569,304
2017-18	1,698,557	1,380,955	6,422,831	1,987,056	7,669,206	43,931,720	589,712	499,811	11,816,639	5,858,262	81,854,749
2016-17	2,004,152	1,437,378	5,723,203	1,915,022	7,234,170	43,535,284	568,641	489,361	3,792,409	2,269,432	68,969,052
2015-16	1,966,330	1,523,426	6,125,887	1,905,660	6,991,520	42,053,220	535,211	988,124	3,880,823	2,239,793	68,209,994
2014-15	1,805,152	1,176,799	6,201,763	1,985,530	6,813,281	41,971,276	539,507	539,507	3,640,919	1,866,662	66,540,396
2013-14	1,678,577	1,136,912	6,326,660	1,978,276	6,252,476	40,863,572	517,575	377,251	2,968,668	8,046,916	70,146,883
2012-13	1,681,639	1,118,560	6,711,245	2,127,453	6,542,255	40,333,239	628,288	588,539	6,582,063	5,731,661	72,044,942

(1) Includes General and Capital Projects Funds of the Primary Government and Discretely Presented Component Unit School Board.
(2) Excludes contribution from Primary Government to Discretely Presented Component Unit School Board.

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits Privilege Fees and Regulatory Licenses	Fines and Forfeitures	Revenue from use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2021-22	$ 22,672,294	$ 8,265,108	$ 370,711	$ 609,517	$ 665,462	$ 2,396,002	$ 44,436	$ 1,273,622	$ 34,494,875	$ 70,792,027
2020-21	22,397,874	7,226,182	192,555	962,297	991,369	1,547,241	34,292	1,105,480	33,044,485	67,501,775
2019-20	21,608,077	6,551,370	127,253	1,024,193	1,207,202	1,323,662	49,309	1,043,556	30,151,229	63,085,851
2018-19	21,183,656	6,323,967	111,736	1,384,273	1,312,068	1,618,251	86,593	1,223,719	29,237,271	62,481,534
2017-18	19,580,830	6,268,739	118,142	1,465,260	1,134,598	1,753,069	599,810	1,336,262	28,414,328	60,671,038
2016-17	18,951,683	5,908,026	127,241	1,692,160	1,050,864	1,547,688	560,990	978,447	28,064,662	58,881,761
2015-16	18,524,308	5,796,378	77,292	1,399,738	1,017,302	1,624,708	556,491	1,259,319	38,488,738	68,744,274
2014-15	17,556,567	5,869,453	68,301	1,612,103	976,595	1,260,761	703,672	1,168,853	39,056,478	68,272,783
2013-14	17,172,749	5,448,614	101,343	1,403,682	1,256,176	1,424,470	695,482	1,578,479	37,008,850	66,089,845
2012-13	17,063,127	5,483,817	76,747	1,486,658	1,192,266	1,387,282	495,944	1,183,146	37,331,804	65,700,791

(1) Includes General and Capital Projects Funds of the Primary Government and includes discretely presented Component Unit School Board.
(2) Excludes contribution from Primary Government to Discretely Presented Component Unit School Board.

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2021-22	$ 22,745,190	$ 21,807,401	95.88%	$ 482,534	$ 22,289,935	98.00%	$ 2,063,315	9.07%
2020-21	21,958,017	21,405,886	97.49%	610,333	22,016,219	100.27%	2,014,265	9.17%
2019-20	21,632,076	20,804,933	96.18%	483,929	21,288,862	98.41%	2,050,519	9.48%
2018-19	20,968,362	20,299,321	96.81%	572,654	20,871,975	99.54%	1,850,051	8.82%
2017-18	19,463,749	18,875,600	96.98%	451,463	19,327,063	99.30%	1,797,257	9.23%
2016-17	18,774,651	18,215,033	97.02%	473,797	18,688,830	99.54%	1,597,819	8.51%
2015-16	18,627,762	17,781,494	95.46%	465,647	18,247,141	97.96%	1,474,061	7.91%
2014-15	17,290,714	16,637,385	96.22%	612,697	17,250,082	99.77%	1,398,648	8.09%
2013-14	17,066,280	16,429,324	96.27%	479,991	16,909,315	99.08%	1,434,679	8.41%
2012-13	16,630,536	16,264,884	97.80%	514,040	16,778,924	100.89%	1,324,184	7.96%

(1) Exclusive of penalties and interest. Reduced by tax sharing payments.

Table 6

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

Fiscal Year	Real Estate/ Mobile Homes	Personal Property	Public Service Companies	Total
2021-22	$ 2,382,771,817	$ 549,388,227	$ 365,607,316	$ 3,297,767,360
2020-21	2,378,550,000	523,473,212	360,075,487	3,262,098,699
2019-20	2,358,339,797	497,596,841	359,338,718	3,215,275,356
2018-19	2,350,208,822	477,594,738	322,166,589	3,149,970,149
2017-18	2,335,399,637	478,348,830	310,470,506	3,124,218,973
2016-17	2,282,641,328	474,626,902	260,499,067	3,017,767,297
2015-16	2,274,033,452	475,988,249	229,662,169	2,979,683,870
2014-15	2,269,613,917	482,753,439	205,805,120	2,958,172,476
2013-14	2,269,183,693	480,753,909	198,369,106	2,948,306,708
2012-13	2,259,165,524	478,834,582	187,095,907	2,925,096,013

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

Table 7

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

Fiscal Year	Real Estate/ Mobile Homes	Personal Property	Machinery and Tools	Merchant's Capital
2021-22	$ 0.54	$ 2.32	$ 1.50	$ 0.56
2020-21	0.54	2.32	1.50	0.56
2019-20	0.54	2.32	1.50	0.56
2018-19	0.54	2.32	1.50	0.56
2017-18	0.49	2.32	1.50	0.56
2016-17	0.49	2.27	1.50	0.56
2015-16	0.49	2.27	1.50	0.56
2014-15	0.44	2.27	1.50	0.56
2013-14	0.44	2.27	1.50	0.56
2012-13	0.44	2.08	1.50	0.56

(1) Per $100 of assessed value.

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

Fiscal Year	Population (1)	Gross Assessed Value	Gross and Net Bonded Debt (2)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2020-21	$ 28,290	$ 3,297,767,360	86,074,399	2.61%	3,043
2019-20	28,754	3,262,098,699	73,770,572	2.26%	2,566
2019-20	28,754	3,215,275,356	73,770,572	2.29%	2,566
2018-19	28,754	3,149,970,149	74,062,436	2.35%	2,576
2017-18	29,235	3,124,218,973	70,108,141	2.24%	2,398
2016-17	29,235	3,017,767,297	62,473,464	2.07%	2,137
2015-16	29,235	2,979,683,870	61,034,667	2.05%	2,088
2014-15	29,235	2,958,172,476	61,787,459	2.09%	2,113
2013-14	29,235	2,948,306,708	61,811,256	2.10%	2,114
2012-13	29,235	2,925,096,013	55,704,496	1.90%	1,905

(1) United States Bureau of the Census
(2) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.
Excludes revenue bonds, landfill closure/postclosure care liability, capital leases, lease liabilities, compensated absences, net pension liability, and net OPEB liabilities.

County of Wythe, 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 (2)	Ratio of Debt Service to General Governmental Expenditures
2021-22	$ 3,846,898	$ 1,093,712	$ 4,940,610	$ 82,971,284	5.955%
2020-21	2,936,600	1,639,075	4,575,675	82,637,476	5.537%
2019-20	3,327,110	1,578,999	4,906,109	76,744,115	6.393%
2018-19 (3)	10,234,024	1,389,758	11,623,782	82,569,304	14.078%
2017-18 (3)	10,651,394	1,165,245	11,816,639	81,854,749	14.436%
2016-17	2,592,749	1,199,660	3,792,409	68,969,052	5.499%
2015-16	1,898,541	951,619	2,850,160	76,437,104	3.729%
2014-15	2,362,227	1,278,692	3,640,919	66,486,269	5.476%
2013-14	1,725,738	1,242,930	2,968,668	70,146,883	4.232%
2012-13 (3)	5,165,301	1,416,762	6,582,063	72,044,942	9.136%

(1) Includes General fund of the Primary Government and the Discretely Presented Component Unit - School Board.
(2) Includes capital project expenditures.
(3) Includes early redemption of the County's bonds.

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

To the Honorable Members of
the Board of Supervisors of the
County of Wythe, 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 Wythe, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County of Wythe, Virginia's basic financial statements and have issued our report thereon dated December 12, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Wythe, Virginia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Wythe, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Wythe, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

County of Wythe, Virginia's Response to Findings

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

Purpose of This Report

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 12, 2022

ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

CPAs | CONSULTANTS

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 of the
County of Wythe, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Wythe, 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 Wythe, Virginia's major federal programs for the year ended June 30, 2022. County of Wythe, 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 Wythe, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

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 Wythe, 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 Wythe, 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 Wythe, 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 Wythe, 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 Wythe, 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 Wythe, 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 Wythe, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of County of Wythe, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 12, 2022

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/ State Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number			Federal Expenditures
DEPARTMENT OF AGRICULTURE:					
Pass Through Payments:					
Virginia Department of Agriculture and Consumer Services:					
Child Nutrition Cluster:					
Summer Food Service Program for Children	10.559	60302/60303		$ 33,128	
Food Distribution (Note C)	10.555	Not available	$ 170,920		
Virginia Department of Education:					
National School Lunch Program	10.555	40254/41106/41108	1,654,368		
COVID-19 National School Lunch Program	10.555	86557	37,223	1,862,511	
School Breakfast Program	10.553	40253/41110		715,614	
Total Child Nutrition Cluster					$ 2,611,253
Child Nutrition Discretionary Grants Limited Availability	10.579	868040			9,860
Forest Service School and Roads Cluster:					
Schools and Roads - Grants to States	10.665	43841			79,961
Pandemic EBT Administrative Costs	10.649	86556			3,063
Virginia Department of Social Services:					
SNAP Cluster:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010121/0010122/0040121/0040122			674,307
Total Department of Agriculture					$ 3,378,444
DEPARTMENT OF HEALTH AND HUMAN SERVICES:					
Pass Through Payments:					
Virginia Department of Social Services:					
Temporary Assistance for Needy Families	93.558	0400121/0400122			$ 291,066
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950120/0950121/0950221			34,790
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500122			1,326
Low-Income Home Energy Assistance	93.568	0600421/0600422			50,529
CCDF Cluster:					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760121/0760122			62,757
Chafee Education and Training Vouchers Program	93.599	9160120/9160121			26,113
Stephanie Tubbs Jones - Child Welfare Services Program	93.645	0900121			698
Social Services Block Grant	93.667	1000121/1000122			349,135
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150120/9150121			25,611
Children's Health Insurance Program	93.767	0540121/0540122			3,570
Medicaid Cluster:					
Medical Assistance Program	93.778	1200121/1200122			356,205
Foster Care - Title IV-E	93.658	1100121/1100122			337,777
Adoption Assistance	93.659	1120121/1120122			828,552
Title IV-E Prevention Program	93.472	1140121/1140122			6,086
Guardianship Assistance	93.090	1110121/1110122			467
Elder Abuse Prevention Interventions Program	93.747	8000221/8000321			16,251
Total Department of Health and Human Services					$ 2,390,933
DEPARTMENT OF HOMELAND SECURITY:					
Pass Through Payments:					
Virginia Department of Emergency Management:					
Emergency Management Performance Grants	97.042	EMP-2020-EP-00005			$ 62,821
Total Department of Homeland Security					$ 62,821
DEPARTMENT OF TRANSPORTATION:					
Pass Through Payments:					
Virginia Department of Motor Vehicles:					
Highway Safety Cluster:					
State and Community Highway Safety	20.600	FOP-2021-51227-21227/ FOP-2022-52164-22164/ FSC-2021-51228-21228/ FSC-2022-52165-22165			$ 26,796
National Highway Traffic Safety Administration (NHTSA):					
Alcohol Open Container Requirements	20.607	154AL-2021-51223-21223/ 154AL-2022-52163-22163			14,333
Total Department of Transportation					$ 41,129
DEPARTMENT OF TREASURY:					
Direct Payments:					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not applicable		$ 2,391,815	
Pass Through Payments:					
Virginia Department of Compensation Board					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	2207FFARPA		80,738	2,472,553
Virginia Department of Accounts					
COVID-19 - Coronavirus Relief Fund	21.019	SLT022		$ 49,530	
Virginia Department of Education					
COVID-19 - Coronavirus Relief Fund	21.019	SLT022		44,878	94,408
Total Department of Treasury					$ 2,566,961
DEPARTMENT OF JUSTICE:					
Pass Through Payments:					
Virginia Department of Criminal Justice Services:					
Violence Against Women - Formula Grants	16.588	118418			$ 12,459
Crime Victim Assistance	16.575	19V2GX0054			36,403
Total Department of Justice					$ 48,862

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022 (Continued)

Federal Grantor/ State Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number		Federal Expenditures
FEDERAL COMMUNICATIONS COMMISSION (FCC):				
Direct Payments:				
Emergency Connectivity Fund Program	32.009	Not applicable		$ 583,261
Total Federal Communications Commission				$ 583,261
DEPARTMENT OF EDUCATION:				
Pass Through Payments:				
Virginia Department of Education:				
Career and Technical Education-Basic Grants to States	84.048	60031/600311005		$ 88,118
Supporting Effective Instruction State Grants	84.367	61480		92,421
Title I Grants to Local Educational Agencies	84.010	42901		1,107,277
Special Education Cluster (IDEA):				
Special Education-Grants to States	84.027	43071	$ 599,275	
Special Education-Preschool Grants	84.173	62521	31,155	
Total Special Education Cluster (IDEA)				630,430
Student Support and Academic Enrichment Program	84.424	60281		
Education Stabilization Fund:				63,028
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	60173/60177		15,045
Total Department of Education				$ 1,996,319
Total Expenditure of Federal Awards				$ 11,068,730

See accompanying Notes to Schedule of Expenditures of Federal Awards.

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Note A -- Basis of Presentation
The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Wythe, Virginia under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Wythe, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Wythe, Virginia.

Note B -- Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

(3) The County did not elect the 10% de minimis indirect cost rate because they only request direct costs for reimbursements.

Note C -- Food Donation
Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note D -- Subrecipients
The County did not have any subrecipients for the year ended June 30, 2022.

Note E -- Outstanding Balance of Federal Loans
The County has not received any federal funding through loans.

Note F -- Relationship to the Financial Statements
Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Primary government:	
General Fund - Intergovernmental - Federal	$ 5,735,577
Water and Sewer Fund Grants	4,558
Component Unit School Board:	
School Operating Fund - Intergovernmental - Federal	5,328,595
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$ 11,068,730

County of Wythe, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over financial reporting:	
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
10.553/10.555/10.559	Child Nutrition Cluster
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds (ARPA)
93.778	Mediciad Cluster

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

County of Wythe, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section II - Financial Statement Findings

2022-001	**Significant Deficiency**
Criteria:	Identification of an adjustment to the financial statements that was not detected by the entity's internal controls indicates that a deficiency in internal controls may exist.
Condition:	The Auditor recommended adjustments to the County's financial statements to ensure such statements complied with Generally Accepted Accounting Principles.
Cause:	The County failed to identify all year end accounting adjustments necessary for the books to be prepared in accordance with current reporting standards; however, the auditor noted significant improvement over prior fiscal years.
Effect:	There is a possibility that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected and corrected by the entity's internal controls over financial reporting.
Recommendation:	The County began using a consultant to assist in closing the books during the current year and both the number and magnitude of recommended audit adjustments decreased. We recommend that the County continue using a consultant to assist in closing the books and feel that as the consultant becomes more familiar with the County's operations the number of adjustments will continue to decrease.
Management's Response:	The County plans on continuing the use of a consultant to assist in closing the books to improve financial data presented in the annual financial report.

2022-002	**Significant Deficiency**
Criteria:	A key concept of internal controls is the segregation of duties. No one employee should have access to both accounting records and related assets.
Condition:	A proper segregation of duties has not been established over collections in the Treasurer's Office.
Cause:	Limited staffing and resources.
Effect:	There is 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 should review tasks performed by Treasurer's Office personnel and implement chnages as necessary to create a proper segregation of duties.
Management's Response:	Management will review controls in relation to current staffing levels and consider implementing compensating controls to address audit concerns.

Section III - Federal Award Findings and Questioned Costs

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

2021-001

Finding Type:	Significant Deficiency
Criteria:	Identification of an adjustment to the financial statements that was not detected by the entity's internal controls indicates that a deficiency in internal controls may exist.
Condition	The County failed to identify all year end accounting adjustments necessary for the books to be prepared in accordance with current reporting standards; however, the auditor noted significant improvement over prior fiscal years.
Recommendation:	The County should continue using a consultant to assist in closing the books and feel that as the consultant becomes more familiar with the County's operations the number of adjustments will continue to decrease.
Current Status:	Finding 2021-001 was repeated as finding 2022-001.
Corrective Action:	The County plans on continuing the use of a consultant to assist in closing the books to improve financial data presented in the annual financial report.

2021-002

Finding Type:	Significant Deficiency
Criteria:	A key concept of internal controls is the segregation of duties. No one employee should have access to both accounting records and related assets.
Condition:	A proper segregation of duties has not been established over collections in the Treasurer's Office.
Recommendation:	The County should review tasks performed by Treasurer's Office personnel and implement changes as necessary to create a proper segregation of duties.
Current Status:	Finding 2021-002 was repeated as finding 2022-002.
Corrective Action:	Management will review controls in relation to current staffing levels and consider implementing compensating controls to address audit concerns.