

COUNTY OF GILES, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

COUNTY OF GILES, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

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INTRODUCTORY SECTION

COUNTY OF GILES, VIRGINIA

BOARD OF SUPERVISORS

John Lawson, Vice Chairman	Richard “Ricky” McCoy, Chair	Perry Martin
Jeffrey Morris		Paul “Chappy” Baker

COUNTY SCHOOL BOARD

Jason B. Buckland, Vice Chairman	Stephen M. Steele, Chair	Melissa R. Guynn
Mark A. Wilburn		Phillip A. Pennington
	Amanda Tickle, Clerk	

SOCIAL SERVICES BOARD

Jeffery Morris, Vice Chairman	Gregory Lee, Chair	Patricia Gayle Vaught
Diane Weiss		Betsey Steenken
Crystal Ramos-McCall		Tanya Perdue, Clerk

OTHER OFFICIALS

Clerk of the Circuit Court	Sherry E. Gautier
Commonwealth’s Attorney.....	Robert M. Lilly, Jr.
Commissioner of the Revenue.....	Lisa Corell
Treasurer	Angela L. Higginbotham
Sheriff	W. Morgan Millirons
Superintendent of Schools	Dr. Terry Arbogast, II
Director of Social Services	Sherri Nipper-Williams
County Administrator	Chris McKlarney
County Attorney	Richard Chidester

FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

To the Board of Supervisors
County of Giles, Virginia
Pearisburg, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Giles, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Giles, Virginia, as of and for the year ended June 30, 2023, 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 Giles, 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.

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 Giles, 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 Giles, 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 Giles, 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 Giles, Virginia's basic financial statements. The accompanying other supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records

used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2024, on our consideration of County of Giles, 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 Giles, 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 Giles, Virginia's internal control over financial reporting and compliance.

Robinson, Finner, Cox Associates

Blacksburg, Virginia
February 13, 2024

Basic Financial Statements

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

June 30, 2023

	Primary Government			Component	Component
	Governmental	Business-type		Unit	Unit
	Activities	Activities	Total	School Board	IDA
ASSETS					
Cash and cash equivalents	\$ 20,934,760	\$ -	\$ 20,934,760	\$ 4,835,807	\$ -
Cash in custody of others	-	-	-	1,124,377	-
Cash held at schools	-	-	-	1,133,377	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	4,240,219	-	4,240,219	-	-
Accounts receivable	561,368	160,528	721,896	48,676	182,563
Leases receivable	-	-	-	-	1,535,239
Due from other governmental units	1,111,649	-	1,111,649	1,051,331	-
Inventories (Commodities)	-	-	-	55,159	-
Prepaid items	-	-	-	279,071	188,678
Notes receivable	-	-	-	-	542,492
Inventories (Land and buildings held for resale)	-	-	-	-	1,657,220
Capital assets:					
Capital assets, not being depreciated/amortized	1,594,692	51,928	1,646,620	4,060,964	501,054
Capital assets, net of accumulated depreciation/amortization	13,582,760	8,797,096	22,379,856	3,408,808	6,327,899
Total assets	\$ 42,025,448	\$ 9,009,552	\$ 51,035,000	\$ 15,997,570	\$ 10,935,145
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 1,136,421	\$ 37,466	\$ 1,173,887	\$ 3,869,265	\$ 25,493
OPEB related items	143,797	4,216	148,013	1,819,345	3,638
Total deferred outflows of resources	\$ 1,280,218	\$ 41,682	\$ 1,321,900	\$ 5,688,610	\$ 29,131
LIABILITIES					
Accounts payable	\$ 250,667	\$ 152,912	\$ 403,579	\$ 14,430	\$ 171,741
Health insurance claims IBNR	168,369	-	168,369	-	-
Retainage payable	-	-	-	134,040	-
Accrued payroll	-	-	-	2,876,586	-
Customers' deposits	-	32,400	32,400	-	-
Accrued interest payable	230,008	23,715	253,723	-	27,915
Unearned revenue - other	253,270	-	253,270	1,810,751	235,227
Long-term liabilities:					
Due within one year	1,842,387	626,751	2,469,138	360,863	476,469
Due in more than one year	22,465,749	5,064,905	27,530,654	22,750,594	3,443,126
Total liabilities	\$ 25,210,450	\$ 5,900,683	\$ 31,111,133	\$ 27,947,264	\$ 4,354,478
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 4,023,519	\$ -	\$ 4,023,519	\$ -	\$ -
Deferred amount on refunding	382,728	178,139	560,867	-	13,664
Pension related items	1,137,825	85,187	1,223,012	3,661,782	24,223
OPEB related items	633,355	19,779	653,134	1,775,879	11,710
Lease related items	-	-	-	-	1,513,662
Total deferred inflows of resources	\$ 6,177,427	\$ 283,105	\$ 6,460,532	\$ 5,437,661	\$ 1,563,259
NET POSITION					
Net investment in capital assets	\$ (5,057,368)	\$ 3,199,752	\$ (1,857,616)	\$ 7,469,772	\$ 2,961,045
Restricted:					
Asset forfeiture	22,076	-	22,076	-	-
CSA	5	-	5	-	-
Opioid settlement	500,027	-	500,027	-	-
School cafeteria/activity funds	-	-	-	2,470,653	-
Unrestricted	16,453,049	(332,306)	16,120,743	(21,639,170)	2,085,494
Total Net Position	\$ 11,917,789	\$ 2,867,446	\$ 14,785,235	\$ (11,698,745)	\$ 5,046,539

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Governmental Activities	Business-type Activities	Total	IDA
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 2,176,683	\$ 51,953	\$ 607,413	\$ -	\$ (1,517,317)	\$ (1,517,317)		
Judicial administration	1,160,268	6,702	862,136	-	(291,430)	(291,430)		
Public safety	5,237,292	246,810	2,252,570	-	(2,737,912)	(2,737,912)		
Public works	2,231,371	21,841	466,427	-	(1,743,103)	(1,743,103)		
Health and welfare	6,194,056	-	4,725,761	-	(1,468,295)	(1,468,295)		
Education	9,050,807	-	-	-	(9,050,807)	(9,050,807)		
Parks, recreation, and cultural	315,640	428,576	41,064	-	154,000	154,000		
Community development	1,774,616	2,951	373,205	226,828	(1,171,632)	(1,171,632)		
Interest on long-term debt	365,971	-	-	-	(365,971)	(365,971)		
Total governmental activities	\$ 28,506,704	\$ 758,833	\$ 9,328,576	\$ 226,828	\$ (18,192,467)	\$ (18,192,467)		
Business-type activities:								
Utility fund	\$ 1,689,486	\$ 662,852	\$ -	\$ -	\$ (1,026,634)	\$ (1,026,634)		
Total primary government	\$ 30,196,190	\$ 1,421,685	\$ 9,328,576	\$ 226,828	\$ (18,192,467)	\$ (1,026,634)	\$ (19,219,101)	\$ -
COMPONENT UNITS:								
School Board	\$ 40,061,158	\$ 1,226,455	\$ 34,580,848	\$ 165,437		\$ (4,088,418)	\$ -	
Industrial Development Authority (IDA)	633,447	596,830	-	403,437				366,820
Total component units	\$ 40,694,605	\$ 1,823,285	\$ 34,580,848	\$ 568,874	\$ -	\$ -	\$ (4,088,418)	\$ 366,820
General revenues:								
General property taxes	\$ 18,653,368	\$ -	\$ 18,653,368	\$ -				
Other local taxes:								
Local Sales and use taxes					2,077,350			
Consumers' utility taxes					244,440			
Consumption taxes					50,804			
Gross receipts tax					1,177			
Motor vehicle licenses					215,432			
Local tax on deeds					102,596			
Hotel and motel room taxes					183,910			
Unrestricted revenues from use of money					671,158			
Miscellaneous					200,058			
Contribution from County of Giles, Virginia					47,196			
Contribution from Giles County IDA					-			
Grants and contributions not restricted to specific programs					-			
Gain on sale of capital assets					1,782,094			
Transfers					-			
Total general revenues and transfers					(1,094,255)	1,094,255		
Change in net position					\$ 23,088,132	\$ 1,141,451	\$ 24,229,583	\$ 8,376,692
Net position - beginning					\$ 4,895,665	\$ 114,817	\$ 5,010,482	\$ 4,288,274
Net position - ending					\$ 7,022,124	\$ 2,752,629	\$ 9,774,753	\$ (15,987,019)
Net position - ending					\$ 11,917,789	\$ 2,867,446	\$ 14,785,235	\$ (11,698,745)
Net position - ending								\$ 5,046,539

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

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

	<u>General</u>	<u>County Capital Improvements</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 20,121,425	\$ 798,429	\$ 20,919,854
Receivables (net of allowance for uncollectibles):			
Taxes receivable	4,240,219	-	4,240,219
Accounts receivable	561,368	-	561,368
Due from other governmental units	1,111,649	-	1,111,649
Total assets	<u>\$ 26,034,661</u>	<u>\$ 798,429</u>	<u>\$ 26,833,090</u>
LIABILITIES			
Accounts payable	\$ 242,481	\$ -	\$ 242,481
Unearned revenue - other	253,270	-	253,270
Total liabilities	<u>\$ 495,751</u>	<u>\$ -</u>	<u>\$ 495,751</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 4,520,839	\$ -	\$ 4,520,839
Unavailable revenue - opioid settlement	360,631	-	360,631
Total deferred inflows of resources	<u>\$ 4,881,470</u>	<u>\$ -</u>	<u>\$ 4,881,470</u>
FUND BALANCES			
Restricted			
Asset forfeiture funds	\$ 22,076	\$ -	\$ 22,076
CSA	5	-	5
Opioid Settlement	139,396	-	139,396
Committed			
Capital projects	-	798,429	798,429
Assigned			
Deer decoy	1,546	-	1,546
Public safety funds	402,941	-	402,941
Unassigned	20,091,476	-	20,091,476
Total fund balances	<u>\$ 20,657,440</u>	<u>\$ 798,429</u>	<u>\$ 21,455,869</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 26,034,661</u>	<u>\$ 798,429</u>	<u>\$ 26,833,090</u>

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

County of Giles, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2023

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	21,455,869
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, not being depreciated/amortized	\$ 1,594,692		
Capital assets being depreciated/amortized	31,554,689		
Accumulated depreciation/amortization	<u>(17,971,929)</u>		15,177,452

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

Unavailable revenue - property taxes	\$ 497,320		
Unavailable revenue - opioid settlement	<u>360,631</u>		857,951

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

(161,649)

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

Pension related items	\$ 1,136,421		
OPEB related items	<u>143,797</u>		1,280,218

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

Literary loan	\$ (12,795,000)		
Lease revenue bonds	(6,023,916)		
Lease liabilities	(77,463)		
Unamortized bond premium	(550,713)		
Deferred amount on refunding	(382,728)		
Finance purchases	(405,000)		
Landfill accrued closure/postclosure costs	(55,149)		
Net OPEB liabilities	(1,244,871)		
Compensated absences	(807,760)		
Accrued interest payable	(230,008)		
Net pension liability	<u>(2,348,264)</u>		(24,920,872)

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

Pension related items	\$ (1,137,825)		
OPEB related items	<u>(633,355)</u>		(1,771,180)

Net position of governmental activities	\$	<u><u>11,917,789</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.

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

	<u>General</u>	<u>County Capital Improvements</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 18,625,624	\$ -	\$ 18,625,624
Other local taxes	2,875,709	-	2,875,709
Permits, privilege fees, and regulatory licenses	64,167	-	64,167
Fines and forfeitures	50,280	-	50,280
Revenue from the use of money and property	672,100	-	672,100
Charges for services	643,444	-	643,444
Miscellaneous	301,599	-	301,599
Recovered costs	2,236,621	-	2,236,621
Intergovernmental:			
Local government	-	-	-
Commonwealth	6,370,396	226,828	6,597,224
Federal	4,740,274	-	4,740,274
Total revenues	<u>\$ 36,580,214</u>	<u>\$ 226,828</u>	<u>\$ 36,807,042</u>
EXPENDITURES			
Current:			
General government administration	\$ 2,415,724	\$ 38,307	\$ 2,454,031
Judicial administration	1,102,297	-	1,102,297
Public safety	5,558,212	-	5,558,212
Public works	1,977,253	37,422	2,014,675
Health and welfare	6,169,943	-	6,169,943
Education	9,033,161	2,400	9,035,561
Parks, recreation, and cultural	1,077,072	-	1,077,072
Community development	1,444,422	205,711	1,650,133
Nondepartmental	501,706	-	501,706
Debt service:			
Principal retirement	549,389	616,064	1,165,453
Interest and other fiscal charges	270,610	238,470	509,080
Total expenditures	<u>\$ 30,099,789</u>	<u>\$ 1,138,374</u>	<u>\$ 31,238,163</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 6,480,425</u>	<u>\$ (911,546)</u>	<u>\$ 5,568,879</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 987,122	\$ 987,122
Transfers out	(2,463,377)	-	(2,463,377)
Total other financing sources (uses)	<u>\$ (2,463,377)</u>	<u>\$ 987,122</u>	<u>\$ (1,476,255)</u>
Net change in fund balances	\$ 4,017,048	\$ 75,576	\$ 4,092,624
Fund balances - beginning	16,640,392	722,853	17,363,245
Fund balances - ending	<u>\$ 20,657,440</u>	<u>\$ 798,429</u>	<u>\$ 21,455,869</u>

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

County of Giles, Virginia
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2023

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

Net change in fund balances - total governmental funds	\$ 4,092,624
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the detail of items supporting this adjustment:

Capital asset additions	\$ 1,195,485	
Depreciation expense/amortization expense	(1,563,940)	
Reversion of capital assets back to Component Unit-Schools (net)	(296,843)	(665,298)

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

Increase (decrease) in unavailable revenue-property taxes	\$ 27,744	
Increase (decrease) in unavailable revenue-opioid settlement	(101,541)	(73,797)

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.

Payments of principal:		
Literary loans	\$ 456,000	
Lease revenue bonds	487,064	
Lease liabilities	93,389	
Finance purchases	129,000	
(Increase) decrease in landfill closure and postclosure monitoring costs	(3,656)	1,161,797

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.

(Increase) decrease in compensated absences	\$ (24,388)	
Change in pension related items	323,130	
(Increase) decrease in accrued interest payable	28,885	
Amortization of deferred charge on refunding	40,758	
Amortization of bond premium	73,466	
Change in OPEB related items	155,369	597,220

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

(216,881)

Change in net position of governmental activities	\$ 4,895,665
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The accompanying notes to the financial statements are an integral part of this statement.

County of Giles, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2023

	Enterprise Fund Utility Fund	Internal Service Fund Self-health Insurance
ASSETS		
Current assets:		
Cash and cash equivalents	\$ -	\$ 14,906
Accounts receivable (net of allowance for uncollectibles)	160,528	-
Total current assets	<u>\$ 160,528</u>	<u>\$ 14,906</u>
Noncurrent assets:		
Capital assets:		
Capital assets, not being depreciated	51,928	-
Capital assets, net of accumulated depreciation	8,797,096	-
Total capital assets	<u>\$ 8,849,024</u>	<u>\$ -</u>
Total noncurrent assets	<u>\$ 8,849,024</u>	<u>\$ -</u>
Total assets	<u>\$ 9,009,552</u>	<u>\$ 14,906</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	\$ 37,466	\$ -
OPEB related items	4,216	-
Total deferred outflows of resources	<u>\$ 41,682</u>	<u>\$ -</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 2,863	\$ 8,186
Reconciled overdraft	150,049	-
Customer deposits	32,400	-
Health insurance claims IBNR	-	168,369
Accrued interest payable	23,715	-
Compensated absences - current portion	20,877	-
Bonds payable - current portion	605,874	-
Total current liabilities	<u>\$ 835,778</u>	<u>\$ 176,555</u>
Noncurrent liabilities:		
Net OPEB liabilities	\$ 36,883	\$ -
Compensated absences - net of current portion	6,959	-
Net pension liability	155,804	-
Bonds payable - net of current portion	4,865,259	-
Total noncurrent liabilities	<u>\$ 5,064,905</u>	<u>\$ -</u>
Total liabilities	<u>\$ 5,900,683</u>	<u>\$ 176,555</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related items	\$ 85,187	\$ -
OPEB related items	19,779	-
Deferred amount on refunding	178,139	-
Total deferred inflows of resources	<u>\$ 283,105</u>	<u>\$ -</u>
NET POSITION		
Net investment in capital assets	\$ 3,199,752	\$ -
Unrestricted	(332,306)	(161,649)
Total net position	<u>\$ 2,867,446</u>	<u>\$ (161,649)</u>

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

County of Giles, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Enterprise Fund Utility Fund	Internal Service Fund Self-health Insurance
OPERATING REVENUES		
Charges for services:		
Water & sewer revenues	\$ 612,976	\$ -
Penalties	42,438	-
Health insurance contributions	-	3,261,392
Miscellaneous	47,196	-
Total operating revenues	<u>\$ 702,610</u>	<u>\$ 3,261,392</u>
OPERATING EXPENSES		
Salaries	\$ 239,384	\$ -
Fringes	106,209	-
Contracted services	1,603	-
Repair and maintenance	86,046	-
Water purchase	350,206	-
Material and supplies	70,226	-
Insurance	9,461	-
Miscellaneous	64,673	-
Utilities	33,690	-
Health insurance premiums	-	3,860,273
Depreciation	597,399	-
Total operating expenses	<u>\$ 1,558,897</u>	<u>\$ 3,860,273</u>
Operating income (loss)	<u>\$ (856,287)</u>	<u>\$ (598,881)</u>
NONOPERATING REVENUES (EXPENSES)		
Connection fees	\$ 7,438	\$ -
Interest expense	(28,732)	-
Total nonoperating revenues (expenses)	<u>\$ (21,294)</u>	<u>\$ -</u>
Income before contributions and transfers	<u>\$ (877,581)</u>	<u>\$ (598,881)</u>
Contribution to component unit - IDA	\$ (101,857)	\$ -
Transfers in	1,094,255	382,000
Change in net position	<u>\$ 114,817</u>	<u>\$ (216,881)</u>
Net position - beginning	2,752,629	55,232
Net position - ending	<u><u>\$ 2,867,446</u></u>	<u><u>\$ (161,649)</u></u>

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

County of Giles, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Enterprise Fund Utility Fund	Internal Service Fund Self-health Insurance
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 695,261	\$ 3,261,392
Payments to suppliers	(615,946)	-
Payments to employees	(363,915)	-
Payments for premiums	-	(3,752,858)
Net cash provided by (used for) operating activities	<u>\$ (284,600)</u>	<u>\$ (491,466)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	\$ 1,094,255	\$ 382,000
Contribution to component unit - IDA	(101,857)	-
Net cash provided by (used for) noncapital financing activities	<u>\$ 992,398</u>	<u>\$ 382,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	\$ (12,058)	-
Principal payments on bonds	(552,737)	-
Interest payments	(150,822)	-
Connection fees	7,438	-
Net cash provided by (used for) capital and related financing activities	<u>\$ (708,179)</u>	<u>\$ -</u>
Net increase (decrease) in cash and cash equivalents	\$ (381)	\$ (109,466)
Cash and cash equivalents - beginning	<u>(149,668)</u>	<u>124,372</u>
Cash and cash equivalents - ending	<u><u>\$ (150,049)</u></u>	<u><u>\$ 14,906</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	<u>\$ (856,287)</u>	<u>\$ (598,881)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	\$ 597,399	-
(Increase) decrease in accounts receivable	(6,149)	-
(Increase) decrease in deferred outflows of resources	45,490	-
Increase (decrease) in customer deposits	(1,200)	-
Increase (decrease) in accounts payable	(41)	107,415
Increase (decrease) in net OPEB liability	(20,059)	-
Increase (decrease) in compensated absences	2,500	-
Increase (decrease) in net pension liability	74,403	-
Increase (decrease) in deferred inflows of resources	(120,656)	-
Total adjustments	<u>\$ 571,687</u>	<u>\$ 107,415</u>
Net cash provided by (used for) operating activities	<u><u>\$ (284,600)</u></u>	<u><u>\$ (491,466)</u></u>

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

FIDUCIARY FUNDS

Special Welfare - The Special Welfare fund accounts for those funds belonging to individuals entrusted to the local social services agency, such as foster care children.

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

	Custodial Funds
	<u>Special Welfare</u>
ASSETS	
Cash and cash equivalents	\$ 31,285
Total assets	<u>\$ 31,285</u>
NET POSITION	
Restricted:	
Amounts held for social services clients	\$ 31,285
Total net position	<u>\$ 31,285</u>

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

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

	Custodial Funds
	<u>Special Welfare</u>
ADDITIONS	
Special welfare collections	\$ 8,062
Interest income	8
Total additions	<u>\$ 8,070</u>
DEDUCTIONS	
Special welfare payments	\$ 10,822
Total deductions	<u>\$ 10,822</u>
Net increase (decrease) in fiduciary net position	\$ (2,752)
Net position - beginning	34,037
Net position - ending	<u><u>\$ 31,285</u></u>

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

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

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

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County's discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the County. The County's Component Units do not prepare separate financial statements.

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

The Giles County Industrial Development Authority encourages and provides financing for industrial development in the County. The Industrial Development Authority board members are appointed by the Board of Supervisors. The Industrial Development Authority is fiscally dependent upon the County. The Industrial Development Authority is presented as an enterprise fund type and does not issue a separate financial report.

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 County and the Counties of Bland, Carroll, Floyd, Grayson, and Wythe and the City of Radford participate in supporting the New River Valley Regional Jail Authority. The monthly payment made by the County to the Regional Jail is based on the number of prisoners housed for the County. For the year ended June 30, 2023, the County paid \$657,560 for the confinement of prisoners.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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). Governments report all capital assets, including infrastructure, in the government-wide statement of net position and report depreciation expense - the cost of "using up" capital assets - in the statement of activities. The net position of a government is broken down into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

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 and subscription liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

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 revenues.

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

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

The 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 Dare Program, the Asset Forfeiture Fund, the Comprehensive Services Fund, the Social Services Fund, the Restitution Fund, the Rev Max Fund, and the Emergency Replacement Fund.

The *County Capital Improvements Fund* accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

The School Board reports the following major 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 contest, club dues, fundraisers, etc., and from any and all activities of the individual schools.

The government reports the following major proprietary funds:

The County operates a water and sewer system. The activities of the system are accounted for in the Utility fund.

The government reports the following internal service fund:

Internal Service Funds account for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The Internal Service Funds consist of the Self-health Insurance Fund.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

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 custodian for individuals, private organizations, other governmental units, or other funds. The Custodial funds consist of the Special Welfare fund. Fiduciary funds are not included in the government-wide financial statements.

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

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

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

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

1. Cash and Cash Equivalents

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

2. Investments

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

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 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 in two installments on June 5th and December 5th. Personal property taxes are due and collectible annually on December 5th. 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 \$88,978 for the General Fund at June 30, 2023 and is comprised solely of property taxes. The allowance amounted to approximately \$653,080 for the Water department at June 30, 2023 and is comprised solely of water billings and penalties.

6. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

7. 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.

8. Capital Assets

Capital assets, are tangible and intangible assets, which include property, plant, equipment, lease, subscription and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County and Component Unit School Board as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

8. Capital Assets (Continued)

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

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, lease assets, subscription assets, and infrastructure of the primary government, as well as the component units, is 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
Subscription asset	3-5
Lease building improvements	40
Lease machinery and equipment	4-30

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. 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, 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

11. Long-Term Obligations

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

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

12. Fund Balance

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

12. Fund Balance (Continued)

The Board of Supervisors has authorized the County Administrator as the official authorized to assign fund balance to a specific purpose as approved by the fund balance policy.

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

The policy also authorizes and directs the Treasurer to prepare financial reports which accurately categorize fund balance. The County of Giles will maintain an unassigned fund balance in the general fund equal to 3% of the expenditures/operating revenues. The County considers a balance of less than 3% to be a cause for concern, barring unusual or deliberate circumstances.

13. 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 multiple items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt. The other item is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple types of items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount deferred and amortized over the shorter of the life of the refunded or refunding debt. Under a modified accrual basis of accounting, unavailable revenue representing property taxes and opioid settlement receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30th, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, and opioid settlements are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

14. Net Position

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

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

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

15. 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 and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In addition to the VRS related OPEB, the County and School Board allows their retirees to stay on the health insurance plan after retirement. The retiree is required to pay the blended premium cost creating an implicit subsidy OPEB liability. In addition, retirees receive a monthly stipend towards their health insurance cost until the retiree is Medicare eligible.

16. Leases and Subscription-Based IT Arrangements

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

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

Lessor

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

Lessee

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

Subscriptions

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

Key Estimates and Judgments

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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 budgets include proposed expenditures and the means of financing them.
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 General Capital Projects Funds. 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. Several supplemental appropriations were necessary during this fiscal year.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of Expenditures Over Appropriations

For the fiscal year ended June 30, 2023, there were no funds that had expenditures in excess of appropriations.

C. Deficit Fund Balance

At June 30, 2023, the Self-health Insurance fund had a deficit fund balance.

Note 3-Deposits and Investments:

Deposits:

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

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 3-Deposits and Investments: (Continued)

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). At June 30, 2022, the County had no investments.

Note 4-Due from Other Governmental Units:

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

	<u>Primary Government</u> <u>Governmental Activities</u>	<u>Component Unit</u> <u>School Board</u>
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 360,799	\$ -
State sales tax	-	503,368
Categorical aid	28,748	-
Shared expenses	203,348	-
Non-categorical aid	19,658	962
Virginia public assistance funds	120,763	-
Community services act	177,577	-
<u>Federal Government:</u>		
Virginia public assistance funds	192,148	-
School grants	-	547,001
Categorical aid	8,608	-
Totals	<u>\$ 1,111,649</u>	<u>\$ 1,051,331</u>

Note 5-Interfund Transfers and Balances:

Interfund transfers and remaining balances for the year ended June 30, 2023, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 2,463,377
Utility Fund	1,094,255	-
County Capital Improvements Fund	987,122	-
Health Insurance Fund	382,000	-
Total	<u>\$ 2,463,377</u>	<u>\$ 2,463,377</u>

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 5-Interfund Transfers and Balances: (Continued)

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.

Note 6-Long-Term Obligations:

Primary Government - Governmental Activities Indebtedness:

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

	Balance July 1, 2022	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2023
Direct Borrowings and Placements:				
Lease revenue bonds	\$ 6,510,980	\$ -	\$ (487,064)	\$ 6,023,916
Literary loan	13,251,000	-	(456,000)	12,795,000
Unamortized premiums	624,179	-	(73,466)	550,713
Finance purchases	534,000	-	(129,000)	405,000
Total Direct Borrowings and Placements	\$ 20,920,159	\$ -	\$ (1,145,530)	\$ 19,774,629
Lease liabilities	170,852	-	(93,389)	77,463
Landfill postclosure liability	51,493	3,656	-	55,149
Net OPEB liability	1,607,235	281,542	(643,906)	1,244,871
Compensated absences	783,372	611,917	(587,529)	807,760
Net pension liability	1,254,594	2,622,104	(1,528,434)	2,348,264
Total	\$ 24,787,705	\$ 3,519,219	\$ (3,998,788)	\$ 24,308,136

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

Year Ending June 30,	Direct Borrowings and Placements		Lease Liabilities	
	Principal	Interest	Principal	Interest
2024	\$ 1,119,661	\$ 467,898	\$ 60,612	\$ 2,069
2025	1,176,637	436,344	10,209	892
2026	1,293,054	404,586	5,345	399
2027	1,175,788	370,859	1,297	22
2028	1,183,024	339,555	-	-
2029-2033	6,850,342	1,194,313	-	-
2034-2038	5,108,410	420,172	-	-
2039-2043	1,317,000	36,180	-	-
Totals	\$ 19,223,916	\$ 3,669,907	\$ 77,463	\$ 3,382

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2023

Note 6-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Date Issued*	Final Maturity Date	Installment Amounts	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
<u>Direct Borrowings and Placements:</u>							
<u>Lease Revenue Bonds:</u>							
Lease Revenue Refunding Bond 2021B	1.775-3.125%	8/4/2021	10/1/2033	\$3,356-154,376 a+	\$ 1,289,821	\$ 1,273,044	\$ 145,427
Lease Revenue Bond 2015D	4.41-5.125%	11/18/2015	10/1/2032	\$54,255-526,598 a+	2,508,519	170,008	68,922
Lease Revenue Bond 2017D	2.98%	7/31/2018	7/31/2038	\$146,368 a+	3,500,000	2,187,715	151,162
Lease Revenue Bond 2017B	4.73%	7/31/2017	7/31/2037	\$8,104 a+	70,000	31,094	7,258
Lease Revenue Refunding Bond 2021B	3.125-5.125%	8/4/2021	10/1/2033	\$120,000-205,000 a+	2,020,000	1,790,000	125,000
Lease Revenue Refunding Bond 2021B	1.775-2.908%	8/4/2021	10/1/2033	\$4,595-186,090 a+	585,839	572,055	6,892
Total Lease Revenue Bonds						\$ 6,023,916	\$ 504,661
<u>Literary Loans:</u>							
Literary Loan	2.00%	9/11/2019	9/11/2039	\$110,000-492,000a+	\$ 7,500,000	\$ 7,153,000	\$ 148,000
Literary Loan	2.00%	12/14/2018	12/14/2038	\$118,603-640,000a+	6,765,603	5,642,000	335,000
Total Literary Loans						\$ 12,795,000	\$ 483,000
<u>Deferred Amount:</u>							
Unamortized Premiums						\$ 550,713	\$ 56,294
<u>Finance Purchases:</u>							
JP Morgan Equipment Loan	2.06%	9/29/2019	1/15/2016	\$129,000-138,000 a	\$ 920,000	\$ 405,000	\$ 132,000
Total Direct Borrowings and Placements						\$ 19,774,629	\$ 1,175,955
<u>Lease Liabilities</u>							
Buildings and Improvements	1.50-8.70%	2/1/2020-4/1/2020	2/1/2024-4/1/2024	\$18,748-37,871 b+		\$ 45,371	\$ 45,371
Machinery and Equipment	0.88-10.00%	10/26/2016-8/31/2020	5/28/2024-10/21/2026	\$147-14,236 b+		32,092	15,241
Total Lease Liabilities						\$ 77,463	\$ 60,612
<u>Other Obligations:</u>							
Landfill Postclosure Liability						\$ 55,149	\$ -
Net OPEB Liability						1,244,871	-
Compensated Absences						807,760	605,820
Net Pension Liability						2,348,264	-
Total Other Obligations						\$ 4,456,044	\$ 605,820
Total Long-Term Obligations						\$ 24,308,136	\$ 1,842,387

(a) - annually

(a+) - annual principal installments shown; does not include semi-annual interest installments

(b+) - monthly principal installments shown; does not include interest installments

*The lease issue dates are from the onset of the lease agreements. The amounts included in the GASB87 implementation are as of July 1, 2021, the date of implementation. Original information is included for informational purposes only.

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COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6-Long-Term Obligations: (Continued)

Primary Government - Business-type Activities Indebtedness:

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

	Balance July 1, 2022	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2023
Direct Borrowings and Placements:				
Revenue bond	\$ 205,753	\$ -	\$ (11,592)	\$ 194,161
Lease revenue bonds	5,461,687	-	(541,145)	4,920,542
Unamortized premiums	442,446	-	(86,016)	356,430
Total Direct Borrowings and Placements:	<u>\$ 6,109,886</u>	<u>\$ -</u>	<u>\$ (638,753)</u>	<u>\$ 5,471,133</u>
Other Obligations:				
Net OPEB liability	56,942	7,755	(27,814)	36,883
Compensated absences	25,336	21,502	(19,002)	27,836
Net pension liability	81,401	175,636	(101,233)	155,804
Total	<u>\$ 6,273,565</u>	<u>\$ 204,893</u>	<u>\$ (786,802)</u>	<u>\$ 5,691,656</u>

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

Year Ending June 30,	Direct Borrowings and Placements:	
	Principal	Interest
2024	\$ 563,891	\$ 129,150
2025	556,219	111,705
2026	495,231	95,973
2027	515,023	81,903
2028	537,780	67,354
2029-2033	2,368,312	140,873
2034-2038	57,957	-
2039-2043	20,290	-
Totals	<u>\$ 5,114,703</u>	<u>\$ 626,958</u>

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COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6-Long-Term Obligations: (Continued)

Primary Government - Business-type Activities Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Date Issued	Final Maturity Date	Installment Amounts	Amount of Original Issue	Balance Business-Type Activities	Amount Due Within One Year
Direct Borrowings and Direct Placements:							
Revenue Bond - VDOH	0.00%	3/5/2009	3/5/2039	\$11,591 a	\$ 347,742	\$ 194,161	\$ 11,592
Lease Revenue Bonds:							
Lease Revenue Bond 2015D	4.41-5.125%	11/18/2015	10/1/2032	\$28,603-277,613 a+	\$ 1,322,445	\$ 186,058	\$ 75,429
Lease Revenue Refunding Bond 2021B	1.775-3.125%	8/4/2021	10/1/2033	\$10,831-498,209 a+	4,162,578	4,108,424	469,327
Lease Revenue Refunding Bond 2021B	1.775-2.908%	8/4/2021	10/1/2033	\$5,029-203,658 a+	641,146	626,060	7,543
Total Lease Revenue Bonds						\$ 4,920,542	\$ 552,299
Deferred Amount:							
Unamortized Premiums						\$ 356,430	\$ 41,983
Total Direct Borrowings and Direct Placements						\$ 5,471,133	\$ 605,874
Other Obligations:							
Net OPEB Liabilities						\$ 36,883	\$ -
Compensated Absences						27,836	20,877
Net Pension Liability						155,804	-
Total Other Obligations						\$ 220,523	\$ 20,877
Total Long-Term Obligations						\$ 5,691,656	\$ 626,751

(a+) - annual principal installments shown; does not include semi-annual interest installments

(a) - annual principal installments shown; no interest for this revenue bond

The County's VPSA general obligation bonds and literary loan are subject to the State Aid Intercept Program. Under terms of the program, the County state aid is redirected to bond holders to cure any event(s) of default.

If an event of default occurs with VRA, NBB, or BB&T, 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.

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COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Long-Term Obligations-Component Units:

Discretely Presented Component Unit - School Board Indebtedness:

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

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Net OPEB Liability	\$ 8,472,518	\$ 1,851,468	\$ (1,574,877)	\$ 8,749,109
Compensated Absences	383,194	385,352	(287,396)	481,150
Net Pension Liability ⁽¹⁾	11,186,498	11,224,951	(8,530,251)	13,881,198
Total	\$ 20,042,210	\$ 13,461,771	\$ (10,392,524)	\$ 23,111,457

⁽¹⁾ Beginning balance includes School Board (nonprofessional) net pension asset which resulted in an ending balance net pension liability.

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
Other Obligations:		
Net OPEB liabilities	\$ 8,749,109	\$ -
Compensated absences	481,150	360,863
Net pension liability	13,881,198	-
Total Long-Term Obligations	\$ 23,111,457	\$ 360,863

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COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Discretely Presented Component Unit - Industrial Development Authority Indebtedness:

The following is a summary of long-term obligation transactions of the Component-Unit Industrial Development Authority for the year ended June 30, 2023:

	Balance July 1, 2022	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2023
Direct Borrowings and Placements:				
Lease Revenue Bonds	\$ 3,981,973	\$ -	\$ (425,623)	\$ 3,556,350
Unamortized Premium	155,162	-	(22,068)	133,094
Total Direct Borrowings and Placements:	\$ 4,137,135	\$ -	\$ (447,691)	\$ 3,689,444
Other Obligations:				
Lease Liabilities	180,000	-	(15,200)	164,800
Net Pension Liability	19,746	44,489	(25,298)	38,937
Net OPEB Liability	22,713	17,470	(13,769)	26,414
Total	\$ 4,359,594	\$ 61,959	\$ (501,958)	\$ 3,919,595

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

Year Ending June 30,	Direct Borrowings and Placements		Lease Liabilities	
	Principal	Interest	Principal	Interest
2024	\$ 441,459	\$ 93,173	\$ 16,274	\$ 4,944
2025	447,879	80,702	17,399	4,456
2026	459,315	67,993	18,576	3,934
2027	466,799	55,042	19,809	3,377
2028	477,508	41,790	92,742	7,167
2029-2033	1,223,390	60,372	-	-
2034-2038	40,000	375	-	-
Totals	\$ 3,556,350	\$ 399,447	\$ 164,800	\$ 23,878

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COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2023

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

Discretely Presented Component Unit - Industrial Development Authority Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Date Issued	Final Maturity Date	Installment Amounts	Amount of Original Issue	Balance Business- type Activities	Amount Due with- in One Year
Direct Borrowings and Placements:							
<u>Lease Revenue Bonds:</u>							
Lease Revenue Bond	4.41-5.125%	11/18/2015	10/1/2032	\$2,142-20,790 a+	\$ 99,036	\$ 13,933	\$ 5,649
Lease Revenue Refunding Bond	1.775-3.125%	8/4/2021	10/1/2033	\$813-37,415 a+	312,599	308,532	35,245
Lease Revenue Refunding Bond	3.125-5.125%	8/4/2021	10/1/2033	\$50,000-65,000 a+	460,000	360,000	55,000
Lease Revenue Refunding Bond	1.775-2.908%	8/4/2021	10/1/2033	\$60,000-70,000 a+	500,000	385,000	60,000
Lease Revenue Refunding Bond	2.27%	7/1/2021	1/15/2029	\$61,000-69,000 a+	2,537,000	2,027,000	250,000
Lease Revenue Refunding Bond	1.775-2.908%	8/4/2021	10/1/2033	\$30,000-40,000 a+	475,000	415,000	35,000
Lease Revenue Refunding Bond	1.775-3.125%	8/4/2021	10/1/2033	\$377-15,253 a+	48,015	46,885	565
Total Lease Revenue Bonds						\$ 3,556,350	\$ 441,459
<u>Deferred Amount:</u>							
Unamortized Premiums						\$ 133,094	\$ 18,736
Total Direct Borrowings and Placements						\$ 3,689,444	\$ 460,195
<u>Lease Liability:</u>							
Building and Improvements	3.00%	8/1/2021	8/1/2031	\$15,200-23,335 a+	\$ 194,175	\$ 164,800	\$ 16,274
<u>Other Obligations:</u>							
Net pension liability						\$ 38,937	\$ -
Net OPEB liability						26,414	-
Total Other Obligations						\$ 65,351	\$ -
Total Long-Term Obligations						\$ 3,919,595	\$ 476,469

(a+) - annual principal installments shown; does not include semi-annual interest installments

If an event of default occurs with VRA, NBB, or BB&T, 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 IDA.

Note 8-Pension Plans:

Plan Description

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8-Pension Plans: (Continued)

Benefit Structures

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

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

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.

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2023

Note 8-Pension Plans: (Continued)

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government*	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	132	48
Inactive members:		
Vested inactive members	27	6
Non-vested inactive members	38	17
Inactive members active elsewhere in VRS	75	28
Total inactive members	140	51
Active members	144	36
Total covered employees	416	135

*Employees for Component Unit IDA included in Primary Government totals above

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2023 was 12.26% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$813,163 and \$731,136 for the years ended June 30, 2023 and June 30, 2022, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8-Pension Plans: (Continued)

Contributions (Continued)

The Component Unit Industrial Development Authority's (IDA) contractually required employer contribution rate for the year ended June 30, 2023 was 12.26% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit IDA were \$20,567 and \$17,312 for the years ended June 30, 2023 and June 30, 2022, respectively.

The Component Unit School Board's (nonprofessional) contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2023 was 6.41% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$37,072 and \$72,871 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's, Component Unit IDA, and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2022. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8-Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8-Pension Plans: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County of Smyth Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality 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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8-Pension Plans: (Continued)**Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)**

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

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8-Pension Plans: (Continued)

Long-Term Expected Rate of Return (Continued)

* The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County, Component Unit IDA, and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations. Through the fiscal year ended June 30, 2022, the rate contributed by the school division for the VRS Teacher Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, 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.

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COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8-Pension Plans: (Continued)

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 30,713,736	\$ 29,377,741	\$ 1,335,995
Changes for the year:			
Service cost	\$ 677,180	\$ -	\$ 677,180
Interest	2,068,033	-	2,068,033
Differences between expected and actual experience	(583,150)	-	(583,150)
Impact in change of proportion	(23,252)	(22,240)	(1,012)
Contributions - employer	-	736,665	(736,665)
Contributions - employee	-	306,500	(306,500)
Net investment income	-	(32,644)	32,644
Benefit payments, including refunds of employee contributions	(1,460,284)	(1,460,284)	-
Administrative expenses	-	(18,221)	18,221
Other changes	-	678	(678)
Net changes	\$ 678,527	\$ (489,546)	\$ 1,168,073
Balances at June 30, 2022	\$ 31,392,263	\$ 28,888,195	\$ 2,504,068

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COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8-Pension Plans: (Continued)

Changes in Net Pension Liability (Asset) (Continued)

	Component Unit Industrial Development Authority		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 453,957	\$ 434,211	\$ 19,746
Changes for the year:			
Service cost	\$ 10,530	\$ -	\$ 10,530
Interest	32,156	-	32,156
Differences between expected and actual experience	(9,067)	-	(9,067)
Impact in change of proportion	23,251	22,240	1,011
Contributions - employer	-	11,454	(11,454)
Contributions - employee	-	4,766	(4,766)
Net investment income	-	(508)	508
Benefit payments, including refunds of employee contributions	(22,706)	(22,706)	-
Administrative expenses	-	(283)	283
Other changes	-	10	(10)
Net changes	\$ 34,164	\$ 14,973	\$ 19,191
Balances at June 30, 2022	\$ 488,121	\$ 449,184	\$ 38,937

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8-Pension Plans: (Continued)*Changes in Net Pension Liability (Asset) (Continued)*

	Component Unit-School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 5,336,110	\$ 5,548,168	\$ (212,058)
Changes for the year:			
Service cost	\$ 45,764	\$ -	\$ 45,764
Interest	353,146	-	353,146
Differences between expected and actual experience	(3,416)	-	(3,416)
Contributions - employer	-	72,870	(72,870)
Contributions - employee	-	28,721	(28,721)
Net investment income	-	(3,496)	3,496
Benefit payments, including refunds of employee contributions	(300,161)	(300,161)	-
Administrative expenses	-	(3,492)	3,492
Other changes	-	126	(126)
Net changes	\$ 95,333	\$ (205,432)	\$ 300,765
Balances at June 30, 2022	\$ 5,431,443	\$ 5,342,736	\$ 88,707

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COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8-Pension Plans: (Continued)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County			
Net Pension Liability (Asset)	\$ 6,716,718	\$ 2,504,068	\$ (932,873)
Component Unit Industrial Development Authority			
Net Pension Liability (Asset)	\$ 104,438	\$ 38,937	\$ (14,505)
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 727,333	\$ 88,707	\$ (438,957)

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

For the year ended June 30, 2023, the County, Component Unit IDA, and Component Unit School Board (nonprofessional) recognized pension expense of \$489,647, \$6,992, and \$(69,597), respectively. At June 30, 2023, the County, Component Unit IDA, and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit- Industrial Development Authority		Component Unit-School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,407	\$ 371,095	\$ 302	\$ 5,770	\$ -	\$ 1,418
Change in assumptions	312,882	-	4,624	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	834,534	-	8,400	-	163,844
Change in proportionate share	27,435	17,383	-	10,053	-	-
Employer contributions subsequent to the measurement date	813,163	-	20,567	-	37,072	-
Total	\$ 1,173,887	\$ 1,223,012	\$ 25,493	\$ 24,223	\$ 37,072	\$ 165,262

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8-Pension Plans: (Continued)

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

\$813,163, \$20,567, and \$37,072 reported as deferred outflows of resources related to pensions resulting from the County's, Component Unit IDA's, and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit Industrial Development Authority</u>	<u>Component Unit School Board (nonprofessional)</u>
2024	\$ (202,383)	\$ (4,625)	(64,064)
2025	(494,523)	(13,099)	(65,862)
2026	(565,279)	(7,791)	(109,574)
2027	399,897	6,218	74,238
Thereafter	-	-	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were \$2,454,134 and \$2,152,214 for the years ended June 30, 2023 and June 30, 2022, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8-Pension Plans: (Continued)**Component Unit School Board (professional) (Continued)*****Contributions (Continued)***

In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2023, the school division reported a liability of \$13,792,491 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion was 0.14487% as compared to 0.14683% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized pension expense of \$451,299. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 951,047
Change in assumptions	1,300,354	-
Net difference between projected and actual earnings on pension plan investments	-	1,798,252
Changes in proportion and differences between employer contributions and proportionate share of contributions	77,705	747,221
Employer contributions subsequent to the measurement date	<u>2,454,134</u>	<u>-</u>
Total	<u>\$ 3,832,193</u>	<u>\$ 3,496,520</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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)

\$2,454,134 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2024	\$ (699,443)
2025	(821,553)
2026	(1,366,976)
2027	769,511

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

Mortality rates:

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

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2022, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$ 54,732,329
Plan Fiduciary Net Position	45,211,731
Employers' Net Pension Liability (Asset)	\$ <u>9,520,598</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%

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

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

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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)	\$ 24,634,445	\$ 13,792,491	\$ 4,964,757

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 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 9- Summary of Pension Related Items:

	Primary Government				Component Unit IDA			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans (Note 8):								
County	\$ 1,173,887	\$ 1,223,012	\$ 2,504,068	\$ 489,647	\$ 25,493	\$ 24,223	\$ 38,937	\$ 6,992
Totals	\$ 1,173,887	\$ 1,223,012	\$ 2,504,068	\$ 489,647	\$ 25,493	\$ 24,223	\$ 38,937	\$ 6,992

	Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans (Note 8):				
School Board Nonprofessional	\$ 37,072	\$ 165,262	\$ 88,707	\$ (69,597)
School Board Professional	3,832,193	3,496,520	13,792,491	451,299
Totals	\$ 3,869,265	\$ 3,661,782	\$ 13,881,198	\$ 381,702

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

The County and Component Unit-IDA administer a cost-sharing defined benefit healthcare plan. Several entities participate in the defined benefit healthcare plan through the County of Giles, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan.

The School Board administers a single-employer defined benefit healthcare plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plan. The plan does not issue a publicly available financial report.

Benefits Provided

The County of Giles and Component Unit-IDA administer a cost-sharing defined benefit healthcare plan. The Component Unit - School Board administers a single-employer healthcare plan. The Plan provides for participation by eligible retirees and their dependents in the health insurance programs available to County, IDA, and School Board employees. The Plan will provide retiring employees the option to continue health insurance offered by the County, IDA, and School Board. Any County and IDA eligible retiree and spouse may receive this benefit until he/she has reached the earlier of sixty five years of age or death. Coverage for the spouse ends at the earliest of the retiree's death, the retiree's attainment of age 65, the spouse's death, and the spouse's attainment of age 65. The School Boards coverage ends at the earlier of attainment of age 65 and death unless the participant enrolls in the Medicare supplement plan. If a participant enrolls in the Medicare supplement plan, coverage may continue for life. A spouse may continue coverage after the death of the retiree at their own cost.

For the County and IDA, to be eligible for this benefit a retiree must meet at least one of the following criteria: attained age 50 and 10 years of service, attained age 55 and 5 years of service, or disabled with no age or service requirements. For the School Board, to be eligible for this benefit a retiree must meet at least one of the following criteria for those hired before July 1, 2010: attained age 50 and 10 years of service, attained age 65 and 5 years of service, if hired after July 1, 2010 age plus service is at least 90 or age 60 with at least 5 years of service, or disabled with no age or service. The benefits, employee contributions and the employer contributions are governed by the Board of Supervisors and the School Board and can be amended through the Board of Supervisors and the School Board action respectively.

Plan Membership

At June 30, 2023 (measurement date), the following employees were covered by the benefit terms:

	Primary Government*	Component Unit-School Board
Total active employees with coverage	151	362
Total retirees and spouses with coverage	7	22
Total	158	384

*Employees for Component Unit IDA and Giles PSA included in Primary Government totals above

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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, 2023 was \$71,685. The amount paid by the IDA for OPEB as the benefits came due during the year ended June 30, 2023 was \$1,121. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2023 was \$266,312.

Total OPEB Liability

The County's, Industrial Development Authority's, and School Board's total OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2023.

Actuarial Assumptions

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

Primary Government and Component Unit - Industrial Development Authority:

Actuarial Cost Method	Entry Age Normal
Healthcare Cost Trend Rates	3.10% in 2023 increasing to 6.60% in 2024 then decreasing to an ultimate rate of 3.90% over 49 years
Salary Increases	5.35% to 3.50% depending on years of service; 4.75% to 3.50% for public safety employees depending on years of service
Discount Rate	3.54% for fiscal year ending June 30, 2022 3.65% for fiscal year ending June 30, 2023
Inflation	2.50%

Mortality Rates - General Employees

Pre-Retirement - Pub-2010 Amount Weighted General Employee Rates projected generationally females set forward 2 years. 25% of deaths are assumed to be service-related.

Post-Retirement - Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females.

Post-Disablement - Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years.

Beneficiaries and Survivors - Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.

Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Actuarial Assumptions (Continued)

Mortality Rates - Public Safety

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. 35% of deaths are assumed to be service-related.

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.

Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

Component Unit-School Board:

Actuarial Cost Method	Entry Age Normal
Healthcare Cost Trend Rates	3.10% in 2023 increasing to 6.60% in 2024 then decreasing to an ultimate rate of 3.90% over 49 years
Salary Increases	5.35% to 3.50% depending on years of service; 5.95% to 3.50% for teachers depending on years of service
Discount Rate	3.54% for fiscal year ending June 30, 2022 3.65% for fiscal year ending June 30, 2023
Inflation	2.50%

Mortality Rates - Teachers

Pre-Retirement - Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males. 5% of deaths are assumed to be service-related.

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.

Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the Bond Buyer General Obligation 20-Bond Municipal Index. The final equivalent single discount rate used for this year's valuation is 3.72% as of the end of the fiscal year with the expectation that the County, IDA, and School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

	Primary Government	Component Unit- Industrial Development Authority	Component Unit- School Board
	Total OPEB Liability	Total OPEB Liability	Total OPEB Liability
Balances at June 30, 2022	\$ 1,300,439	\$ 18,424	\$ 5,744,124
Changes for the year:			
Service cost	28,683	449	291,582
Interest	45,285	708	208,991
Effect of economic/demographic gains or losses	-	-	494,145
Effect of assumptions changes or inputs	(10,074)	(158)	(427,819)
Benefit payments	(71,685)	(1,121)	(266,312)
Change in proportionate share	(14,365)	1,696	-
Other changes	(358,141)	(5,603)	-
Net changes	\$ (380,297)	\$ (4,029)	\$ 300,587
Balances at June 30, 2023	\$ 920,142	\$ 14,395	\$ 6,044,711

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

The following amounts present the total OPEB liability of the County, IDA, and School Board as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current discount rate:

Primary Government:

Rate		
1% Decrease	Current Discount	1% Increase
(2.65%)	(3.65%)	(4.65%)
\$ 977,061	\$ 920,142	\$ 866,850

Component Unit-Industrial Development Authority:

Rate		
1% Decrease	Current Discount	1% Increase
(2.65%)	(3.65%)	(4.65%)
\$ 15,285	\$ 14,395	\$ 13,561

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate (Continued)

Component Unit-School Board:

Rate		
1% Decrease	Current Discount	1% Increase
(2.65%)	(3.65%)	(4.65%)
\$ 6,517,360	\$ 6,044,711	\$ 5,599,399

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

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

Primary Government:

Rate		
1% Decrease	Healthcare Cost Trend	1% Increase
(5.60% decreasing to 2.90%)	(6.60% decreasing to 3.90%)	(7.60% decreasing to 4.90%)
\$ 864,099	\$ 920,142	\$ 984,385

Component Unit-Industrial Development Authority:

Rate		
1% Decrease	Healthcare Cost Trend	1% Increase
(5.60% decreasing to 2.90%)	(6.60% decreasing to 3.90%)	(7.60% decreasing to 4.90%)
\$ 13,518	\$ 14,395	\$ 15,400

Component Unit-School Board:

Rate		
1% Decrease	Healthcare Cost Trend	1% Increase
(5.60% decreasing to 2.90%)	(6.60% decreasing to 3.90%)	(7.60% decreasing to 4.90%)
\$ 5,414,759	\$ 6,044,711	\$ 6,776,933

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

For the year ended June 30, 2023, the County recognized OPEB expense in the amount of \$(38,166), the Industrial Development Authority \$(597), and the School Board \$599,335. At June 30, 2023, the County and School Board reported the following deferred outflows of resources and deferred inflows of resources related to OPEB:

	Primary Government		Component Unit - Industrial Development Authority		Component Unit - School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,581	\$ 456,924	\$ 338	\$ 7,148	\$ 421,784	\$ 509,900
Changes in assumptions	33,581	111,355	525	1,742	908,685	884,603
Total	<u>\$ 55,162</u>	<u>\$ 568,279</u>	<u>\$ 863</u>	<u>\$ 8,890</u>	<u>\$ 1,330,469</u>	<u>\$ 1,394,503</u>

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

Year Ended June 30	Primary Government	Component Unit- Industrial Development Authority	Component Unit-School Board
2024	\$ (112,133)	\$ (1,754)	\$ 98,762
2025	(124,736)	(1,951)	20,822
2026	(137,334)	(2,148)	(57,123)
2027	(93,694)	(1,466)	(57,123)
2028	(45,220)	(708)	(57,123)
Thereafter	-	-	(12,249)

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

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

Plan Description

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Plan Description (Continued)

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

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

Eligible Employees

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

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 \$8,984 as of June 30, 2023.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% 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, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the GLI Plan from the County were \$37,831 and \$35,272 for the years ended June 30, 2023 and June 30, 2022, respectively.

Contributions to the GLI Plan from the Component Unit-Industrial Development Authority were \$946 and \$1,172 for the years ended June 30, 2023 and June 30, 2022, respectively.

Contributions to the GLI Plan from the Component Unit-School Board (nonprofessional) were \$3,991 and \$3,514 for the years ended June 30, 2023 and June 30, 2022, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Contributions (Continued)

Contributions to the GLI Plan from the Component Unit-School Board (professional) were \$83,408 and \$72,766 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2023, the County reported a liability of \$361,612 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2023, the Component Unit-Industrial Development Authority reported a liability of \$12,019 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2023, the Component Unit-School Board (nonprofessional) reported a liability of \$36,002 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2023, the Component Unit-School Board (professional) reported a liability of \$745,938 for its proportionate share of the Net GLI OPEB Liability.

The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2022, the County's proportion was 0.0300% as compared to 0.0312% at June 30, 2021.

At June 30, 2022, the Component Unit-Industrial Development Authority proportion was 0.0010% as compared to 0.0004% at June 30, 2021.

At June 30, 2022, the Component Unit-School Board (nonprofessional) proportion was 0.00300% as compared to 0.00300% at June 30, 2021.

At June 30, 2022, the Component Unit-School Board (professional) proportion was 0.06190% as compared to 0.06280% at June 30, 2021.

For the year ended June 30, 2023, the County recognized GLI OPEB expense of \$12,754. 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.

For the year ended June 30, 2023, the Component-Unit Industrial Development Authority recognized GLI OPEB expense of \$424. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

For the year ended June 30, 2023, the Component-Unit School Board (nonprofessional) recognized GLI OPEB expense of \$3,615. 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.

For the year ended June 30, 2023, the Component-Unit School Board (professional) recognized GLI OPEB expense of \$12,814. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component Unit Industrial Development Authority	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,635	\$ 14,507	\$ 952	\$ 482
Net difference between projected and actual earnings on GLI OPEB plan investments	-	22,595	-	751
Changes in assumptions	13,488	35,222	448	1171
Changes in proportion	12,897	12,531	429	416
Employer contributions subsequent to the measurement date	37,831	-	946	-
Total	\$ 92,851	\$ 84,855	\$ 2,775	\$ 2,820

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

	Component Unit School Board (Nonprofessional)		Component Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,851	\$ 1,444	\$ 59,069	\$ 29,925
Net difference between projected and actual earnings on GLI OPEB plan investments	-	2,250	-	46,610
Change in assumptions	1,343	3,507	27,822	72,657
Changes in proportion	9,003	1,481	708	37,284
Employer contributions subsequent to the measurement date	3,991	-	83,408	-
Total	\$ 17,188	\$ 8,682	\$ 171,007	\$ 186,476

\$37,831, \$946, \$3,991, and \$83,408 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's, Component -Unit Industrial Development Authority, Component-Unit School Board (Nonprofessional), and Component-Unit School Board (Professional), respectively, contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit-Industrial Development Authority	Component Unit-School Board (Non- professional)	Component Unit-School Board (Professional)
2024	\$ (5,491)	\$ (182)	\$ 1,834	\$ (23,218)
2025	(6,280)	(209)	1,851	(22,154)
2026	(17,344)	(576)	573	(45,038)
2027	3,281	109	524	(904)
2028	(4,001)	(133)	(267)	(7,563)
Thereafter	-	-	-	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be references 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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Actuarial Assumptions (Continued)

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Actuarial Assumptions (Continued)

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. 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 To Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NET GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the Group Life Insurance Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,672,085
Plan Fiduciary Net Position	2,467,989
GLI Net OPEB Liability (Asset)	\$ 1,204,096
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 526,189	\$ 361,612	\$ 228,612
Component Unit-Industrial Development Authority's proportionate share of the GLI Plan Net OPEB Liability	\$ 17,488	\$ 12,019	\$ 7,598
Component Unit-School Board (Nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 52,388	\$ 36,002	\$ 22,761
Component Unit-School Board (Professional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 1,085,427	\$ 745,938	\$ 471,584

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Group Life Insurance Plan Fiduciary Net Position

Detailed information about the Group Life Insurance Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 12-Component Unit - School Board's (Nonprofessional) 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 12-Component Unit - School Board's (Nonprofessional) Health Insurance Credit (HIC) Plan (OPEB Plan):
(Continued)

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>19</u>
Active members	<u>36</u>
Total covered employees	<u>55</u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Component Unit - School Board's (Nonprofessional) contractually required employer contribution rate for the year ended June 30, 2023 was 1.74% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Component Unit - School Board (Nonprofessional) to the HIC Plan were \$12,858 and \$11,322 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net HIC OPEB Liability

The Component Unit-School Board's (Nonprofessional) net HIC OPEB liability was measured as of June 30, 2022. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 12-Component Unit - School Board's (Nonprofessional) Health Insurance Credit (HIC) Plan (OPEB Plan):
(Continued)

Actuarial Assumptions (Continued)

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 12-Component Unit - School Board's (Nonprofessional) Health Insurance Credit (HIC) Plan (OPEB Plan):
(Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

Note 12-Component Unit - School Board's (Nonprofessional) Health Insurance Credit (HIC) Plan (OPEB Plan):
(Continued)**Discount Rate**

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability - Component Unit-School Board (Nonprofessional)

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 92,265	\$ 12,060	\$ 80,205
Changes for the year:			
Service cost	\$ 882	\$ -	\$ 882
Interest	6,200	-	6,200
Difference between expected and actual experience	(3,290)	-	(3,290)
Assumption changes	43,729	-	43,729
Contributions - employer	-	11,322	(11,322)
Net investment income	-	(242)	242
Benefit payments	(2,591)	(2,591)	-
Administrative expenses	-	(36)	36
Other changes	-	95	(95)
Net changes	\$ 44,930	\$ 8,548	\$ 36,382
Balances at June 30, 2022	\$ 137,195	\$ 20,608	\$ 116,587

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 12-Component Unit - School Board's (Nonprofessional) 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) HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Component Unit-School Board (Nonprofessional)'s Net HIC OPEB Liability	\$ 128,098	\$ 116,587	\$ 106,634

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

For the year ended June 30, 2023, the Component Unit - School Board (Nonprofessional) recognized HIC Plan OPEB expense of \$16,398. At June 30, 2023, the Component Unit - School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the Component Unit - School Board (Nonprofessional) HIC Plan from the following sources:

	Component Unit School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,493
Net difference between projected and actual earnings on HIC OPEB plan investments	480	-
Change in assumptions	34,451	-
Employer contributions subsequent to the measurement date	12,858	-
Total	\$ 47,789	\$ 2,493

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 12-Component Unit - School Board's (Nonprofessional) 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)

\$12,858 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended	Component Unit-
June 30	School Board
	(Non-professional)
2024	\$ 10,486
2025	10,486
2026	9,922
2027	1,544
Thereafter	-

HIC Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Plan is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 13-Component Unit - School Board's (Professional) Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

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

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

Eligible Employees

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 13-Component Unit - School Board's (Professional) Health Insurance Credit (HIC) Plan (OPEB Plan):
(Continued)

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$186,740 and \$163,050 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution to approximately \$12 million to the VRS Teacher HIC Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2023, the school division reported a liability of \$1,805,871 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Plan OPEB Liability was measured as of June 30, 2022 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The school division's proportion of the Net VRS Teacher Employee HIC Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion of the VRS Teacher Employee HIC Program was 0.14458% as compared to 0.14663% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$123,031. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 13-Component Unit - School Board's (Professional) Health Insurance Credit (HIC) Plan (OPEB Plan):
(Continued)

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

At June 30, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Plan OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 73,610
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	1,813
Change in assumptions	52,759	4,612
Change in proportion share and differences between actual and expected contributions	13,393	103,690
Employer contributions subsequent to the measurement date	<u>186,740</u>	<u>-</u>
Total	<u>\$ 252,892</u>	<u>\$ 183,725</u>

\$186,740 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2024	\$ (26,802)
2025	(24,337)
2026	(22,365)
2027	(14,438)
2028	(17,434)
Thereafter	(12,197)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 13-Component Unit - School Board's (Professional) Health Insurance Credit (HIC) Plan (OPEB Plan):
(Continued)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 13-Component Unit - School Board's (Professional) Health Insurance Credit (HIC) Plan (OPEB Plan):
(Continued)

Actuarial Assumptions (Continued)

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,470,891
Plan Fiduciary Net Position		221,845
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<u>1,249,046</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		15.08%

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 13-Component Unit - School Board's (Professional) Health Insurance Credit (HIC) Plan (OPEB Plan):
(Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of 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%.

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 13-Component Unit - School Board's (Professional) Health Insurance Credit (HIC) Plan (OPEB Plan):
(Continued)

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	Rate		
	1% Decrease (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	\$ 2,035,238	\$ 1,805,871	\$ 1,611,443

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 14- Summary of OPEB Related Items:

	Primary Government				Component Unit IDA			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
County Stand-Alone Plan (Note 10)	\$ 55,162	\$ 568,279	\$ 920,142	\$ (38,166)	\$ 863	\$ 8,890	\$ 14,395	\$ (597)
VRS OPEB Plans:								
Group Life Insurance Plan (Note 11)								
County	92,851	84,855	361,612	12,754	2,775	2,820	12,019	424
Totals	\$ 148,013	\$ 653,134	\$ 1,281,754	\$ (25,412)	\$ 3,638	\$ 11,710	\$ 26,414	\$ (173)

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 14- Summary of OPEB Related Items: (Continued)

	Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
School Stand-Alone Plan (Note 10)	\$ 1,330,469	\$ 1,394,503	\$ 6,044,711	\$ 599,335
VRS OPEB Plans:				
Group Life Insurance Plan (Note 11)				
School Board Nonprofessional	17,188	8,682	36,002	3,615
School Board Professional	171,007	186,476	745,938	12,814
School Board Health Insurance Credit Plan (Note 12)	47,789	2,493	116,587	16,398
Teacher Health Insurance Credit Plan (Note 13)	252,892	183,725	1,805,871	123,031
Totals	\$ <u>1,819,345</u>	\$ <u>1,775,879</u>	\$ <u>8,749,109</u>	\$ <u>755,193</u>

Note 15- Unavailable/Deferred 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 Governmental Activities	Balance Sheet Governmental Funds
Unavailable/deferred revenue		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 497,320
Tax assessments due after June 30	3,473,162	3,473,162
Prepaid property taxes due after June 30 but paid in advance by taxpayers	550,357	550,357
Unavailable opioid settlement proceeds representing uncollected opioid settlement proceeds not available for the funding of current expenditures	-	360,631
Total unavailable/deferred revenue	\$ <u>4,023,519</u>	\$ <u>4,881,470</u>
Unearned revenue		
Broadband grant	\$ 253,270	\$ 253,270
Total unearned revenue	\$ <u>253,270</u>	\$ <u>253,270</u>

Also, at the end of the current fiscal year, Component Unit School Board reported *unearned revenue* of \$1,810,751 consisting of a state construction grant.

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 16-Capital Assets:

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

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 530,430	\$ -	\$ -	\$ 530,430
Construction in progress	267,539	796,723	-	1,064,262
Total capital assets not being depreciated/amortized	<u>\$ 797,969</u>	<u>\$ 796,723</u>	<u>\$ -</u>	<u>\$ 1,594,692</u>
Capital assets, being depreciated/amortized:				
Land Improvements	\$ 264,034	\$ -	\$ -	\$ 264,034
Buildings and improvements	25,230,359	-	-	25,230,359
Machinery and equipment	5,923,898	398,762	(492,930)	5,829,730
Lease buildings and improvements	168,595	-	-	168,595
Lease machinery and equipment	96,774	-	(34,803)	61,971
Total capital assets being depreciated/amortized	<u>\$ 31,683,660</u>	<u>\$ 398,762</u>	<u>\$ (527,733)</u>	<u>\$ 31,554,689</u>
Accumulated depreciation/amortization:				
Land Improvements	\$ (39,606)	\$ (13,202)	\$ -	\$ (52,808)
Buildings and improvements	(11,600,071)	(1,096,675)	-	(12,696,746)
Machinery and equipment	(4,900,572)	(361,478)	196,087	(5,065,963)
Lease buildings and improvements	(62,727)	(62,726)	-	(125,453)
Lease machinery and equipment	(35,903)	(29,859)	34,803	(30,959)
Total accumulated depreciation/amortization	<u>\$ (16,638,879)</u>	<u>\$ (1,563,940)</u>	<u>\$ 230,890</u>	<u>\$ (17,971,929)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 15,044,781</u>	<u>\$ (1,165,178)</u>	<u>\$ (296,843)</u>	<u>\$ 13,582,760</u>
Governmental activities capital assets, net	<u>\$ 15,842,750</u>	<u>\$ (368,455)</u>	<u>\$ (296,843)</u>	<u>\$ 15,177,452</u>

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COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 16-Capital Assets: (Continued)

Primary Government: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 13,000	\$ -	\$ -	\$ 13,000
Construction in progress	38,928	-	-	38,928
Total capital assets, not being depreciated	<u>\$ 51,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,928</u>
Capital assets, being depreciated:				
Utility plant and infrastructure	\$ 17,362,900	\$ 12,058	\$ -	\$ 17,374,958
Machinery and equipment	693,447	-	-	693,447
Total capital assets, being depreciated	<u>\$ 18,056,347</u>	<u>\$ 12,058</u>	<u>\$ -</u>	<u>\$ 18,068,405</u>
Accumulated depreciation:				
Utility plant and infrastructure	\$ (8,094,731)	\$ (560,548)	\$ -	\$ (8,655,279)
Machinery and equipment	(579,179)	(36,851)	-	(616,030)
Total accumulated depreciation	<u>\$ (8,673,910)</u>	<u>\$ (597,399)</u>	<u>\$ -</u>	<u>\$ (9,271,309)</u>
Total capital assets being depreciated, net	<u>\$ 9,382,437</u>	<u>\$ (585,341)</u>	<u>\$ -</u>	<u>\$ 8,797,096</u>
Business-type activities capital assets, net	<u>\$ 9,434,365</u>	<u>\$ (585,341)</u>	<u>\$ -</u>	<u>\$ 8,849,024</u>

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

Governmental activities:

General government administration	\$ 201,499
Judicial administration	29,211
Public safety	173,259
Public works	213,827
Health and welfare	42,458
Education	788,806
Parks, recreation, and cultural	31,107
Community development	83,773

Total depreciation/amortization expense-governmental activities \$ 1,563,940

Business-type activities:

Water department	<u>\$ 597,399</u>
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COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 16-Capital Assets: (Continued)

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

Discretely Presented Component Unit-School Board:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 473,652	\$ -	\$ -	\$ 473,652
Construction in progress	1,569,379	2,017,933	-	3,587,312
Total capital assets not being depreciated	<u>\$ 2,043,031</u>	<u>\$ 2,017,933</u>	<u>\$ -</u>	<u>\$ 4,060,964</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 32,904,532	\$ -	\$ -	\$ 32,904,532
Machinery and equipment	6,328,270	1,120,270	(122,546)	7,325,994
Total capital assets being depreciated	<u>\$ 39,232,802</u>	<u>\$ 1,120,270</u>	<u>\$ (122,546)</u>	<u>\$ 40,230,526</u>
Accumulated depreciation:				
Buildings and improvements	\$ (31,432,695)	\$ (192,265)	\$ -	\$ (31,624,960)
Machinery and equipment	(4,736,581)	(582,723)	122,546	(5,196,758)
Total accumulated depreciation	<u>\$ (36,169,276)</u>	<u>\$ (774,988)</u>	<u>\$ 122,546</u>	<u>\$ (36,821,718)</u>
Total capital assets being depreciated, net	<u>\$ 3,063,526</u>	<u>\$ 345,282</u>	<u>\$ -</u>	<u>\$ 3,408,808</u>
Governmental activities capital assets, net	<u>\$ 5,106,557</u>	<u>\$ 2,363,215</u>	<u>\$ -</u>	<u>\$ 7,469,772</u>

Depreciation expense of \$774,988 was charged to education in the Statement of Activities.

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COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 15-Capital Assets: (Continued)

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

Discretely Presented Component Unit-Industrial Development Authority:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 461,478	\$ -	\$ (8,119)	\$ 453,359
Construction in progress	47,695	-	-	47,695
Total capital assets not being depreciated/amortized	<u>\$ 509,173</u>	<u>\$ -</u>	<u>\$ (8,119)</u>	<u>\$ 501,054</u>
Capital assets, being depreciated/amortized:				
Buildings and improvements	\$ 9,650,947	\$ 35,950	\$ -	\$ 9,686,897
Lease buildings and improvements	194,175	-	-	194,175
Total capital assets being depreciated/amortized	<u>\$ 9,845,122</u>	<u>\$ 35,950</u>	<u>\$ -</u>	<u>\$ 9,881,072</u>
Accumulated depreciation/amortization:				
Buildings and improvements	\$ (3,256,220)	\$ (259,831)	\$ -	\$ (3,516,051)
Lease buildings and improvements	(17,710)	(19,412)	-	(37,122)
Total depreciation/amortization	<u>\$ (3,273,930)</u>	<u>\$ (279,243)</u>	<u>\$ -</u>	<u>\$ (3,553,173)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 6,571,192</u>	<u>\$ (243,293)</u>	<u>\$ -</u>	<u>\$ 6,327,899</u>
Business-type activities capital assets, net	<u>\$ 7,080,365</u>	<u>\$ (243,293)</u>	<u>\$ (8,119)</u>	<u>\$ 6,828,953</u>

All Depreciation/amortization of the Component Unit-Industrial Development Authority was charged to Community Development.

Note 16-Inventories/Assets Held for Resale:

Discretely Presented Component Unit-Industrial Development Authority:

The Industrial Development Authority has assets consisting of land and structures specifically held for resale that are not depreciated. At June 30, 2023, the value of these assets was \$1,657,220.

The following is a summary of transactions for these assets for the year ended June 30, 2023.

	Beginning Balance	Increases	Decreases	Ending Balance
Inventories/ Assets held for resale	<u>\$ 1,657,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,657,220</u>
Total	<u>\$ 1,657,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,657,220</u>

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 17-Leases Receivable:

Governmental activities:

The following is a summary of lessor activity of the County for the year ended June 30, 2023.

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	\$ 12,687	\$ -	\$ (12,687)	\$ -	\$ 6

Discretely Presented Component Unit-Industrial Development Authority:

The following is a summary of lessor activity of the Component Unit-Industrial Development Authority for the year ended June 30, 2023.

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	\$ 1,801,737	\$ -	\$ (266,498)	\$ 1,535,239	\$ 24,809

Lease revenue recognized during the year was \$266,498.

Details of leases receivables:

Lease Description	Start Date	End Date	Payment Frequency	Ending Balance	Amount Due Within One Year
Health Department Lease	5/1/2018	4/30/2028	Monthly	\$ 185,779	\$ 36,583
Nanosonic	10/1/2020	9/30/2030	Monthly	1,224,997	163,009
Farm Bureau	7/1/2011	6/30/2026	Monthly	95,788	30,870
DSS Lease	4/1/2004	3/31/2024	Monthly	28,675	28,675
Total				\$ 1,535,239	\$ 259,137

The Discretely Presented Component Unit-Industrial Development Authority used discount rates ranging from 1.14% - 10.00% for the leases noted above.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 18-Risk Management:

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

Note 19-Contingent Liabilities:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of U.S. Office of Management and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 20-Surety Bonds:

Primary Government:

<u>Fidelity & Deposit Company of Maryland-Surety:</u>	
Sherry Gautier, Clerk of the Circuit Court	\$ 550,000
Angela Higginbotham, Treasurer	400,000
Lisa Corell, Commissioner of the Revenue	3,000
William M. Millirons, Sheriff	30,000

Note 21-Landfill Postclosure Liability:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County landfill has been closed. Total costs for landfill postclosure are estimated to be \$55,149. This amount is based on what it would cost to perform all postclosure care in 2023. Actual costs for postclosure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the Department of Environmental Quality's assurance requirements for landfill post-closure costs. The County demonstrated financial assurance requirements for closure, postclosure care, and corrective action costs through the submission of a Local Governmental Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

Note 22-Litigation:

As of June 30, 2023, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decisions on pending matters not be favorable.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 23 - Upcoming Pronouncements:

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (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 reporting periods beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

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

Implementation Guide No. 2021-1, *Implementation Guidance Update—2021, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.*

Implementation Guide No. 2023-1, *Implementation Guidance Update—2023, effective for fiscal years beginning after June 15, 2023.*

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

Required Supplementary Information

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

	Budgeted Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
General property taxes	\$ 17,080,235	\$ 17,080,235	\$ 18,625,624	\$ 1,545,389
Other local taxes	2,247,887	2,247,887	2,875,709	627,822
Permits, privilege fees, and regulatory licenses	45,500	45,500	64,167	18,667
Fines and forfeitures	36,500	36,500	50,280	13,780
Revenue from the use of money and property	140,937	140,937	672,100	531,163
Charges for services	535,378	535,378	643,444	108,066
Miscellaneous	74,064	74,064	301,599	227,535
Recovered costs	1,727,374	1,727,374	2,236,621	509,247
Intergovernmental:				
Commonwealth	6,819,005	6,819,005	6,370,396	(448,609)
Federal	2,463,412	2,463,412	4,740,274	2,276,862
Total revenues	<u>\$ 31,170,292</u>	<u>\$ 31,170,292</u>	<u>\$ 36,580,214</u>	<u>\$ 5,409,922</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,335,806	\$ 2,442,406	\$ 2,415,724	\$ 26,682
Judicial administration	1,071,000	1,113,183	1,102,297	10,886
Public safety	5,892,626	6,119,831	5,558,212	561,619
Public works	2,443,620	1,995,136	1,977,253	17,883
Health and welfare	6,318,379	6,300,712	6,169,943	130,769
Education	7,042,947	8,017,742	9,033,161	(1,015,419)
Parks, recreation, and cultural	690,039	1,115,056	1,077,072	37,984
Community development	1,147,179	1,680,031	1,444,422	235,609
Nondepartmental	369,444	517,463	501,706	15,757
Debt service:				
Principal retirement	984,980	1,073,126	549,389	523,737
Interest and other fiscal charges	265,020	270,074	270,610	(536)
Total expenditures	<u>\$ 28,561,040</u>	<u>\$ 30,644,760</u>	<u>\$ 30,099,789</u>	<u>\$ 544,971</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,609,252</u>	<u>\$ 525,532</u>	<u>\$ 6,480,425</u>	<u>\$ 5,954,893</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (2,780,111)	\$ (2,988,188)	\$ (2,463,377)	\$ 524,811
Total other financing sources (uses)	<u>\$ (2,780,111)</u>	<u>\$ (2,988,188)</u>	<u>\$ (2,463,377)</u>	<u>\$ 524,811</u>
Net change in fund balances	\$ (170,859)	\$ (2,462,656)	\$ 4,017,048	\$ 6,479,704
Fund balances - beginning	170,859	2,462,656	16,640,392	14,177,736
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,657,440</u>	<u>\$ 20,657,440</u>

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

For the Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 677,180	\$ 715,592	\$ 695,969	\$ 678,745	\$ 643,974	\$ 652,478	\$ 526,089	\$ 533,859	\$ 470,527
Interest	2,068,033	1,872,606	1,760,042	1,721,274	1,672,667	1,602,544	1,521,355	1,418,513	1,365,894
Differences between expected and actual experience	(583,150)	67,322	438,125	(62,782)	(188,945)	(136)	331,152	747,408	-
Impact in change of proportion	(23,252)	168,307	(125,162)	(4,314)	33,882	(16,846)	(70,081)	-	-
Changes of assumptions	-	1,032,148	-	787,870	-	(98,144)	-	-	-
Benefit payments	(1,460,284)	(1,432,475)	(1,357,212)	(1,672,516)	(1,185,448)	(1,192,333)	(1,211,475)	(1,109,557)	(1,059,912)
Net change in total pension liability	\$ 678,527	\$ 2,423,500	\$ 1,411,762	\$ 1,448,276	\$ 976,130	\$ 947,563	\$ 1,097,040	\$ 1,590,223	\$ 776,509
Total pension liability - beginning	\$ 30,713,736	\$ 28,290,236	\$ 26,878,474	\$ 25,430,198	\$ 24,454,068	\$ 23,506,505	\$ 22,409,465	\$ 20,819,241	\$ 20,042,729
Total pension liability - ending (a)	\$ 31,392,263	\$ 30,713,736	\$ 28,290,236	\$ 26,878,474	\$ 25,430,198	\$ 24,454,068	\$ 23,506,505	\$ 22,409,464	\$ 20,819,238
Plan fiduciary net position									
Impact in change of proportion	\$ (22,240)	\$ 138,454	\$ (108,698)	\$ (3,846)	\$ 29,555	\$ (13,826)	\$ (60,229)	\$ -	\$ -
Contributions - employer	736,665	720,617	664,343	612,578	647,351	623,831	707,686	543,957	532,111
Contributions - employee	306,500	303,764	303,540	278,380	281,320	296,088	272,361	222,825	219,470
Net investment income	(32,644)	6,390,522	442,966	1,478,504	1,579,493	2,341,372	336,177	850,887	2,585,528
Benefit payments	(1,460,284)	(1,432,475)	(1,357,212)	(1,672,516)	(1,185,448)	(1,192,333)	(1,211,475)	(1,109,557)	(1,059,912)
Administrator charges	(18,221)	(15,845)	(15,054)	(14,983)	(13,551)	(13,516)	(11,904)	(11,820)	(14,071)
Other	678	601	(525)	(931)	(4,195)	(2,085)	(142)	(181)	136
Net change in plan fiduciary net position	\$ (489,546)	\$ 6,105,638	\$ (70,640)	\$ 677,186	\$ 1,334,525	\$ 2,039,531	\$ 32,474	\$ 496,111	\$ 2,263,262
Plan fiduciary net position - beginning	\$ 29,377,741	\$ 23,272,103	\$ 23,342,743	\$ 22,665,557	\$ 21,331,032	\$ 19,291,501	\$ 19,259,027	\$ 18,762,916	\$ 16,499,651
Plan fiduciary net position - ending (b)	\$ 28,888,195	\$ 29,377,741	\$ 23,272,103	\$ 23,342,743	\$ 22,665,557	\$ 21,331,032	\$ 19,291,501	\$ 19,259,027	\$ 18,762,913
County's net pension liability - ending (a) - (b)	\$ 2,504,068	\$ 1,335,995	\$ 5,018,133	\$ 3,535,731	\$ 2,764,641	\$ 3,123,036	\$ 4,215,004	\$ 3,150,437	\$ 2,056,325
Plan fiduciary net position as a percentage of the total pension liability	92.02%	95.65%	82.26%	86.85%	89.13%	87.23%	82.07%	85.94%	90.12%
Covered payroll	\$ 6,537,332	\$ 6,388,367	\$ 6,259,366	\$ 5,853,324	\$ 5,850,228	\$ 5,604,478	\$ 5,447,257	\$ 4,637,626	\$ 4,475,295
County's net pension liability as a percentage of covered payroll	38.30%	20.91%	80.17%	60.41%	47.26%	55.72%	77.38%	67.93%	45.95%

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

County of Giles, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Industrial Development Authority
Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 10,530	\$ 10,577	\$ 14,488	\$ 10,903	\$ 10,234	\$ 11,287	\$ 8,717	\$ 7,149	\$ 6,301
Interest	32,156	27,678	36,640	27,650	26,581	27,723	25,209	18,995	18,291
Differences between expected and actual experience	(9,067)	995	9,121	(1,008)	(3,003)	(2)	5,487	10,009	-
Impact in change of proportion	23,251	(168,308)	125,163	4,314	(33,883)	16,846	70,082	-	-
Changes of assumptions	-	15,255	-	12,656	(3,883)	(1,698)	-	-	-
Benefit payments	(22,706)	(21,172)	(28,254)	(26,867)	(18,838)	(20,626)	(20,074)	(14,858)	(14,193)
Net change in total pension liability	\$ 34,164	\$ (134,975)	\$ 157,158	\$ 27,648	\$ (18,909)	\$ 33,530	\$ 89,421	\$ 21,295	\$ 10,399
Total pension liability - beginning	433,957	588,932	431,774	404,126	423,035	389,505	300,084	278,789	268,395
Total pension liability - ending (a)	468,121	453,957	588,932	431,774	404,126	423,035	389,505	300,084	278,794
Plan fiduciary net position									
Impact in change of proportion	\$ 22,240	\$ (138,453)	\$ 108,698	\$ 3,845	\$ (29,555)	\$ 13,826	\$ 60,229	\$ -	\$ -
Contributions - employer	11,454	10,651	13,830	9,840	10,287	10,792	11,725	7,284	7,126
Contributions - employee	4,766	4,490	6,319	4,472	4,471	5,122	4,513	2,984	2,939
Net investment income	(508)	94,454	9,221	23,751	25,101	40,504	5,570	11,394	34,623
Benefit payments	(22,706)	(21,172)	(28,254)	(26,867)	(18,839)	(20,626)	(20,074)	(14,858)	(14,193)
Administrator charges	(283)	(234)	(313)	(241)	(215)	(234)	(197)	(158)	(188)
Other	10	8	(10)	(16)	(67)	(36)	(2)	(2)	2
Net change in plan fiduciary net position	\$ 14,973	\$ (50,256)	\$ 109,491	\$ 14,784	\$ (8,817)	\$ 49,348	\$ 61,764	\$ 6,644	\$ 30,309
Plan fiduciary net position - beginning	434,211	484,467	374,976	360,192	369,009	319,661	257,897	251,253	220,949
Plan fiduciary net position - ending (b)	449,184	434,211	484,467	374,976	360,192	369,009	319,661	257,897	251,258
Authority's net pension liability - ending (a) - (b)	\$ 38,937	\$ 19,746	\$ 104,465	\$ 56,798	\$ 43,934	\$ 54,026	\$ 69,844	\$ 42,187	\$ 27,536
Plan fiduciary net position as a percentage of the total pension liability	92.02%	95.65%	82.26%	86.85%	89.13%	87.23%	82.07%	85.94%	90.12%
Covered payroll	\$ 154,788	\$ 132,990	\$ 100,550	\$ 93,019	\$ 92,969	\$ 102,799	\$ 72,944	\$ 62,102	\$ 59,137
Authority's net pension liability as a percentage of covered payroll	25.16%	14.85%	103.89%	61.06%	47.26%	52.55%	95.75%	67.93%	46.56%

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

County of Giles, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 45,764	\$ 52,381	\$ 34,304	\$ 36,017	\$ 36,003	\$ 39,504	\$ 105,253	\$ 108,343	\$ 107,050
Interest	353,146	344,870	315,170	324,954	332,959	382,689	382,399	366,994	356,957
Differences between expected and actual experience	(3,416)	(276,728)	409,945	(132,808)	(165,115)	(808,538)	(155,047)	69,592	-
Changes of assumptions	-	261,268	-	126,533	-	(2,083)	-	-	-
Benefit payments	(300,161)	(309,740)	(329,088)	(326,344)	(310,069)	(333,910)	(323,028)	(326,696)	(314,534)
Net change in total pension liability	\$ 95,333	\$ 72,051	\$ 430,331	\$ 28,352	\$ (106,221)	\$ (722,338)	\$ 9,577	\$ 218,233	\$ 149,473
Total pension liability - beginning	5,336,110	5,264,059	4,833,728	4,805,376	4,911,597	5,633,935	5,624,358	5,406,125	5,256,652
Total pension liability - ending (a)	<u>\$ 5,431,443</u>	<u>\$ 5,336,110</u>	<u>\$ 5,264,059</u>	<u>\$ 4,833,728</u>	<u>\$ 4,805,376</u>	<u>\$ 4,911,597</u>	<u>\$ 5,633,935</u>	<u>\$ 5,624,358</u>	<u>\$ 5,406,125</u>
Plan fiduciary net position									
Contributions - employer	\$ 72,870	\$ 69,787	\$ 172,977	\$ 71,848	\$ 35,474	\$ 34,223	\$ 46,775	\$ 141,960	\$ 181,467
Contributions - employee	28,721	27,480	46,975	18,712	18,156	18,030	18,866	57,024	57,830
Net investment income	(3,496)	1,218,563	86,204	291,814	322,742	499,637	70,476	196,357	601,209
Benefit payments	(300,161)	(309,740)	(329,088)	(326,344)	(310,069)	(333,910)	(323,028)	(326,696)	(314,534)
Administrator charges	(3,492)	(3,154)	(2,999)	(3,073)	(2,943)	(3,099)	(2,864)	(2,775)	(3,272)
Other	126	114	316	(183)	(280)	(435)	(31)	(42)	32
Net change in plan fiduciary net position	\$ (205,432)	\$ 1,003,050	\$ (25,615)	\$ 52,774	\$ 63,081	\$ 214,446	\$ (189,306)	\$ 65,828	\$ 522,732
Plan fiduciary net position - beginning	5,548,168	4,545,118	4,570,733	4,517,959	4,454,878	4,240,432	4,430,238	4,364,410	3,841,678
Plan fiduciary net position - ending (b)	<u>\$ 5,342,736</u>	<u>\$ 5,548,168</u>	<u>\$ 4,545,118</u>	<u>\$ 4,570,733</u>	<u>\$ 4,517,959</u>	<u>\$ 4,454,878</u>	<u>\$ 4,240,432</u>	<u>\$ 4,430,238</u>	<u>\$ 4,364,410</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ 88,707	\$ (212,058)	\$ 718,941	\$ 262,995	\$ 287,417	\$ 456,719	\$ 1,393,503	\$ 1,194,120	\$ 1,041,715
Plan fiduciary net position as a percentage of the total pension liability	98.37%	103.97%	86.34%	94.56%	94.02%	90.70%	75.27%	78.77%	80.73%
Covered payroll	\$ 650,673	\$ 617,464	\$ 646,002	\$ 395,683	\$ 378,456	\$ 371,866	\$ 380,778	\$ 1,158,779	\$ 1,156,588
School Division's net pension liability (asset) as a percentage of covered payroll	13.63%	-34.34%	111.29%	66.47%	75.94%	122.82%	365.96%	103.05%	90.07%

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

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

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (6)
2022	0.14487%	\$ 13,792,491	\$ 13,475,216	102.35%	82.61%
2021	0.14683%	11,398,556	12,967,773	87.90%	85.46%
2020	0.15190%	22,109,805	13,290,287	166.36%	71.47%
2019	0.15087%	19,855,350	12,638,082	157.11%	73.51%
2018	0.15536%	18,270,000	12,552,260	145.55%	74.81%
2017	0.15393%	18,930,000	12,130,823	156.05%	72.92%
2016	0.15625%	21,897,000	11,912,257	183.82%	68.28%
2015	0.15660%	19,710,000	11,641,598	169.31%	70.68%
2014	0.15711%	18,986,000	11,479,014	165.40%	70.88%

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

County of Giles, Virginia
Schedule of Employer Contributions
Pension Plans
For the Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2023	\$ 813,163	\$ 813,163	\$ -	\$ 6,961,043	11.68%
2022	731,136	731,136	-	6,537,332	11.18%
2021	714,484	714,484	-	6,388,367	11.18%
2020	672,104	672,104	-	6,259,366	10.74%
2019	611,120	611,120	-	5,853,324	10.44%
2018	647,351	647,351	-	5,850,228	11.07%
2017	634,582	634,582	-	5,604,478	11.32%
2016	658,143	658,143	-	5,447,257	12.08%
2015	543,957	543,957	-	4,637,626	11.73%
2014	541,511	541,511	-	4,475,295	12.10%
Component Unit School Board (nonprofessional)					
2023	\$ 37,072	\$ 37,072	\$ -	\$ 738,992	5.02%
2022	72,871	72,871	-	650,673	11.20%
2021	69,787	69,787	-	617,464	11.30%
2020	119,446	119,446	-	646,002	18.49%
2019	71,849	71,849	-	395,683	18.16%
2018	35,474	35,474	-	378,456	9.37%
2017	35,143	35,143	-	371,866	9.45%
2016	46,766	46,766	-	380,778	12.28%
2015	141,960	141,960	-	1,158,779	12.25%
2014	181,469	181,469	-	1,156,588	15.69%
Component Unit School Board (professional)					
2023	\$ 2,454,134	\$ 2,454,134	\$ -	\$ 15,433,058	15.90%
2022	2,152,214	2,152,214	-	13,475,216	15.97%
2021	2,077,175	2,077,175	-	12,967,773	16.02%
2020	2,018,914	2,018,914	-	13,290,287	15.19%
2019	1,933,434	1,933,434	-	12,638,082	15.30%
2018	2,009,000	2,009,000	-	12,552,260	16.01%
2017	1,752,000	1,752,000	-	12,130,823	14.44%
2016	1,662,000	1,662,000	-	11,912,257	13.95%
2015	1,682,000	1,682,000	-	11,641,598	14.45%
2014	1,338,453	1,338,453	-	11,479,014	11.66%
Component Unit IDA					
2023	\$ 20,567	\$ 20,567	\$ -	\$ 176,065	11.68%
2022	17,312	17,312	-	154,788	11.18%
2021	15,040	15,040	-	132,990	11.31%
2020	10,315	10,315	-	100,550	10.26%
2019	9,817	9,817	-	93,019	10.55%
2018	10,287	10,287	-	92,969	11.06%
2017	10,340	10,340	-	102,799	10.06%
2016	10,905	10,905	-	72,944	14.95%
2015	7,284	7,284	-	62,102	11.73%

*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 IDA's information was consolidated in the County's totals and presented in the County report. Therefore, sufficient information to allocate the prior year balances is not available. Additional years will be included as they become available.

County of Giles, Virginia
Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2023

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

Component Unit School Board - Professional Employees

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

County of Giles, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Component Unit School Board
For the Measurement Dates of June 30, 2018 through June 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 291,582	\$ 359,427	\$ 247,461	\$ 220,015	\$ 202,470	\$ 211,563
Interest	208,991	139,152	131,100	185,794	189,144	177,659
Economic/demographic gains or losses	494,145	-	(798,524)	-	-	-
Changes in assumptions	(427,819)	(715,813)	1,057,329	509,434	409,870	(166,961)
Differences between expected and actual experience	-	-	-	-	1,327	-
Benefit payments	(266,312)	(241,548)	(236,903)	(398,924)	(396,853)	(409,480)
Net change in total OPEB liability	\$ 300,587	\$ (458,782)	\$ 400,463	\$ 516,319	\$ 405,958	\$ (187,219)
Total OPEB liability - beginning	5,744,124	6,202,906	5,802,443	5,286,124	4,880,166	5,067,385
Total OPEB liability - ending	\$ 6,044,711	\$ 5,744,124	\$ 6,202,906	\$ 5,802,443	\$ 5,286,124	\$ 4,880,166
Covered-employee payroll	\$ 17,694,006	\$ 12,321,655	\$ 12,321,655	\$ 11,753,666	\$ 11,753,666	\$ 11,037,600
School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	34.16%	46.62%	50.34%	49.37%	44.97%	44.21%

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

County of Giles, Virginia
Schedule of County's Share of Total OPEB Liability
For the Years Ended June 30, 2018 through June 30, 2023

Date (1)	Employer's Proportion of the Total OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Total OPEB Liability (Asset) (3)	Employer's Covered Employee Payroll (4)	Employer's Proportionate Share of the Total OPEB Liability (Asset) as a Percentage of Covered Employee Payroll (3)/(4) (5)
Primary Government:				
2023	89.31% \$	920,142 \$	6,899,176	13.34%
2022	90.31%	1,300,439	6,413,944	20.28%
2021	91.17%	1,417,796	6,475,321	21.90%
2020	91.45%	1,732,232	6,893,486	25.13%
2019	91.99%	1,600,032	5,880,027	27.21%
2018	92.25%	1,249,186	5,171,074	24.16%
Component Unit Industrial Development Authority:				
2023	1.40% \$	14,395 \$	107,936	13.34%
2022	1.28%	18,424	90,872	20.27%
2021	1.25%	19,419	88,692	21.89%
2020	1.25%	23,624	94,011	25.13%
2019	1.28%	22,264	81,818	27.21%
2018	1.30%	17,604	72,872	24.16%

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

County of Giles, Virginia
Notes to Required Supplementary Information - School Board OPEB
For the Year Ended June 30, 2023

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

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal
Healthcare Cost Trend Rates	3.10% in 2023 increasing to 6.60% in 2024 then decreasing to an ultimate rate of 3.90% over 49 years
Discount Rate	3.54% for fiscal year ending June 30, 2022 3.65% for fiscal year ending June 30, 2023
Salary Increase Rates	5.35% to 3.50% depending on years of service; 5.95% to 3.50% for teachers depending on years of service
Inflation	2.50%
Mortality Rates (General Employee)	<p>Pre-Retirement - Pub-2010 Amount Weighted General Employee Rates projected generationally females set forward 2 years. 25% of deaths are assumed to be service-related.</p> <p>Post-Retirement - Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females.</p> <p>Post-Disablement - Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years.</p> <p>Beneficiaries and Survivors - Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.</p>
Mortality Rates (Teachers)	<p>Pre-Retirement - Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males. 5% of deaths are assumed to be service-related.</p> <p>Post-Retirement - Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.</p> <p>Post-Disablement - Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.</p> <p>Beneficiaries and Survivors - Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.</p>

County of Giles, Virginia
Notes to Required Supplementary Information - Primary Government and Component Unit IDA OPEB
For the Year Ended June 30, 2023

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

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal
Healthcare Cost Trend Rates	3.10% in 2023 increasing to 6.60% in 2024 then decreasing to an ultimate rate of 3.90% over 49 years
Discount Rate	3.54% for fiscal year ending June 30, 2022 3.65% for fiscal year ending June 30, 2023
Salary Increase Rates	5.35% to 3.50% depending on years of service; 4.75% to 3.50% for public safety employees depending on years of service
Inflation	2.50%
Mortality Rates (General Employee)	<p>Pre-Retirement - Pub-2010 Amount Weighted General Employee Rates projected generationally females set forward 2 years. 25% of deaths are assumed to be service-related.</p> <p>Post-Retirement - Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females.</p> <p>Post-Disablement - Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years.</p> <p>Beneficiaries and Survivors - Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.</p>
Mortality Rates (Public Safety Employee)	<p>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. 35% of deaths are assumed to be service-related.</p> <p>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.</p> <p>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.</p> <p>Beneficiaries and Survivors - Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.</p>

County of Giles, Virginia
Schedule of County's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2022

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (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:					
2022	0.0300% \$	361,612 \$	6,531,858	5.54%	67.21%
2021	0.0312%	363,738	6,451,047	5.64%	67.45%
2020	0.0305%	507,824	6,263,156	8.11%	52.64%
2019	0.0296%	482,372	5,852,331	8.24%	52.00%
2018	0.0309%	469,538	5,566,890	8.43%	51.22%
2017	0.0305%	458,076	5,336,911	8.58%	48.86%
Component Unit School Board: (nonprofessional)					
2022	0.0030% \$	36,002 \$	650,673	5.53%	67.21%
2021	0.0030%	34,812	617,464	5.64%	67.45%
2020	0.0031%	52,402	646,002	8.11%	52.64%
2019	0.0020%	32,871	395,683	8.31%	52.00%
2018	0.0020%	30,000	378,456	7.93%	51.22%
2017	0.0020%	30,000	371,866	8.07%	48.86%
Component Unit School Board: (professional)					
2022	0.0619% \$	745,938 \$	13,475,216	5.54%	67.21%
2021	0.0628%	731,279	12,967,773	5.64%	67.45%
2020	0.0646%	1,077,734	13,290,287	8.11%	52.64%
2019	0.0645%	1,049,424	12,642,973	8.30%	52.00%
2018	0.0660%	1,003,000	12,553,021	7.99%	51.22%
2017	0.0658%	990,000	12,138,156	8.16%	48.86%
Component Unit Industrial Development Authority:					
2022	0.0010% \$	12,019 \$	217,094	5.54%	67.21%
2021	0.0004%	4,289	76,060	5.64%	67.45%
2020	0.0004%	7,846	96,760	8.11%	52.64%
2019	0.0007%	11,178	94,012	11.89%	52.00%
2018	0.0005%	7,462	101,390	7.36%	51.22%
2017	0.0005%	7,924	97,201	8.15%	48.86%

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

County of Giles, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<u>Primary Government:</u>					
2023	\$ 37,831	\$ 37,831	\$ -	7,005,689	0.54%
2022	35,272	35,272	-	6,531,858	0.54%
2021	34,836	34,836	-	6,451,047	0.54%
2020	32,569	32,569	-	6,263,156	0.52%
2019	30,430	30,430	-	5,852,331	0.52%
2018	30,528	30,528	-	5,566,890	0.55%
2017	29,226	29,226	-	5,336,911	0.55%
<u>Component Unit School Board: (nonprofessional)</u>					
2023	\$ 3,991	\$ 3,991	\$ -	738,992	0.54%
2022	3,514	3,514	-	650,673	0.54%
2021	3,334	3,334	-	617,464	0.54%
2020	3,359	3,359	-	646,002	0.52%
2019	2,000	2,000	-	395,683	0.51%
2018	2,000	2,000	-	378,456	0.53%
2017	2,000	2,000	-	371,866	0.54%
2016	1,828	1,828	-	380,779	0.48%
2015	5,562	5,562	-	1,158,779	0.48%
2014	5,552	5,552	-	1,156,588	0.48%
<u>Component Unit School Board: (professional)</u>					
2023	\$ 83,408	\$ 83,408	\$ -	15,445,946	0.54%
2022	72,766	72,766	-	13,475,216	0.54%
2021	70,026	70,026	-	12,967,773	0.54%
2020	69,109	69,109	-	13,290,287	0.52%
2019	66,000	66,000	-	12,642,973	0.52%
2018	65,000	65,000	-	12,553,021	0.52%
2017	63,000	63,000	-	12,138,156	0.52%
2016	57,184	57,184	-	11,913,257	0.48%
2015	56,112	56,112	-	11,690,083	0.48%
2014	55,245	55,245	-	11,509,272	0.48%
<u>Component Unit Industrial Development Authority:</u>					
2023	\$ 946	\$ 946	\$ -	175,177	0.54%
2022	1,172	1,172	-	217,094	0.54%
2021	411	411	-	76,060	0.54%
2020	503	503	-	96,760	0.52%
2019	489	489	-	94,012	0.52%
2018	485	485	-	101,390	0.48%
2017	506	506	-	97,201	0.52%

Schedule is intended to show information for 10 years. Prior to 2017, the IDA's information was consolidated in the County's totals and presented in the County's report. Therefore sufficient information to allocate the prior year balances is not available. Additional years will be included as they become available.

County of Giles, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2023

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 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 Giles, Virginia
Schedule of Changes in the Employer's Net OPEB Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2020 through June 30, 2022

	2022	2021	2020
Total HIC OPEB Liability			
Service cost	\$ 882	\$ 1,118	\$ -
Interest	6,200	5,601	-
Benefit changes	-	-	82,988
Differences between expected and actual experience	(3,290)	-	-
Changes of assumptions	43,729	2,558	-
Benefit payments	(2,591)	-	-
Net change in total HIC OPEB liability	\$ 44,930	\$ 9,277	\$ 82,988
Total HIC OPEB Liability - beginning	92,265	82,988	-
Total HIC OPEB Liability - ending (a)	<u>\$ 137,195</u>	<u>\$ 92,265</u>	<u>\$ 82,988</u>
Plan fiduciary net position			
Contributions - employer	\$ 11,322	\$ 10,744	\$ -
Net investment income	(242)	1,363	-
Benefit payments	(2,591)	-	-
Administrator charges	(36)	(47)	-
Other	95	-	-
Net change in plan fiduciary net position	\$ 8,548	\$ 12,060	\$ -
Plan fiduciary net position - beginning	12,060	-	-
Plan fiduciary net position - ending (b)	<u>\$ 20,608</u>	<u>\$ 12,060</u>	<u>\$ -</u>
Employer's net HIC OPEB liability- ending (a) - (b)	\$ 116,587	\$ 80,205	\$ 82,988
Plan fiduciary net position as a percentage of the total HIC OPEB liability	17.68%	15.04%	0.00%
Covered payroll	\$ 650,673	\$ 617,464	\$ 617,464
Employer's net HIC OPEB liability as a percentage of covered payroll	17.92%	12.99%	13.44%

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<u>Component Unit School Board (nonprofessional)</u>					
2023	\$ 12,858	\$ 12,858	\$ -	\$ 738,992	1.74%
2022	11,322	11,322	-	650,673	1.74%
2021*	10,744	10,744	-	617,464	1.74%

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

*The Component Unit School Board (nonprofessional) entered into the HIC plan in fiscal year 2021.

County of Giles, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2023

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

County of Giles, Virginia
Schedule of School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2022

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (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)
Component Unit School Board: (professional)					
2022	0.14458% \$	1,805,871 \$	13,475,216	13.40%	15.08%
2021	0.14663%	1,882,098	12,967,773	14.51%	13.15%
2020	0.15160%	1,977,647	13,290,287	14.88%	9.95%
2019	0.15067%	1,972,417	12,638,082	15.61%	8.97%
2018	0.15522%	1,971,000	12,553,021	15.70%	8.08%
2017	0.15371%	1,950,000	12,131,169	16.07%	7.04%

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

County of Giles, Virginia
Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<u>Component Unit School Board: (professional)</u>					
2023	\$ 186,740	\$ 186,740	\$ -	\$ 15,433,058	1.21%
2022	163,050	163,050	-	13,475,216	1.21%
2021	156,910	156,910	-	12,967,773	1.21%
2020	159,483	159,483	-	13,290,287	1.20%
2019	152,000	152,000	-	12,638,082	1.20%
2018	154,000	154,000	-	12,553,021	1.23%
2017	135,000	135,000	-	12,131,169	1.11%
2016	126,281	126,281	-	11,913,257	1.06%
2015	123,419	123,419	-	11,643,292	1.06%
2014	127,534	127,534	-	11,489,582	1.11%

County of Giles, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2023

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Other Supplementary Information

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

	County Capital Improvements Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Commonwealth	\$ -	\$ -	\$ 226,828	\$ 226,828
Total revenues	\$ -	\$ -	\$ 226,828	\$ 226,828
EXPENDITURES				
Current:				
General government administration	\$ 256,396	\$ 256,396	\$ 38,307	\$ 218,089
Public safety	950,000	950,000	37,422	912,578
Education	-	-	2,400	(2,400)
Community development	220,000	371,250	205,711	165,539
Debt service:				
Principal retirement	559,718	559,718	616,064	(56,346)
Interest and other fiscal charges	236,781	236,781	238,470	(1,689)
Total expenditures	\$ 2,222,895	\$ 2,374,145	\$ 1,138,374	\$ 1,235,771
Excess (deficiency) of revenues over (under) expenditures	\$ (2,222,895)	\$ (2,374,145)	\$ (911,546)	\$ 1,462,599
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,222,895	\$ 2,374,145	\$ 987,122	\$ (1,387,023)
Total other financing sources (uses)	\$ 2,222,895	\$ 2,374,145	\$ 987,122	\$ (1,387,023)
Net change in fund balances	\$ -	\$ -	\$ 75,576	\$ 75,576
Fund balances - beginning	-	-	722,853	722,853
Fund balances - ending	\$ -	\$ -	\$ 798,429	\$ 798,429

**DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL
BOARD
MAJOR GOVERNMENTAL FUNDS**

School Operating Fund - The School Operating Fund accounts for 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 Giles, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2023

	School Operating Fund	School Activity Fund	Total School Fund
ASSETS			
Cash and cash equivalents	\$ 4,835,807	\$ -	\$ 4,835,807
Cash in custody of others	1,124,377	-	1,124,377
Cash held at schools	-	1,133,377	1,133,377
Receivables (net of allowance for uncollectibles):			
Accounts receivable	48,676	-	48,676
Due from other governmental units	1,051,331	-	1,051,331
Inventories	55,159	-	55,159
Prepaid items	279,071	-	279,071
Total assets	<u>\$ 7,394,421</u>	<u>\$ 1,133,377</u>	<u>\$ 8,527,798</u>
LIABILITIES			
Accounts payable	\$ 14,430	\$ -	\$ 14,430
Retainage payable	134,040	-	134,040
Accrued payroll	2,876,586	-	2,876,586
Unearned revenue	1,810,751	-	1,810,751
Total liabilities	<u>\$ 4,835,807</u>	<u>\$ -</u>	<u>\$ 4,835,807</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	\$ 279,071	\$ -	\$ 279,071
Inventories	55,159	-	55,159
Restricted:			
School cafeteria	1,337,276	-	1,337,276
School activity fund	-	1,133,377	1,133,377
Committed	887,108	-	887,108
Total fund balances	<u>\$ 2,558,614</u>	<u>\$ 1,133,377</u>	<u>\$ 3,691,991</u>
Total liabilities and fund balances	<u>\$ 7,394,421</u>	<u>\$ 1,133,377</u>	<u>\$ 8,527,798</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Total fund balances per above			\$ 3,691,991
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets, not being depreciated		\$ 4,060,964	
Capital assets being depreciated		40,230,526	
Accumulated depreciation		<u>(36,821,718)</u>	7,469,772
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items		\$ 3,869,265	
OPEB related items		<u>1,819,345</u>	5,688,610
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.			
Net OPEB liabilities		\$ (8,749,109)	
Compensated absences		(481,150)	
Net pension liability		<u>(13,881,198)</u>	(23,111,457)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items		\$ (3,661,782)	
OPEB related items		<u>(1,775,879)</u>	(5,437,661)
Net position of governmental activities			<u><u>\$ (11,698,745)</u></u>

County of Giles, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2023

	School Operating Fund	School Activity Fund*	Total School Fund
REVENUES			
Revenue from the use of money and property	\$ 4,663	\$ -	\$ 4,663
Charges for services	306,366	920,089	1,226,455
Miscellaneous	24,545	-	24,545
Recovered costs	722,159	-	722,159
Intergovernmental:			
Local government	8,050,641	-	8,050,641
Commonwealth	30,287,785	-	30,287,785
Federal	3,817,637	-	3,817,637
Total revenues	<u>\$ 43,213,796</u>	<u>\$ 920,089</u>	<u>\$ 44,133,885</u>
EXPENDITURES			
Current:			
Education	\$ 43,473,110	\$ 1,223,380	\$ 44,696,490
Total expenditures	<u>\$ 43,473,110</u>	<u>\$ 1,223,380</u>	<u>\$ 44,696,490</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (259,314)</u>	<u>\$ (303,291)</u>	<u>\$ (562,605)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 93,077	\$ 415,308	\$ 508,385
Transfers out	(415,308)	(93,077)	(508,385)
Total other financing sources (uses)	<u>\$ (322,231)</u>	<u>\$ 322,231</u>	<u>\$ -</u>
Net change in fund balances	\$ (581,545)	\$ 18,940	\$ (562,605)
Fund balances - beginning	3,140,159	1,114,437	4,254,596
Fund balances - ending	<u>\$ 2,558,614</u>	<u>\$ 1,133,377</u>	<u>\$ 3,691,991</u>

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

Net change in fund balances - total governmental funds - per above \$ (562,605)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the detail of items supporting this adjustment.

Capital asset additions	\$ 2,645,273	
Depreciation expense	(578,901)	
Reversion of capital assets from Primary Government (net)	<u>296,843</u>	2,363,215

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	\$ (97,956)	
Change in OPEB related items	(164,744)	
Change in pension related items	<u>2,750,364</u>	2,487,664

Change in net position of governmental activities		<u>\$ 4,288,274</u>
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*The School Activity Fund does not require a legally adopted budget.

County of Giles, 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, 2023

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	\$ 150	\$ 150	\$ 4,663	\$ 4,513
Charges for services	568,650	568,650	306,366	(262,284)
Miscellaneous	7,100	7,100	24,545	17,445
Recovered costs	1,479,547	1,479,547	722,159	(757,388)
Intergovernmental:				
Local government	7,033,592	7,185,929	8,050,641	864,712
Commonwealth	31,871,092	31,871,092	30,287,785	(1,583,307)
Federal	7,534,455	7,534,455	3,817,637	(3,716,818)
Total revenues	<u>\$ 48,494,586</u>	<u>\$ 48,646,923</u>	<u>\$ 43,213,796</u>	<u>\$ (5,433,127)</u>
EXPENDITURES				
Current:				
Education	\$ 48,494,586	\$ 48,646,923	\$ 43,473,110	\$ 5,173,813
Total expenditures	<u>\$ 48,494,586</u>	<u>\$ 48,646,923</u>	<u>\$ 43,473,110</u>	<u>\$ 5,173,813</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (259,314)</u>	<u>\$ (259,314)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 93,077	\$ 93,077
Transfers out	-	-	(415,308)	(415,308)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (322,231)</u>	<u>\$ (322,231)</u>
Net change in fund balances	\$ -	\$ -	\$ (581,545)	\$ (581,545)
Fund balances - beginning	-	-	3,140,159	3,140,159
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,558,614</u>	<u>\$ 2,558,614</u>

County of Giles, Virginia
Statement of Net Position
Component Unit - Industrial Development Authority
June 30, 2023

	Industrial Development Authority
ASSETS	
Current assets:	
Accounts receivable (net of allowance for uncollectibles)	\$ 182,563
Lease receivable	1,535,239
Prepaid expenses	188,678
Total current assets	<u>\$ 1,906,480</u>
Noncurrent assets:	
Lease purchase receivable	\$ 542,492
Inventories (land and buildings held for resale)	1,657,220
Capital assets:	
Capital assets, not being depreciated	501,054
Capital assets, net of accumulated depreciation	6,327,899
Total capital assets	<u>\$ 6,828,953</u>
Total noncurrent assets	<u>\$ 9,028,665</u>
Total assets	<u>\$ 10,935,145</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 25,493
OPEB related items	3,638
Total deferred outflows of resources	<u>\$ 29,131</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 108,541
Reconciled overdraft	63,200
Accrued interest payable	27,915
Lease liabilities - current portion	16,274
Bonds payable - current portion	460,195
Total current liabilities	<u>\$ 676,125</u>
Noncurrent liabilities:	
Unearned revenue	\$ 235,227
Net OPEB liabilities	26,414
Net pension liability	38,937
Lease liabilities - net of current portion	148,526
Bonds payable - net of current portion	3,229,249
Total noncurrent liabilities	<u>\$ 3,678,353</u>
Total liabilities	<u>\$ 4,354,478</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 24,223
OPEB related items	11,710
Lease related items	1,513,662
Deferred amount on refunding	13,664
Total deferred inflows of resources	<u>\$ 1,563,259</u>
NET POSITION	
Net investment in capital assets	\$ 2,961,045
Unrestricted	2,085,494
Total net position	<u>\$ 5,046,539</u>

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

County of Giles, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Component Unit - Industrial Development Authority
For the Year Ended June 30, 2023

	Industrial Development Authority
OPERATING REVENUES	
Charges for services:	
Rental of property	\$ 322,072
Sale of land held as inventory:	
Sale of real estate	9,381
Lease revenue	274,758
Miscellaneous	4,591
Total operating revenues	<u>\$ 610,802</u>
OPERATING EXPENSES	
Salaries	\$ 134,458
Fringes	36,374
Contracted services	8,865
Repair and maintenance	8,239
Insurance	29,488
Miscellaneous	714
Utilities	21,282
Depreciation/amortization	279,243
Economic development	508,343
Total operating expenses	<u>\$ 1,027,006</u>
Operating income (loss)	<u>\$ (416,204)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 24,809
Interest expense	(77,591)
Total nonoperating revenues (expenses)	<u>\$ (52,782)</u>
Income (loss) before contributions and transfers	<u>\$ (468,986)</u>
Capital contributions and construction grants	403,437
Contribution from primary government	471,150
Change in net position	<u>\$ 405,601</u>
Net position - beginning	4,640,938
Net position - ending	<u><u>\$ 5,046,539</u></u>

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

County of Giles, Virginia
Statement of Cash Flows
Component Unit - Industrial Development Authority
For the Year Ended June 30, 2023

	<u>Component Unit</u> <u>Industrial</u> <u>Development</u> <u>Authority</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 311,062
Payments to suppliers	(452,127)
Payments to employees	(170,092)
Net cash provided by (used for) operating activities	<u>\$ (311,157)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Contribution from Primary Government	\$ 471,150
Net cash provided by (used for) noncapital financing activities	<u>\$ 471,150</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	\$ (27,831)
Principal payments on bonds	(425,623)
Principal payments on leases	(15,200)
Contributions in aid of construction	403,437
Interest payments	(111,064)
Net cash provided by (used for) capital and related financing activities	<u>\$ (176,281)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 24,809
Net cash provided by (used for) investing activities	<u>\$ 24,809</u>
Net increase (decrease) in cash and cash equivalents	\$ 8,521
Cash and cash equivalents - beginning	<u>(71,721)</u>
Cash and cash equivalents - ending	<u><u>\$ (63,200)</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	<u>\$ (416,204)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation expense	\$ 279,243
(Increase) decrease in accounts receivable	(182,313)
(Increase) decrease in prepaid expenses	20,600
(Increase) decrease in lease receivable	266,498
(Increase) decrease in deferred outflows of resources	5,684
Increase (decrease) in accounts payable	104,204
Increase (decrease) in unearned revenue	(109,166)
Increase (decrease) in net OPEB liability	3,701
Increase (decrease) in net pension liability	19,191
Increase (decrease) in deferred inflows of resources	(302,595)
Total adjustments	<u>\$ 105,047</u>
Net cash provided by (used for) operating activities	<u><u>\$ (311,157)</u></u>

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

Supporting Schedules

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

Schedule 1
Page 1 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 7,610,613	\$ 7,610,613	\$ 8,002,619	\$ 392,006
Real and personal public service corporation taxes	778,612	778,612	761,216	(17,396)
Personal property taxes	2,796,026	2,796,026	3,537,064	741,038
Mobile home taxes	73,006	73,006	83,108	10,102
Machinery and tools taxes	5,383,419	5,383,419	5,783,485	400,066
Merchant's capital	239,371	239,371	223,902	(15,469)
Penalties	124,188	124,188	160,403	36,215
Interest	75,000	75,000	73,827	(1,173)
Total general property taxes	<u>\$ 17,080,235</u>	<u>\$ 17,080,235</u>	<u>\$ 18,625,624</u>	<u>\$ 1,545,389</u>
Other local taxes:				
Local sales and use taxes	\$ 1,563,258	\$ 1,563,258	\$ 2,077,350	\$ 514,092
Consumers' utility taxes	242,293	242,293	244,440	2,147
Consumption taxes	50,097	50,097	50,804	707
Gross receipts tax	5,610	5,610	1,177	(4,433)
Motor vehicle licenses	204,087	204,087	215,432	11,345
Local tax on deeds	74,105	74,105	102,596	28,491
Hotel and motel room taxes	108,437	108,437	183,910	75,473
Total other local taxes	<u>\$ 2,247,887</u>	<u>\$ 2,247,887</u>	<u>\$ 2,875,709</u>	<u>\$ 627,822</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 3,600	\$ 3,600	\$ 6,295	\$ 2,695
Land use application fees	400	400	491	91
Transfer fees	500	500	639	139
Variance and rezoning fees	7,000	7,000	2,460	(4,540)
Building permits	34,000	34,000	54,282	20,282
Total permits, privilege fees, and regulatory licenses	<u>\$ 45,500</u>	<u>\$ 45,500</u>	<u>\$ 64,167</u>	<u>\$ 18,667</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 36,500	\$ 36,500	\$ 50,280	\$ 13,780
Revenue from use of money and property:				
Revenue from use of money	\$ 95,198	\$ 95,198	\$ 671,158	\$ 575,960
Revenue from use of property	45,739	45,739	942	(44,797)
Total revenue from use of money and property	<u>\$ 140,937</u>	<u>\$ 140,937</u>	<u>\$ 672,100</u>	<u>\$ 531,163</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 13,776	\$ 13,776	\$ 8,980	\$ (4,796)
Charges for courthouse maintenance	31,000	31,000	21,841	(9,159)
Charges for processing arrest fee	2,800	2,800	1,387	(1,413)
Charges for Commonwealth's Attorney	4,700	4,700	2,382	(2,318)
Charges for nonconsecutive jail and blood test/dna fees	600	600	248	(352)
Charges for law library	1,700	1,700	1,306	(394)
Charges for courtroom security fee	53,000	53,000	75,448	22,448
Charges for PSA billings	56,676	56,676	51,953	(4,723)
Charges for parks and recreation	210,546	210,546	269,594	59,048
Charges for US forest patrols	5,800	5,800	6,600	800
Charges for copies	2,400	2,400	2,375	(25)
Charges for wellness center fees	141,040	141,040	158,982	17,942
Other charges for services	11,340	11,340	42,348	31,008
Total charges for services	<u>\$ 535,378</u>	<u>\$ 535,378</u>	<u>\$ 643,444</u>	<u>\$ 108,066</u>

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 29,064	\$ 29,064	\$ 89,049	\$ 59,985
ACCE Donations	45,000	45,000	43,154	(1,846)
Opioid settlement	-	-	139,396	139,396
Tourism drive	-	-	30,000	30,000
Total miscellaneous	\$ 74,064	\$ 74,064	\$ 301,599	\$ 227,535
Recovered costs:				
School resource officer	\$ 320,469	\$ 320,469	\$ 372,906	\$ 52,437
Health insurance recoveries	22,702	22,702	528	(22,174)
Health department and Social Services	127,437	127,437	150,136	22,699
DMV license agent reimbursement	38,700	38,700	155,184	116,484
PSA recovered costs	-	-	46,415	46,415
Collections	54,000	54,000	55,489	1,489
Schools	979,046	979,046	942,954	(36,092)
Fuel reimbursements	174,820	174,820	312,505	137,685
Other recovered costs	10,200	10,200	200,504	190,304
Total recovered costs	\$ 1,727,374	\$ 1,727,374	\$ 2,236,621	\$ 509,247
Total revenue from local sources	\$ 21,887,875	\$ 21,887,875	\$ 25,469,544	\$ 3,581,669
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 120,000	\$ 120,000	\$ 113,115	\$ (6,885)
Mobile home titling tax	22,000	22,000	21,423	(577)
Animal friendly plates	305	305	206	(99)
Motor vehicle rental tax	2,000	2,000	1,937	(63)
State recordation tax	43,000	43,000	30,336	(12,664)
Communications sales taxes	186,287	186,287	175,564	(10,723)
Personal property tax relief funds	1,227,860	1,227,860	1,227,860	-
Total noncategorical aid	\$ 1,601,452	\$ 1,601,452	\$ 1,570,441	\$ (31,011)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 406,547	\$ 406,547	\$ 402,589	\$ (3,958)
Sheriff	1,117,945	1,117,945	1,154,087	36,142
Commissioner of revenue	139,134	139,134	147,820	8,686
Treasurer	125,201	125,201	127,219	2,018
Registrar/electoral board	39,383	39,383	66,084	26,701
Clerk of circuit court	279,443	279,443	300,380	20,937
Total shared expenses	\$ 2,107,653	\$ 2,107,653	\$ 2,198,179	\$ 90,526
Other categorical aid:				
Public assistance and welfare administration	\$ 1,304,582	\$ 1,304,582	\$ 1,411,276	\$ 106,694
State and Local Foster Care	-	-	775	775
Comprehensive Services Act program	1,302,401	1,302,401	953,903	(348,498)
Litter control grant	9,309	9,309	20,073	10,764
Juvenile justice	9,000	9,000	9,243	243
Victim witness	19,024	19,024	18,191	(833)
Two-for-Life	16,500	16,500	17,723	1,223

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Asset Forfeiture	\$ -	\$ -	\$ 8,015	\$ 8,015
Fire programs	38,084	38,084	39,275	1,191
Records Preservation	-	-	41,503	41,503
Virginia telecom initiative	220,000	220,000	-	(220,000)
911 wireless grant	41,000	41,000	56,577	15,577
Local law enforcement block grants	-	-	25,222	25,222
E911 PSAP equipment grant	150,000	150,000	-	(150,000)
Total other categorical aid	\$ 3,109,900	\$ 3,109,900	\$ 2,601,776	\$ (508,124)
Total categorical aid	\$ 5,217,553	\$ 5,217,553	\$ 4,799,955	\$ (417,598)
Total revenue from the Commonwealth	\$ 6,819,005	\$ 6,819,005	\$ 6,370,396	\$ (448,609)
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 366,935	\$ 366,935	\$ 211,653	\$ (155,282)
Categorical aid:				
Public assistance and welfare administration	\$ 2,040,501	\$ 2,040,501	\$ 2,337,067	\$ 296,566
Victim witness	50,976	50,976	48,743	(2,233)
State and community highway safety grants	5,000	5,000	18,653	13,653
CGBG small business resiliency grant	-	-	305,663	305,663
Department of Justice - COVID response grant	-	-	15,578	15,578
Emergency management	-	-	7,500	7,500
ARPA	-	-	1,795,417	1,795,417
Total categorical aid	\$ 2,096,477	\$ 2,096,477	\$ 4,528,621	\$ 2,432,144
Total revenue from the federal government	\$ 2,463,412	\$ 2,463,412	\$ 4,740,274	\$ 2,276,862
Total General Fund	\$ 31,170,292	\$ 31,170,292	\$ 36,580,214	\$ 5,409,922
Capital Projects Fund:				
County Capital Improvements Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Skyview lane project	\$ -	\$ -	\$ 226,828	\$ 226,828
Total revenue from the Commonwealth	\$ -	\$ -	\$ 226,828	\$ 226,828
Total County Capital Improvements Fund	\$ -	\$ -	\$ 226,828	\$ 226,828
Total Primary Government	\$ 31,170,292	\$ 31,170,292	\$ 36,807,042	\$ 5,636,750

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 262	\$ 262
Revenue from the use of property	150	150	4,401	4,251
Total revenue from use of money and property	\$ 150	\$ 150	\$ 4,663	\$ 4,513
Charges for services:				
Charges for education	\$ 27,500	\$ 27,500	\$ 9,230	\$ (18,270)
Cafeteria sales	525,000	525,000	282,136	(242,864)
Transportation of pupils	650	650	-	(650)
Other charges for services	15,500	15,500	15,000	(500)
Total charges for services	\$ 568,650	\$ 568,650	\$ 306,366	\$ (262,284)
Miscellaneous:				
Miscellaneous	\$ 7,100	\$ 7,100	\$ 24,545	\$ 17,445
Recovered costs:				
Rebates and refunds	\$ 1,479,547	\$ 1,479,547	\$ 722,159	\$ (757,388)
Total revenue from local sources	\$ 2,055,447	\$ 2,055,447	\$ 1,057,733	\$ (997,714)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Giles, Virginia	\$ 7,033,592	\$ 7,185,929	\$ 8,050,641	\$ 864,712
Total revenues from local governments	\$ 7,033,592	\$ 7,185,929	\$ 8,050,641	\$ 864,712
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,453,600	\$ 3,453,600	\$ 3,627,610	\$ 174,010
Basic school aid	8,413,669	8,413,669	14,117,070	5,703,401
Remedial summer education	45,048	45,048	37,469	(7,579)
Regular foster care	35,713	35,713	9,331	(26,382)
Gifted and talented	85,246	85,246	133,723	48,477
Remedial education	282,088	282,088	442,502	160,414
School food	60,673	60,673	43,871	(16,802)
Special education	1,263,473	1,263,473	1,742,678	479,205
Textbook payment	205,180	205,180	321,859	116,679
Vocational standards of quality payments	485,130	485,130	761,006	275,876
Vocational adult education	137,792	137,792	-	(137,792)
CTE occupational preparedness	-	-	88,754	88,754
Social security fringe benefits	528,528	528,528	829,083	300,555
Vocational education - equipment	4,500	4,500	4,142	(358)
Retirement fringe benefits	1,332,198	1,332,198	1,959,295	627,097
Group life fringe benefits	37,198	37,198	58,352	21,154
State lottery payments	-	-	973,716	973,716
Early reading intervention	161,632	161,632	107,754	(53,878)
Homebound education	-	-	18,456	18,456
Virginia preschool initiative	506,184	506,184	343,482	(162,702)
Primary class size	570,612	570,612	560,116	(10,496)
Technology	-	-	1,925	1,925
Standards of Learning algebra readiness	86,534	86,534	82,124	(4,410)
School construction	1,976,188	1,976,188	165,437	(1,810,751)

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
E-rate	\$ 77,000	\$ 77,000	\$ 102,240	\$ 25,240
CTE Certification Grant	2,600	2,600	41,452	38,852
Special education - foster children	-	-	4,882	4,882
At risk payments	786,626	786,626	1,234,204	447,578
GED prep program	8,233	8,233	8,203	(30)
English as a second language	-	-	6,583	6,583
VPSA technology grants	180,000	180,000	260,137	80,137
Hold Harmless	943,903	943,903	1,147,724	203,821
Supplemental support	534,023	534,023	837,865	303,842
Project graduation	-	-	4,529	4,529
No loss funding	8,600,000	8,600,000	-	(8,600,000)
Learning loss PPA funds	991,545	991,545	-	(991,545)
Emergency connectivity fund	-	-	51,018	51,018
Other state funds	75,976	75,976	159,193	83,217
Total categorical aid	\$ 31,871,092	\$ 31,871,092	\$ 30,287,785	\$ (1,583,307)
Total revenue from the Commonwealth	\$ 31,871,092	\$ 31,871,092	\$ 30,287,785	\$ (1,583,307)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 585,100	\$ 585,100	\$ 744,678	\$ 159,578
CACFP	-	-	13,630	13,630
Title VI-B, special education flow-through	525,706	525,706	723,582	197,876
Vocational education	45,171	45,171	47,838	2,667
Summer food service program	-	-	20,920	20,920
Title II	75,730	75,730	68,989	(6,741)
Special Education - preschool	14,374	14,374	22,524	8,150
National school lunch program	562,965	562,965	875,706	312,741
School breakfast program	-	-	302,536	302,536
Title IV Part A	32,413	32,413	-	(32,413)
Forest reserve payments	-	-	64,436	64,436
SNP Local EBT	-	-	3,135	3,135
Coronavirus state and local fiscal recovery funds	-	-	238,617	238,617
Public Health Crisis Response - COVID 19	-	-	104,518	104,518
Education Stabilization Funds	5,692,996	5,692,996	586,528	(5,106,468)
Total categorical aid	\$ 7,534,455	\$ 7,534,455	\$ 3,817,637	\$ (3,716,818)
Total revenue from the federal government	\$ 7,534,455	\$ 7,534,455	\$ 3,817,637	\$ (3,716,818)
Total School Operating Fund	\$ 48,494,586	\$ 48,646,923	\$ 43,213,796	\$ (5,433,127)

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

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 141,119	\$ 135,719	\$ 134,644	\$ 1,075
General and financial administration:				
County administrator	\$ 782,058	\$ 831,629	\$ 831,896	\$ (267)
Legal services	204,604	211,804	211,785	19
Commissioner of revenue	358,572	375,060	375,050	10
Treasurer	523,192	538,354	574,117	(35,763)
PSA billing and collection	35,017	49,759	6,976	42,783
Department of motor vehicles	19,347	19,347	10,300	9,047
Total general and financial administration	\$ 1,922,790	\$ 2,025,953	\$ 2,010,124	\$ 15,829
Board of elections:				
Registrar	\$ 271,897	\$ 280,734	\$ 270,956	\$ 9,778
Total board of elections	\$ 271,897	\$ 280,734	\$ 270,956	\$ 9,778
Total general government administration	\$ 2,335,806	\$ 2,442,406	\$ 2,415,724	\$ 26,682
Judicial administration:				
Courts:				
Circuit court	\$ 7,250	\$ 7,250	\$ 6,941	\$ 309
General district court	28,290	32,727	32,150	577
Magistrate	200	200	-	200
Juvenile and domestic court	19,050	19,050	12,699	6,351
Clerk of the circuit court	416,794	470,948	470,884	64
Law library	4,000	4,720	4,720	-
Total courts	\$ 475,584	\$ 534,895	\$ 527,394	\$ 7,501
Commonwealth's attorney:				
Commonwealth's attorney	\$ 580,164	\$ 561,886	\$ 554,861	\$ 7,025
Victim Witness	15,252	16,402	20,042	(3,640)
Total commonwealth's attorney	\$ 595,416	\$ 578,288	\$ 574,903	\$ 3,385
Total judicial administration	\$ 1,071,000	\$ 1,113,183	\$ 1,102,297	\$ 10,886
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,813,081	\$ 2,995,504	\$ 2,742,354	\$ 253,150
Criminal justice training	23,275	23,281	23,280	1
Total law enforcement and traffic control	\$ 2,836,356	\$ 3,018,785	\$ 2,765,634	\$ 253,151
Fire and rescue services:				
Fire and rescue	\$ 245,594	\$ 307,260	\$ 311,426	\$ (4,166)
GIS system development	39,653	39,653	31,881	7,772
Ambulance service	511,704	588,818	583,466	5,352
Total fire and rescue services	\$ 796,951	\$ 935,731	\$ 926,773	\$ 8,958
Correction and detention:				
New River Valley Regional Jail	\$ 1,058,575	\$ 759,593	\$ 657,560	\$ 102,033
NRV juvenile detention	35,238	35,238	35,238	-
Total correction and detention	\$ 1,093,813	\$ 794,831	\$ 692,798	\$ 102,033

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

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public Safety: (Continued)				
Inspections:				
Building official	\$ 158,538	\$ 158,988	\$ 158,922	\$ 66
Other protection:				
Animal control	\$ 230,714	\$ 276,979	\$ 274,648	\$ 2,331
Medical examiner	500	500	320	180
Emergency services	259,377	325,562	159,700	165,862
Inmate work program	125,546	211,624	199,191	12,433
Haz-mat services	3,200	3,200	1,791	1,409
School Resource Officer	379,365	385,365	378,435	6,930
US forest service	6,113	6,113	-	6,113
Law enforcement grants	2,153	2,153	-	2,153
Total other protection	\$ 1,006,968	\$ 1,211,496	\$ 1,014,085	\$ 197,411
Total public safety	\$ 5,892,626	\$ 6,119,831	\$ 5,558,212	\$ 561,619
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 150	\$ 150	\$ -	\$ 150
Sanitation and waste removal:				
Landfill monitoring	\$ 62,400	\$ 62,400	\$ 59,390	\$ 3,010
Weed control	13,000	13,000	3,000	10,000
Total sanitation and waste removal	\$ 75,400	\$ 75,400	\$ 62,390	\$ 13,010
Maintenance of general buildings and grounds:				
General properties	\$ 2,368,070	\$ 1,919,586	\$ 1,914,863	\$ 4,723
Total public works	\$ 2,443,620	\$ 1,995,136	\$ 1,977,253	\$ 17,883
Health and welfare:				
Health:				
Supplement of local health department	\$ 138,000	\$ 138,000	\$ 138,000	\$ -
Mental health and mental retardation:				
Community services board	\$ 66,046	\$ 66,046	\$ 66,046	\$ -
Welfare:				
Comprehensive services	\$ 2,504,000	\$ 2,190,250	\$ 1,549,136	\$ 641,114
Welfare administration and public assistance	3,506,832	3,785,965	4,301,959	(515,994)
Fairview home	17,900	17,900	22,326	(4,426)
NRVSS nutrition program	8,479	8,479	1,491	6,988
NRV disability services board	1,818	1,818	-	1,818
New River community action	15,836	15,836	15,836	-
Women's resource center	5,574	5,574	5,574	-
Free clinic of the NRV, Inc.	8,000	8,000	8,000	-
Area agency on aging	8,075	8,075	8,075	-
Senior center	37,003	53,953	52,934	1,019
Literacy volunteers of America	566	566	566	-
NRV cares	250	250	-	250
Total welfare	\$ 6,114,333	\$ 6,096,666	\$ 5,965,897	\$ 130,769
Total health and welfare	\$ 6,318,379	\$ 6,300,712	\$ 6,169,943	\$ 130,769

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

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Education:				
Educational costs:				
Contributions to Community College	\$ 9,355	\$ 9,355	\$ 9,355	\$ -
Contribution to County School Board	7,033,592	7,033,592	8,050,641	(1,017,049)
School Transfer Employees	-	974,795	973,165	1,630
Total education	<u>\$ 7,042,947</u>	<u>\$ 8,017,742</u>	<u>\$ 9,033,161</u>	<u>\$ (1,015,419)</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Swimming pool	\$ 730	\$ 3,336	\$ 2,595	\$ 741
Golf course	98,137	366,388	387,405	(21,017)
Castle Rock operations	147,378	239,685	237,047	2,638
Wellness center	307,626	331,621	322,618	9,003
Other recreation and cultural enrichment	106,918	144,776	101,757	43,019
Total parks and recreation	<u>\$ 660,789</u>	<u>\$ 1,085,806</u>	<u>\$ 1,051,422</u>	<u>\$ 34,384</u>
Library:				
Contribution to county library	\$ 29,250	\$ 29,250	\$ 25,650	\$ 3,600
Total parks, recreation, and cultural	<u>\$ 690,039</u>	<u>\$ 1,115,056</u>	<u>\$ 1,077,072</u>	<u>\$ 37,984</u>
Community development:				
Planning and community development:				
County planner	\$ 128,818	\$ 128,818	\$ 124,552	\$ 4,266
Planning commission	18,026	18,026	12,258	5,768
Contribution to IDA	498,805	498,804	334,225	164,579
Zoning Board	538	538	-	538
Tourism	191,552	363,716	359,466	4,250
Other community development	208,242	568,931	568,653	278
Total planning and community development	<u>\$ 1,045,981</u>	<u>\$ 1,578,833</u>	<u>\$ 1,399,154</u>	<u>\$ 179,679</u>
Environmental management:				
Contributions to soil and water districts	\$ 13,000	\$ 13,000	\$ 13,000	\$ -
Cooperative extension program:				
Extension office	\$ 88,198	\$ 88,198	\$ 32,268	\$ 55,930
Total community development	<u>\$ 1,147,179</u>	<u>\$ 1,680,031</u>	<u>\$ 1,444,422</u>	<u>\$ 235,609</u>
Nondepartmental:				
Fringe benefits and fuel charges	\$ 369,444	\$ 517,463	\$ 501,706	\$ 15,757
Debt service:				
Principal retirement	\$ 984,980	\$ 1,073,126	\$ 549,389	\$ 523,737
Interest and other fiscal charges	265,020	270,074	270,610	(536)
Total debt service	<u>\$ 1,250,000</u>	<u>\$ 1,343,200</u>	<u>\$ 819,999</u>	<u>\$ 523,201</u>
Total General Fund	<u><u>\$ 28,561,040</u></u>	<u><u>\$ 30,644,760</u></u>	<u><u>\$ 30,099,789</u></u>	<u><u>\$ 544,971</u></u>
Capital Projects Fund:				
County Capital Improvements Fund:				
General and financial administration:				
Information Technology	\$ 256,396	\$ 256,396	\$ 38,307	\$ 218,089
Total general and financial administration	<u>\$ 256,396</u>	<u>\$ 256,396</u>	<u>\$ 38,307</u>	<u>\$ 218,089</u>

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

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund: (Continued)				
County Capital Improvements Fund: (Continued)				
Public safety:				
Public safety building	\$ 950,000	\$ 950,000	\$ 37,422	\$ 912,578
Total Public Safety	\$ 950,000	\$ 950,000	\$ 37,422	\$ 912,578
Education:				
Educational costs:				
Buses	\$ -	\$ -	\$ 2,400	\$ (2,400)
Total Education	\$ -	\$ -	\$ 2,400	\$ (2,400)
Community development:				
Contribution to IDA	\$ -	\$ -	\$ 35,068	\$ (35,068)
Other capital projects	220,000	371,250	170,643	200,607
Total community development	\$ 220,000	\$ 371,250	\$ 205,711	\$ 165,539
Debt service:				
Principal retirement	\$ 559,718	\$ 559,718	\$ 616,064	\$ (56,346)
Interest and other fiscal charges	236,781	236,781	238,470	(1,689)
Total debt service	\$ 796,499	\$ 796,499	\$ 854,534	\$ (58,035)
Total County Capital Improvements Fund	\$ 2,222,895	\$ 2,374,145	\$ 1,138,374	\$ 1,235,771
Total Primary Government	\$ 30,783,935	\$ 33,018,905	\$ 31,238,163	\$ 1,780,742
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction costs:				
Instruction costs	\$ 31,956,982	\$ 31,956,982	\$ 30,788,570	\$ 1,168,412
Operating costs:				
Attendance and health services	\$ 2,014,295	\$ 2,014,295	\$ 1,990,176	\$ 24,119
Pupil transportation	1,637,807	1,637,807	1,810,079	(172,272)
Operation and maintenance of school plant	3,069,011	3,110,578	3,105,390	5,188
Facilities	7,644,208	7,754,978	2,135,183	5,619,795
Technology	1,449,764	1,449,764	1,735,613	(285,849)
Total operating costs	\$ 15,815,085	\$ 15,967,422	\$ 10,776,441	\$ 5,190,981
School food services:				
Administration of school food program (1)	\$ 722,519	\$ 722,519	\$ 1,908,099	\$ (1,185,580)
Total School Operating Fund	\$ 48,494,586	\$ 48,646,923	\$ 43,473,110	\$ 5,173,813

1) Includes expenses of decentralized cafeterias which total \$987,196. This amount is not subject to appropriation since same is processed through School Activity Accounts.

Other Statistical Information

Table 1

County of Giles, 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 Department	Total
2022-23	\$ 2,176,683	\$ 1,160,268	\$ 5,237,292	\$ 2,231,371	\$ 6,194,056	\$ 9,050,807	\$ 315,640	\$ 1,774,616	\$ 365,971	\$ 1,689,486	\$ 30,196,190
2021-22	2,123,805	1,045,058	5,358,413	1,690,047	5,811,465	6,836,454	699,986	2,074,120	485,550	1,612,809	27,737,707
2020-21	2,090,547	1,148,849	5,720,493	2,672,241	6,275,967	8,578,152	741,098	1,509,885	457,160	1,932,259	31,126,651
2019-20	2,152,759	977,293	5,169,637	1,252,009	6,192,832	9,093,400	545,562	1,539,562	688,105	1,954,116	29,565,275
2018-19	2,107,469	976,432	4,811,215	1,667,513	6,134,500	8,867,987	669,231	2,079,776	724,825	1,930,481	29,969,429
2017-18	2,135,564	908,019	5,008,127	2,036,218	5,759,377	9,015,261	668,902	3,139,891	683,365	1,773,159	31,127,883
2016-17	1,951,788	974,122	4,964,595	623,864	5,461,798	7,225,328	671,035	1,928,771	743,619	1,561,238	26,106,158
2015-16	1,441,831	797,006	4,007,034	1,319,630	4,795,609	8,788,324	528,821	1,816,107	927,185	1,649,943	26,071,490
2014-15	1,515,689	775,707	4,492,726	913,182	4,327,725	8,451,877	616,476	1,068,553	924,761	1,648,454	24,735,150
2013-14	1,697,198	810,317	4,662,815	897,488	4,107,908	7,837,326	742,703	933,299	961,132	1,737,460	24,387,646

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Contributions Not Restricted to Specific Programs	Gain on Sale of Assets	Total
2022-23	\$ 1,421,685	\$ 9,328,576	\$ 226,828		\$ 18,653,368	\$ 2,875,709	\$ 671,158	\$ 247,254	\$ 1,782,094	\$ -	\$ 35,206,672
2021-22	1,400,776	9,539,147	119,988		17,655,983	2,822,477	59,221	812,000	1,804,553	-	34,214,145
2020-21	1,401,703	10,076,862	6,583		16,945,691	2,583,191	81,065	120,892	2,042,646	-	33,258,633
2019-20	1,342,171	7,326,385	239,106		16,498,586	2,241,131	132,814	95,846	2,355,704	-	30,231,743
2018-19	1,363,371	6,565,680	817,448		15,505,911	2,344,259	103,459	104,102	2,492,667	-	29,296,897
2017-18	1,416,939	6,489,215	502,432		14,912,778	2,108,762	123,490	528,908	1,714,833	-	27,797,357
2016-17	1,305,764	6,342,111	-		14,956,758	1,981,807	123,129	171,794	1,753,834	-	26,635,197
2015-16	1,282,060	5,559,330	162,150		13,738,261	2,104,456	132,912	160,325	1,746,646	-	24,886,140
2014-15	1,318,822	5,047,053	50,000		12,826,895	2,154,391	161,700	38,211	1,823,014	-	23,420,086
2013-14	1,231,925	5,001,133	54,727		12,476,520	1,956,894	170,803	43,716	1,767,544	-	22,703,262

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development (3)	Non-departmental	Debt Service	Total
2022-23	\$ 2,454,031	\$ 1,102,297	\$ 5,558,212	\$ 2,014,675	\$ 6,169,943	\$ 45,681,410	\$ 1,077,072	\$ 1,650,133	\$ 501,706	\$ 1,674,533	\$ 67,884,012
2021-22	2,296,532	1,011,947	5,523,583	1,514,065	5,901,453	41,042,818	798,345	1,972,166	490,599	1,816,302	62,367,810
2020-21	2,076,832	1,001,162	5,339,207	2,393,291	6,212,624	30,434,983	714,507	1,421,693	322,004	1,696,243	51,612,546
2019-20	2,241,607	916,792	5,397,498	1,104,254	6,227,801	28,661,505	566,209	1,464,590	297,788	2,146,041	49,024,085
2018-19	1,986,623	866,789	5,394,576	1,435,251	6,275,422	28,583,048	646,503	1,969,673	458,994	2,471,754	50,088,633
2017-18	2,137,491	882,239	5,383,062	3,617,256	5,965,561	27,556,952	666,223	3,069,168	436,263	2,351,878	52,066,093
2016-17	1,995,494	926,525	5,195,900	3,191,385	5,551,415	27,037,329	685,394	2,093,270	356,710	2,436,804	49,470,226
2015-16	1,997,836	784,958	4,623,190	1,353,497	4,901,844	26,086,780	693,810	1,734,767	563,217	2,918,832	45,658,731
2014-15	1,973,055	765,051	4,974,892	958,047	4,328,086	24,349,938	662,203	965,433	571,052	2,872,775	42,420,532
2013-14	1,715,246	751,023	4,859,461	764,931	4,183,873	24,392,929	736,620	847,845	678,231	2,656,697	41,586,856

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

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit - School Board and contribution from School Board to the Capital Improvements Fund.

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2022-23	\$ 18,625,624	\$ 2,875,709	\$ 64,167	\$ 50,280	\$ 676,763	\$ 1,869,899	\$ 326,144	\$ 2,958,780	\$ 45,442,920	\$ 72,890,286
2021-22	17,692,791	2,822,477	42,247	25,595	71,236	1,455,402	674,498	2,516,073	44,825,780	70,126,099
2020-21	17,026,144	2,583,191	46,169	29,879	81,428	1,029,120	91,580	2,194,822	34,110,117	57,192,450
2019-20	16,513,348	2,241,131	80,657	8,984	133,198	1,019,372	211,434	2,047,516	29,307,885	51,563,525
2018-19	15,483,836	2,344,259	44,149	59,320	103,937	1,101,355	146,499	2,790,734	28,427,753	50,501,842
2017-18	15,023,419	2,108,762	46,163	37,391	123,839	1,136,977	629,648	2,066,639	26,767,621	47,940,459
2016-17	14,883,081	1,981,807	41,617	11,634	126,728	1,147,965	257,991	2,561,897	25,843,221	46,855,941
2015-16	13,716,313	2,104,456	44,814	33,190	131,849	1,042,098	179,437	2,296,096	25,285,297	44,833,550
2014-15	12,739,163	2,154,391	93,856	37,418	159,778	985,066	168,929	1,530,109	24,203,838	42,072,548
2013-14	12,485,742	1,956,894	31,809	62,616	167,140	1,039,479	103,345	1,326,136	23,700,159	40,873,320

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

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

Table 5

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

Fiscal Year	Total Tax Levy (1,2)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1,2)	Total Tax Collections	Percent of		Outstanding Delinquent Taxes (1,3)	Percent of	
						Total Tax Collections to Tax Levy			Total Tax Collections to Tax Levy	
2022-23	\$ 19,579,676	\$ 19,111,932	97.61%	\$ 507,322	\$ 19,619,254	100.20%	\$	840,442	100.20%	\$ 840,442
2021-22	18,647,820	18,249,457	97.86%	489,764	18,739,221	100.49%		794,236	100.49%	794,236
2020-21	17,884,624	17,256,992	96.49%	798,177	18,055,169	100.95%		807,697	100.95%	807,697
2019-20	17,435,939	17,016,483	97.59%	536,018	17,552,501	100.67%		1,125,011	100.67%	1,125,011
2018-19	16,470,042	16,002,227	97.16%	524,127	16,526,354	100.34%		901,506	100.34%	901,506
2017-18	15,880,882	15,508,069	97.65%	534,678	16,042,747	101.02%		904,894	101.02%	904,894
2016-17	15,928,638	15,379,762	96.55%	563,468	15,943,230	100.09%		913,294	100.09%	913,294
2015-16	14,755,944	14,342,221	97.20%	454,873	14,797,094	100.28%		897,336	100.28%	897,336
2014-15	13,844,229	13,312,457	96.16%	518,680	13,831,137	99.91%		859,505	99.91%	859,505
2013-14	13,579,232	13,079,642	96.32%	497,647	13,577,289	99.99%		816,733	99.99%	816,733

(1) Exclusive of penalties and interest.

(2) Includes amounts paid under the Personal Property Tax Relief Act.

(3) Amounts have not been reduced for taxes deemed uncollectible under audit.

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes (1)	Machinery and Tools	Public Utilities (2)	Merchants Capital	Common Carrier	Total
2022-23	\$ 1,177,278,300	\$ 246,221,309	\$ 282,074,559	\$ 111,446,868	\$ 25,749,538	\$ 1,185,900	\$ 1,843,956,474
2021-22	1,166,485,500	218,716,740	282,099,746	114,175,028	24,677,414	815,400	1,806,969,828
2020-21	1,159,388,800	202,931,965	265,367,284	117,299,750	28,787,458	1,233,548	1,775,008,805
2019-20	1,116,738,150	201,373,670	260,510,116	115,919,234	25,340,459	1,185,600	1,721,067,229
2018-19	1,071,431,550	190,409,034	253,406,732	110,651,785	26,009,136	1,068,967	1,652,977,204
2017-18	1,065,428,900	188,297,356	219,296,669	110,106,196	24,865,920	1,172,100	1,609,167,141
2016-17	1,060,918,050	186,038,501	225,237,446	107,143,331	25,021,646	1,062,601	1,605,421,575
2015-16	1,057,108,100	179,900,764	359,672,173	141,544,743	23,023,871	954,318	1,762,203,969
2014-15	1,066,615,300	178,489,346	330,568,526	158,033,441	22,361,237	607,475	1,756,675,325
2013-14	1,074,270,400	177,245,568	331,472,131	177,534,468	21,314,565	661,782	1,782,498,914

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

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

Table 7

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

Fiscal Year	Real Estate (2)	Personal Property	Machinery and Tools	Merchant's Capital	Common Carrier
2022-23	\$ 0.68	2.02/2.05	\$ 2.05	\$ 0.86	\$ 1.12
2021-22	0.65/0.68	2.02	2.02	0.83	1.12
2020-21	0.65	2.02	2.02	0.83	1.12
2019-20	0.67/0.65	2.02	2.02	0.83	1.12
2018-19	0.63/0.67	1.98	1.98	0.83	1.08
2017-18	0.63	1.98	2.16	0.83	1.08
2016-17	0.63	1.98	2.16	0.83	1.01
2015-16	0.61	1.96	1.06	0.81	1.01
2014-15	0.61	1.91	1.01	0.81	1.01
2013-14	0.54/0.56	1.91	1.01	0.81	1.01

(1) Per \$100 of assessed value.

(2) Mobile home tax rates are the same as the real estate rate.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross and Net Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2022-23	16,787	\$ 1,843,956	\$ 6,574,629	0.36%	\$ 392
2021-22	16,787	1,806,970	7,135,157	0.39%	425
2020-21	16,787	1,775,009	7,596,544	0.43%	453
2019-20	17,286	1,721,067	7,858,727	0.46%	455
2018-19	17,286	1,652,977	14,728,685	0.89%	852
2017-18	17,286	1,609,167	20,866,490	1.30%	1,207
2016-17	17,286	1,605,422	20,088,519	1.25%	1,162
2015-16	17,286	1,762,204	21,475,282	1.22%	1,242
2014-15	17,286	1,756,675	23,368,877	1.33%	1,352
2013-14	17,286	1,782,499	25,151,143	1.41%	1,455

(1) Center for Public Service at the University of Virginia.

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

(3) Includes all long-term general obligation bonds and lease revenue bonds of the Primary Government-Governmental Activities. Excludes landfill closure/post-closure care liability, literary loans, leases, and finance purchases of the Primary Government-Governmental Activities and all debt of the Primary Government-Business-type Activities and Component Units.

Table 9

County of Giles, Virginia
Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Governmental Expenditures
Last Ten Fiscal Years

Fiscal Year	Principal (2)	Interest	Total Debt Service	Total General Governmental Expenditures (1)	Ratio of Debt Service to General Governmental Expenditures
2022-23	\$ 1,165,453	\$ 509,080	\$ 1,674,533	\$ 67,884,012	2.47%
2021-22	1,199,677	531,783	1,731,460	62,367,810	2.78%
2020-21	1,161,481	534,762	1,696,243	51,612,546	3.29%
2019-20	1,580,041	435,570	2,015,611	49,024,085	4.11%
2018-19	1,676,323	679,357	2,355,680	50,088,633	4.70%
2017-18	1,578,844	773,034	2,351,878	52,066,093	4.52%
2016-17	1,527,632	909,172	2,436,804	49,470,226	4.93%
2015-16	1,913,399	1,005,433	2,918,832	45,658,731	6.39%
2014-15	1,825,247	1,047,528	2,872,775	42,420,532	6.77%
2013-14	1,594,104	1,028,392	2,622,496	41,586,856	6.31%

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

(2) See Table 3 for excluded refunding amounts.

COMPLIANCE SECTION



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

**To the Board of Supervisors
County of Giles, Virginia
Pearisburg, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Giles, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County of Giles, Virginia's basic financial statements, and have issued our report thereon dated February 13, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Giles, 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 Giles, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Giles, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Giles, 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*.

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, Fawcett, & Associates

Blacksburg, Virginia
February 13, 2024



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

To the Board of Supervisors
County of Giles, Virginia
Pearisburg, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Giles, 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 Giles, Virginia's major federal programs for the year ended June 30, 2023. County of Giles, 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 Giles, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of County of Giles, 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 Giles, 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 Giles, 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 Giles, 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 Giles, 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 Giles, 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 Giles, 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 Giles, 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.

Polina, Fawcett, Cox Associates

Blacksburg, Virginia
February 13, 2024

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023**

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:			
<i>Virginia Department of Education:</i>			
Child and Adult Care Food Program	10.558	APE700270000	\$ 13,630
Child Nutrition Cluster:			
<i>Virginia Department of Agriculture:</i>			
Food Distribution-Schools (Note 3)	10.555	Not available	\$ 120,988
<i>Virginia Department of Education:</i>			
National School Lunch Program	10.555	APE402540000, APE411060000, APE411080000	754,718 \$ 875,706
School Breakfast Program	10.553	APE402530000, APE411100000	302,536
Summer Food Service Program for Children	10.559	APE603020000, APE603030000	20,920 \$ 1,199,162
<i>Virginia Department of Social Services:</i>			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010122, 0010123, 0040122, 0040123	391,074
<i>Virginia Department of Education:</i>			
COVID-19 Panedmic EBT Administrative Costs	10.649	DOE865560000	3,135
Forest Service Schools and Roads Cluster:			
Schools and Roads - Grants to States	10.665	APE438410000	64,436
Total Department of Agriculture			\$ 1,671,437
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Pass Through Payments:			
<i>Virginia Department of Housing and Community Development:</i>			
Community Development Block Grant/State's Program and Non-entitlement Grants in Hawaii	14.228	HCD50790	\$ 305,663
DEPARTMENT OF TREASURY:			
Pass Through Payments:			
<i>Virginia Department of Social Services:</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	9122222	\$ 415
<i>Virginia Department of Education:</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	APE600540000	238,617
<i>Virginia Tourism Corporation:</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Tourism	21.027	varies	9,950
Direct Payments:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	1,677,484 \$ 1,926,466
COVID-19 - Local Assistance & Tribal Consistency Fund	21.032	N/A	107,983
Total Department of Treasury			\$ 2,034,449
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass Through Payments:			
<i>Virginia Department of Social Services:</i>			
Guardianship Assistance	93.090	1110122, 1110123	\$ 87
Title IV-E Prevntion Program	93.472	1140123	3,414
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950121, 0950122	23,993
Temporary Assistance for Needy Families	93.558	0400122, 0400123	181,680
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500122, 0500123	1,553
Low-Income Home Energy Assistance	93.568	0600422, 0600423	36,988
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760122, 0760123	43,505
Adoption and Legal Guardianship Incentive Payments	93.603	1130120	5,000
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121, 0900122	376
Foster Care - Title IV-E	93.658	1100122, 1100123	237,888
Adoption Assistance	93.659	1120122, 1120123	1,047,576
Social Services Block Grant	93.667	1000122, 1000123	154,430
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150121, 9150122	1,517
Elder Abuse Prevention Interventions Program	93.747	8000221	3,840
Children's Health Insurance Program	93.767	0540122, 0540123	1,758
Medicaid Cluster:			
Medical Assistance Program	93.778	1200122, 1200123	201,973
<i>Virginia Department of Education:</i>			
COVID-19 Public Health Crisis Response: Cooperative Agreement for Emergency Response:			
Public Health Crisis Repsonse	93.354	APE402970000	104,518
Total Department of Health and Human Services			\$ 2,050,096
DEPARTMENT OF JUSTICE:			
Pass Through Payments:			
<i>Virginia Department of Criminal Justice Services:</i>			
Coronavirus Emergency Supplemental Funding Program	16.034	20VDBX0141	\$ 15,578
Crime Victim Assistance	16.575	20V2GX0048	48,743
Total Department of Justice			\$ 64,321
DEPARTMENT OF HOMELAND SECURITY:			
Pass Through Payments:			
<i>Virginia Department of Emergency Management:</i>			
Emergency Management Performance Grants	97.042	EMP-2022-EP-00006	\$ 7,500

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023**

Federal Grantor/ State Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF EDUCATION:			
Pass Through Payments:			
<i>Virginia Department of Education:</i>			
Title I Grants to Local Educational Agencies	84.010	APE429010000	\$ 744,678
Special Education Cluster (IDEA):			
Special Education-Grants to States	84.027	APE430710000	\$ 723,582
Special Education-Preschool Grants	84.173	APE625210000	22,524
Career and Technical Education: Basic Grants to States	84.048	APE600310000	746,106
Supporting Effective Instruction State Grant	84.367	Not available	47,838
			68,989
		APE501930000, APE501950000, APE601730000, APE700370000, APE4028579, APE402990000, APE4028578	
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D		288,433
		APE501930000, APE501950000, APE601730000, APE700370000, APE4028579, APE402990000, APE4028578	
COVID-19 ARP Elementary and Secondary School Emergency Relief Fund	84.425U		298,095
Total Department of Education			<u>\$ 2,194,139</u>
DEPARTMENT OF TRANSPORTATION:			
Pass Through Payments:			
<i>Virginia Department of Motor Vehicles:</i>			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	FSC-2022-52330-22330/BPT-2023- 53390-23390	\$ 9,439
Alcohol Open Container Requirements	20.607	154AL-2022-52334-22334/ENF-AL- 2023-53386-23386	9,214
Total Department of Transportation			<u>\$ 18,653</u>
Total Expenditures of Federal Awards			<u>\$ 8,346,258</u>

Notes to Schedule of Expenditures of Federal Awards:

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of County of Giles, Virginia under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of County of Giles, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of County of Giles, Virginia.

Note 2 -- Summary of Significant Accounting Policies

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

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

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

Note 3 -- Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, Giles County, Virginia had food commodities totaling \$120,988 in inventory.

Note 4 -- Loans and Loan Guarantees

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

Note 5 -- Subrecipients:

The County did not have any subrecipients for the year ended June 30, 2023.

Note 6 -- Relationship to the Financial Statements:

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund

Less: Payments in lieu of taxes

\$ 4,740,274
(211,653)

Total primary government

\$ 4,528,621

Component Units:

School Board

\$ 3,817,637

Total Federal Expenditures per Basic Financial Statements

\$ 8,346,258

Federal expenditures per the Schedule of Expenditures of Federal Awards

\$ 8,346,258

County of Giles, Virginia

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

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None Reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? No

Identification of major programs:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds
84.425	Education Stabilization Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? No

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

County of Giles, Virginia

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

Section I - Summary of Auditors' Results

2022-001

Condition: The financial statements, as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP).

Recommendation: The County and School Board should review the auditor's proposed audit adjustments for 2022 and develop a plan to ensure the trial balances and related schedules are accurately presented for audit.

Current Status: Finding 2022-001 was corrected in the current year.