

COUNTY OF GRAYSON, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

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INTRODUCTORY SECTION

COUNTY OF GRAYSON, VIRGINIA

BOARD OF SUPERVISORS

John S. Fant, Vice Chair
Tacy "Zeke" Anderson

Michael S. Hash, Chairman

R. Brantley Ivey
Kenneth R. Belton

COUNTY SCHOOL BOARD

Fred Weatherman, Vice Chair
Randy Shinault

Diane Haynes, Chair

Rick Sage
Chris Anders

SOCIAL SERVICES BOARD

Brenda Sutherland, Vice Chair

Kenneth Belton, Chair

Susan Mitchell

OTHER OFFICIALS

Clerk of the Circuit Court	Susan Herrington
Commonwealth's Attorney.....	Brandon Boyles
Commissioner of the Revenue	Larry D. Bolt
Treasurer	Raymond "Pete" Hall, Jr.
Sheriff.....	Richard Vaughan
Superintendent of Schools.....	Kelly Wilmore
Director of Social Services.....	Kristin Shumate
County Administrator.....	Stephen Boyer

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Grayson, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Grayson, as of and for the year ended June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 24 to the financial statements, in 2022, the County adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2023, on our consideration of the County of Grayson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Grayson, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Grayson's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Robinson, Famer, Cox Associates".

Blacksburg, Virginia
March 28, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

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

As management of the County of Grayson, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements.

Financial Highlights

- The assets and deferred outflows of the County's governmental activities exceeded its liabilities and deferred inflows at the close of the fiscal year by \$18,811,194 (net position). Of this amount, \$7,689,538 was considered unrestricted.
- The assets and deferred outflows of the County's business-type activities exceeded its liabilities and deferred inflows at the close of the fiscal year by \$1,972,098 (net position). Of this amount, \$73,056 was considered unrestricted.
- The liabilities and deferred inflows of the School Board component unit exceeded its assets and deferred outflows at the close of the fiscal year by \$(5,430,370) (net position). Of this amount \$(11,465,357) was considered unrestricted.
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$12,212,514. Of this amount, \$10,209,717 was considered unassigned, \$115,131 was considered nonspendable, \$83,298 was considered assigned, \$1,617,001 was considered committed, and \$187,367 was considered restricted.
- During the fiscal year, the County had a change in net position of \$2,447,990 for governmental activities, \$(97,138) for business-type activities, and \$4,306,428 for the School Board component unit. For the governmental activities, revenues and net transfers exceeded the expenses for the fiscal year. For the business-type activities component unit, expenses exceeded the revenues and net transfers for the fiscal year. For the School Board component unit, the revenues exceeded the expenses for the fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)

Overview of the Financial Statements (Continued)

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

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

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

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)

Overview of the Financial Statements (Continued)

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

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a County's financial position. In the case of the County's Primary Government, assets and deferred outflows exceed liabilities and deferred inflows by \$20,783,292 at the close of the most recent fiscal year.

A significant portion of the County's net position, \$12,580,211 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any outstanding debt related to acquisition of those assets. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position, totaling \$440,487, is subject to restrictions on how it may be used. The remaining balance of net position of \$7,762,594 may be used to meet the County's ongoing obligations.

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COUNTY OF GRAYSON, VIRGINIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)

Overview of the Financial Statements (Continued)

The following table summarizes the County's Statement of Net Position and Statement of Activities for 2022 and 2021:

Table 1

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2022	2021	2022	2021	2022
Current Assets	\$ 24,302,687	\$ 27,367,140	\$ 189,777	\$ 171,074	\$ 24,492,464	\$ 27,538,214
Capital Assets	22,899,932	23,059,236	2,007,714	1,911,898	24,907,646	24,971,134
Total Assets	47,202,619	50,426,376	2,197,491	2,082,972	49,400,110	52,509,348
Deferred Outflow of Resources	1,877,554	1,650,648	22,317	9,638	1,899,871	1,660,286
Current Liabilities	829,837	2,401,661	62,641	53,700	892,478	2,455,361
Long-Term Liabilities	21,102,340	17,228,158	83,965	38,768	21,186,305	17,266,926
Total Liabilities	21,932,177	19,629,819	146,606	92,468	22,078,783	19,722,287
Deferred Inflows of Resources	10,784,792	13,636,011	3,966	28,044	10,788,758	13,664,055
Net Position:						
Net Investment in Capital Assets	9,705,919	10,681,169	1,992,561	1,899,042	11,698,480	12,580,211
Restricted	199,581	440,487	-	-	199,581	440,487
Unrestricted	6,457,704	7,689,538	76,675	73,056	6,534,379	7,762,594
Total Net Position	\$ 16,363,204	\$ 18,811,194	\$ 2,069,236	\$ 1,972,098	\$ 18,432,440	\$ 20,783,292

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COUNTY OF GRAYSON, VIRGINIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)

Overview of the Financial Statements (Continued)

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

	Table 2					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2022	2021	2022	2021	2022
Charges for Services	\$ 2,221,626	\$ 2,411,200	\$ 227,863	\$ 229,484	\$ 2,449,489	\$ 2,640,684
Operating Grants/Contributions	7,974,157	6,679,245	-	-	7,974,157	6,679,245
Capital Grants/Contributions	147,111	382,916	-	-	147,111	382,916
Program Revenues	10,342,894	9,473,361	227,863	229,484	10,570,757	9,702,845
Taxes	14,845,448	15,186,510	-	-	14,845,448	15,186,510
Interest Income	111,821	51,377	-	-	111,821	51,377
Miscellaneous	232,200	622,492	-	-	232,200	622,492
Grants not restricted to program	861,248	861,824	-	-	861,248	861,824
General Revenues	16,050,717	16,722,203	-	-	16,050,717	16,722,203
Total Revenues	26,393,611	26,195,564	227,863	229,484	26,621,474	26,425,048
General Government	1,982,630	2,225,395	-	-	1,982,630	2,225,395
Judicial Administration	1,042,313	989,857	-	-	1,042,313	989,857
Public Safety	5,217,121	4,538,508	-	-	5,217,121	4,538,508
Public Works	2,108,280	2,415,646	-	-	2,108,280	2,415,646
Health and Welfare	3,882,215	4,057,072	-	-	3,882,215	4,057,072
Education	7,432,540	6,455,616	-	-	7,432,540	6,455,616
Parks, Recreation, Cultural	584,590	899,626	-	-	584,590	899,626
Community Development	1,532,861	1,808,786	-	-	1,532,861	1,808,786
Interest on long-term debt	347,041	357,068	-	-	347,041	357,068
Public Service Authority	-	-	352,184	326,622	352,184	326,622
Total Expenses	24,129,591	23,747,574	352,184	326,622	24,481,775	24,074,196
Change in Net Position	2,264,020	2,447,990	(124,321)	(97,138)	2,139,699	2,350,852
Beginning Net Position	14,099,184	16,363,204	2,193,557	2,069,236	16,292,741	18,432,440
Ending Net Position	\$ 16,363,204	\$ 18,811,194	\$ 2,069,236	\$ 1,972,098	\$ 18,432,440	\$ 20,783,292

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)

Financial Analysis of the County's Funds

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

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$12,212,514; \$187,367 constitutes restricted fund balance, which is not available for current spending since it has been restricted by external parties such as grantors, laws or legislation. Approximately \$1,617,001 has been committed by action of the Board of Supervisors and \$83,298 has been assigned by the Board of Supervisors. The remaining balance, \$10,209,717 is unassigned, meaning there are no restrictions placed on the funds.

The general fund is the operating fund of the County. At the end of the current fiscal year, total fund balance of the general fund was \$11,423,096 of this amount \$10,209,717 was considered unassigned. The Economic Development Fund's entire fund balance of \$789,418 was committed.

Total governmental fund revenues decreased \$834,002 as a result of the increased COVID-19 grants in the prior year. Expenditures increased \$1,104,314 over prior fiscal year amounts mostly to COVID-19 mitigation expenses, grants, and broadband projects. For fiscal year ended June 30, 2022, revenues exceeded expenditures by \$658,086 as compared to the fiscal year ended June 30, 2021, when revenues exceeded expenditures and other financing sources by \$2,146,414.

General Fund Budgetary Highlights

There were differences between the original budget and the final amended budget for the current year. The County budgeted revenues of \$23,500,915 for fiscal year 2022. The actual revenues were \$26,120,090 which is a favorable variance of \$2,619,175. The budgeted expenditures were \$23,971,657 for the County. The actual expenditures were \$25,462,004 which is an unfavorable variance of (\$1,490,347) which is attributed to capital project expenditures.

COUNTY OF GRAYSON, VIRGINIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)

Capital Assets and Debt Administration

Capital assets - The County's investment in capital assets for its governmental funds activities as of June 30, 2022 amounts to \$23,059,236 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. Expenditures for capital assets included the industrial park improvements, bike trail/greenway construction, and several vehicles. The County's investment in capital assets for its business-type activities as of June 30, 2022 amounts to \$1,911,898 (net of accumulated depreciation). Additional information on the County of Grayson's capital assets can be found in Note 16 of this report.

Long-term debt

The outstanding debt for governmental activities at June 30, 2022 is as follows:

	July 1, 2021	Issuances	Retirements	June 30, 2022
General obligation bonds	\$ 12,155,592	\$ -	\$ (753,218)	\$ 11,402,374
Premium on bond	515,033	-	(131,514)	383,519
Note Payable	36,648	-	(4,357)	32,291
Financed purchases	486,740	-	(42,864)	443,876
Net pension liability (ERIP)	388,500	70,200	-	458,700
Net OPEB obligation	845,180	184,688	(236,433)	793,435
Compensated absences	713,066	553,606	(534,800)	731,872
Net pension liability	5,961,581	3,055,999	(6,035,489)	2,982,091
Total	<u>\$ 21,102,340</u>	<u>\$ 3,864,493</u>	<u>\$ (7,738,675)</u>	<u>\$ 17,228,158</u>

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

	Balance July 1, 2021	Issuances	Retirements	Balance June 30, 2022
Revenue and GO bonds	\$ 15,153	\$ -	\$ (2,297)	\$ 12,856
Net OPEB Liabilities	7,244	1,111	(3,677)	4,678
Net Pension Liability (VRS)	61,568	21,732	(62,066)	21,234
Total	<u>\$ 83,965</u>	<u>\$ 22,843</u>	<u>\$ (68,040)</u>	<u>\$ 38,768</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022 (CONTINUED)

Economic Factors

The unemployment rate for the County of Grayson, Virginia was on average 2.2% for fiscal year 2022. This is slightly below the state's average unemployment rate of 3.1% and below the national average rate of 3.5%.

Request for Information

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

Basic Financial Statements

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

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		School Board
ASSETS				
Cash and cash equivalents	\$ 10,165,404	\$ 68,305	\$ 10,233,709	\$ 1,296,832
Cash and cash equivalents in custody of others	-	-	-	527,970
Restricted cash and cash equivalents - customers' deposits	-	31,939	31,939	-
Investments	1,278,804	31,976	1,310,780	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	12,979,013	-	12,979,013	-
Accounts receivable	920,089	38,786	958,875	62,854
Notes receivable	103,445	-	103,445	-
Lease receivable	93,721	-	93,721	-
Internal balances	500	(500)	-	-
Due from other governmental units	1,754,623	-	1,754,623	3,388,560
Prepaid items	71,541	568	72,109	318,319
Net pension asset	-	-	-	53,725
Capital assets (net of accumulated depreciation):				
Land	911,038	10,648	921,686	142,233
Buildings, improvements, and systems	20,346,933	-	20,346,933	4,643,259
Machinery and equipment	649,966	7,211	657,177	1,442,208
Infrastructure	-	1,894,039	1,894,039	-
Construction in progress	1,151,299	-	1,151,299	104,173
Lease assets:				
Machinery and equipment	-	-	-	34,417
Total assets	\$ 50,426,376	\$ 2,082,972	\$ 52,509,348	\$ 12,014,550
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 1,487,385	\$ 8,675	\$ 1,496,060	\$ 3,937,405
OPEB related items	163,263	963	164,226	663,522
Total deferred outflows of resources	\$ 1,650,648	\$ 9,638	\$ 1,660,286	\$ 4,600,927
LIABILITIES				
Accounts payable	\$ 630,225	\$ 20,901	\$ 651,126	\$ 961,743
Accrued salaries	30,464	-	30,464	885,745
Customers' deposits	-	31,939	31,939	-
Accrued interest payable	230,770	860	231,630	-
Unearned grant revenue - COVID-19	1,510,202	-	1,510,202	-
Long-term liabilities:				
Due within one year	1,594,441	4,457	1,598,898	172,608
Due in more than one year	15,633,717	34,311	15,668,028	12,151,312
Total liabilities	\$ 19,629,819	\$ 92,468	\$ 19,722,287	\$ 14,171,408
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 10,607,984	\$ -	\$ 10,607,984	\$ -
Pension related items	2,725,987	26,731	2,752,718	7,325,962
OPEB related items	209,940	1,313	211,253	548,477
Lease related items	92,100	-	92,100	-
Total deferred inflows of resources	\$ 13,636,011	\$ 28,044	\$ 13,664,055	\$ 7,874,439
NET POSITION				
Net investment in capital assets	\$ 10,681,169	\$ 1,899,042	\$ 12,580,211	\$ 5,628,864
Restricted:				
Opioid settlement funds	262,229	-	262,229	-
DARE	5,005	-	5,005	-
CDBG	34,863	-	34,863	-
Special Law Enforcement	131,600	-	131,600	-
Emergency Donations	6,790	-	6,790	-
Future pension costs	-	-	-	53,725
School Nutrition	-	-	-	352,398
Unrestricted (deficit)	7,689,538	73,056	7,762,594	(11,465,357)
Total net position	\$ 18,811,194	\$ 1,972,098	\$ 20,783,292	\$ (5,430,370)

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

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

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			
					Governmental Activities	Business-type Activities	Total	Component Unit School Board
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 2,225,395	\$ 47,789	\$ 274,235	\$ -	\$ (1,903,371)	\$ -	\$ (1,903,371)	\$ -
Judicial administration	989,857	29,023	690,289	-	(270,545)	-	(270,545)	-
Public safety	4,538,508	84,904	725,904	19,200	(3,708,500)	-	(3,708,500)	-
Public works	2,415,646	2,141,576	253,422	-	(20,648)	-	(20,648)	-
Health and welfare	4,057,072	-	3,284,521	-	(772,551)	-	(772,551)	-
Education	6,455,616	-	-	-	(6,455,616)	-	(6,455,616)	-
Parks, recreation, and cultural	899,626	70,162	23,166	363,716	(442,582)	-	(442,582)	-
Community development	1,808,786	37,746	1,427,708	-	(343,332)	-	(343,332)	-
Interest on long-term debt	357,068	-	-	-	(357,068)	-	(357,068)	-
Total governmental activities	\$ 23,747,574	\$ 2,411,200	\$ 6,679,245	\$ 382,916	\$ (14,274,213)	\$ -	\$ (14,274,213)	\$ -
Business-type activities:								
Public Service Authority	\$ 326,622	\$ 229,484	\$ -	\$ -	\$ -	\$ (97,138)	\$ (97,138)	\$ -
Total primary government	\$ 24,074,196	\$ 2,640,684	\$ 6,679,245	\$ 382,916	\$ (14,274,213)	\$ (97,138)	\$ (14,371,351)	\$ -
COMPONENT UNIT:								
School Board	\$ 23,759,890	\$ 101,113	\$ 20,735,732	\$ -	\$ -	\$ -	\$ -	\$ (2,923,045)
Total component unit	\$ 23,759,890	\$ 101,113	\$ 20,735,732	\$ -	\$ -	\$ -	\$ -	\$ (2,923,045)
General revenues:								
General property taxes					\$ 13,475,549	\$ -	\$ 13,475,549	\$ -
Other local taxes:								
Local sales and use taxes					759,034	-	759,034	-
Consumers' utility taxes					349,402	-	349,402	-
Motor vehicle licenses					275,885	-	275,885	-
Other local taxes					326,640	-	326,640	-
Unrestricted revenues from use of money					51,377	-	51,377	4,486
Miscellaneous					598,640	-	598,640	788,403
Payment from Grayson County					-	-	-	6,436,584
Grants and contributions not restricted to specific programs					861,824	-	861,824	-
Gain on disposal of assets					23,852	-	23,852	-
Total general revenues					\$ 16,722,203	\$ -	\$ 16,722,203	\$ 7,229,473
Change in net position					\$ 2,447,990	\$ (97,138)	\$ 2,350,852	\$ 4,306,428
Net position - beginning					16,363,204	2,069,236	18,432,440	(9,736,798)
Net position - ending					\$ 18,811,194	\$ 1,972,098	\$ 20,783,292	\$ (5,430,370)

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

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

	<u>General</u>	<u>Economic Development</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 10,096,010	\$ 38,388	\$ 10,134,398
Investments	467,927	698,254	1,166,181
Receivables (net of allowance for uncollectibles):			
Taxes receivable	12,979,013	-	12,979,013
Accounts receivable	920,089	-	920,089
Notes receivable	52,290	51,155	103,445
Lease receivable	-	93,721	93,721
Due from other funds	500	-	500
Due from other governmental units	1,754,623	-	1,754,623
Prepaid items	71,541	-	71,541
Total assets	<u>\$ 26,341,993</u>	<u>\$ 881,518</u>	<u>\$ 27,223,511</u>
LIABILITIES			
Accounts payable	\$ 630,225	\$ -	\$ 630,225
Accrued liabilities	30,464	-	30,464
Unearned grant revenue - COVID-19	1,510,202	-	1,510,202
Total liabilities	<u>\$ 2,170,891</u>	<u>\$ -</u>	<u>\$ 2,170,891</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - prepaid taxes	\$ 98,882	\$ -	\$ 98,882
Unavailable revenue - opioid	253,120	-	253,120
Unavailable revenue - property taxes	12,396,004	-	12,396,004
Lease related items	-	92,100	92,100
Total deferred inflows of resources	<u>\$ 12,748,006</u>	<u>\$ 92,100</u>	<u>\$ 12,840,106</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	\$ 71,541	\$ -	\$ 71,541
Long-term note receivable	43,590	-	43,590
Restricted:			
Opioid Settlement Fund	9,109	-	9,109
DARE	5,005	-	5,005
CDBG Program Income	34,863	-	34,863
Special Law Enforcement	131,600	-	131,600
Emergency Donations	6,790	-	6,790
Committed:			
Law Library	8,187	-	8,187
Courthouse Security	27,050	-	27,050
Courthouse Maintenance	10,737	-	10,737
School Capital Improvements	15,627	-	15,627
Baywood Tech Center	364,944	-	364,944
Economic Development	401,038	789,418	1,190,456
Assigned:			
Reassessment	17,535	-	17,535
Sheriff	22,921	-	22,921
Treasurer	42,842	-	42,842
Unassigned	10,209,717	-	10,209,717
Total fund balances	<u>\$ 11,423,096</u>	<u>\$ 789,418</u>	<u>\$ 12,212,514</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 26,341,993</u>	<u>\$ 881,518</u>	<u>\$ 27,223,511</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	12,212,514
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 911,038	
Buildings and system	20,346,933	
Machinery and equipment	649,966	
Construction in progress	<u>1,151,299</u>	23,059,236

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

Unavailable revenue - property taxes	1,886,902	
Unavailable revenue - opioid settlement funds	<u>253,120</u>	2,140,022

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

143,629

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

Pension related items	\$ 1,487,385	
OPEB related items	<u>163,263</u>	1,650,648

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

General obligation bonds	\$ (11,402,374)	
Premium on bond issuance	(383,519)	
Note payable	(32,291)	
Financed purchases	(443,876)	
Accrued interest payable	(230,770)	
Net OPEB liabilities	(793,435)	
Compensated absences	(731,872)	
Net pension liability - ERIP	(458,700)	
Net pension liability - VRS	<u>(2,982,091)</u>	(17,458,928)

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

Pension related items	\$ (2,725,987)	
OPEB related items	<u>(209,940)</u>	(2,935,927)

Net position of governmental activities

\$ 18,811,194

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

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

	<u>General</u>	<u>Economic Development</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 13,315,868	\$ -	\$ 13,315,868
Other local taxes	1,710,961	-	1,710,961
Permits, privilege fees, and regulatory licenses	74,333	-	74,333
Fines and forfeitures	14,528	-	14,528
Revenue from the use of money and property	54,211	39,552	93,763
Charges for services	2,279,953	-	2,279,953
Miscellaneous	345,520	-	345,520
Recovered costs	400,731	-	400,731
Intergovernmental:			
Commonwealth	5,276,343	-	5,276,343
Federal	2,647,642	-	2,647,642
Total revenues	<u>\$ 26,120,090</u>	<u>\$ 39,552</u>	<u>\$ 26,159,642</u>
EXPENDITURES			
Current:			
General government administration	\$ 2,126,432	\$ -	\$ 2,126,432
Judicial administration	1,133,351	-	1,133,351
Public safety	4,938,748	-	4,938,748
Public works	2,392,130	-	2,392,130
Health and welfare	4,109,286	-	4,109,286
Education	5,837,971	-	5,837,971
Parks, recreation, and cultural	607,916	-	607,916
Community development	1,251,377	10,000	1,261,377
Capital projects	1,784,515	-	1,784,515
Debt service:			
Principal retirement	800,439	-	800,439
Interest and other fiscal charges	479,839	-	479,839
Total expenditures	<u>\$ 25,462,004</u>	<u>\$ 10,000</u>	<u>\$ 25,472,004</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 658,086</u>	<u>\$ 29,552</u>	<u>\$ 687,638</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	\$ 23,852	\$ -	\$ 23,852
Total other financing sources (uses)	<u>\$ 23,852</u>	<u>\$ -</u>	<u>\$ 23,852</u>
Net change in fund balances	\$ 681,938	\$ 29,552	\$ 711,490
Fund balances - beginning	10,741,158	759,866	11,501,024
Fund balances - ending	<u>\$ 11,423,096</u>	<u>\$ 789,418</u>	<u>\$ 12,212,514</u>

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

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

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

Net change in fund balances - total governmental funds	\$	711,490
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Capital outlay	\$ 1,377,575	
Depreciation expense	<u>(1,218,271)</u>	159,304

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

Change in unavailable revenue - property taxes	159,681	
Change in unavailable revenue - opioid settlement funds	<u>253,120</u>	412,801

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

Principal repayments:		
General obligation bonds	\$ 753,218	
Note payable	4,357	
Financed purchases	<u>42,864</u>	800,439

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	\$ (18,806)	
Change in accrued interest payable	(8,743)	
Amortization of bond premium	131,514	
Change in net pension liability and related deferred items - ERIP	(36,300)	
Change in net pension liability and related deferred items - VRS	328,128	
Change in net OPEB liability and related deferred items	<u>(4,076)</u>	391,717

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

(27,761)

Change in net position of governmental activities	\$	<u><u>2,447,990</u></u>
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The notes to the financial statements are an integral part of this statement.

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

	Enterprise Fund Public Service Authority	Internal Service Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 68,305	\$ 31,006
Restricted cash and cash equivalents - customers' deposits	31,939	-
Investments	31,976	112,623
Accounts receivables, net of allowance for uncollectibles	38,786	-
Prepaid expenses	568	-
Total current assets	<u>\$ 171,574</u>	<u>\$ 143,629</u>
Capital assets:		
Land	\$ 10,648	\$ -
Machinery and equipment	50,336	-
Infrastructure	3,674,073	-
Accumulated depreciation	(1,823,159)	-
Total capital assets	<u>\$ 1,911,898</u>	<u>\$ -</u>
Total assets	<u>\$ 2,083,472</u>	<u>\$ 143,629</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	\$ 8,675	\$ -
OPEB related items	963	-
Total deferred outflows of resources	<u>\$ 9,638</u>	<u>\$ -</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 20,901	\$ -
Customers' deposits	31,939	-
Accrued interest payable	860	-
Due to other funds	500	-
Bonds payable - current portion	4,457	-
Total current liabilities	<u>\$ 58,657</u>	<u>\$ -</u>
Noncurrent liabilities:		
Bonds payable - net of current portion	\$ 8,399	\$ -
Net pension liability	21,234	-
Net OPEB liabilities	4,678	-
Total noncurrent liabilities	<u>\$ 34,311</u>	<u>\$ -</u>
Total liabilities	<u>\$ 92,968</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related items	\$ 26,731	\$ -
OPEB related items	1,313	-
Total deferred inflows of resources	<u>\$ 28,044</u>	<u>\$ -</u>
NET POSITION		
Net investment in capital assets	\$ 1,899,042	\$ -
Unrestricted	73,056	143,629
Total net position	<u>\$ 1,972,098</u>	<u>\$ 143,629</u>

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

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

	Enterprise Fund Public Service Authority	Internal Service Fund
OPERATING REVENUES		
Charges for services:		
Water revenues	\$ 229,484	\$ -
Insurance premiums	-	11,662
Total operating revenues	<u>\$ 229,484</u>	<u>\$ 11,662</u>
OPERATING EXPENSES		
Salaries and wages	\$ 70,609	\$ -
Employee benefits	9,693	-
Utilities	8,687	-
Professional services	12,061	-
Purchase of water	108,482	-
Materials and supplies	10,348	-
Travel	1,643	-
Maintenance services	4,184	-
Insurance claims and expenses	1,858	39,714
Miscellaneous	1,379	-
Depreciation	95,816	-
Total operating expenses	<u>\$ 324,760</u>	<u>\$ 39,714</u>
Operating income (loss)	<u>\$ (95,276)</u>	<u>\$ (28,052)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	\$ -	\$ 291
Interest expense	(1,862)	-
Total nonoperating revenues (expenses)	<u>\$ (1,862)</u>	<u>\$ 291</u>
Change in net position	\$ (97,138)	\$ (27,761)
Total net position - beginning	2,069,236	171,390
Total net position - ending	<u><u>\$ 1,972,098</u></u>	<u><u>\$ 143,629</u></u>

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

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

	Enterprise Fund Public Service <u>Authority</u>	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 227,377	\$ -
Receipts for insurance premiums	-	11,662
Payments to suppliers	(158,557)	-
Payments to and for employees	(86,445)	-
Payments for insurance premiums	-	(40,815)
Net cash provided by (used for) operating activities	<u>\$ (17,625)</u>	<u>\$ (29,153)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on bonds	\$ (2,297)	\$ -
Interest payments	(1,002)	-
Net cash provided by (used for) capital and related financing activities	<u>\$ (3,299)</u>	<u>\$ -</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received	\$ -	\$ 291
Net cash provided by (used for) investing activities	<u>\$ -</u>	<u>\$ 291</u>
Net increase (decrease) in cash and cash equivalents	\$ (20,924)	\$ (28,862)
Cash and cash equivalents - beginning (includes investments of \$31,893 and \$112,332 and restricted cash and cash equivalents of \$32,096)	153,144	172,491
Cash and cash equivalents - ending (includes investments of \$31,976 and \$112,623 and restricted cash and cash equivalents of \$31,939)	<u>\$ 132,220</u>	<u>\$ 143,629</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (95,276)	\$ (28,052)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation	\$ 95,816	\$ -
(Increase) decrease in accounts receivable	(1,950)	-
(Increase) decrease in prepaid expenses	(271)	-
Increase (decrease) in accounts payable	(9,644)	(1,101)
Increase (decrease) in customer deposits	(157)	-
Increase (decrease) in net pension liability	(40,334)	-
Increase (decrease) in net OPEB liabilities	(2,566)	-
Increase (decrease) in deferred inflows	24,078	-
(Increase) decrease in deferred outflows	12,679	-
Total adjustments	<u>\$ 77,651</u>	<u>\$ (1,101)</u>
Net cash provided by (used for) operating activities	<u>\$ (17,625)</u>	<u>\$ (29,153)</u>

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

County of Grayson, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	Employee Early Retirement Incentive <u>Plan Trust</u>	Custodial <u>Funds</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 483,656
Other receivables	-	137
Investments	13,116	52,844
Prepaid items	-	1,757
Total assets	\$ 13,116	\$ 538,394
LIABILITIES		
Accounts payable	\$ -	\$ 22,013
Accrued liabilities	-	215
Total liabilities	\$ -	\$ 22,228
NET POSITION		
Restricted	\$ 13,116	\$ 516,166

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

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

	Employee Early Retirement Incentive <u>Plan Trust</u>	Custodial <u>Funds</u>
ADDITIONS		
Contributions:		
Government grants	\$ -	\$ 1,157,056
Social security and welfare receipts	-	57,027
Miscellaneous	-	1,352
Total contributions	<u>\$ -</u>	<u>\$ 1,215,435</u>
Investment earnings:		
Interest	\$ 243	\$ 137
Net decrease in the fair market value of investments	(1,502)	-
Total investment earnings	<u>\$ (1,259)</u>	<u>\$ 137</u>
Total additions	<u>\$ (1,259)</u>	<u>\$ 1,215,572</u>
DEDUCTIONS		
Pension benefits	\$ 5,343	\$ -
Pension administrative expenses	2,012	-
Special welfare payments	-	55,814
Fees to the Commonwealth of VA	-	1,352
Mt. Rogers Alcohol Safety Action Program expenses	-	265,751
Mt. Rogers Alcohol Safety Action Program administration fees	-	4,514
Wythe-Grayson Regional Library expenses	-	966,794
Total deductions	<u>\$ 7,355</u>	<u>\$ 1,294,225</u>
Change in net position	\$ (8,614)	\$ (78,653)
Net position - beginning	21,730	594,819
Net position - ending	<u>\$ 13,116</u>	<u>\$ 516,166</u>

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

Blended component units -

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

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

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

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

Related Organizations - The County has no related organizations.

Jointly Governed Organizations:

1. The County, along with the Counties of Wythe, Bland, Carroll, and Smyth and the City of Galax, participates in supporting the Mount Rogers Community Services Board. For the fiscal year ended June 30, 2022, the County contributed \$52,000.
2. The County, along with the County of Wythe, participates in supporting the Wythe/Grayson Regional Library. For the fiscal year ended June 30, 2022, the County contributed \$326,035.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

A. Financial Reporting Entity (Continued)

Jointly Governed Organizations: (Continued)

3. The County, along with the County of Carroll and the City of Galax, participates in the Carroll-Grayson-Galax Solid Waste Authority. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. Operating expenses of the Authority are offset by user fees and no local contribution was required of the County for the fiscal year ended June 30, 2022.
4. The County, along with the City of Galax, participates in supporting the Galax-Grayson Emergency Medical Service. Each locality appoints two members to the Service's Board. The Service bills the County and the City of Galax for locality funding, based on year to date revenue and expenses. For the fiscal year ended June 30, 2022, the County contributed \$121,061.
5. The County, along with the County of Carroll and the City of Galax, participates in supporting the Twin Counties E-911 Program. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2022, the County contributed \$205,346.
6. The County, along with the County of Carroll and the City of Galax, participates in The Twin County Airport Commission. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. The Commission is charged with operating the Twin County Regional Airport. For the fiscal year ended June 30, 2022, the County contributed \$53,560.
7. Blue Ridge Crossroads Economic Development Authority (BRCEDA) is the regional industrial facilities authority that represents the County, along with the County of Carroll and the City of Galax. Each jurisdiction appoints two members and an alternate member. A moral obligation for debt service is currently in place for a regional project known as Wildwood. Contributions to BRCEDA during the current year were \$145,940. It is the hope of BRCEDA that this park project will be a catalyst for economic development in the region.

B. Government-wide and fund financial statements

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

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

The County reports the following major proprietary funds:

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

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

Additionally, the County reports the following fund types:

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

1. Cash and Cash Equivalents and Investments

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

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

1. Receivables and payables

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

2. Property Taxes

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

3. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$210,399 at June 30, 2022 and is comprised \$192,206 of property taxes, \$2,761 of water billings, and \$15,432 for solid waste billings.

4. Use of Estimates

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

5. Capital assets

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

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

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

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

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

6. Deferred Outflows/Inflows of Resources

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

7. Deferred Outflows/Inflows of Resources (Continued)

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

8. Compensated Absences

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

9. Pensions

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

10. Other Postemployment Benefits (OPEB)

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

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

11. Long-term obligations

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

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

12. Fund Balance

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

12. Fund Balance (Continued)

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

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

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

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

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

13. Net Position

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

13. Net Position (Continued)

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

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

14. Leases

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

Lessee

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

14. Leases (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).

Key Estimates and Judgments

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

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

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

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to April 1st, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund, Economic Development, and the School Operating Fund. The School Activity Fund does not require a legally adopted budget.
2. Public hearings are conducted to obtain citizen comments.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 2-Stewardship, Compliance, and Accountability:

B. Budgetary information (Continued)

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

C. Excess of expenditures over appropriations

The General Office and Administration, Public Works, Education, Parks and Recreation, Environmental Management, and Health and Welfare functions had expenditures that exceeded their appropriations.

D. Deficit fund balance

At June 30, 2022, there were no funds with deficit fund balances.

Note 3-Deposits and Investments:

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 3-Deposits and Investments: (Continued)

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

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investments at June 30, 2022 were held in the County's name by the County's custodial bank.

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

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

County's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings		
	AAAm	Unrated	Total
Local Government Investment Pool (LGIP)	\$ 1,363,624	\$ -	\$ 1,363,624
Money Market Funds	1,494	-	1,494
Exchange Traded Fund (ETF)	-	11,622	11,622
Total	\$ 1,365,118	\$ 11,622	\$ 1,376,740

Concentration of Credit Risk: At June 30, 2022, the County did not have any investments meeting the definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

Interest Rate Risk:

Investment Maturities (in years)

Investment Type	Fair Value	Less than 1 year
Local Government Investment Pool (LGIP)	\$ 1,363,624	\$ 1,363,624
Total	\$ 1,363,624	\$ 1,363,624

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 4-Fair Value Measurements:

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

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

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

The County has the following recurring fair value measurements as of June 30, 2022:

	6/30/2022	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment				
Exchange Traded Fund (ETF)	\$ 11,622	\$ 11,622	\$ -	\$ -
Money Market Funds	1,494	1,494	-	-
Total	<u>\$ 13,116</u>	<u>\$ 13,116</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 5-Due from Other Governmental Units:

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 135,836	\$ -
State sales tax	-	436,498
Shared costs	164,239	-
Categorical aid	43,094	206,000
Noncategorical aid	768,850	-
Virginia public assistance funds	92,741	-
Children's services act	164,080	-
<u>Federal Government:</u>		
Virginia public assistance funds	133,378	-
Categorical aid	252,405	2,746,062
	<u> </u>	<u> </u>
Totals	\$ <u><u>1,754,623</u></u>	\$ <u><u>3,388,560</u></u>

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COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

<u>Fund</u>	<u>Due to</u>	<u>Due from</u>
Primary Government:		
General Fund	\$ 500	\$ -
Blended PSA Fund	-	500
Total	<u>\$ 500</u>	<u>\$ 500</u>

Note 7-Long-Term Obligations:

Primary Government - Governmental Activities Obligations:

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

	<u>Beginning Balance July 1, 2021</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Ending Balance June 30, 2022</u>
Direct borrowings and direct placements:				
General obligation bonds	\$ 12,155,592	\$ -	\$ (753,218)	\$ 11,402,374
Premium on bond	515,033	-	(131,514)	383,519
Note payable	36,648	-	(4,357)	32,291
Financed purchases	486,740	-	(42,864)	443,876
Net pension liability (ERIP)	388,500	70,200	-	458,700
Compensated absences	713,066	553,606	(534,800)	731,872
Net pension liability (VRS)	5,961,581	3,055,999	(6,035,489)	2,982,091
Net OPEB liabilities	845,180	184,688	(236,433)	793,435
Total	<u>\$ 21,102,340</u>	<u>\$ 3,864,493</u>	<u>\$ (7,738,675)</u>	<u>\$ 17,228,158</u>

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Obligations: (Continued)

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

Year Ending June 30,	Direct Borrowings and Direct Placements					
	General Obligation Bonds		Note Payable		Financed Purchases	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 789,187	\$ 438,235	\$ 4,904	\$ 890	\$ 141,778	\$ 13,100
2024	830,116	397,832	5,053	740	145,349	9,529
2025	866,048	308,768	5,207	587	101,545	5,822
2026	902,023	264,089	5,365	428	55,204	1,975
2027	865,000	219,730	5,528	265	-	-
2028-2032	4,920,000	499,932	6,234	97	-	-
2033-2034	2,230,000	10,289	-	-	-	-
Totals	<u>\$11,402,374</u>	<u>\$ 2,138,875</u>	<u>\$ 32,291</u>	<u>\$ 3,007</u>	<u>\$ 443,876</u>	<u>\$ 30,426</u>

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

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

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COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Obligations: (Continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
Direct Borrowings and Direct Placements:						
<i>General Obligation Bonds:</i>						
General obligation bonds - VPSA*	5.10%	11/10/2005	2025	\$ 585,603	\$ 195,000	\$ -
General obligation bonds - VPSA*	5.10%	11/10/2005	2025	995,000	142,374	-
General obligation bonds - VPSA*	3.05%-5.05%	5/9/2013	2034	15,670,000	11,065,000	789,187
Subtotal					<u>\$ 11,402,374</u>	<u>\$ 789,187</u>
Premium on bond				\$ 2,157,388	\$ 383,519	\$ 109,668
Total general obligation bonds					<u>\$ 11,785,893</u>	<u>\$ 898,855</u>
<i>Notes Payable:</i>						
Note Payable	3.00%	5/17/2018	2028	\$ 50,000	\$ 32,291	\$ 4,904
Total direct borrowings and direct placements					<u>\$ 11,818,184</u>	<u>\$ 903,759</u>
Financed Purchases:						
Financed purchase - School Network	0.00%	6/1/2017	2023	\$ 332,565	\$ 95,019	\$ 47,509
Financed purchase - School Buses	3.58%	7/30/2019	2026	453,066	209,639	49,680
Financed purchase - County Rec. Lights	3.95%	9/2/2019	2025	223,290	139,218	44,589
Total capital leases					<u>\$ 443,876</u>	<u>\$ 141,778</u>
Other Obligations:						
Net pension liability (ERIP)					\$ 458,700	\$ -
Compensated absences					731,872	548,904
Net pension liability (VRS)					2,982,091	-
Net OPEB liabilities					793,435	-
Total other obligations					<u>\$ 4,966,098</u>	<u>\$ 548,904</u>
Total long-term obligations					<u>\$ 17,228,158</u>	<u>\$ 1,594,441</u>

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

Default Provisions:

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7-Long-Term Obligations: (Continued)

Primary Government - Business-type Activities Indebtedness:

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

	Beginning Balance July 1, 2021	Increases/ Issuances	Decreases/ Retirements	Ending Balance June 30, 2022
Direct borrowings and direct placements:				
Revenue Bond	\$ 15,153	\$ -	\$ (2,297)	\$ 12,856
Net pension liability (VRS)	61,568	21,732	(62,066)	21,234
Net OPEB liabilities	7,244	1,111	(3,677)	4,678
Total	\$ 83,965	\$ 22,843	\$ (68,040)	\$ 38,768

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

Year Ending June 30,	Direct Borrowings and Direct Placements	
	Revenue Bond	
	Principal	Interest
2023	\$ 4,457	\$ 460
2024	4,650	267
2025	3,749	67
Totals	\$ 12,856	\$ 794

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7-Long-Term Obligations: (Continued)

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

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
Direct Borrowings and Direct Placements:						
<i>Revenue Bonds:</i>						
Water revenue bond	4.25%	2/5/2015	2025	\$ 40,000	\$ 12,856	\$ 4,457
Total revenue bonds					\$ 12,856	\$ 4,457
Total direct borrowings and direct placements					\$ 12,856	\$ 4,457
Other Obligations:						
Net pension liability (VRS)					\$ 21,234	\$ -
Net OPEB liabilities					4,678	-
Total other obligations					\$ 25,912	\$ -
Total long-term obligations					\$ 38,768	\$ 4,457

Discretely Presented Component Unit-School Board-Obligations:

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

	Beginning Balance July 1, 2021	Gasb No. 87 Adjustments	Increases/ Issuances	Decreases/ Retirements	Ending Balance June 30, 2022
Compensated absences	\$ 354,057	\$ -	\$ 104,629	\$ (265,543)	\$ 193,143
Net pension liability (VRS)	16,441,076	-	4,671,269	(12,572,161)	8,540,184
Net OPEB liabilities	3,573,892	-	820,475	(837,351)	3,557,016
Lease liabilities	-	85,164	-	(51,587)	33,577
Total	\$ 20,369,025	85,164	\$ 5,596,373	\$ (13,726,642)	\$ 12,323,920

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

Year Ending June 30,	Lease Liabilities	
	Principal	Interest
2023	\$ 27,751	\$ 341
2024	5,826	29
Totals	\$ 33,577	\$ 370

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 7-Long-Term Obligations: (Continued)

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

Details of long-term obligations:

	Interest Rates	Implementation Date	Final Maturity Date	Installment Amounts	Amount of Original Issue	Total Amount	Amount Due Within One Year
<u>Lease Liabilities:</u>							
School Copier Leases	2.00%	7/1/2021	7/21/2022- 11/2/2023	\$81-\$347	\$2,829-\$12,129	\$ 33,577	\$ 27,751
						\$ 33,577	\$ 27,751
<u>Other Obligations:</u>							
Compensated absences						\$ 193,143	\$ 144,857
Net pension liability (VRS)						8,540,184	-
Net OPEB liabilities						3,557,016	-
Total long-term obligations						\$ 12,323,920	\$ 172,608

Note 8-Pension Plan:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of the public school divisions are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. However, several entities whose financial information is not included in the primary government report, participate in the VRS plan through County of Grayson, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan.

Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-Pension Plan: (Continued)

Benefit Structures

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

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

Note 8-Pension Plan: (Continued)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

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

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2022 was 15.22% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$779,259 and \$688,331 for the years ended June 30, 2022 and June 30, 2021, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-Pension Plan: (Continued)

Net Pension Liability

At June 30, 2022, the County reported a liability of \$3,003,325 for its proportionate share of the net pension liability. The County's net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. In order to allocate the net pension liability to all employers included in the plan, the County is required to determine its proportionate share of the net pension liability. Creditable compensation as of June 30, 2021 and 2020 was used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2021 and 2020, the County's proportion was 97.41% and 97.65%, respectively.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County of Grayson's Retirement Plan and the Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-Pension Plan: (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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8—Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

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

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

Long-Term Expected Rate of Return

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8—Pension Plan: (Continued)

Long-Term Expected Rate of Return (Continued)

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

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

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

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expect 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 GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8—Pension Plan: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2021, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>(5.75%)</u>	<u>Discount Rate</u>	<u>(7.75%)</u>
		<u>(6.75%)</u>	
County's proportionate share of the			
County of Grayson's Retirement Plan			
Net Pension Liability (Asset)	\$ 6,135,914	\$ 3,003,325	\$ 384,567

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

For the year ended June 30, 2022, the County recognized pension expense of \$466,880. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8—Pension Plan: (Continued)

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

At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 50,793	\$ 127,286
Change in assumptions	583,480	-
Net difference between projected and actual earnings on pension plan investments	-	2,570,935
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,328	8,997
Employer contributions subsequent to the measurement date	779,259	-
Total	\$ 1,423,860	\$ 2,707,218

\$779,259 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Primary Government
2023	\$ (384,030)
2024	(295,012)
2025	(603,050)
2026	(780,525)
2027	-
Thereafter	-

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8—Pension Plan: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2020_1-annual-report-pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Component Unit School Board (Nonprofessional)

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

Employees Covered by Benefit Terms

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

	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	68
Inactive members:	
Vested inactive members	10
Non-vested inactive members	14
Inactive members active elsewhere in VRS	12
Total inactive members	36
Active members	48
Total covered employees	152

Contributions

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2022 was 8.05% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8—Pension Plan: (Continued)

Component Unit School Board (Nonprofessional) (Continued)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Grayson County School Board's nonprofessional employees were \$70,052 and \$67,456 for the years ended June 30, 2022 and June 30, 2021, respectively.

Net Pension Asset

The net pension asset (NPA) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Component Unit School Board's (nonprofessional) net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020, rolled forward to the measurement date of June 30, 2021.

Changes in Net Pension Liability (Asset)

	Component Unit - School Board (Nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 6,265,672	\$ 5,579,269	\$ 686,403
Changes for the year:			
Service cost	\$ 82,984	\$ -	\$ 82,984
Interest	408,942	-	408,942
Differences between expected and actual experience	86,422	-	86,422
Assumption changes	278,380	-	278,380
Contributions - employer	-	67,458	(67,458)
Contributions - employee	-	42,394	(42,394)
Net investment income	-	1,490,769	(1,490,769)
Benefit payments, including refunds of employee contributions	(414,543)	(414,543)	-
Administrative expenses	-	(3,904)	3,904
Other changes	-	139	(139)
Net changes	\$ 442,185	\$ 1,182,313	\$ (740,128)
Balances at June 30, 2021	\$ 6,707,857	\$ 6,761,582	\$ (53,725)

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8—Pension Plan: (Continued)

Component Unit School Board (Nonprofessional) (Continued)

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 657,027	\$ (53,725)	\$ (657,420)

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

For the year ended June 30, 2022, the Component Unit School Board (nonprofessional) recognized pension expense of \$100,216. At June 30, 2022, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit-School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 43,639	\$ -
Change in assumptions	140,568	-
Net difference between projected and actual earnings on pension plan investments	-	734,636
Employer contributions subsequent to the measurement date	70,052	-
Total	\$ 254,259	\$ 734,636

\$70,052 reported as deferred outflows of resources related to pensions resulting from the Component Unit School Board's (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8—Pension Plan: (Continued)

Component Unit School Board (Nonprofessional) (Continued)

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

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

<u>Year Ended June 30</u>	<u>Component Unit School Board (Nonprofessional)</u>
2023	\$ 8,636
2024	(163,359)
2025	(170,792)
2026	(224,914)
2027	-
Thereafter	-

Component Unit School Board (Professional)

Plan Description

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

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,643,291 and \$1,551,396 for the years ended June 30, 2022 and June 30, 2021, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8—Pension Plan: (Continued)

Component Unit School Board (Professional) (Continued)

Contributions (Continued)

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

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

At June 30, 2022, the school division reported a liability of \$8,540,184 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was 0.11001% as compared to 0.10826% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized pension expense of (\$34,632). Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8—Pension Plan: (Continued)

Component Unit School Board (Professional) (Continued)

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

At June 30, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit-School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 727,401
Change in assumptions	1,496,218	-
Net difference between projected and actual earnings on pension plan investments	-	5,381,795
Changes in proportion and differences between employer contributions and proportionate share of contributions	543,637	482,130
Employer contributions subsequent to the measurement date	<u>1,643,291</u>	<u>-</u>
Total	<u>\$ 3,683,146</u>	<u>\$ 6,591,326</u>

\$1,643,291 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Component Unit School Board (Professional)
2023	\$ (1,092,792)
2024	(1,005,470)
2025	(1,010,986)
2026	(1,444,152)
2027	1,929
Thereafter	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8—Pension Plan: (Continued)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8—Pension Plan: (Continued)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions (Continued)

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

Net Pension Liability

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

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

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

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8—Pension Plan: (Continued)

Component Unit School Board (Professional) (Continued)

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 16,482,092	\$ 8,540,184	\$ 2,006,904

Pension Plan Fiduciary Net Position

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

Note 9—Aggregate Pension Information:

Primary Government and Component Unit School Board:

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
County ERIP Plan:	\$ 72,200	\$ 45,500	\$ 458,700	\$ 36,300	\$ -	\$ -	\$ -	\$ -
VRS Pension Plans:								
Primary Government	1,423,860	2,707,218	3,003,325	446,880	-	-	-	-
School Board Nonprofessional	-	-	-	-	254,259	734,636	(53,725)	100,216
School Board Professional	-	-	-	-	3,683,146	6,591,326	8,540,184	(34,632)
Totals	\$ 1,496,060	\$ 2,752,718	\$ 3,462,025	\$ 483,180	\$ 3,937,405	\$ 7,325,962	\$ 8,486,459	\$ 65,584

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Primary Government - County

Plan Description

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

Benefits Provided

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

Contributions

The County does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2022 was \$5,000.

Actuarial Assumptions

The total OPEB liability was measured July 1, 2021, based on the July 1, 2020 actuarial valuation, and was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	1.92%
Salary Scale	Future salaries are assumed to increase 2.50% annually
Healthcare Cost Trend Rate	7.00% for 2022, decreasing by 0.25% per year to an ultimate rate of 5.00%
Actuarial Cost Method	Entry Age Actuarial Cost Method
Participation	45% of active employees are assumed to elect coverage in retirement, 33% of their spouses are assumed to elect coverage in retirement; 100% of actives who become disabled are assumed to elect coverage

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Primary Government - County (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 1.92% and represents the Municipal GO AA 20-year yield curve rate as of July 1, 2021.

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (0.92%) or one percentage point higher (2.92%) than the current discount rate:

Discount Rate		
1% Decrease 0.92%	Current 1.92%	1% Increase 2.92%
\$ 589,988	\$ 537,046	\$ 489,475

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using healthcare trend rates that are one percentage point lower (6.00% decreasing by 0.25% annually to an ultimate rate of 4.00%) or one percentage point higher (8.00% decreasing by 0.25% annually to an ultimate rate of 6.00%) than the current healthcare trend rates:

Healthcare Cost Trend Rate		
1% Decrease (6.00% decreasing to 4.00%)	Current (7.00% decreasing to 5.00%)	1% Increase (8.00% decreasing to 6.00%)
\$ 469,451	\$ 537,406	\$ 618,218

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

At June 30, 2022, the County reported a liability of \$537,046 for its proportionate share of the total OPEB Liability. The total OPEB Liability was measured as of July 1, 2021 and determined by an actuarial valuation as of July 1, 2020. At June 30, 2021 and 2020, the County's proportion was 97.68% and 97.41%, respectively.

For the year ended June 30, 2022, the County recognized OPEB expense in the amount of \$23,150.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Primary Government - County (Continued)

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

At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 98,462
Change in assumptions	77,363	2,344
Net difference between projected and actual earnings on OPEB plan investments	-	-
Employer contributions subsequent to the measurement date	4,884	-
Total	\$ 82,247	\$ 100,806

\$4,884 reported as deferred outflows of resources related to OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2023.

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

Year Ended June 30	Primary Government
2023	\$ (21,978)
2024	(12,210)
2025	3,419
2026	5,177
2027	2,149
Thereafter	-

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Discretely Presented Component Unit - School Board

Plan Description

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

Benefits Provided

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

Additionally, the School Board had an Early Retirement Incentive Program that gave employees the option to retire at an earlier age with sufficient years of service. The program is no longer available, but benefits are still being paid.

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits	6
Active employees	242
Total	<u>248</u>

Contributions

The School Board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2022 was \$26,500.

Total OPEB Liability

The School Board’s total OPEB liability was measured as of July 1, 2021. The measurement of the total OPEB liability is based on a valuation date of July 1, 2020.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Discretely Presented Component Unit - School Board (Continued)

Actuarial Assumptions

The total OPEB liability was measured July 1, 2021, based on the July 1, 2020 actuarial valuation, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	1.92%
Salary Scale	Future salaries are assumed to increase 2.50% annually
Healthcare Cost Trend Rate	7.00% for 2022, decreasing by 0.25% per year to an ultimate rate of 5.00%
Actuarial Cost Method	Entry Age Actuarial Cost Method
Participation	40% of active employees are assumed to elect coverage in retirement, 20% of their spouses are assumed to elect coverage in retirement

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

Discount Rate

The discount rate used to measure the total OPEB liability was 1.92% and represents the Municipal GO AA 20-year yield curve rate as of July 1, 2021.

Changes in Total OPEB Liability

Balances at July 1, 2021	\$	1,152,900
Changes for the year:		
Service cost	\$	66,200
Interest		29,500
Effect of Economic/Demographic Gains or Losses		9,100
Effect of Assumption Changes or Inputs		149,400
Contributions - employer		(26,500)
Net changes	\$	<u>227,700</u>
Balances at June 30, 2022	\$	<u><u>1,380,600</u></u>

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Discretely Presented Component Unit - School Board (Continued)

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (0.92%) or one percentage point higher (2.92%) than the current discount rate:

Discount Rate		
1% Decrease 0.92%	Current 1.92%	1% Increase 2.92%
\$ 1,496,100	\$ 1,380,600	\$ 1,272,200

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

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

Healthcare Cost Trend Rate		
1% Decrease (6.00% decreasing to 4.00%)	Current (7.00% decreasing to 5.00%)	1% Increase (8.00% decreasing to 6.00%)
\$ 1,214,400	\$ 1,380,600	\$ 1,576,300

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

For the year ended June 30, 2022, the School Board recognized OPEB expense in the amount of \$97,900. At June 30, 2022, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,000	\$ 133,000
Change in assumptions	195,000	30,300
Employer contributions subsequent to the measurement date	26,500	-
Total	<u>\$ 233,500</u>	<u>\$ 163,300</u>

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Discretely Presented Component Unit - School Board (Continued)

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

\$26,500 reported as deferred outflows of resources related to OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30</u>	<u>Component Unit School Board</u>
2023	\$ (2,000)
2024	(1,600)
2025	14,300
2026	5,500
2027	14,200
Thereafter	13,300

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 12-Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ($1.34\% \times 60\%$) and the employer component was 0.54% ($1.34\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the Group Life Insurance Plan from the County were \$28,479 and \$24,999 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (nonprofessional) were \$5,184 and \$4,877 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (professional) were \$55,301 and \$51,828 for the years ended June 30, 2022 and June 30, 2021, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Primary Government

At June 30, 2022, the entity reported a liability of \$261,067 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.02240% as compared to 0.02309% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of \$12,106. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Component Unit School Board (Nonprofessional)

At June 30, 2022, the entity reported a liability of \$50,879 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.00440% as compared to 0.00422% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of (\$1,424). 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.

Component Unit School Board (Professional)

At June 30, 2022, the entity reported a liability of \$541,270 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.04650% as compared to 0.04582% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of \$21,092. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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)

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

	Primary Government		Component Unit School Board (Nonprofessional)		Component Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 29,776	\$ 1,989	\$ 5,803	\$ 388	\$ 61,734	\$ 4,124
Net difference between projected and actual earnings on GLI OPEB plan investments	-	62,311	-	12,144	-	129,189
Change in assumptions	14,393	35,719	2,805	6,961	29,840	74,057
Changes in proportion	9,331	10,428	1,847	12,226	28,547	29,892
Employer contributions subsequent to the measurement date	28,479	-	5,184	-	55,301	-
Total	<u>\$ 81,979</u>	<u>\$ 110,447</u>	<u>\$ 15,639</u>	<u>\$ 31,719</u>	<u>\$ 175,422</u>	<u>\$ 237,262</u>

\$28,479, \$5,184, and \$55,301 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (Nonprofessional)	Component Unit School Board (Professional)
2023	\$ (11,450)	\$ (6,015)	\$ (27,748)
2024	(9,274)	(5,451)	(23,841)
2025	(10,862)	(4,272)	(23,566)
2026	(20,303)	(4,891)	(36,931)
2027	(5,058)	(635)	(5,055)
Thereafter	-	-	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

Mortality Rates - Teachers

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Actuarial Assumptions (continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Actuarial Assumptions (continued)

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

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

Pre-Retirement:

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

Pre-Retirement:

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

Pre-Retirement:

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

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Actuarial Assumptions (continued)

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

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

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

Net GLI OPEB Liability

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

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

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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, 2021, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to 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	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 381,428	\$ 261,067	\$ 163,870
Component Unit School Board's (Nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	74,336	50,879	31,936
Component Unit School Board's (Professional) proportionate share of the GLI Plan Net OPEB Liability	790,815	541,270	339,751

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

GLI Program Fiduciary Net Position

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

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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, 2022 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$123,915 and \$116,063 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the school division reported a liability of \$1,392,159 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2021 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion of the VRS Teacher Employee HIC was 0.10846% as compared to 0.10739% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee HIC OPEB expense of \$108,985. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 24,293
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	18,339
Change in assumptions	37,633	5,595
Change in proportionate share	57,967	66,933
Employer contributions subsequent to the measurement date	<u>123,915</u>	<u>-</u>
Total	<u>\$ 219,515</u>	<u>\$ 115,160</u>

\$123,915 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2023	\$ (6,098)
2024	(6,307)
2025	(7,360)
2026	(8,417)
2027	3,516
Thereafter	5,106

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Actuarial Assumptions (continued)

Mortality Rates - Teachers (continued)

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

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

Net Teacher Employee HIC OPEB Liability

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

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,477,874
Plan Fiduciary Net Position		194,305
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<u>1,283,569</u>

Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	13.15%
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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, 2022

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

Long-Term Expected Rate of Return

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

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

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

*On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which was roughly at the 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, 2022**Note 12- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Discount Rate***

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 1,567,186	\$ 1,392,159	\$ 1,244,046

Teacher Employee HIC OPEB Fiduciary Net Position

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Employees Covered by Benefit Terms

As of the June 30, 2020 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>38</u>
Inactive members:	
Vested inactive members	1
Non-vested inactive members	-
Inactive members active elsewhere in VRS	<u>-</u>
Total inactive members	<u>39</u>
Active members	<u>48</u>
Total covered employees	<u><u>87</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board's contractually required employer contribution rate for the year ended June 30, 2022 was 1.45% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the HIC Plan were \$13,921 and \$13,096 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

Net HIC OPEB Liability

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Actuarial Assumptions (continued)

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

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

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

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COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Long-Term Expected Rate of Return

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

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

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

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 184,985	\$ -	\$ 184,985
Changes for the year:			
Service cost	\$ 1,648	\$ -	\$ 1,648
Interest	12,487	-	12,487
Assumption changes	7,762	-	7,762
Contributions - employer	-	13,097	(13,097)
Net investment income	-	1,735	(1,735)
Administrative expenses	-	(58)	58
Net changes	\$ 21,897	\$ 14,774	\$ 7,123
Balances at June 30, 2021	\$ 206,882	\$ 14,774	\$ 192,108

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County of Grayson, Virginia School Board's Net HIC OPEB Liability	\$ 211,313	\$ 192,108	\$ 175,511

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

For the year ended June 30, 2022, the School Board recognized HIC Plan OPEB expense of \$15,731. At June 30, 2022, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board's HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on HIC OPEB plan investments	\$ -	\$ 1,036
Change in assumptions	5,525	-
Employer contributions subsequent to the measurement date	13,921	-
Total	\$ 19,446	\$ 1,036

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

\$13,921 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2023	\$	1,978
2024		1,978
2025		792
2026		(259)
2027		-
Thereafter		

HIC Plan Data

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

Note 14 - Line of Duty Act (LODA) (OPEB):

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2022 was \$26,355.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 15-OPEB Summary:

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
Stand Alone OPEB Plan (Note 10):								
County	\$ 82,247	\$ 100,806	\$ 537,046	\$ 23,150	\$ -	\$ -	\$ -	\$ -
School Board	-	-	-	-	233,500	163,300	1,380,600	97,900
VRS OPEB Plans:								
GLI Plan (Note 11)								
County	81,979	110,447	261,067	12,106	-	-	-	-
School Board Nonprofessional	-	-	-	-	15,639	31,719	50,879	(1,424)
School Board Professional	-	-	-	-	175,422	237,262	541,270	21,092
School Board HIC Plans:								
Teacher Plan (Note 12)	-	-	-	-	219,515	115,160	1,392,159	108,985
Nonprofessional Plan (Note 13)	-	-	-	-	19,446	1,036	192,108	15,731
Totals	\$ 164,226	\$ 211,253	\$ 798,113	\$ 35,256	\$ 663,522	\$ 548,477	\$ 3,557,016	\$ 242,284

Note 16-Capital Assets:

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

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 911,038	\$ -	\$ -	\$ 911,038
Construction in progress	1,071,127	1,070,900	(990,728)	1,151,299
Total capital assets not being depreciated	\$ 1,982,165	\$ 1,070,900	\$ (990,728)	\$ 2,062,337
Capital assets, being depreciated:				
Buildings and improvements	\$ 28,579,160	\$ 1,012,056	\$ -	\$ 29,591,216
Machinery and equipment	4,952,402	285,347	(24,402)	5,213,347
Total capital assets being depreciated	\$ 33,531,562	\$ 1,297,403	\$ (24,402)	\$ 34,804,563
Accumulated depreciation:				
Buildings and improvements	\$ (8,837,660)	\$ (406,623)	\$ -	\$ (9,244,283)
Machinery and equipment	(3,776,135)	(811,648)	24,402	(4,563,381)
Total accumulated depreciation	\$ (12,613,795)	\$ (1,218,271)	\$ 24,402	\$ (13,807,664)
Total capital assets being depreciated, net	\$ 20,917,767	\$ 79,132	\$ -	\$ 20,996,899
Governmental activities capital assets, net	\$ 22,899,932	\$ 1,150,032	\$ (990,728)	\$ 23,059,236

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 16-Capital Assets: (Continued)

Primary Government: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 10,648	\$ -	\$ -	\$ 10,648
Capital assets, being depreciated:				
Infrastructure	\$ 3,674,073	\$ -	\$ -	\$ 3,674,073
Machinery and equipment	50,336	-	-	50,336
Total capital assets being depreciated	\$ 3,724,409	\$ -	\$ -	\$ 3,724,409
Accumulated depreciation:				
Infrastructure	\$ (1,687,823)	\$ (92,211)	\$ -	\$ (1,780,034)
Machinery and equipment	(39,520)	(3,605)	-	(43,125)
Total accumulated depreciation	\$ (1,727,343)	\$ (95,816)	\$ -	\$ (1,823,159)
Total capital assets being depreciated, net	\$ 1,997,066	\$ (95,816)	\$ -	\$ 1,901,250
Business-type activities capital assets, net	\$ 2,007,714	\$ (95,816)	\$ -	\$ 1,911,898

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

Governmental Activities:

General government administration	\$ 123,289
Judicial administration	2,859
Public safety	135,290
Public works	178,759
Health and welfare	25,898
Education	617,645
Parks, recreation, and cultural	68,014
Community development	66,517

Total depreciation expense-governmental activities \$ 1,218,271

Business-type activities:

Water	\$ 95,816
Total depreciation expense-business-type activities	<u>\$ 95,816</u>

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 16-Capital Assets: (Continued)

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

Discretely Presented Component Unit:

	Beginning Balance	GASB No. 87 Adjustment	Increases	Decreases	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 142,233	\$ -	\$ -	\$ -	\$ 142,233
Construction in progress	671,492	-	104,173	(671,492)	104,173
Total capital assets not being depreciated	<u>\$ 813,725</u>	<u>\$ -</u>	<u>\$ 104,173</u>	<u>\$ (671,492)</u>	<u>\$ 246,406</u>
Capital assets, being depreciated:					
Buildings and improvements	\$ 14,455,708	\$ -	\$ 2,686,950	\$ -	\$ 17,142,658
Machinery and equipment	5,612,998	-	487,211	(338,854)	5,761,355
Total capital assets being depreciated	<u>\$ 20,068,706</u>	<u>\$ -</u>	<u>\$ 3,174,161</u>	<u>\$ (338,854)</u>	<u>\$ 22,904,013</u>
Accumulated depreciation:					
Buildings and improvements	\$ (12,060,293)	\$ -	\$ (439,106)	\$ -	\$ (12,499,399)
Machinery and equipment	(4,231,209)	-	(417,985)	330,047	(4,319,147)
Total accumulated depreciation	<u>\$ (16,291,502)</u>	<u>\$ -</u>	<u>\$ (857,091)</u>	<u>\$ 330,047</u>	<u>\$ (16,818,546)</u>
Total capital assets being depreciated, net	<u>\$ 3,777,204</u>	<u>\$ -</u>	<u>\$ 2,317,070</u>	<u>\$ (8,807)</u>	<u>\$ 6,085,467</u>
Intangible right-to-use assets:					
Machinery and equipment	\$ -	\$ 85,164	\$ -	\$ (438)	\$ 84,726
Total intangible right-to-use assets being depreciated	<u>\$ -</u>	<u>\$ 85,164</u>	<u>\$ -</u>	<u>\$ (438)</u>	<u>\$ 84,726</u>
Accumulated amortization:					
Machinery and equipment	\$ -	\$ -	\$ (50,747)	\$ 438	\$ (50,309)
Total accumulated amortization	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (50,747)</u>	<u>\$ 438</u>	<u>\$ (50,309)</u>
Net intangible right-to-use assets	<u>\$ -</u>	<u>\$ 85,164</u>	<u>\$ (50,747)</u>	<u>\$ -</u>	<u>\$ 34,417</u>
Governmental activities capital assets, net	<u>\$ 4,590,929</u>	<u>\$ 85,164</u>	<u>\$ 2,370,496</u>	<u>\$ (680,299)</u>	<u>\$ 6,366,290</u>

Note 17-Risk Management:

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 18-Commitments and Contingencies:

Construction Commitments:

Project	Amount of Contract	Amount Outstanding	Accounts Payable	Retainage Payable
County - Industrial Site Improvements	\$ 345,000	\$ 71,400	\$ 6,000	\$ 14,400
County - Independence Greenway Phase III	463,248	68,945	68,141	-
County - Baywood School Improvements	34,765	34,765	34,765	-
County - Mt. Rogers Heritage Center	32,947	11,195	7,101	-
Schools - High School Renovations	547,439	547,439	547,439	-
Schools - Elementary School Roof	124,000	124,000	-	-
Schools - High School Roof	174,350	149,452	149,452	-
Schools- High School Turf Conversion	67,570	16,448	6,958	-
Total	<u>\$ 1,789,319</u>	<u>\$ 1,023,644</u>	<u>\$ 819,856</u>	<u>\$ 14,400</u>

Contingencies:

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

Note 19-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:

Susan Herrington, Clerk of the Circuit Court	\$ 500,000
Pete Hall, Treasurer	400,000
Larry Bolt, Commissioner of Revenue	27,000
Richard A. Vaughan, Sheriff	30,000
All Social Services employees-blanket bond	100,000

Travelers Casualty and Surety Company of America:

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

Component Unit - School Board:

Virginia School Board Association:

All School Board employees-blanket bond	\$ 250,000
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COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 20-Notes Receivable:

On June 5, 2008, the County loaned \$150,000 to Millworks LLC. The loan is payable in 120 monthly installments of \$1,380 starting with the first payment due on August 15, 2008. The note bears interest at the rate of 2%. The outstanding balance at June 30, 2022 was \$51,155. The note is delinquent as of June 30, 2022, but the County still expects full repayment.

During fiscal year 2018, the County issued interest free notes receivable as part of the home rehabilitation programs for Eagle Bottom and Troutdale. The aggregate balances due on those notes was \$52,290 as of June 30, 2022.

Note 21-County Early Retirement Incentive Plan:

Defined Benefit Plan

Plan Description:

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

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

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

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

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

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

Defined Benefit Plan

Plan Description: (Continued)

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

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

Contributions Policy

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

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

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

Actuarial Methods:

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

Actuarial Assumptions for GASB 68 Results:

- Valuation date—July 1, 2021
- Measurement date—June 30, 2022
- Mortality table— RP 2014 Mortality tables, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.
- Discount rate—July 1, 2022 is 1.81% and July 1, 2021 valuations is 2.73%.
- Expected long term rate of return— July 1, 2022 is 1.50% and July 1, 2021 valuations is 3.00%.
- Inflation—2.50% per year
- Salary increase—2.50% per year

Plan Membership

As of June 30, 2022 (the measurement date), membership in the Supplemental Retirement Program was comprised as follows:

Inactive employees or beneficiaries currently receiving benefits	2
Active employees	<u>10</u>
Total	12

Net Pension Liability

A detailed schedule of changes in the net pension liability is presented under required supplementary information. This information is intended to help users assess the extent of the Grayson County's obligation to the Defined Benefit Plan. The net pension liability at June 30, 2022 is as follows:

Total pension liability (TPL)	\$	471,800
Plan fiduciary net position		<u>13,100</u>
Net pension liability (NPL)	\$	<u>458,700</u>
Plan fiduciary net position as a percentage of the total pension liability		2.78%
Covered employee payroll	\$	456,600
Net pension liability as a percentage of covered employee payroll		100.46%

Expected Rate of Return and Target Allocation

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Sensitivity of the Net Pension Liability

Changes in the discount rate affect the measurement of pension liabilities; therefore, a small change in the discount rate could result in a significant change in the net pension liability. As an illustration, the following table presents the net pension liability for the Supplemental Retirement Program calculated using the discount rate of 1.81%, as well as what the Supplemental Retirement Program's net pension liability would be if it were calculated using a discount rate of one percentage point lower (0.81%) or one percentage point higher (2.81%) than the current rate:

Sensitivity of the Net Pension Liability to Changes in the Discount Rate					
	1% Decrease		Current Discount Rate		1% Increase
	0.81%		1.81%		2.81%
Net Pension Liability	\$	482,400	\$	458,700	\$ 436,100

Summary of Deferred Outflows and Inflows of Resources

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

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Summary of Deferred Outflows and Inflows of Resources (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 35,100	42,500
Change in assumptions	36,500	3,000
Net difference between projected and actual earnings on pension plan investments	600	-
Total	<u>\$ 72,200</u>	<u>45,500</u>

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

Amortization Schedule of Deferred Outflows and Inflows of Resources

<u>Year Ended June 30</u>	
2023	\$ 11,800
2024	9,100
2025	1,800
2026	4,000
2027	-
Thereafter	-

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COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Components of Pension Expense

		<u>Pension Expense</u>
Service Cost	\$	10,400
Interest Cost		11,400
Projected Earnings on Plan Assets		(500)
Recognition of differences between expected and actual experience in the measurement of total pension liability		(2,600)
Recognition of changes in assumptions in the measurement of total pension liability		14,500
Recognition of differences between projected and actual earnings on plan investments		100
Administrative Expense		2,000
Changes of Benefit Terms		<u>1,000</u>
Pension Expense	\$	<u><u>36,300</u></u>

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

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 22-Deferred/Unavailable Revenue:

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

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Primary Government:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures.	\$ -	\$ 1,886,902
Tax assessments due after June 30	10,509,102	10,509,102
Prepaid taxes relating to taxes due in a future period.	98,882	98,882
Lease related items	92,100	92,100
Opioid settlement receivable	-	253,120
Total deferred/unavailable revenue	\$ 10,700,084	\$ 12,840,106

Note 23-Litigation:

At June 30, 2022, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

Note 23-Lease Receivable:

The following is a summary of leases receivable transactions of the County for the year ended June 30, 2022:

	Beginning Balance, as adjusted	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Lease receivable	\$ 127,598	\$ -	\$ (33,877)	\$ 93,721	\$ 2,243

Lease revenue recognized during the fiscal year was \$33,877.

Lease Description	Start Date	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One Year
Oak Hall Building Lease	3/1/2015	2/1/2025	Monthly	2.00%	\$ 93,721	\$ 34,561

There are no variable payments for the lease receivable above

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 24-Adoption of Accounting Principle and Restatement of Beginning Balances:

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

Primary Government:

	<u>Governmental Activities</u>	<u>Economic Development Fund</u>	<u>Component Unit School Board</u>
Lease activity:			
Lease asset	\$ -	\$ -	\$ 85,164
Lease liability	\$ -	\$ -	\$ 85,164
Lease activity:			
Lease receivable	\$ 127,598	\$ 127,598	\$ -
Deferred inflows of resources - lease	\$ 127,598	\$ 127,598	\$ -

Note 25-COVID-19 Pandemic Funding and Subsequent Event:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the County, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2023.

CARES Act Funding

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

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The County received total CRF funding of \$2,713,356. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of \$266,210. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government.

COUNTY OF GRAYSON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 25-COVID-19 Pandemic Funding and Subsequent Event: (Continued)

ARPA Funding

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

On August 12, 2021, the County received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$1,510,202 from the initial allocation are reported as unearned revenue as of June 30. On August 15, 2022, the County received its second half of the CSLFRF funds (\$1,510,202).

ESF Funding

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

Other Subsequent Events

On April 3, 2023, the School Board signed a construction contract to convert the high school natural grass field to a turf surface in the amount of \$1,500,000.

Note 26-Upcoming Pronouncements:

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 26-Upcoming Pronouncements: (Continued)

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

Statement No. 99, *Omnibus 2022*, 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.

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

Required Supplementary Information

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
General property taxes	\$ 12,557,584	\$ 12,557,584	\$ 13,315,868	\$ 758,284
Other local taxes	1,502,157	1,502,157	1,710,961	208,804
Permits, privilege fees, and regulatory licenses	65,309	65,309	74,333	9,024
Fines and forfeitures	15,000	15,000	14,528	(472)
Revenue from the use of money and property	68,240	68,240	54,211	(14,029)
Charges for services	2,094,660	2,094,660	2,279,953	185,293
Miscellaneous	58,205	58,205	345,520	287,315
Recovered costs	436,500	436,500	400,731	(35,769)
Intergovernmental:				
Commonwealth	4,961,607	4,961,607	5,276,343	314,736
Federal	1,767,218	1,741,653	2,647,642	905,989
Total revenues	\$ 23,526,480	\$ 23,500,915	\$ 26,120,090	\$ 2,619,175
EXPENDITURES				
Current:				
General government administration	\$ 1,932,149	\$ 1,880,704	\$ 2,126,432	\$ (245,728)
Judicial administration	1,196,863	1,163,794	1,133,351	30,443
Public safety	4,775,939	4,922,224	4,938,748	(16,524)
Public works	2,107,053	2,324,021	2,392,130	(68,109)
Health and welfare	3,751,614	4,089,714	4,109,286	(19,572)
Education	5,830,850	5,808,950	5,837,971	(29,021)
Parks, recreation, and cultural	580,832	604,238	607,916	(3,678)
Community development	1,957,759	1,608,477	1,251,377	357,100
Capital projects	140,000	316,114	1,784,515	(1,468,401)
Debt service:				
Principal retirement	800,439	800,439	800,439	-
Interest and other fiscal charges	452,982	452,982	479,839	(26,857)
Total expenditures	\$ 23,526,480	\$ 23,971,657	\$ 25,462,004	\$ (1,490,347)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (470,742)	\$ 658,086	\$ 1,128,828
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	\$ -	\$ -	\$ 23,852	\$ 23,852
Total other financing sources (uses)	\$ -	\$ -	\$ 23,852	\$ 23,852
Net change in fund balances	\$ -	\$ (470,742)	\$ 681,938	\$ 1,152,680
Fund balances - beginning	-	470,742	10,741,158	10,270,416
Fund balances - ending	\$ -	\$ -	\$ 11,423,096	\$ 11,423,096

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

	Economic Development Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 39,552	\$ 39,552
Total revenues	\$ -	\$ -	\$ 39,552	\$ 39,552
EXPENDITURES				
Current:				
Community development	\$ -	\$ -	\$ 10,000	\$ (10,000)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 29,552	\$ 29,552
Net change in fund balances	\$ -	\$ -	\$ 29,552	\$ 29,552
Fund balances - beginning	-	-	759,866	759,866
Fund balances - ending	\$ -	\$ -	\$ 789,418	\$ 789,418

County of Grayson, Virginia
Schedule of Employer's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2021

Date	Employer's Proportion of the Net GLI OPEB Liability (Asset)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability
				(3)/(4)	
(1)	(2)	(3)	(4)	(5)	(6)
Primary Government					
2021	0.02240% \$	261,067 \$	4,629,444	5.64%	67.45%
2020	0.02309%	386,232	4,786,346	8.07%	52.64%
2019	0.02284%	369,642	4,470,577	8.27%	52.00%
2018	0.02305%	350,505	4,322,308	8.11%	51.22%
2017	0.02235%	336,031	4,122,885	8.15%	48.86%
Component Unit-School Board (Nonprofessional)					
2021	0.00440% \$	50,879 \$	903,147	5.63%	67.45%
2020	0.00422%	70,425	868,101	8.11%	52.64%
2019	0.00475%	77,295	929,375	8.32%	52.00%
2018	0.00503%	77,000	955,734	8.06%	51.22%
2017	0.00575%	86,000	1,061,120	8.10%	48.86%
Component Unit-School Board (Professional)					
2021	0.04650% \$	541,270 \$	9,597,869	5.64%	67.45%
2020	0.04582%	764,661	9,429,860	8.11%	52.64%
2019	0.04439%	722,344	8,702,106	8.30%	52.00%
2018	0.04718%	717,000	8,971,288	7.99%	51.22%
2017	0.04826%	726,000	8,902,636	8.15%	48.86%

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2022	\$ 28,479	\$ 28,479	\$ -	\$ 5,273,791	0.54%
2021	24,999	24,999	-	4,629,444	0.54%
2020	24,889	24,889	-	4,786,346	0.52%
2019	23,247	23,247	-	4,470,577	0.52%
2018	22,476	22,476	-	4,322,308	0.52%
2017	21,439	21,439	-	4,122,885	0.52%
Component Unit-School Board (nonprofessional)					
2022	\$ 5,184	\$ 5,184	\$ -	\$ 960,041	0.54%
2021	4,877	4,877	-	903,147	0.54%
2020	4,514	4,514	-	868,101	0.52%
2019	4,819	4,819	-	929,375	0.52%
2018	4,985	4,985	-	955,734	0.52%
2017	5,518	5,518	-	1,061,120	0.52%
2016	5,079	5,079	-	1,058,056	0.48%
2015	5,962	5,962	-	1,242,043	0.48%
2014	6,102	6,102	-	1,271,330	0.48%
2013	5,817	5,817	-	1,211,812	0.48%
Component Unit-School Board (professional)					
2022	\$ 55,301	\$ 55,301	\$ -	\$ 10,240,877	0.54%
2021	51,828	51,828	-	9,597,869	0.54%
2020	49,036	49,036	-	9,429,860	0.52%
2019	45,156	45,156	-	8,702,106	0.52%
2018	46,684	46,684	-	8,971,288	0.52%
2017	46,294	46,294	-	8,902,636	0.52%
2016	40,406	40,406	-	8,417,889	0.48%
2015	45,808	45,808	-	9,543,276	0.48%
2014	44,936	44,936	-	9,361,669	0.48%
2013	44,116	44,116	-	9,190,897	0.48%

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

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

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

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Grayson, Virginia
Schedule of School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2021

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2021	0.1085%	\$ 1,392,159	\$ 9,591,950	14.51%	13.15%
2020	0.1074%	1,400,921	9,414,834	14.88%	9.95%
2019	0.1038%	1,358,189	8,702,106	15.61%	8.97%
2018	0.1109%	1,408,000	8,971,288	15.69%	8.08%
2017	0.1128%	1,432,000	8,902,636	16.09%	7.04%

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

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

Date	Contributions in Relation to			Contributions	
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	as a % of Covered Payroll (5)
2022	\$ 123,915	\$ 123,915	\$ -	\$ 10,240,877	1.21%
2021	116,063	116,063	-	9,591,950	1.21%
2020	112,977	112,977	-	9,414,834	1.20%
2019	104,204	104,204	-	8,702,106	1.20%
2018	110,427	110,427	-	8,971,288	1.23%
2017	98,819	98,819	-	8,902,636	1.11%
2016	88,976	88,976	-	8,393,999	1.06%
2015	100,794	100,794	-	9,508,838	1.06%
2014	103,704	103,704	-	9,342,697	1.11%
2013	102,058	102,058	-	9,194,405	1.11%

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

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

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

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

County of Grayson, Virginia
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
Health Insurance Credit (HIC) Plan - School Board Nonprofessional
For the Measurement Dates of June 30, 2020 through June 30, 2021

	2021	2020
Total pension liability		
Service cost	\$ 1,648	\$ -
Interest	12,487	-
Changes of benefit terms	-	184,985
Changes in assumptions	7,762	-
Net change in total pension liability	\$ 21,897	\$ 184,985
Total pension liability - beginning	184,985	-
Total pension liability - ending (a)	\$ 206,882	\$ 184,985
 Plan fiduciary net position		
Contributions - employer	\$ 13,097	\$ -
Net investment income	1,735	-
Administrative expense	(58)	-
Net change in plan fiduciary net position	\$ 14,774	\$ -
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	\$ 14,774	\$ -
 County's net pension liability - ending (a) - (b)	\$ 192,108	\$ 184,985
 Plan fiduciary net position as a percentage of the total pension liability	7.14%	0.00%
 Covered payroll	\$ 903,147	\$ -
 County's net pension liability as a percentage of covered payroll	21.27%	N/A

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

County of Grayson, Virginia
Schedule of Employer Contributions
Health Insurance Credit (HIC) Plan - School Board Nonprofessional
For the Year Ended June 30, 2021 through June 30, 2022

Date	Contributions in Relation to					Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
2022	\$ 13,921	\$ 13,921	\$ -	\$ 960,041		1.45%
2021	13,096	13,096	-	903,147		1.45%

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

County of Grayson, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan - School Board Nonprofessional
For the Year Ended June 30, 2022

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

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

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

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

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

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

County of Grayson, Virginia
Schedule of Changes in Total OPEB Liability and Related Ratios
Discretely Presented Component Unit - School Board
Health Insurance
For the Measurement Dates of July 1, 2017 through July 1, 2021

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

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

County of Grayson, Virginia
Notes to Required Supplementary Information
Primary Government and Discretely Presented Component Unit - School Board
Health Insurance
For the Year Ended June 30, 2022

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

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

Primary Government:

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Salary Increase Rates	Future salaries are assumed to increase 2.50% annually
Participation Rate	45% of active employees are assumed to elect coverage in retirement; 33% of their spouses are assumed to elect coverage in retirement; 100% of actives who become disabled are assumed to elect coverage
Discount Rate	1.92%
Medical Trend Rate	7.00% for fiscal year 2022, decreasing by 0.25% per year to an ultimate rate of 5.00%
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 Fully Generational Mortality Table, with base year 2006, using two-dimensional improvement scale MP-2021.

Discretely Presented Component Unit - School Board:

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Salary Increase Rates	Future salaries are assumed to increase 2.50% annually
Participation Rate	40% of active employees are assumed to elect coverage in retirement; 20% of their spouses are assumed to elect coverage in retirement
Discount Rate	1.92%
Medical Trend Rate	7.00% for fiscal year 2022, decreasing by 0.25% per year to an ultimate rate of 5.00%
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 Fully Generational Mortality Table, with base year 2006, using two-dimensional improvement scale MP-2021.

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

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

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 Grayson, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
For the Measurement Dates of June 30, 2014 through June 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 82,984	\$ 89,222	\$ 93,993	\$ 109,951	\$ 108,624	\$ 129,545	\$ 137,242	\$ 131,743
Interest	408,942	395,867	390,004	382,342	385,307	372,488	358,587	340,515
Differences between expected and actual experience	86,422	104,207	26,932	(48,254)	(194,674)	(53,238)	(63,481)	-
Changes of assumptions	278,380	-	147,687	-	(40,388)	-	-	-
Benefit payments	(414,543)	(376,629)	(354,207)	(314,932)	(287,538)	(243,791)	(223,735)	(204,448)
Net change in total pension liability	\$ 442,185	\$ 212,667	\$ 304,409	\$ 129,107	\$ (28,669)	\$ 205,004	\$ 208,613	\$ 267,810
Total pension liability - beginning	6,265,672	6,053,005	5,748,596	5,619,489	5,648,158	5,443,154	5,234,541	4,966,731
Total pension liability - ending (a)	\$ 6,707,857	\$ 6,265,672	\$ 6,053,005	\$ 5,748,596	\$ 5,619,489	\$ 5,648,158	\$ 5,443,154	\$ 5,234,541
Plan fiduciary net position								
Contributions - employer	\$ 67,458	\$ 50,066	\$ 54,911	\$ 15,893	\$ 70,121	\$ 105,215	\$ 292,271	\$ 130,031
Contributions - employee	42,394	40,821	44,052	17,050	51,220	52,631	61,197	66,050
Net investment income	1,490,769	108,439	367,479	402,454	611,656	87,815	222,854	646,555
Benefit payments	(414,543)	(376,629)	(354,207)	(314,932)	(287,538)	(243,791)	(223,735)	(204,448)
Administrator charges	(3,904)	(3,872)	(3,822)	(3,647)	(3,617)	(3,179)	(2,874)	(3,460)
Other	139	(126)	(230)	(351)	(541)	(37)	(46)	34
Net change in plan fiduciary net position	\$ 1,182,313	\$ (181,301)	\$ 108,183	\$ 116,467	\$ 441,301	\$ (1,346)	\$ 349,667	\$ 634,762
Plan fiduciary net position - beginning	5,579,269	5,760,570	5,652,387	5,535,920	5,094,619	5,095,965	4,746,298	4,111,536
Plan fiduciary net position - ending (b)	\$ 6,761,582	\$ 5,579,269	\$ 5,760,570	\$ 5,652,387	\$ 5,535,920	\$ 5,094,619	\$ 5,095,965	\$ 4,746,298
School Board's net pension liability (asset) - ending (a) - (b)	\$ (53,725)	\$ 686,403	\$ 292,435	\$ 96,209	\$ 83,569	\$ 553,539	\$ 347,189	\$ 488,243
Plan fiduciary net position as a percentage of the total pension liability	100.80%	89.05%	95.17%	98.33%	98.51%	90.20%	93.62%	90.67%
Covered payroll	\$ 903,147	\$ 863,916	\$ 929,375	\$ 949,587	\$ 1,046,780	\$ 1,058,056	\$ 1,242,043	\$ 1,271,330
School Board's net pension liability as a percentage of covered payroll	-5.95%	79.45%	31.47%	10.13%	7.98%	52.32%	27.95%	38.40%

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

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2022	\$ 779,259	\$ 779,259	\$ -	\$ 5,327,232	14.63%
2021	688,331	688,331	-	4,675,039	14.72%
2020	685,929	685,929	-	4,919,014	13.94%
2019	644,726	644,726	-	4,472,745	14.41%
2018	677,569	677,569	-	4,425,894	15.31%
2017	648,735	648,735	-	4,119,304	15.75%
2016	712,656	712,656	-	3,813,997	18.69%
2015	684,883	684,883	-	3,646,980	18.78%
Component Unit School Board (nonprofessional)					
2022	\$ 70,052	\$ 70,052	\$ -	\$ 960,041	7.30%
2021	67,456	67,456	-	903,147	7.47%
2020	50,066	50,066	-	863,916	5.80%
2019	54,851	54,851	-	929,375	5.90%
2018	63,092	63,092	-	949,587	6.64%
2017	70,121	70,121	-	1,046,780	6.70%
2016	105,194	105,194	-	1,058,056	9.94%
2015	122,393	292,271	(169,878)	1,242,043	23.53%
2014	130,057	130,057	-	1,271,330	10.23%
2013	123,968	123,968	-	1,211,812	10.23%
Component Unit School Board (professional)					
2022	\$ 1,643,291	\$ 1,643,291	\$ -	\$ 10,230,955	16.06%
2021	1,551,396	1,551,396	-	9,591,951	16.17%
2020	1,437,496	1,437,496	-	9,434,807	15.24%
2019	1,332,964	1,332,964	-	8,683,626	15.35%
2018	1,442,354	1,442,354	-	8,977,806	16.07%
2017	1,295,037	1,295,037	-	8,906,833	14.54%
2016	1,171,227	1,171,227	-	8,373,995	13.99%
2015	1,368,732	1,368,732	-	9,484,994	14.43%
2014	1,089,284	1,089,284	-	9,342,058	11.66%
2013	1,049,617	1,049,617	-	9,001,861	11.66%

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

Schedule is intended to show information for 10 years. Prior to 2015 the County's contributions included the ASAP program which are not included in the County's liability. Therefore, no additional data is currently available for the County. Additional years will be included as they become available.

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

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2020 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
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

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

Component Unit School Board - Professional Employees

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

County of Grayson, Virginia
 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Grayson County Supplemental Retirement Program (ERIP)
 For the Measurement Dates of June 30, 2017 through June 30, 2022

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

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

County of Grayson, Virginia
Notes to Required Supplementary Information
Primary Government
Grayson County Supplemental Retirement Program (ERIP)
For the Year Ended June 30, 2022

Valuation Date: 7/1/2021
Measurement Date: 6/30/2022

Primary Government:

Methods and assumptions used to determine pension liability:

Actuarial Cost Method	Entry age actuarial cost method
Salary Increase Rates	Future salaries are assumed to increase 2.50% annually
Participation Rate	The plan is closed to only those 100% vested.
Expected Return on Assets	1.50%
Discount Rate	1.81%
Inflation	2.50% per year as of June 30, 2022
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 Fully Generational Mortality Table, with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.

Other Supplementary Information

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.

Building Code Fund - The Building Code fund accounts for those funds received from citizens for building permits for subsequent remittance to the Commonwealth of Virginia.

ASAP Fund - The ASAP fund accounts for those funds held for the Mount Rogers Alcohol Safety Action Program.

Regional Library Fund - The Regional Library fund accounts for those funds held for the Wythe-Grayson Regional Library.

County of Grayson, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
June 30, 2022

	Custodial Funds				
	<u>Special Welfare</u>	<u>Building Code</u>	<u>ASAP</u>	<u>Regional Library</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 7,870	\$ -	\$ 211,514	\$ 264,272	\$ 483,656
Receivables:					
Other receivables	-	-	-	137	137
Due from other funds					-
Investments	-	-	52,844	-	52,844
Prepaid items	-	-	1,757	-	1,757
Total assets	<u>\$ 7,870</u>	<u>\$ -</u>	<u>\$ 266,115</u>	<u>\$ 264,409</u>	<u>\$ 538,394</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 57	\$ 21,956	\$ 22,013
Accrued liabilities	-	-	215	-	215
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272</u>	<u>\$ 21,956</u>	<u>\$ 22,228</u>
NET POSITION					
Restricted:					
Special Welfare	\$ 7,870	\$ -	\$ -	\$ -	\$ 7,870
Mt. Rogers Alcohol Safety Action Program	-	-	265,843	-	265,843
Wythe-Grayson Regional Library	-	-	-	242,453	242,453
Total net position	<u>\$ 7,870</u>	<u>\$ -</u>	<u>\$ 265,843</u>	<u>\$ 242,453</u>	<u>\$ 516,166</u>

County of Grayson, Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2022

	Custodial Funds				
	<u>Special Welfare</u>	<u>Building Code</u>	<u>ASAP</u>	<u>Regional Library</u>	<u>Total</u>
ADDITIONS					
Contributions:					
Government grants	\$ -	\$ -	\$ 242,882	\$ 914,174	\$ 1,157,056
Social security and welfare receipts	57,027	-	-	-	57,027
Investment income	-	-	137	-	137
Miscellaneous	-	1,352	-	-	1,352
Total contributions	\$ 57,027	\$ 1,352	\$ 243,019	\$ 914,174	\$ 1,215,572
DEDUCTIONS					
Special welfare payments	\$ 55,814	\$ -	\$ -	\$ -	\$ 55,814
Fees to the Commonwealth of VA	-	1,352	-	-	1,352
Mt. Rogers Alcohol Safety Action Program expenses	-	-	265,751	-	265,751
Mt. Rogers Alcohol Safety Action Program administration fees	-	-	4,514	-	4,514
Wythe-Grayson Regional Library expenses	-	-	-	966,794	966,794
Total deductions	\$ 55,814	\$ 1,352	\$ 270,265	\$ 966,794	\$ 1,294,225
Net increase (decrease) in fiduciary net position	\$ 1,213	\$ -	\$ (27,246)	\$ (52,620)	\$ (78,653)
Net position - beginning	6,657	-	293,089	295,073	594,819
Net position - ending	\$ 7,870	\$ -	\$ 265,843	\$ 242,453	\$ 516,166

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

	School Operating Fund	School Activity Fund	Total
ASSETS			
Cash and cash equivalents	\$ 1,296,832	\$ -	\$ 1,296,832
Cash in custody of others	-	527,970	527,970
Accounts receivable	62,854	-	62,854
Due from other governmental units	3,388,560	-	3,388,560
Prepaid items	318,319	-	318,319
Total assets	<u>\$ 5,066,565</u>	<u>\$ 527,970</u>	<u>\$ 5,594,535</u>
LIABILITIES			
Accounts payable	\$ 959,137	\$ 2,606	\$ 961,743
Accrued salaries	885,745	-	885,745
Total liabilities	<u>\$ 1,844,882</u>	<u>\$ 2,606</u>	<u>\$ 1,847,488</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	\$ 318,319	\$ -	\$ 318,319
Restricted:			
Cafeteria	352,398	-	352,398
Committed:			
Textbooks	86,776	-	86,776
School activities	-	525,364	525,364
Unassigned	2,464,190	-	2,464,190
Total fund balances	<u>\$ 3,221,683</u>	<u>\$ 525,364</u>	<u>\$ 3,747,047</u>
Total liabilities and fund balances	<u>\$ 5,066,565</u>	<u>\$ 527,970</u>	<u>\$ 5,594,535</u>

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

Total fund balances per above \$ 3,747,047

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 142,233	
Buildings and improvements	4,643,259	
Machinery and equipment	1,476,625	
Construction in progress	<u>104,173</u>	6,366,290

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

Net pension asset 53,725

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

Pension related items	\$ 3,937,405	
OPEB related items	<u>663,522</u>	4,600,927

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

Compensated absences	\$ (193,143)	
Net OPEB liabilities	(3,557,016)	
Net pension liability	(8,540,184)	
Lease liabilities	<u>(33,577)</u>	(12,323,920)

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

Pension related items	\$ (7,325,962)	
OPEB related items	<u>(548,477)</u>	(7,874,439)

Net position of governmental activities \$ (5,430,370)

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

	School Operating Fund	School Activity Fund	Total
REVENUES			
Revenue from the use of money and property	\$ 4,486	\$ -	\$ 4,486
Charges for services	101,113	-	101,113
Miscellaneous	108,462	679,941	788,403
Recovered costs	561,530	-	561,530
Intergovernmental:			
Local government	5,818,939	-	5,818,939
Commonwealth	12,797,474	-	12,797,474
Federal	7,870,773	-	7,870,773
Total revenues	<u>\$ 27,262,777</u>	<u>\$ 679,941</u>	<u>\$ 27,942,718</u>
EXPENDITURES			
Current:			
Education	\$ 26,417,153	\$ 706,028	\$ 27,123,181
Debt service:			
Principal retirement	51,587	-	51,587
Interest and other fiscal charges	1,230	-	1,230
Total expenditures	<u>\$ 26,469,970</u>	<u>\$ 706,028</u>	<u>\$ 27,175,998</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 792,807</u>	<u>\$ (26,087)</u>	<u>\$ 766,720</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 70,230	\$ 70,230
Transfers out	(70,230)	-	(70,230)
Total other financing sources and uses	<u>\$ (70,230)</u>	<u>\$ 70,230</u>	<u>\$ -</u>
Net change in fund balances	\$ 722,577	\$ 44,143	\$ 766,720
Fund balances - beginning	2,499,106	481,221	2,980,327
Fund balances - ending	<u>\$ 3,221,683</u>	<u>\$ 525,364</u>	<u>\$ 3,747,047</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 \$ 766,720

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation/amortization expense in the current period.

Capital outlay	\$ 2,597,597	
Depreciation/amortization expense	<u>(907,400)</u>	1,690,197

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

Principal Payments

Lease liabilities		51,587
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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	\$ 160,914	
Change in net pension liabilities and related deferred items	1,721,739	
Change in net OPEB liabilities and related deferred items	<u>(84,729)</u>	1,797,924

Change in net position of governmental activities		<u>\$ 4,306,428</u>
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County of Grayson, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2022

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 3,323	\$ 3,323	\$ 4,486	\$ 1,163
Charges for services	30,657	30,657	101,113	70,456
Miscellaneous	123,688	123,688	108,462	(15,226)
Recovered costs	498,484	520,384	561,530	41,146
Intergovernmental:				
Local government	5,811,817	5,789,917	5,818,939	29,022
Commonwealth	12,229,518	12,685,078	12,797,474	112,396
Federal	5,450,358	6,744,290	7,870,773	1,126,483
Total revenues	<u>\$ 24,147,845</u>	<u>\$ 25,897,337</u>	<u>\$ 27,262,777</u>	<u>\$ 1,365,440</u>
EXPENDITURES				
Current:				
Education	\$ 23,870,532	\$ 25,620,024	\$ 26,417,153	\$ (797,129)
Debt service:				
Principal retirement	51,587	51,587	51,587	-
Interest and other fiscal charges	1,230	1,230	1,230	-
Total expenditures	<u>\$ 23,923,349</u>	<u>\$ 25,672,841</u>	<u>\$ 26,469,970</u>	<u>\$ (797,129)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 224,496</u>	<u>\$ 224,496</u>	<u>\$ 792,807</u>	<u>\$ 568,311</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (70,230)</u>	<u>\$ (70,230)</u>
Net change in fund balances	\$ 224,496	\$ 224,496	\$ 722,577	\$ 498,081
Fund balances - beginning	(224,496)	(224,496)	2,499,106	2,723,602
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,221,683</u>	<u>\$ 3,221,683</u>

County of Grayson, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 9,859,584	\$ 9,859,584	\$ 9,684,314	\$ (175,270)
Real and personal public service corporation taxes	312,000	312,000	343,758	31,758
Personal property taxes	2,090,000	2,090,000	2,506,184	416,184
Mobile home taxes	25,000	25,000	22,735	(2,265)
Machinery and tools taxes	200,000	200,000	426,024	226,024
Merchant's capital	25,000	25,000	25,357	357
Penalties	25,000	25,000	106,807	81,807
Interest	21,000	21,000	200,689	179,689
Total general property taxes	\$ 12,557,584	\$ 12,557,584	\$ 13,315,868	\$ 758,284
Other local taxes:				
Local sales and use taxes	\$ 575,443	\$ 575,443	\$ 759,034	\$ 183,591
Consumption taxes	35,000	35,000	35,424	424
Consumers' utility taxes	345,000	345,000	349,402	4,402
Motor vehicle licenses	336,000	336,000	275,885	(60,115)
Recordation taxes	158,100	158,100	219,204	61,104
Hotel and motel room taxes	37,500	37,500	58,097	20,597
Bank stock tax	15,114	15,114	13,915	(1,199)
Total other local taxes	\$ 1,502,157	\$ 1,502,157	\$ 1,710,961	\$ 208,804
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 7,500	\$ 7,500	\$ 2,803	\$ (4,697)
Zoning permits	604	604	296	(308)
Transfer fees	1,000	1,000	1,031	31
Erosion control	480	480	300	(180)
Building permits	54,000	54,000	68,150	14,150
Other permits	1,725	1,725	1,753	28
Total permits, privilege fees, and regulatory licenses	\$ 65,309	\$ 65,309	\$ 74,333	\$ 9,024
Fines and forfeitures:				
Court fines and forfeitures	\$ 15,000	\$ 15,000	\$ 14,528	\$ (472)
Revenue from use of money and property:				
Revenue from use of money	\$ 65,000	\$ 65,000	\$ 49,571	\$ (15,429)
Revenue from use of property	3,240	3,240	4,640	1,400
Total revenue from use of money and property	\$ 68,240	\$ 68,240	\$ 54,211	\$ (14,029)
Charges for services:				
Charges for trash fees	\$ 1,546,650	\$ 1,546,650	\$ 1,534,439	\$ (12,211)
Charges for sanitation and waste removal	391,360	391,360	467,676	76,316
Charges for recycling	60,000	60,000	139,461	79,461
Charges for parks and recreation	30,000	30,000	70,162	40,162
Charges for courtroom security	-	-	9,745	9,745
Charges for Commonwealth's Attorney	2,200	2,200	2,866	666
Charges for courthouse maintenance	-	-	1,884	1,884
Charges for administration	8,000	8,000	43,149	35,149
Charges for law enforcement	6,450	6,450	10,571	4,121
Charges for fire and rescue services	50,000	50,000	-	(50,000)
Total charges for services	\$ 2,094,660	\$ 2,094,660	\$ 2,279,953	\$ 185,293

County of Grayson, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Other miscellaneous	\$ 58,205	\$ 58,205	\$ 295,520	\$ 237,315
Baywood Tech Center donation	-	-	50,000	50,000
Total miscellaneous revenue	\$ 58,205	\$ 58,205	\$ 345,520	\$ 287,315
Recovered costs:				
City of Galax	\$ 295,000	\$ 295,000	\$ 295,000	\$ -
School resource officer	36,000	36,000	45,000	9,000
Department of Social Services	55,000	55,000	16,231	(38,769)
Commonwealth Attorney	50,500	50,500	44,500	(6,000)
Total recovered costs	\$ 436,500	\$ 436,500	\$ 400,731	\$ (35,769)
Total revenue from local sources	\$ 16,797,655	\$ 16,797,655	\$ 18,196,105	\$ 1,398,450
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 6,628	\$ 6,628	\$ 38,406	\$ 31,778
Motor vehicle rental tax	1,000	1,000	3,928	2,928
Recordation tax	6,000	6,000	-	(6,000)
Communication tax	300,000	300,000	272,011	(27,989)
Personal property tax relief funds	437,787	437,787	437,787	-
Games of skill tax	6,192	6,192	1,008	(5,184)
Total noncategorical aid	\$ 757,607	\$ 757,607	\$ 753,140	\$ (4,467)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 415,104	\$ 415,104	\$ 355,465	\$ (59,639)
Sheriff	1,113,441	1,113,441	1,086,622	(26,819)
Commissioner of revenue	105,528	105,528	105,331	(197)
Treasurer	114,507	114,507	105,490	(9,017)
Registrar/electoral board	73,368	73,368	63,414	(9,954)
Clerk of the Circuit Court	289,952	289,952	297,862	7,910
Total shared expenses	\$ 2,111,900	\$ 2,111,900	\$ 2,014,184	\$ (97,716)
Other categorical aid:				
Public assistance and welfare administration	\$ 950,000	\$ 950,000	\$ 1,120,157	\$ 170,157
Children's services act	431,464	431,464	439,901	8,437
VJCCA	76,817	76,817	36,962	(39,855)
Fire programs	53,000	53,000	56,357	3,357
Victim witness	21,144	21,144	21,144	-
Law enforcement grants	-	-	53,413	53,413
Tourism grant	15,000	15,000	-	(15,000)
AFID grant	-	-	12,500	12,500
Litter grant	5,500	5,500	9,291	3,791
Emergency services grants	22,500	22,500	15,015	(7,485)
Asset forfeiture	-	-	22,990	22,990
Art and humanity grants	-	-	23,166	23,166

County of Grayson, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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)				
DHCD Broadband grants	\$ -	\$ -	\$ 698,123	\$ 698,123
Other state funds	516,675	516,675	-	(516,675)
Total other categorical aid	\$ 2,092,100	\$ 2,092,100	\$ 2,509,019	\$ 416,919
Total categorical aid	\$ 4,204,000	\$ 4,204,000	\$ 4,523,203	\$ 319,203
Total revenue from the Commonwealth	\$ 4,961,607	\$ 4,961,607	\$ 5,276,343	\$ 314,736
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 98,000	\$ 98,000	\$ 108,684	\$ 10,684
Categorical aid:				
Public assistance and welfare administration	\$ 1,441,753	\$ 1,416,188	\$ 1,690,927	\$ 274,739
Law enforcement grants	144,592	144,592	55,574	(89,018)
Emergency preparedness	-	-	27,173	27,173
Children's services act	33,536	33,536	33,536	-
Community development block grant	-	-	178,165	178,165
Trail grants	-	-	363,716	363,716
Victim witness	49,337	49,337	49,337	-
USDA grant	-	-	19,200	19,200
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	-	-	51,672	51,672
COVID-19 Coronavirus Relief Fund	-	-	69,658	69,658
Total categorical aid	\$ 1,669,218	\$ 1,643,653	\$ 2,538,958	\$ 895,305
Total revenue from the federal government	\$ 1,767,218	\$ 1,741,653	\$ 2,647,642	\$ 905,989
Total General Fund	\$ 23,526,480	\$ 23,500,915	\$ 26,120,090	\$ 2,619,175
Special Revenue Fund:				
Economic Development Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,806	\$ 1,806
Revenue from the use of property	-	-	37,746	37,746
Total revenue from use of money and property	\$ -	\$ -	\$ 39,552	\$ 39,552
Total Economic Development Fund	\$ -	\$ -	\$ 39,552	\$ 39,552
Total Primary Government	\$ 23,526,480	\$ 23,500,915	\$ 26,159,642	\$ 2,658,727

County of Grayson, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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	\$ 3,323	\$ 3,323	\$ 4,486	\$ 1,163
Charges for services:				
Cafeteria sales	\$ 30,657	\$ 30,657	\$ 101,113	\$ 70,456
Miscellaneous:				
Other miscellaneous	\$ 123,688	\$ 123,688	\$ 108,462	\$ (15,226)
Recovered costs:				
Dual credit recovered costs	\$ 141,637	\$ 141,637	\$ 141,637	\$ -
E-rate recovered costs	94,730	94,730	94,730	-
Other recovered costs	262,117	284,017	325,163	41,146
Total recovered costs	\$ 498,484	\$ 520,384	\$ 561,530	\$ 41,146
Total revenue from local sources	\$ 656,152	\$ 678,052	\$ 775,591	\$ 97,539
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Grayson, Virginia	\$ 5,811,817	\$ 5,789,917	\$ 5,818,939	\$ 29,022
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,264,414	\$ 2,682,573	\$ 2,806,966	\$ 124,393
Basic school aid	5,164,562	4,966,769	4,966,769	-
Remedial summer education	86,996	86,996	86,996	-
Foster care	13,752	13,752	13,752	-
ISAEF	8,233	8,233	8,233	-
Gifted and talented	49,557	49,557	49,557	-
Remedial education	209,450	209,450	209,450	-
Jobs for VA graduates	30,000	30,000	30,000	-
Special education	655,467	655,467	655,467	-
Textbook payment	100,489	100,489	100,489	-
School nutrition	19,765	19,765	19,765	-
Vocational standards of quality payments	291,734	291,734	291,734	-
Social security fringe benefits	331,006	331,006	331,006	-
Retirement fringe benefits	771,412	771,412	771,412	-
Group life insurance fringe benefit	23,376	23,376	23,376	-
State lottery payments	380,006	380,006	380,006	-
Early reading intervention	74,906	74,906	74,906	-
Special education - Homebound	5,590	5,590	5,590	-
Special education - tuition	185,057	185,057	185,057	-
At risk payments	398,012	633,206	633,206	-
Primary class size	179,163	179,163	179,163	-
Technology	206,000	206,000	206,000	-

County of Grayson, Virginia
Schedule of Revenues - Budget and Actual
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For the Year Ended June 30, 2022

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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)				
State foster care	\$ 7,789	\$ 7,789	\$ 7,789	-
Compensation supplement	362,421	362,421	362,421	-
Industry certification cost	2,543	2,543	2,543	-
English as a second language	6,414	6,414	6,414	-
Standards of Learning algebra readiness	25,265	25,265	25,265	-
National board certified teacher	12,500	12,500	12,500	-
Positive behavior grant	26,000	26,000	26,000	-
Virginia preschool initiative	152,632	152,632	140,635	(11,997)
CTE	4,665	4,665	4,665	-
Project Graduation	3,421	3,421	3,421	-
Other categorical aid	176,921	176,921	176,921	-
Total categorical aid	\$ 12,229,518	\$ 12,685,078	\$ 12,797,474	\$ 112,396
Total revenue from the Commonwealth	\$ 12,229,518	\$ 12,685,078	\$ 12,797,474	\$ 112,396
Revenue from the federal government:				
Categorical aid:				
Forest reserve fund	\$ 57,921	\$ 57,921	\$ 57,921	\$ -
Title I	748,994	735,834	782,572	46,738
Title VI-B, special education flow-through	451,282	420,126	437,529	17,403
Title VI-B, special education pre-school	27,316	27,125	26,227	(898)
21st century learning grants	-	402,522	467,633	65,111
Dislocated worker grant	201,645	201,645	201,645	-
COVID-19 mitigation grants	2,471,298	3,393,244	4,295,726	902,482
School nutrition grants	1,257,318	1,257,318	1,362,048	104,730
Student support and academic achievement	52,830	65,193	65,835	642
Supporting effective instruction	102,451	102,451	100,969	(1,482)
Perkins vocational education	51,783	53,391	52,740	(651)
Title VI, rural and low income school administration	27,520	27,520	19,928	(7,592)
Total categorical aid	\$ 5,450,358	\$ 6,744,290	\$ 7,870,773	\$ 1,126,483
Total revenue from the federal government	\$ 5,450,358	\$ 6,744,290	\$ 7,870,773	\$ 1,126,483
Total School Operating Fund	\$ 24,147,845	\$ 25,897,337	\$ 27,262,777	\$ 1,365,440
Special Revenue Fund:				
School Activity Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 679,941	\$ 679,941
Total School Activity Fund	\$ -	\$ -	\$ 679,941	\$ 679,941
Total Discretely Presented Component Unit - School Board	\$ 24,147,845	\$ 25,897,337	\$ 27,942,718	\$ 2,045,381

County of Grayson, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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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	\$ 54,056	\$ 58,523	\$ 67,593	\$ (9,070)
General and financial administration:				
County administrator	\$ 590,826	\$ 616,235	\$ 639,081	\$ (22,846)
Audit services	90,000	90,000	104,129	(14,129)
Legal services	62,500	22,500	53,453	(30,953)
Commissioner of revenue	282,131	267,131	267,376	(245)
Reassessment	-	-	166,765	(166,765)
Treasurer	314,076	306,085	306,969	(884)
Information technology	238,631	278,027	271,720	6,307
Other general and financial administration	43,780	43,780	57,006	(13,226)
Total general and financial administration	\$ 1,621,944	\$ 1,623,758	\$ 1,866,499	\$ (242,741)
Board of elections:				
Electoral board and officials	\$ 121,615	\$ 85,889	\$ 80,975	\$ 4,914
Registrar	134,534	112,534	111,365	1,169
Total board of elections	\$ 256,149	\$ 198,423	\$ 192,340	\$ 6,083
Total general government administration	\$ 1,932,149	\$ 1,880,704	\$ 2,126,432	\$ (245,728)
Judicial administration:				
Courts:				
Circuit court	\$ 25,205	\$ 28,445	\$ 26,990	\$ 1,455
General district court	8,744	8,671	6,006	2,665
Special magistrates	1,350	1,423	1,422	1
VJCCA	90,279	90,279	81,922	8,357
Courtroom security	-	-	9,617	(9,617)
Law library	360	360	600	(240)
Victim witness	80,149	80,417	73,166	7,251
Clerk of the circuit court	495,445	455,000	453,986	1,014
Total courts	\$ 701,532	\$ 664,595	\$ 653,709	\$ 10,886
Commonwealth's attorney:				
Commonwealth's attorney	\$ 495,331	\$ 499,199	\$ 479,642	\$ 19,557
Total judicial administration	\$ 1,196,863	\$ 1,163,794	\$ 1,133,351	\$ 30,443
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,548,537	\$ 2,778,859	\$ 2,764,054	\$ 14,805
Fire and rescue services:				
Emergency operations	\$ 789,482	\$ 762,483	\$ 736,229	\$ 26,254
Twin County E911	205,346	205,346	205,346	-
Total fire and rescue services	\$ 994,828	\$ 967,829	\$ 941,575	\$ 26,254

County of Grayson, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
New River Valley Regional Jail payments	\$ 850,000	\$ 732,000	\$ 803,403	\$ (71,403)
New River Valley Juvenile Detention Center payments	22,800	76,800	88,593	(11,793)
Total correction and detention	\$ 872,800	\$ 808,800	\$ 891,996	\$ (83,196)
Inspections:				
Building	\$ 182,823	\$ 183,075	\$ 174,279	\$ 8,796
Other protection:				
Animal warden	\$ 100,572	\$ 100,572	\$ 72,213	\$ 28,359
Day report	74,879	74,879	67,873	7,006
Medical examiner	1,500	8,210	8,204	6
COVID-19 mitigation	-	-	18,554	(18,554)
Total other protection	\$ 176,951	\$ 183,661	\$ 166,844	\$ 16,817
Total public safety	\$ 4,775,939	\$ 4,922,224	\$ 4,938,748	\$ (16,524)
Public works:				
Sanitation and waste removal:				
Refuse collection	\$ 994,325	\$ 1,118,323	\$ 1,129,466	\$ (11,143)
Refuse disposal	390,000	401,000	438,731	(37,731)
Recycling program	155,681	207,681	208,764	(1,083)
COVID-19 Refuse collection and disposal	-	-	32,000	(32,000)
Total sanitation and waste removal	\$ 1,540,006	\$ 1,727,004	\$ 1,808,961	\$ (81,957)
Maintenance of general buildings and grounds:				
General properties	\$ 285,799	\$ 240,253	\$ 237,300	\$ 2,953
Public works	39,742	68,992	88,196	(19,204)
Jail building	22,274	23,524	23,928	(404)
Courthouse	140,763	140,763	114,032	26,731
Other buildings	78,469	123,485	119,713	3,772
Total maintenance of general buildings and grounds	\$ 567,047	\$ 597,017	\$ 583,169	\$ 13,848
Total public works	\$ 2,107,053	\$ 2,324,021	\$ 2,392,130	\$ (68,109)
Health and welfare:				
Health:				
Supplement of local health department	\$ 185,764	\$ 185,764	\$ 185,764	\$ -
Behavioral health and development services:				
Mt. Rogers Community Services Board	\$ 52,000	\$ 52,000	\$ 52,000	\$ -
Welfare:				
Welfare administration and programs	\$ 2,799,139	\$ 3,231,239	\$ 3,230,807	\$ 432
Children's services act	700,000	606,000	626,004	(20,004)
Area office on aging	14,711	14,711	14,711	-
Total welfare	\$ 3,513,850	\$ 3,851,950	\$ 3,871,522	\$ (19,572)
Total health and welfare	\$ 3,751,614	\$ 4,089,714	\$ 4,109,286	\$ (19,572)

County of Grayson, Virginia
Schedule of Expenditures - Budget and Actual
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For the Year Ended June 30, 2022

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<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contribution to Community College	\$ 19,033	\$ 19,033	\$ 19,032	\$ 1
Contribution to County School Board	5,811,817	5,789,917	5,818,939	(29,022)
Total education	\$ 5,830,850	\$ 5,808,950	\$ 5,837,971	\$ (29,021)
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation	\$ 256,377	\$ 278,203	\$ 281,881	\$ (3,678)
Library:				
Contribution to regional library	\$ 324,455	\$ 326,035	\$ 326,035	\$ -
Total library	\$ 324,455	\$ 326,035	\$ 326,035	\$ -
Total parks, recreation, and cultural	\$ 580,832	\$ 604,238	\$ 607,916	\$ (3,678)
Community development:				
Planning and community development:				
Planning and zoning	\$ 146,223	\$ 143,621	\$ 93,346	\$ 50,275
Tourism development	121,819	150,732	148,063	2,669
Twin county airport	53,560	53,560	53,560	-
Economic development	1,282,878	901,285	594,218	307,067
COVID-19 business grants	-	-	19,104	(19,104)
Other community development	107,100	80,000	72,030	7,970
Total planning and community development	\$ 1,711,580	\$ 1,329,198	\$ 980,321	\$ 348,877
Environmental management:				
Contribution to soil and water district	\$ 2,500	\$ 40,000	\$ 40,000	\$ -
Agricultural Eco Development	100,979	91,979	98,174	(6,195)
Total environmental management	\$ 103,479	\$ 131,979	\$ 138,174	\$ (6,195)
Cooperative extension program:				
Extension office	\$ 142,700	\$ 147,300	\$ 132,882	\$ 14,418
Total community development	\$ 1,957,759	\$ 1,608,477	\$ 1,251,377	\$ 357,100
Capital projects:				
Recreational trails	\$ -	\$ -	\$ 472,435	\$ (472,435)
Broadband project	-	-	698,198	(698,198)
Baywood school project	-	-	131,665	(131,665)
Industrial park site	-	-	294,000	(294,000)
Public works building improvements	-	-	97,145	(97,145)
GATE center improvements	-	-	36,021	(36,021)
Other capital projects	140,000	316,114	55,051	261,063
Total capital projects	\$ 140,000	\$ 316,114	\$ 1,784,515	\$ (1,468,401)

County of Grayson, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 2
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<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Debt service:				
Principal retirement	\$ 800,439	\$ 800,439	\$ 800,439	\$ -
Interest and other fiscal charges	452,982	452,982	479,839	(26,857)
Total debt service	<u>\$ 1,253,421</u>	<u>\$ 1,253,421</u>	<u>\$ 1,280,278</u>	<u>\$ (26,857)</u>
Total General Fund	<u>\$ 23,526,480</u>	<u>\$ 23,971,657</u>	<u>\$ 25,462,004</u>	<u>\$ (1,490,347)</u>
Special Revenues Funds:				
Economic Development Fund				
Community Development:				
Economic development	\$ -	\$ -	\$ 10,000	\$ (10,000)
Total economic development	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ (10,000)</u>
Total community development	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ (10,000)</u>
Total Economic Development Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ (10,000)</u>
Total Primary Government	<u>\$ 23,526,480</u>	<u>\$ 23,971,657</u>	<u>\$ 25,472,004</u>	<u>\$ (1,500,347)</u>
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Administration of schools:				
Administration, attendance and health	\$ 1,294,494	\$ 1,348,013	\$ 1,383,490	\$ (35,477)
Instructional costs:				
Classroom instruction	\$ 15,173,891	\$ 16,094,364	\$ 15,975,752	\$ 118,612
Operating costs:				
School cafeteria operations	\$ 1,063,743	\$ 1,185,306	\$ 1,315,462	\$ (130,156)
Pupil transportation	1,936,770	1,791,847	1,856,955	(65,108)
Operation and maintenance of school plant	3,500,776	3,684,762	4,416,221	(731,459)
Technology	900,858	1,515,732	1,469,273	46,459
Total operating costs	<u>\$ 7,402,147</u>	<u>\$ 8,177,647</u>	<u>\$ 9,057,911</u>	<u>\$ (880,264)</u>
Total Education	<u>\$ 23,870,532</u>	<u>\$ 25,620,024</u>	<u>\$ 26,417,153</u>	<u>\$ (797,129)</u>
Debt service:				
Principal retirement	\$ 51,587	\$ 51,587	\$ 51,587	\$ -
Interest and other fiscal charges	1,230	1,230	1,230	-
Total debt service	<u>\$ 52,817</u>	<u>\$ 52,817</u>	<u>\$ 52,817</u>	<u>\$ -</u>
Total School Operating Fund	<u>\$ 23,923,349</u>	<u>\$ 25,672,841</u>	<u>\$ 26,469,970</u>	<u>\$ (797,129)</u>
Special Revenue Fund:				
School Activity Fund:				
Education:				
Instructional costs:				
Classroom instruction	\$ -	\$ -	\$ 706,028	\$ (706,028)
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 706,028</u>	<u>\$ (706,028)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 23,923,349</u>	<u>\$ 25,672,841</u>	<u>\$ 27,175,998</u>	<u>\$ (1,503,157)</u>

Other Statistical Information

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Public Service Authority	Total
2021-22	\$ 2,225,395	\$ 989,857	\$ 4,538,508	\$ 2,415,646	\$ 4,057,072	\$ 6,455,616	\$ 899,626	\$ 1,808,786	\$ 357,068	\$ 326,622	\$ 24,074,196
2020-21	1,982,630	1,042,313	5,217,121	2,108,280	3,882,215	7,432,540	584,590	1,532,861	347,041	352,184	24,481,775
2019-20	1,777,753	990,449	4,122,541	2,102,385	3,780,733	6,102,480	407,788	817,271	390,591	331,640	20,823,631
2018-19	1,617,064	935,359	4,029,927	2,069,853	3,579,973	6,286,883	569,100	1,160,240	538,345	315,022	21,101,766
2017-18	1,458,826	1,056,799	4,527,923	1,874,082	3,439,152	6,497,246	518,306	1,127,597	452,581	315,932	21,268,444
2016-17	1,347,040	988,337	4,130,658	1,833,305	2,757,910	6,166,623	479,298	1,168,881	487,320	313,773	19,673,145
2015-16	1,221,223	738,367	3,756,030	1,684,005	2,568,994	5,768,172	566,508	841,802	484,527	251,679	17,881,307
2014-15	1,427,523	834,684	3,434,969	1,826,856	2,866,899	6,361,306	446,006	2,989,423	602,957	242,411	21,033,034
2013-14	1,162,628	852,464	3,402,712	1,725,831	2,827,869	5,668,170	441,542	757,907	612,569	256,916	17,708,608
2012-13	979,020	791,486	3,265,425	1,297,578	2,563,894	4,980,545	471,473	764,628	641,036	278,561	16,033,646

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Revenues from Use of Money & Property	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total
2021-22	\$ 2,640,684	\$ 6,679,245	\$ 382,916	\$	\$ 13,475,549	\$ 1,710,961	\$ 51,377	\$ 622,492	\$ 861,824	\$ 26,425,048
2020-21	2,449,489	7,974,157	147,111		13,191,008	1,654,440	111,821	232,200	861,248	26,621,474
2019-20	2,434,652	5,517,259	24,883		12,333,841	1,457,413	108,057	204,105	883,902	22,964,112
2018-19	2,010,936	5,019,848	509,056		10,825,412	1,272,947	143,375	176,525	905,828	20,863,927
2017-18	2,014,046	5,143,093	9,801		12,202,158	1,257,026	138,902	248,750	922,019	21,935,795
2016-17	2,010,029	4,674,073	550,267		10,051,720	1,251,842	105,301	276,787	871,750	19,791,769
2015-16	1,892,199	4,075,141	519,113		10,051,393	1,237,656	54,782	128,790	871,626	18,830,700
2014-15	1,873,127	6,416,998	117,736		9,952,630	1,216,759	13,685	199,924	833,385	20,624,244
2013-14	1,839,717	4,226,419	295,086		9,860,779	1,176,665	15,948	159,300	887,267	18,461,181
2012-13	1,917,268	2,853,619	-		9,882,433	1,168,873	55,428	172,230	890,996	16,940,847

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
2021-22	\$ 2,126,432	\$ 1,133,351	\$ 4,938,748	\$ 2,392,130	\$ 4,109,286	\$ 27,142,213	\$ 607,916	\$ 1,261,377	\$ 1,280,278	\$ 44,991,731
2020-21	1,874,975	1,032,482	5,536,722	2,215,426	3,919,430	23,451,397	548,284	1,509,077	1,255,959	41,343,752
2019-20	1,610,789	1,000,097	4,375,698	1,839,264	3,735,016	20,669,024	461,907	757,474	1,454,572	35,903,841
2018-19	1,547,977	994,811	4,411,831	1,808,399	3,691,791	19,746,155	555,025	1,154,434	1,905,027	35,815,450
2017-18	1,580,318	1,038,752	4,517,536	1,802,003	3,542,794	20,328,800	503,949	967,379	2,274,565	36,556,096
2016-17	1,467,391	943,616	4,320,257	1,686,457	2,814,099	19,980,386	449,665	1,047,077	1,343,950	34,052,898
2015-16	1,570,382	863,080	4,008,618	1,669,383	2,671,830	18,834,455	437,924	772,224	1,279,515	32,107,411
2014-15	1,674,343	824,504	3,599,711	1,800,178	2,997,266	21,203,761	437,609	2,954,436	1,516,865	37,008,673
2013-14	1,334,380	846,279	3,625,690	1,689,509	2,900,826	21,562,711	440,943	770,461	625,865	33,796,664
2012-13	1,222,809	786,241	3,240,572	1,497,117	2,569,675	22,071,949	462,165	700,556	18,773,245	51,324,329

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

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

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2021-22	\$ 13,315,868	\$ 1,710,961	\$ 74,333	\$ 14,528	\$ 98,249	\$ 2,381,066	\$ 1,133,923	\$ 962,261	\$ 28,592,232	\$ 48,283,421
2020-21	13,408,757	1,654,440	75,810	13,965	114,521	2,248,686	790,034	927,652	26,020,538	45,254,403
2019-20	11,887,949	1,457,413	59,220	13,445	116,857	2,300,297	313,931	871,606	20,334,685	37,355,403
2018-19	10,769,991	1,272,947	64,413	20,376	154,175	1,918,831	374,356	1,108,834	20,027,736	35,711,659
2017-18	11,774,326	1,257,026	76,829	24,983	141,658	1,915,555	368,634	1,353,700	19,868,074	36,780,785
2016-17	10,191,512	1,251,842	78,610	19,792	108,015	1,932,915	315,877	1,031,393	20,055,326	34,985,282
2015-16	10,066,617	1,237,656	73,401	13,803	55,263	1,825,435	226,586	937,777	17,881,553	32,318,091
2014-15	9,742,742	1,216,759	76,772	20,858	13,712	1,855,831	328,596	1,078,855	21,666,780	36,000,905
2013-14	9,911,906	1,176,665	87,650	20,089	15,739	1,795,200	624,288	962,323	20,508,525	35,102,385
2012-13	9,677,846	1,168,873	84,070	27,735	54,947	1,972,939	814,140	309,270	21,335,715	35,445,535

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

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

Table 5

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

Fiscal Year	Total Tax Levy (1,2)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1,3)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2021-22	\$ 13,131,623	\$ 12,282,258	93.53%	\$ 726,114	13,008,372	99.06%	\$ 2,151,122	16.38%
2020-21	13,077,821	12,181,064	93.14%	971,383	13,152,447	100.57%	1,856,544	14.20%
2019-20	12,310,378	10,633,218	86.38%	994,071	11,627,289	94.45%	2,112,848	17.16%
2018-19	10,513,631	9,434,854	89.74%	1,036,369	10,471,223	99.60%	1,841,477	17.52%
2017-18	12,301,485	10,875,900	88.41%	615,601	11,491,501	93.42%	1,843,214	14.98%
2016-17	9,924,601	9,312,581	93.83%	658,611	9,971,192	100.47%	1,323,643	13.34%
2015-16	9,826,512	9,146,131	93.08%	650,180	9,796,311	99.69%	1,344,578	13.68%
2014-15	9,748,700	9,128,324	93.64%	477,081	9,605,405	98.53%	1,438,969	14.76%
2013-14	9,758,039	9,058,301	92.83%	507,328	9,565,629	98.03%	1,318,247	13.51%
2012-13	9,765,219	9,065,028	92.83%	411,738	9,476,766	97.05%	1,263,967	12.94%

(1) Exclusive of penalties and interest.

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

(3) Does not include land redemptions.

Table 6

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

Fiscal Year	Real Estate	Personal Property and Mobile Homes	Merchant's Capital	Machinery and Tools	Public Utility (2)			Total
					Real Estate	Personal Property	Personal Property	
2021-22	\$ 1,669,828,600	\$ 197,982,175	\$ 605,167	\$ 14,130,812	\$ 58,735,161	\$ -	\$ -	\$ 1,941,281,915
2020-21	1,671,187,800	152,857,370	536,592	11,921,467	53,723,582	-	-	1,890,226,811
2019-20	1,670,223,100	130,022,384	499,532	13,025,501	54,863,799	-	-	1,868,634,316
2018-19	1,664,078,600	127,786,990	796,294	21,724,721	51,516,064	-	-	1,865,902,669
2017-18	1,663,763,300	254,155,821	1,716,629	28,317,329	53,498,280	-	-	2,001,451,359
2016-17	1,661,250,900	113,102,005	458,676	11,169,205	49,120,441	-	-	1,835,101,227
2015-16	1,677,434,500	100,886,499	658,664	9,507,998	53,443,671	-	-	1,841,931,332
2014-15	1,675,444,500	99,452,456	634,712	8,222,871	46,905,446	-	-	1,830,659,985
2013-14	1,669,670,500	95,817,181	658,976	8,774,792	41,073,315	-	-	1,815,994,764
2012-13	1,665,125,300	97,851,316	646,211	7,123,835	42,014,145	49,425	49,425	1,812,810,232

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

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

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

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital
2021-22	\$ 0.59	\$ 2.25	\$ 1.75	\$ 6.70
2020-21	0.58	2.25	1.70	6.70
2019-20	0.56	2.25	2.25	6.70
2018-19	0.49	1.75	1.75	6.70
2017-18	0.49	1.75	1.75	6.70
2016-17	0.49	1.75	1.75	6.70
2015-16	0.49	1.75	1.75	6.70
2014-15	0.49	1.75	1.75	6.70
2013-14	0.49	1.75	1.75	6.70
2012-13	0.49	1.75	1.75	6.70

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2021-22	15,240	\$ 1,941,282	\$ 11,785,894	\$ 11,785,894	0.61%	\$ 773
2020-21	15,665	1,868,634	12,670,625	12,670,625	0.68%	809
2019-20	15,665	1,865,903	13,464,600	13,464,600	0.72%	860
2018-19	15,665	1,865,903	14,415,440	14,415,440	0.77%	920
2017-18	15,665	2,001,451	14,654,904	14,654,904	0.73%	936
2016-17	15,533	1,835,101	14,864,703	14,864,703	0.81%	957
2015-16	15,533	1,841,931	15,478,753	15,478,753	0.84%	997
2014-15	15,533	1,830,660	16,072,090	16,072,090	0.88%	1,035
2013-14	15,533	1,815,995	16,894,524	16,894,524	0.93%	1,088
2012-13	15,533	1,812,810	16,974,620	16,974,620	0.94%	1,093
2011-12	15,533	1,802,125	19,033,426	19,033,426	1.06%	1,225

(1) Bureau of the Census.

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

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

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2021-22	\$ 800,439	\$ 479,839	\$ 1,280,278	\$ 44,991,731	2.85%
2020-21	811,498	444,014	1,255,512	41,343,752	3.04%
2019-20	990,528	464,044	1,454,572	35,903,841	4.05%
2018-19	1,060,011	845,016	1,905,027	35,815,450	5.32%
2017-18	1,619,450	655,115	2,274,565	36,556,096	6.22%
2016-17	655,868	688,082	1,343,950	34,052,898	3.95%
2015-16	595,860	683,655	1,279,515	32,107,411	3.99%
2014-15	822,434	694,431	1,516,865	37,008,673	4.10%
2013-14	112,865	513,000	625,865	33,796,664	1.85%
2012-13 (1)	18,009,866	763,379	18,773,245	51,324,329	36.58%

(1) Includes pay off of \$17,900,000 Lease revenue note with proceeds of general obligation bonds.

COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Grayson, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County of Grayson, Virginia's basic financial statements, and have issued our report thereon dated March 28, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as item 2022-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

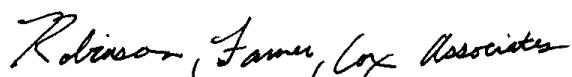
As part of obtaining reasonable assurance about whether County of Grayson, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance (2022-002) of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County of Grayson, Virginia's Response to the Findings

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

Purpose of This Report

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



Blacksburg, Virginia
March 28, 2023

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Grayson, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Grayson, Virginia's major federal programs for the year ended June 30, 2022. County of Grayson, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. In our opinion, County of Grayson, Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (Continued)

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

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

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

Robinson, Famer, Cox Associates

Blacksburg, Virginia
March 28, 2023

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department Health and Human Services:			
Pass Through Payments:			
<i>Virginia Department of Social Services:</i>			
Title IV-E Prevention Program	93.472	1140122	\$ 3,960
Guardianship Assistance	93.090	1110121, 1110122	205
Temporary Assistance for Needy Families	93.558	0400121, 0400122	177,416
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950020, 0950121	14,337
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500122	877
Low-Income Home Energy Assistance	93.568	0600421, 0600422	31,644
Community-Based Child Abuse Prevention Grants	93.590	9560121	1,000
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760121, 0760122	39,945
Adoption and Legal Guardianship Incentive Payments	93.603	1130119	3,000
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121	416
Foster Care - Title IV-E	93.658	1100121, 1100122	240,592
Adoption Assistance	93.659	1120121, 1120122	410,808
Social Services Block Grant	93.667	1000121, 1000122	185,365
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150120, 9150121	3,985
Elder Abuse Prevention Programs	93.747	8000221, 8000321	7,416
Medicaid Cluster:			
Medical Assistance Program	93.778	1200121, 1200122	210,267
Children's Health Insurance Program	93.767	0540121, 0540122	1,955
<i>Virginia Department of Health:</i>			
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK000555	111,497
Total Department of Health and Human Services			\$ 1,444,685
Department of Agriculture:			
Pass Through Payments:			
<i>Child Nutrition Cluster:</i>			
<i>Virginia Department of Agriculture:</i>			
Food Distribution (Note 3)	10.555	Not available	\$ 95,979
<i>Virginia Department of Education:</i>			
COVID-19 National School Lunch Program	10.555	DOE86557	31,345
National School Lunch Program	10.555	APE40254, APE41106, APE41108	856,194
School Breakfast Program	10.553	APE40253, APE41110	337,323
Summer Food Service Program for Children	10.559	APE60302, APE60303	23,702
Total Child Nutrition Cluster			\$ 1,344,543
<i>Virginia Department of Education:</i>			
Child and Adult Care Food Program	10.558	APE70027	14,442
COVID-19 Pandemic EBT Admin Costs	10.649	DOE86556	3,063
<i>Forest Service Schools and Roads Cluster:</i>			
Schools and Roads - Grants to States	10.665	APE43841	57,921
<i>Virginia Department of Emergency Management</i>			
Community Facilities Loans and Grants	10.766	Not available	19,200
<i>Virginia Department of Social Services:</i>			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010121, 0010122 0040121, 0040122	391,275
Total Department of Agriculture			\$ 1,830,444
Department of Justice:			
Pass Through Payments:			
<i>Virginia Department of Criminal Justice Service:</i>			
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	20VDBX0141	\$ 8,511
Edward Byrne Memorial Justice Assistance Grant Program	16.738	18DJBX0728	37,099
Crime Victim Assistance	16.575	19V2GX0054	49,337
Total Department of Justice			\$ 94,947
Department of Labor:			
Pass Through Payments:			
<i>Virginia Department of Education</i>			
WIOA Cluster			
WIOA Dislocated Worker Formula Grants	17.278	APE40280	\$ 201,645

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Transportation:			
Pass Through Payments:			
<i>Virginia Department of Motor Vehicles:</i>			
<i>Highway Safety Cluster</i>			
State and Community Highway Safety	20.600	FSC-2021-51447-21447 FSC-2022-52095-22095 FOP-2021-51445-21445	\$ 4,566
Alcohol Open Container Requirements	20.607	154AL-2021-51091-21091 154AL-2022-52093-22093	5,398
<i>Virginia Department of Transportation:</i>			
<i>Highway Planning and Construction Cluster</i>			
Highway Planning and Construction	20.205	EN18-038-786, P101	363,716
Total Department of Transportation			\$ 373,680
Department of Homeland Security:			
Pass Through Payments:			
<i>Virginia Department of Emergency Services:</i>			
Emergency Management Performance Grants	97.042	EMP-2020-EP-00005	\$ 7,500
COVID-19 Emergency Management Performance Grants	97.042	EMP-2020-EP-00010	19,673
Total Department of Homeland Security			\$ 27,173
Department of Treasury:			
Pass Through Payments:			
<i>Virginia Department of Accounts:</i>			
COVID-19 Coronavirus Relief Fund	21.019	SLT0022	\$ 69,658
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	2207FFARPA	\$ 51,672
<i>Virginia Department of Education:</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	APE45277	192,371
Total Department of Treasury			\$ 244,043
Department of Education:			
Pass Through Payments:			
<i>Virginia Department of Education:</i>			
<i>Special Education Cluster:</i>			
Special Education - Preschool Grants	84.173	APE62521	\$ 26,227
Special Education - Grants to States	84.027	APE43071	437,529
<i>Total Special Education Cluster</i>			
Title I: Grants to Local Educational Agencies	84.010	APE42901	\$ 463,756
Twenty-first Century Community Learning Centers	84.287	APE60565	782,572
Career and Technical Education - Basic Grants to States	84.048	APE60031	467,633
Rural Education	84.358	APE43481	52,740
Supporting Effective Instruction State Grants	84.367	APE61480	19,928
COVID-19 Governor's Emergency Education Relief Fund	84.425C	APE70037	100,969
COVID-19 Elementary and Secondary Emergency Relief Fund	84.425D	APE50182, APE50195, APE60041, APE60042, APE60177	\$ 58,703
COVID-19 American Rescue Plan Elementary and Secondary Emergency Relief Fund	84.425U	APE50193	1,566,958
Student Support and Academic Enrichment Program	84.424	APE60281	2,366,197
Total Department of Education			\$ 3,991,858
Department of Housing and Urban Development:			
Pass Through Payments:			
<i>Department of Housing and Community Development:</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	HCD50790	\$ 178,165
Total Expenditures of Federal Awards			\$ 10,409,731

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

Notes to Schedule of Expenditures of Federal Awards

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Grayson, Virginia, its blended component units Grayson County Public Service Authority and Grayson County Economic Development Authority, and its discretely presented component unit - School Board under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Grayson, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Grayson, Virginia.

Note 2 -- Summary of Significant Accounting Policies

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

Note 3 -- Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed. At June 30, 2022, the County had no food commodities in inventory.

Note 4 -- Subrecipients

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

Note 5 -- COVID-19 PPE

The County did not receive any donated personal protective equipment (PPE) during the fiscal year.

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: Payment in lieu of taxes

	\$	2,647,642
		(108,684)

Total primary government

	\$	2,538,958
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Component Unit School Board:

School Operating Fund

	\$	7,870,773
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Total expenditures of federal awards per basic financial statements

	\$	10,409,731
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County of Grayson, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	Yes

Federal Awards

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
20.205	Highway Planning and Construction (TEA-21)
84.425C	COVID-19 Governor's Emergency Education Relief Fund
84.425D	COVID-19 Elementary and Secondary School Emergency Relief Fund
84.425U	COVID-19 Elementary and Secondary School Emergency Relief Fund
84.010	Title I, Grants to Local Educational Agencies

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

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

Section II - Financial Statement Findings

2022-001	Material Weakness
Criteria:	Per auditing standards, an auditee should have sufficient expertise in the selection and application of accounting principles used in the preparation of the annual financial report. In addition, the auditee should have sufficient internal controls over the preparation of the financial statements in accordance with generally accepted accounting principles. Furthermore, reliance on the auditors to propose audit adjustments may not be a component of the auditee's internal controls.
Condition:	The financial statements, as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP). As such, the auditor proposed adjustments that were material to the financial statements.
Cause:	The County and School Board have had numerous changes in the financial reporting processes including software, staffing, and consultants. These items resulted in the auditors proposing material adjustments.
Effect:	There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected by the entity's internal controls over financial reporting.
Recommendation:	The County and School Board should continue to improve monthly reconciliations and work with the consulting firm to ensure financials as provided for audit are materially correct.
Management's Response:	The County and School Board will continue to improve on the understanding and review of the financial information prior to providing same to the auditors for next year.
2022-002	Compliance Finding
Criteria:	The Code of Virginia § 15.2-2506 requires an appropriation prior to all expenditures.
Condition:	The County's CARES Act, Broadband, EDA, and Capital Improvement Funds did not include an appropriated budget.
Cause:	The funds were not appropriated with the normal budget appropriation due to an oversight.
Effect:	The County does not appear to be in compliance with the Code of Virginia in regards to the appropriation process.
Recommendation:	We recommend the County appropriate expected expenditures for all funds and ensure same is properly posted to the accounting system. Further, we recommend the County review the budgeted expenditures versus actual monthly to ensure compliance.
Management's Response:	Management will implement the recommended actions as soon as possible.

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

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings to report.

County of Grayson, Virginia
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2022

The prior audit finding 2021-001 recurred in the current year as 2022-001.

2021-002

Finding Type:	Compliance Finding in accordance with 2 CFR section 200.516(a)
Condition:	The amount reported in the quarterly reports to the Commonwealth totaled a cumulative \$3,122,271 while expenditure reports from the County's system showed a total of \$2,648,016 expended, with a difference of \$474,255.
Recommendation:	Management should establish a reconciliation process and reports should be reviewed by someone other than the preparer prior to submission to ensure accuracy of reporting.
Current Status:	The County corrected the reporting with the final report for the period ending December 31, 2021