

**COUNTY OF GILES, VIRGINIA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021**

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COUNTY OF GILES, VIRGINIA  
FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2021

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## INTRODUCTORY SECTION

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## COUNTY OF GILES, VIRGINIA

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### BOARD OF SUPERVISORS

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

### COUNTY SCHOOL BOARD

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

### SOCIAL SERVICES BOARD

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Gregory Lee, Chair	
Jeffery Morris, Vice Chairman	Gayle Vaught
Larry Greene	Betsey Steenken
Diane Weiss	Tanya Perdue, Clerk

### OTHER OFFICIALS

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

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## FINANCIAL SECTION

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**Independent Auditors' Report**

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

**Report on the Financial Statements**

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

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Giles, Virginia, as of June 30, 2021, 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.

## ***Change in Accounting Principle***

As described in Note 24 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

## ***Restatement of Beginning Balances***

As described in Note 24 to the financial statements, in 2021 the County restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedules related to pension and OPEB funding on pages 90 and 91-109 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

### *Supplementary and Other Information*

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

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2022, on our consideration of the County of Giles, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Giles, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Giles, Virginia's internal control over financial reporting and compliance.

*Polinco, Finner, Cox Associates*

Blacksburg, Virginia  
January 5, 2022

## **Basic Financial Statements**

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

	Primary Government			Component	Component
	Governmental	Business-type	Total	Unit	Unit
	Activities	Activities		School Board	IDA
<b>ASSETS</b>					
Cash and cash equivalents	\$ 12,940,717	\$ 100	\$ 12,940,817	\$ 2,885,092	\$ 15,781
Cash in custody of others	-	-	-	822,995	-
Cash held at schools	-	-	-	1,074,945	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	4,014,682	-	4,014,682	-	-
Accounts receivable	154,667	224,171	378,838	151,389	199,961
Due from other governmental units	1,093,028	-	1,093,028	888,926	-
Inventories (Commodities)	-	-	-	86,218	-
Prepaid items	18,908	-	18,908	343,201	-
Notes receivable	-	-	-	-	542,492
Inventories (Land and buildings held for resale)	-	-	-	-	1,657,220
Capital assets (net of accumulated depreciation):					
Land	530,430	13,000	543,430	473,652	461,478
Buildings and improvements	14,728,310	-	14,728,310	1,986,918	6,652,724
Improvements other than buildings	237,630	-	237,630	-	-
Machinery and equipment	1,340,073	114,245	1,454,318	1,532,960	-
Infrastructure	-	9,827,507	9,827,507	-	-
Construction in progress	150,014	33,500	183,514	29,065	-
Total assets	\$ 35,208,459	\$ 10,212,523	\$ 45,420,982	\$ 10,275,361	\$ 9,529,656
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related items	\$ 1,845,454	\$ 168,296	\$ 2,013,750	\$ 5,708,833	\$ 52,359
OPEB related items	236,953	15,004	251,957	1,964,667	3,535
Total deferred outflows of resources	\$ 2,082,407	\$ 183,300	\$ 2,265,707	\$ 7,673,500	\$ 55,894
<b>LIABILITIES</b>					
Accounts payable	\$ 234,297	\$ 16,903	\$ 251,200	\$ 571,247	\$ 15,795
Health insurance claims IBNR	318,586	-	318,586	-	-
Accrued payroll	-	-	-	2,388,707	-
Customers' deposits	-	32,200	32,200	-	-
Customers' deposits - utility relief	-	17,046	17,046	-	-
Accrued interest payable	275,742	58,475	334,217	-	66,308
Due to other governmental units	-	150,000	150,000	-	-
Unearned revenue - ARPA	1,623,832	-	1,623,832	-	-
Unearned revenue - other	366,675	-	366,675	-	300,000
Long-term liabilities:					
Due within one year	1,766,970	586,001	2,352,971	317,000	407,163
Due in more than one year	27,569,529	6,724,938	34,294,467	32,328,090	4,170,669
Total liabilities	\$ 32,155,631	\$ 7,585,563	\$ 39,741,194	\$ 35,605,044	\$ 4,959,935
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue - property taxes	\$ 3,762,843	\$ -	\$ 3,762,843	\$ -	\$ -
Deferred amount on refunding	432,035	33,514	465,549	-	2,614
Pension related items	64,823	1,832	66,655	1,754,899	457
OPEB related items	331,016	21,117	352,133	879,999	4,868
Total deferred inflows of resources	\$ 4,590,717	\$ 56,463	\$ 4,647,180	\$ 2,634,898	\$ 7,939
<b>NET POSITION</b>					
Net investment in capital assets	\$ (5,456,300)	\$ 3,139,929	\$ (2,316,371)	\$ 4,022,595	\$ 2,665,486
Restricted:					
Asset forfeiture	17,384	-	17,384	-	-
CSA	5	-	5	-	-
School cafeteria	-	-	-	1,897,240	-
Unrestricted	5,983,429	(386,132)	5,597,297	(26,210,916)	1,952,190
Total Net Position	\$ 544,518	\$ 2,753,797	\$ 3,298,315	\$ (20,291,081)	\$ 4,617,676

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

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

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position							
	Expenses	Charges for Services	Operating		Capital Grants and Contributions	Primary Government		Component Units					
			Grants and Contributions	Grants and Contributions		Governmental Activities	Business-type Activities	Total	School Board	IDA			
<b>PRIMARY GOVERNMENT:</b>													
Governmental activities:													
General government administration	\$ 2,090,547	\$ 56,676	\$ 1,978,464	\$ -	\$ -	\$ (55,407)	\$ (55,407)						
Judicial administration	1,148,849	24,658	695,564	-	-	(428,627)	(428,627)						
Public safety	5,720,493	169,786	1,951,297	6,583		(3,592,827)	(3,592,827)						
Public works	2,672,241	24,420	46,204	-		(2,601,617)	(2,601,617)						
Health and welfare	6,275,967	-	4,618,285	-		(1,657,682)	(1,657,682)						
Education	8,578,152	-	-	-		(8,578,152)	(8,578,152)						
Parks, recreation, and cultural	741,098	405,561	-	-		(335,537)	(335,537)						
Community development	1,509,885	8,100	787,048	-		(714,737)	(714,737)						
Interest on long-term debt	457,160	-	-	-		(457,160)	(457,160)						
Total governmental activities	\$ 29,194,392	\$ 689,201	\$ 10,076,862	\$ 6,583		\$ (18,421,746)	\$ (18,421,746)						
Business-type activities:													
Utility fund	\$ 1,932,259	\$ 712,502	\$ -	\$ -		\$ (1,219,757)	\$ (1,219,757)						
Total primary government	\$ 31,126,651	\$ 1,401,703	\$ 10,076,862	\$ 6,583		\$ (18,421,746)	\$ (19,641,503)	\$ -	\$ -				
<b>COMPONENT UNITS:</b>													
School Board	\$ 29,435,058	\$ 415,967	\$ 21,984,026	\$ -			\$ (7,035,065)	\$ -	(360,310)				
Industrial Development Authority (IDA)	1,014,453	614,240	15,000	24,903			-		(360,310)				
Total component units	\$ 30,449,511	\$ 1,030,207	\$ 21,999,026	\$ 24,903		\$ -	\$ (7,035,065)	\$ (7,035,065)					
General revenues:													
General property taxes					\$ 16,945,691	\$ -	\$ 16,945,691	\$ -	\$ -				
Other local taxes:													
Local Sales and use taxes					1,802,604	-	1,802,604	-	-				
Consumers' utility taxes					246,748	-	246,748	-	-				
Consumption taxes					49,026	-	49,026	-	-				
Gross receipts tax					5,610	-	5,610	-	-				
Motor vehicle licenses					203,435	-	203,435	-	-				
Local tax on deeds					124,971	-	124,971	-	-				
Hotel and motel room taxes					150,797	-	150,797	-	-				
Unrestricted revenues from use of money and property					81,065	-	81,065	363	3,906				
Miscellaneous					63,503	57,389	120,892	28,077	7,955				
Contribution from County of Giles, Virginia					-	-	-	7,052,180	-				
Contribution from Giles County IDA					249,133	-	249,133	-	-				
Grants and contributions not restricted to specific programs					1,793,513	-	1,793,513	-	-				
Gain on sale of capital assets					-	-	-	-	178,500				
Transfers					(958,665)	958,665	-	-	-				
Total general revenues and transfers	\$ 20,757,431	\$ 1,016,054	\$ 21,773,485	\$ 7,080,620	\$ 7,080,620	\$ 21,773,485	\$ 190,361	\$ 190,361	\$ 190,361				
Change in net position	\$ 2,335,685	\$ (203,703)	\$ 2,131,982	\$ 45,555	\$ 45,555	\$ 2,131,982	\$ (169,949)	\$ (169,949)	\$ (169,949)				
Net position - beginning, as restated	(1,791,167)	2,957,500	1,166,333	(20,336,636)	(20,336,636)	1,166,333	4,787,625	4,787,625	4,787,625				
Net position - ending	\$ 544,518	\$ 2,753,797	\$ 3,298,315	\$ (20,291,081)	\$ (20,291,081)	\$ 3,298,315	\$ 4,617,676	\$ 4,617,676	\$ 4,617,676				

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

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

	<u>General</u>	<u>County Capital Improvements</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 12,146,245	\$ 733,773	\$ 12,880,018
Receivables (net of allowance for uncollectibles):			
Taxes receivable	4,014,682	-	4,014,682
Accounts receivable	154,667	-	154,667
Due from other governmental units	1,093,028	-	1,093,028
Prepaid items	18,908	-	18,908
Total assets	<u>\$ 17,427,530</u>	<u>\$ 733,773</u>	<u>\$ 18,161,303</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 234,297	\$ -	\$ 234,297
Unearned revenue - ARPA	1,623,832	-	1,623,832
Unearned revenue - other	366,675	-	366,675
Total liabilities	<u>\$ 2,224,804</u>	<u>\$ -</u>	<u>\$ 2,224,804</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	<u>\$ 4,269,227</u>	<u>\$ -</u>	<u>\$ 4,269,227</u>
<b>FUND BALANCES</b>			
<b>Nonspendable</b>			
Prepaid items	\$ 18,908	\$ -	\$ 18,908
<b>Restricted</b>			
Asset forfeiture funds	17,384	-	17,384
CSA	5	-	5
<b>Committed</b>			
Capital projects	-	733,773	733,773
<b>Assigned</b>			
Deer decoy	1,546	-	1,546
Public safety funds	306,467	-	306,467
<b>Unassigned</b>	10,589,189	-	10,589,189
Total fund balances	<u>\$ 10,933,499</u>	<u>\$ 733,773</u>	<u>\$ 11,667,272</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,427,530</u>	<u>\$ 733,773</u>	<u>\$ 18,161,303</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	11,667,272
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$	530,430	
Construction in progress		150,014	
Buildings and improvements		14,728,310	
Improvements other than buildings		237,630	
Machinery and equipment		1,340,073	16,986,457

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

Unavailable revenue - property taxes		506,384
--------------------------------------	--	---------

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

(257,887)

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

Pension related items	\$	1,845,454	
OPEB related items		236,953	2,082,407

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

Literary loan	\$	(13,702,000)	
Lease revenue bonds		(7,352,465)	
Unamortized bond premium		(244,079)	
Deferred amount on refunding		(432,035)	
Capital lease		(712,178)	
Landfill accrued closure/postclosure costs		(49,228)	
Net OPEB liabilities		(1,808,357)	
Compensated absences		(800,761)	
Accrued interest payable		(275,742)	
Net pension liability		(4,667,431)	(30,044,276)

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

Pension related items	\$	(64,823)	
OPEB related items		(331,016)	(395,839)

Net position of governmental activities

\$ 544,518

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

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

	<u>General</u>	<u>County Capital Improvements</u>	<u>Total</u>
<b>REVENUES</b>			
General property taxes	\$ 17,026,144	\$ -	\$ 17,026,144
Other local taxes	2,583,191	-	2,583,191
Permits, privilege fees, and regulatory licenses	46,169	-	46,169
Fines and forfeitures	29,879	-	29,879
Revenue from the use of money and property	81,065	-	81,065
Charges for services	613,153	-	613,153
Miscellaneous	63,503	-	63,503
Recovered costs	1,963,670	-	1,963,670
Intergovernmental:			
Local government	46,137	240,496	286,633
Commonwealth	6,214,733	-	6,214,733
Federal	5,624,725	-	5,624,725
Total revenues	<u>\$ 34,292,369</u>	<u>\$ 240,496</u>	<u>\$ 34,532,865</u>
<b>EXPENDITURES</b>			
Current:			
General government administration	\$ 2,076,832	\$ -	\$ 2,076,832
Judicial administration	1,001,162	-	1,001,162
Public safety	5,339,207	-	5,339,207
Public works	2,286,423	106,868	2,393,291
Health and welfare	6,166,276	46,348	6,212,624
Education	7,627,479	-	7,627,479
Parks, recreation, and cultural	714,507	-	714,507
Community development	1,415,093	6,600	1,421,693
Nondepartmental	322,004	-	322,004
Debt service:			
Principal retirement	445,000	716,481	1,161,481
Interest and other fiscal charges	282,940	251,822	534,762
Total expenditures	<u>\$ 27,676,923</u>	<u>\$ 1,128,119</u>	<u>\$ 28,805,042</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 6,615,446</u>	<u>\$ (887,623)</u>	<u>\$ 5,727,823</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 270,623	\$ -	\$ 270,623
Transfers out	(1,247,665)	(270,623)	(1,518,288)
Issuance of lease revenue bond	-	259,155	259,155
Total other financing sources (uses)	<u>\$ (977,042)</u>	<u>\$ (11,468)</u>	<u>\$ (988,510)</u>
Net change in fund balances	\$ 5,638,404	\$ (899,091)	\$ 4,739,313
Fund balances - beginning	5,295,095	1,632,864	6,927,959
Fund balances - ending	<u>\$ 10,933,499</u>	<u>\$ 733,773</u>	<u>\$ 11,667,272</u>

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



County of Giles, Virginia  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds	\$ 4,739,313
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital asset additions	\$ 308,322	
Depreciation expense	(1,614,116)	
Reversion of capital assets back to Component Unit-Schools (net)	<u>(1,171,116)</u>	(2,476,910)

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

(Increase) decrease in unavailable revenue-property taxes	(80,453)
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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.

Proceeds of lease revenue bonds	\$ (259,155)	
Payments of principal:		
Literary loans	445,000	
Lease revenue bonds	491,906	
Capital lease	224,575	
(Increase) decrease in landfill closure and postclosure monitoring costs	<u>(584)</u>	901,742

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

(Increase) decrease in compensated absences	\$ (71,873)	
Change in pension related items	(406,921)	
(Increase) decrease in accrued interest payable	10,645	
Amortization of deferred charge on refunding	37,525	
Amortization of bond premium	29,432	
Change in OPEB related items	<u>40,436</u>	(360,756)

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

(387,251)

Change in net position of governmental activities	<u>\$ 2,335,685</u>
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The accompanying notes to the financial statements are an integral part of this statement.

County of Giles, Virginia  
Statement of Net Position  
Proprietary Funds  
June 30, 2021

	Enterprise Fund Utility Fund	Internal Service Fund Self-health Insurance
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 100	\$ 60,699
Accounts receivable (net of allowance for uncollectibles)	224,171	-
Total current assets	<u>\$ 224,271</u>	<u>\$ 60,699</u>
Noncurrent assets:		
Capital assets:		
Land	13,000	-
Construction in progress	33,500	-
Utility plant in service	17,362,900	-
Machinery and equipment	656,224	-
Accumulated depreciation	(8,077,372)	-
Total capital assets	<u>\$ 9,988,252</u>	<u>\$ -</u>
Total noncurrent assets	<u>\$ 9,988,252</u>	<u>\$ -</u>
Total assets	<u>\$ 10,212,523</u>	<u>\$ 60,699</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related items	\$ 168,296	\$ -
OPEB related items	15,004	-
Total deferred outflows of resources	<u>\$ 183,300</u>	<u>\$ -</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 16,903	\$ -
Customer deposits	32,200	-
Customer deposits - utility relief	17,046	-
Health insurance claims IBNR	-	318,586
Accrued interest payable	58,475	-
Due to other governmental units	150,000	-
Compensated absences - current portion	21,124	-
Bonds payable - current portion	564,877	-
Total current liabilities	<u>\$ 860,625</u>	<u>\$ 318,586</u>
Noncurrent liabilities:		
Net OPEB liabilities	\$ 117,263	\$ -
Compensated absences - net of current portion	7,041	-
Net pension liability	350,702	-
Bonds payable - net of current portion	6,249,932	-
Total noncurrent liabilities	<u>\$ 6,724,938</u>	<u>\$ -</u>
Total liabilities	<u>\$ 7,585,563</u>	<u>\$ 318,586</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related items	\$ 1,832	\$ -
OPEB related items	21,117	-
Deferred amount on refunding	33,514	-
Total deferred inflows of resources	<u>\$ 56,463</u>	<u>\$ -</u>
<b>NET POSITION</b>		
Net investment in capital assets	\$ 3,139,929	\$ -
Unrestricted	(386,132)	(257,887)
Total net position	<u>\$ 2,753,797</u>	<u>\$ (257,887)</u>

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

County of Giles, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2021

	Enterprise Fund	Internal Service Fund
	Utility Fund	Self-health Insurance
<b>OPERATING REVENUES</b>		
Charges for services:		
Water & sewer revenues	\$ 654,937	\$ -
Penalties	30,553	-
Health insurance contributions	-	3,181,895
CARES utility relief	14,247	-
Miscellaneous	57,389	-
Total operating revenues	<u>\$ 757,126</u>	<u>\$ 3,181,895</u>
<b>OPERATING EXPENSES</b>		
Salaries	\$ 430,128	\$ -
Fringes	182,722	-
Contracted services	14,689	-
Repair and maintenance	43,324	-
Water purchase	334,501	-
Material and supplies	63,360	-
Insurance	9,223	-
Miscellaneous	29,758	-
Utilities	26,003	-
Health insurance premiums	-	3,858,146
Depreciation	598,452	-
CARES utility relief	14,247	-
Total operating expenses	<u>\$ 1,746,407</u>	<u>\$ 3,858,146</u>
Operating income (loss)	<u>\$ (989,281)</u>	<u>\$ (676,251)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Connection fees	\$ 12,765	\$ -
Interest expense	(185,852)	-
Total nonoperating revenues (expenses)	<u>\$ (173,087)</u>	<u>\$ -</u>
Income before contributions and transfers	<u>\$ (1,162,368)</u>	<u>\$ (676,251)</u>
Transfers in	<u>\$ 958,665</u>	<u>\$ 289,000</u>
Change in net position	<u>\$ (203,703)</u>	<u>\$ (387,251)</u>
Net position - beginning	2,957,500	129,364
Net position - ending	<u><u>\$ 2,753,797</u></u>	<u><u>\$ (257,887)</u></u>

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

County of Giles, Virginia  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2021

	Enterprise Fund Utility Fund	Internal Service Fund Self-health Insurance
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 712,895	\$ 3,181,895
Payments to suppliers	(551,356)	-
Payments to employees	(598,164)	-
Payments for premiums	-	(3,622,444)
Net cash provided by (used for) operating activities	<u>\$ (436,625)</u>	<u>\$ (440,549)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers from other funds	\$ 958,665	\$ 289,000
Receipt of grant	150,000	-
Net cash provided by (used for) noncapital financing activities	<u>\$ 1,108,665</u>	<u>\$ 289,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of capital assets	\$ (47,400)	\$ -
Principal payments on bonds	(486,012)	-
Interest payments	(248,933)	-
Connection fees	12,765	-
Net cash provided by (used for) capital and related financing activities	<u>\$ (769,580)</u>	<u>\$ -</u>
Net increase (decrease) in cash and cash equivalents	\$ (97,540)	\$ (151,549)
Cash and cash equivalents - beginning	97,640	212,248
Cash and cash equivalents - ending	<u><u>\$ 100</u></u>	<u><u>\$ 60,699</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>		
Operating income (loss)	<u>\$ (989,281)</u>	<u>\$ (676,251)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	\$ 598,452	\$ -
(Increase) decrease in accounts receivable	(61,277)	-
(Increase) decrease in deferred outflows of resources	(82,170)	-
Increase (decrease) in customer deposits - utility relief	17,046	-
Increase (decrease) in accounts payable	(16,251)	235,702
Increase (decrease) in net OPEB liability	(2,214)	-
Increase (decrease) in compensated absences	(22,754)	-
Increase (decrease) in net pension liability	116,498	-
Increase (decrease) in deferred inflows of resources	5,326	-
Total adjustments	<u>\$ 552,656</u>	<u>\$ 235,702</u>
Net cash provided by (used for) operating activities	<u><u>\$ (436,625)</u></u>	<u><u>\$ (440,549)</u></u>

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

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

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	<b>Custodial Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 39,430
Total assets	<u>\$ 39,430</u>
<b>NET POSITION</b>	
Restricted:	
Amounts held for social services clients	\$ 39,430
Total net position	<u>\$ 39,430</u>

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

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

	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Special welfare collections	\$ 12,120
Interest income	5
Total additions	<u>\$ 12,125</u>
 <b>DEDUCTIONS</b>	
Special welfare payments	\$ 24,532
Total deductions	<u>\$ 24,532</u>
 Net increase (decrease) in fiduciary net position	 \$ (12,407)
Net position - beginning, as restated	51,837
Net position - ending	<u><u>\$ 39,430</u></u>

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

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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**Note 1-Summary of Significant Accounting Policies:**

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

**A. Financial Reporting Entity**

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

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

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

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

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

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

Jointly Governed Organizations - The County and the Counties of Bland, Carroll, Floyd, Grayson, and Wythe and the City of Radford participate in supporting the New River Valley Regional Jail Authority. The monthly payment made by the County to the Regional Jail is based on the number of prisoners housed for the County. For the year ended June 30, 2021, the County paid \$997,924 for the confinement of prisoners.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

**B. Government-Wide and Fund Financial Statements**

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

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

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

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

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

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

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



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

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

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

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

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

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. The general fund includes the activities of the Dare Program, the Asset Forfeiture Fund, the Comprehensive Services Fund, the Social Services Fund, the Restitution Fund, the Rev Max Fund, and the Emergency Replacement Fund.

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

The School Board reports the following major funds:

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

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

The government reports the following major proprietary funds:

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

The government reports the following internal service fund:

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

Additionally, the government reports the following fund types:

*Fiduciary funds* (trust and custodial funds) account for assets held by the government in a trustee capacity or as custodian for individuals, private organizations, other governmental units, or other funds. The Custodial funds consist of the Special Welfare fund. Fiduciary funds are not included in the government-wide financial statements.

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

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

1. Cash and Cash Equivalents

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

2. Investments

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

3. Receivables and Payables

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

4. Property Taxes

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

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$73,250 for the General Fund at June 30, 2021 and is comprised solely of property taxes. The allowance amounted to approximately \$556,191 for the Water department at June 30, 2021 and is comprised solely of water billings and penalties.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

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

6. Inventories and Prepaid Items

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

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

7. Use of Estimates

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

8. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. In the utility fund, no interest was capitalized during the current year or prior year.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

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

9. Compensated Absences

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

10. Pensions

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

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

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

12. Fund Balance

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

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

13. Deferred Outflows/Inflows of Resources

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

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

14. Net Position

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

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

14. Net Position (Continued)

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

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

15. Other Postemployment Benefits (OPEB)

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

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



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 2-Stewardship, Compliance, and Accountability:**

**A. Budgetary Information**

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

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

**B. Excess of Expenditures Over Appropriations**

For the fiscal year ended June 30, 2021, the Social Services Administration Fund and the ACCE Fund had expenditures in excess of appropriations.

**C. Deficit Fund Balance**

At June 30, 2021, the Health Insurance Fund had a deficit fund balance.

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 3-Deposits and Investments:**

**Deposits:**

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

**Investments:**

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). At June 30, 2020, the County had no investments.

**Note 4-Due from Other Governmental Units:**

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

	<b>Primary Government Governmental Activities</b>	<b>Component Unit School Board</b>
<b><u>Commonwealth of Virginia:</u></b>		
Local sales tax	\$ 370,205	\$ -
State sales tax	-	411,290
Categorical aid	5,916	-
Shared expenses	156,417	-
Non-categorical aid	76,458	-
Virginia public assistance funds	109,852	-
Community services act	176,453	-
<b><u>Federal Government:</u></b>		
Virginia public assistance funds	181,275	-
School grants	-	477,636
Categorical aid	16,452	-
Totals	\$ <u>1,093,028</u>	\$ <u>888,926</u>

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 5-Interfund Transfers and Balances:**

Interfund transfers and remaining balances for the year ended June 30, 2021, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Primary Government:</b>		
General Fund	\$ 270,623	\$ 1,247,665
Utility Fund	958,665	-
County Capital Improvements Fund	-	270,623
Health Insurance Fund	289,000	-
Total	<u>\$ 1,518,288</u>	<u>\$ 1,518,288</u>

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

**Note 6-Long-Term Obligations:**

Primary Government - Governmental Activities Indebtedness:

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

	<u>Balance July 1, 2020</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2021</u>
Direct Borrowings and Direct Placements:				
Lease revenue bonds	\$ 7,585,216	\$ 259,155	\$ (491,906)	\$ 7,352,465
Literary loan	14,147,000	-	(445,000)	13,702,000
Unamortized premiums	273,511	-	(29,432)	244,079
Other Obligations:				
Capital leases	936,753	-	(224,575)	712,178
Landfill postclosure liability	48,644	584	-	49,228
Net OPEB liability	2,095,127	238,258	(525,028)	1,808,357
Compensated absences	728,888	618,539	(546,666)	800,761
Net pension liability	3,301,527	2,706,364	(1,340,460)	4,667,431
Total	<u>\$ 29,116,666</u>	<u>\$ 3,822,900</u>	<u>\$ (3,603,067)</u>	<u>\$ 29,336,499</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021Note 6-Long-Term Obligations: (Continued)Primary Government - Governmental Activities Indebtedness: (Continued)

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

Year Ending June 30,	Direct Borrowings and Direct Placements			
	Lease Revenue Bonds		Literary Loans	
	Principal	Interest	Principal	Interest
2022	\$ 507,789	\$ 221,632	\$ 451,000	\$ 274,040
2023	528,113	204,740	456,000	265,020
2024	542,532	186,849	483,000	255,900
2025	560,626	169,393	519,000	246,240
2026	505,043	154,189	682,000	235,860
2027-2031	2,675,527	539,970	3,691,000	972,420
2032-2036	2,032,835	131,283	4,447,000	564,120
2037-2040	-	-	2,973,000	138,540
Totals	<u>\$ 7,352,465</u>	<u>\$ 1,608,056</u>	<u>\$ 13,702,000</u>	<u>\$ 2,952,140</u>

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COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 6-Long-Term Obligations: (Continued)**

**Primary Government - Governmental Activities Indebtedness: (Continued)**

Details of long-term indebtedness:

	Interest Rates	Date Issued	Final Maturity Date	Installment Amounts	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
<u>Direct Borrowings and Direct Placements:</u>							
<u>Lease Revenue Bonds:</u>							
Lease Revenue Bond Series 2012C	2.82-4.83%	12/6/2012	4/1/2033	\$261,697-989,344 a+	\$ 13,943,366	\$ 1,572,847	\$ 134,240
Lease Revenue Bond Series 2014C	2.12%	6/11/2014	1/15/2034	\$146,000-212,000 a+	3,536,000	2,442,000	165,000
Lease Revenue Bond Series 2015D	3.13%	11/18/2015	10/1/2032	\$54,255-526,598 a+	2,508,519	815,580	59,733
Lease Revenue Bond Series 2017A	2.98%	7/31/2018	7/31/2038	\$146,368 a+	3,500,000	2,477,043	142,540
Lease Revenue Bond Series 2017B	4.73%	7/31/2017	7/31/2037	\$8,104 a+	70,000	44,995	6,276
Total Lease Revenue Bonds						\$ 7,352,465	\$ 507,789
<u>Literary Loans:</u>							
Literary Loan	2.00%	9/11/2019	9/11/2039	\$110,000-492,000a+	\$ 7,500,000	\$ 7,390,000	\$ 116,000
Literary Loan	2.00%	12/14/2018	12/14/2038	\$118,603-640,000a+	6,765,603	6,312,000	335,000
Total Literary Loans						\$ 13,702,000	\$ 451,000
<u>Deferred Amount:</u>							
2012C Unamortized Premium						\$ 158,280	\$ 13,366
2015D Unamortized Premium						85,799	16,066
Total Unamortized Premiums						\$ 244,079	\$ 29,432
Total Direct Borrowings and Direct Placements						\$ 21,298,544	\$ 988,221
<u>Other Obligations:</u>							
Capital Leases (Note 8)						\$ 712,178	\$ 178,178
Landfill Postclosure Liability						49,228	-
Net OPEB Liability						1,808,357	-
Compensated Absences						800,761	600,571
Net Pension Liability						4,667,431	-
Total Other Obligations						\$ 8,037,955	\$ 778,749
Total Long-Term Obligations						\$ 29,336,499	\$ 1,766,970

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

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COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 6-Long-Term Obligations: (Continued)**

Primary Government - Business-type Activities Indebtedness:

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

	<u>Balance July 1, 2020</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2021</u>
Direct Borrowings and Direct Placements:				
Revenue bond	\$ 228,935	\$ -	\$ (11,591)	\$ 217,344
Lease revenue bonds	6,442,957	-	(474,421)	5,968,536
Unamortized premiums	683,619	-	(54,690)	628,929
Other Obligations:				
Net OPEB liability	119,477	30,705	(32,919)	117,263
Compensated absences	50,919	15,435	(38,189)	28,165
Net pension liability	234,204	215,099	(98,601)	350,702
Total	<u>\$ 7,760,111</u>	<u>\$ 261,239</u>	<u>\$ (710,411)</u>	<u>\$ 7,310,939</u>

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

<u>Year Ending June 30,</u>	<u>Direct Borrowings and Direct Placements:</u>			
	<u>Revenue Bond</u>		<u>Lease Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 11,591	\$ -	\$ 498,597	\$ 225,654
2023	11,591	-	525,287	200,752
2024	11,591	-	537,536	176,532
2025	11,591	-	533,475	154,900
2026	11,591	-	472,487	139,422
2027-2031	57,957	-	2,354,053	422,373
2032-2036	57,957	-	1,047,101	43,292
2037-2040	43,475	-	-	-
Totals	<u>\$ 217,344</u>	<u>\$ -</u>	<u>\$ 5,968,536</u>	<u>\$ 1,362,925</u>

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 6-Long-Term Obligations: (Continued)**

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

Details of long-term indebtedness:

	Interest Rates	Date Issued	Final Maturity Date	Installment Amounts	Amount of Original Issue	Balance Business-Type Activities	Amount Due Within One Year
<u>Direct Borrowings and Direct Placements:</u>							
Revenue Bond	0.00%	3/5/2009	3/5/2039	\$11,591 a	\$ 347,742	\$ 217,344	\$ 11,591
<u>Lease Revenue Bonds:</u>							
Lease Revenue Bond Series 2012C	2.82-4.83%	12/6/2012	4/1/2033	\$137,950-521,955 a+	\$ 5,487,525	\$ 5,075,961	\$ 433,225
Lease Revenue Bond Series 2015D	3.13%	11/18/2015	10/1/2032	\$28,603-277,613 a+	1,322,445	892,575	65,372
Total Lease Revenue Bonds						\$ 5,968,536	\$ 498,597
<u>Deferred Amount:</u>							
2012C Unamortized Premium						\$ 503,320	\$ 43,767
2015D Unamortized Premium						125,609	10,922
Total Unamortized Premiums						\$ 628,929	\$ 54,689
Total Direct Borrowings and Direct Placements						\$ 6,814,809	\$ 564,877
<u>Other Obligations:</u>							
Net OPEB Liabilities						\$ 117,263	\$ -
Compensated Absences						28,165	21,124
Net Pension Liability						350,702	-
Total Other Obligations						\$ 496,130	\$ 21,124
Total Long-Term Obligations						\$ 7,310,939	\$ 586,001

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

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

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

If an event of default occurs with VRA, NBB, or BB&T, the principal of the bond(s) may be declared immediately due and payable to the registered owner of the bond(s) by written notice to the County.

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 7-Long-Term Obligations-Component Units:**

Discretely Presented Component Unit - School Board Indebtedness:

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

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Net OPEB Liability	\$ 8,857,155	\$ 2,154,236	\$ (1,617,714)	\$ 9,393,677
Compensated Absences	413,298	319,343	(309,974)	422,667
Net Pension Liability	20,118,345	8,878,399	(6,167,998)	22,828,746
Total	<u>\$ 29,388,798</u>	<u>\$ 11,351,978</u>	<u>\$ (8,095,686)</u>	<u>\$ 32,645,090</u>

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
<b>Other Obligations:</b>		
Net OPEB liabilities	\$ 9,393,677	\$ -
Compensated absences	422,667	317,000
Net pension liability	22,828,746	-
Total Long-Term Obligations	<u>\$ 32,645,090</u>	<u>\$ 317,000</u>

Discretely Presented Component Unit - Industrial Development Authority Indebtedness:

The following is a summary of long-term obligation transactions of the Component-Unit Industrial Development Authority for the year ended June 30, 2021:

	Balance July 1, 2020	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2021
Direct Borrowings and Direct Placements:				
Notes Payable	\$ 1,936,552	\$ -	\$ -	\$ 1,936,552
Lease Revenue Bonds	2,697,650	-	(235,613)	2,462,037
Unamortized Premium	51,644	-	(4,131)	47,513
Other Obligations:				
Net Pension Liability	56,798	77,038	(29,371)	104,465
Net OPEB Liability	34,802	3,777	(11,314)	27,265
Total	<u>\$ 4,777,446</u>	<u>\$ 80,815</u>	<u>\$ (280,429)</u>	<u>\$ 4,577,832</u>



COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

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

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

Year Ending June 30,	Direct Borrowings and Direct Placements:			
	Notes Payable		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 158,600	\$ 79,305	\$ 244,430	\$ 68,721
2023	165,520	72,385	252,433	61,468
2024	172,742	65,163	257,352	54,102
2025	180,279	57,626	263,043	46,810
2026	188,145	49,761	264,479	39,817
2027-2031	1,071,266	118,260	978,749	90,739
2032-2034	-	-	201,551	8,506
Totals	<u>\$ 1,936,552</u>	<u>\$ 442,500</u>	<u>\$ 2,462,037</u>	<u>\$ 370,163</u>

**Details of long-term indebtedness:**

	Interest Rates	Date Issued	Final Maturity Date	Installment Amounts	Amount of Original Issue	Balance Business- type Activities	Amount Due with- in One Year
<b>Direct Borrowings and Direct Placements:</b>							
<b>Notes Payable:</b>							
Notes Payable	4.27%	8/12/2010	7/15/2031	\$103,611 a	\$ 1,393,644	\$ 843,395	\$ 69,072
Notes Payable	4.27%	8/12/2010	7/15/2031	\$134,294 a	1,806,356	1,093,157	89,528
Total Notes Payable						<u>\$ 1,936,552</u>	<u>\$ 158,600</u>
<b>Lease Revenue Bonds:</b>							
Lease Revenue Bond Series 2012C	2.82-4.83%	12/6/2012	4/1/2033	\$10,352-39,137 a+	\$ 412,099	\$ 381,193	\$ 32,534
Lease Revenue Bond Series 2014A	2.12%	6/11/2014	1/15/2029	\$105,000-138,000 a+	1,809,000	1,027,000	119,000
Lease Revenue Bond Series 2014B	3.93%	6/11/2014	1/15/209	\$43,000-71,000 a+	844,000	502,000	55,000
Lease Revenue Bond Series 2014C	2.12%	6/11/2014	1/15/2034	\$29,000-42,000 a+	702,000	485,000	33,000
Lease Revenue Bond Series 2015D	3.13%	11/18/2015	10/1/2032	\$2,142-20,790 a+	99,036	66,844	4,896
Total Lease Revenue Bonds						<u>\$ 2,462,037</u>	<u>\$ 244,430</u>
<b>Deferred Amount:</b>							
2012C Unamortized Premium						\$ 38,106	\$ 3,314
2015D Unamortized Premium						9,407	819
Total Unamortized Premiums						<u>\$ 47,513</u>	<u>\$ 4,133</u>
Total Direct Borrowings and Direct Placements						<u>\$ 4,446,102</u>	<u>\$ 407,163</u>
<b>Other Obligations:</b>							
Net pension liability						\$ 104,465	\$ -
Net OPEB liability						27,265	-
Total Other Obligations						<u>\$ 131,730</u>	<u>\$ -</u>
Total Long-Term Obligations						<u>\$ 4,577,832</u>	<u>\$ 407,163</u>

(a) - annual installments shown; includes interest as applicable

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

If an event of default occurs with VRA, NBB, or BB&T, the principal of the bond(s) may be declared immediately due and payable to the registered owner of the bond(s) by written notice to the IDA.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 8-Capital Leases:**Primary Government

The County has entered into lease agreements to finance the acquisition of various equipment and vehicles, voting machines, three school buses, and two vans. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the minimum lease payments at the date of inception.

The assets acquired through capital leases are as follows:

	<u>Equipment &amp; Vehicles</u>	<u>Buses &amp; Vans</u>	<u>Voting Machines</u>
Machinery and equipment	\$ 834,617	\$ 311,184	\$ 63,250
Less: Accumulated depreciation	<u>(182,647)</u>	<u>(231,858)</u>	<u>(63,250)</u>
Net Capital Assets	<u>\$ 651,970</u>	<u>\$ 79,326</u>	<u>\$ -</u>

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

<u>Year Ending June 30,</u>	<u>Equipment &amp; Vehicles</u>	<u>Buses &amp; Vans</u>	<u>Voting Machines</u>
2022	\$ 140,617	\$ 32,691	\$ 18,925
2023	140,000	-	-
2024	140,343	-	-
2025	140,624	-	-
2026	<u>140,843</u>	<u>-</u>	<u>-</u>
Subtotal	\$ 702,427	\$ 32,691	\$ 18,925
Less, amount representing interest	<u>(41,427)</u>	<u>(233)</u>	<u>(205)</u>
Present Value of Lease Agreement	<u>\$ 661,000</u>	<u>\$ 32,458</u>	<u>\$ 18,720</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 9-Pension Plans:**

***Plan Description***

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

***Benefit Structures***

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 9-Pension Plans: (Continued)*****Average Final Compensation and Service Retirement Multiplier***

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

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

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

***Employees Covered by Benefit Terms***

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government*	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	123	52
Inactive members:		
Vested inactive members	27	6
Non-vested inactive members	37	15
Inactive members active elsewhere in VRS	69	32
Total inactive members	133	53
Active members	141	27
Total covered employees	397	132

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 9-Pension Plans: (Continued)**

***Contributions***

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

The County's contractually required employer contribution rate for the year ended June 30, 2021 was 11.67% 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 \$714,484 and \$672,104 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit Industrial Development Authority's (IDA) contractually required employer contribution rate for the year ended June 30, 2021 was 11.67% 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 Component Unit IDA were \$15,040 and \$10,315 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit School Board's (nonprofessional) contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2021 was 12.50% 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 Component Unit School Board's nonprofessional employees were \$69,787 and \$119,446 for the years ended June 30, 2021 and June 30, 2020, respectively.

***Net Pension Liability***

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 9-Pension Plans: (Continued)**

***Actuarial Assumptions - General Employees***

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

**Mortality rates:**

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

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

Post-Retirement:

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

Post-Disablement:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 9-Pension Plans: (Continued)*****Actuarial Assumptions - General Employees (Continued)***

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

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

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

***Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits***

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County of Smyth Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 9-Pension Plans: (Continued)**

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 9-Pension Plans: (Continued)*****Long-Term Expected Rate of Return***

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

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

\* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

***Discount Rate***

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County, Component Unit IDA, and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, 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. Through the fiscal year ended June 30, 2020, the rate contributed by the school division for the VRS Teacher Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 9-Pension Plans: (Continued)****Discount Rate (Continued)**

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in Net Pension Liability**

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 26,878,474	\$ 23,342,743	\$ 3,535,731
Changes for the year:			
Service cost	\$ 695,969	\$ -	\$ 695,969
Interest	1,760,042	-	1,760,042
Differences between expected and actual experience	438,125	-	438,125
Impact in change of proportion	(125,162)	(108,698)	(16,464)
Contributions - employer	-	664,343	(664,343)
Contributions - employee	-	303,540	(303,540)
Net investment income	-	442,966	(442,966)
Benefit payments, including refunds of employee contributions	(1,357,212)	(1,357,212)	-
Administrative expenses	-	(15,054)	15,054
Other changes	-	(525)	525
Net changes	\$ 1,411,762	\$ (70,640)	\$ 1,482,402
Balances at June 30, 2020	\$ 28,290,236	\$ 23,272,103	\$ 5,018,133

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 9-Pension Plans: (Continued)****Changes in Net Pension Liability (Continued)**

	Component Unit Industrial Development Authority		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 431,774	\$ 374,976	\$ 56,798
Changes for the year:			
Service cost	\$ 14,488	\$ -	\$ 14,488
Interest	36,640	-	36,640
Differences between expected and actual experience	9,121	-	9,121
Impact in change of proportion	125,163	108,698	16,465
Contributions - employer	-	13,830	(13,830)
Contributions - employee	-	6,319	(6,319)
Net investment income	-	9,221	(9,221)
Benefit payments, including refunds of employee contributions	(28,254)	(28,254)	-
Administrative expenses	-	(313)	313
Other changes	-	(10)	10
Net changes	\$ 157,158	\$ 109,491	\$ 47,667
Balances at June 30, 2020	\$ 588,932	\$ 484,467	\$ 104,465

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COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 9-Pension Plans: (Continued)**

**Changes in Net Pension Liability (Continued)**

	Component Unit-School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 4,833,728	\$ 4,570,733	\$ 262,995
Changes for the year:			
Service cost	\$ 34,304	\$ -	\$ 34,304
Interest	315,170	-	315,170
Differences between expected and actual experience	409,945	-	409,945
Contributions - employer	-	172,977	(172,977)
Contributions - employee	-	46,975	(46,975)
Net investment income	-	86,204	(86,204)
Benefit payments, including refunds of employee contributions	(329,088)	(329,088)	-
Administrative expenses	-	(2,999)	2,999
Other changes	-	316	(316)
Net changes	\$ 430,331	\$ (25,615)	\$ 455,946
Balances at June 30, 2020	\$ 5,264,059	\$ 4,545,118	\$ 718,941

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 9-Pension Plans: (Continued)*****Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County			
Net Pension Liability (Asset)	\$ 8,659,949	\$ 5,018,133	\$ 2,001,136
Component Unit Industrial Development Authority			
Net Pension Liability (Asset)	\$ 180,279	\$ 104,465	\$ 41,659
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 1,301,585	\$ 718,941	\$ 231,303

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

For the year ended June 30, 2021, the County, Component Unit IDA, and Component Unit School Board (nonprofessional) recognized pension expense of \$1,138,070, \$26,774, and \$419,066, respectively. At June 30, 2021, the County, Component Unit IDA, and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit- Industrial Development Authority		Component Unit-School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 292,084	\$ 28,502	\$ 6,080	\$ 457	\$ -	\$ -
Change in assumptions	281,202	-	4,517	-	37,268	-
Net difference between projected and actual earnings on pension plan investments	699,328	-	11,502	-	133,932	-
Change in proportionate share	26,652	38,153	15,220	-	-	-
Employer contributions subsequent to the measurement date	714,484	-	15,040	-	69,787	-
Total	\$ 2,013,750	\$ 66,655	\$ 52,359	\$ 457	\$ 240,987	\$ -

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 9-Pension Plans: (Continued)*****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

\$714,484, \$15,040, and \$69,787 reported as deferred outflows of resources related to pensions resulting from the County's, Component Unit IDA's, and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit Industrial Development Authority</u>	<u>Component Unit School Board (nonprofessional)</u>
2022	\$ 389,082	\$ 10,961	\$ 37,637
2023	386,997	12,273	42,927
2024	234,198	9,001	46,926
2025	222,334	4,627	43,710
Thereafter	-	-	-

***Pension Plan Data***

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

**Component Unit School Board (professional)*****Plan Description***

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

***Contributions***

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 9-Pension Plans: (Continued)****Component Unit School Board (professional) (Continued)*****Contributions (Continued)***

Contributions to the pension plan from the School Board were \$2,077,175 and \$2,018,914 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$22,109,805 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was 0.15190% as compared to 0.15087% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$2,381,841. 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.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,295,976
Change in assumptions	1,509,271	-
Net difference between projected and actual earnings on pension plan investments	1,681,696	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	199,704	458,923
Employer contributions subsequent to the measurement date	<u>2,077,175</u>	<u>-</u>
Total	<u>\$ 5,467,846</u>	<u>\$ 1,754,899</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 9-Pension Plans: (Continued)****Component Unit School Board (professional) (Continued)*****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

\$2,077,175 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2022	\$ (84,887)
2023	504,440
2024	683,197
2025	553,151
Thereafter	(20,129)

***Actuarial Assumptions***

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

**Mortality rates:****Pre-Retirement:**

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

**Post-Retirement:**

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



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 9-Pension Plans: (Continued)****Component Unit School Board (professional) (Continued)*****Actuarial Assumptions (Continued)***

Mortality rates: (Continued)

Post-Disablement:

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

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

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

***Net Pension Liability***

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

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

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

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

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 9-Pension Plans: (Continued)**

**Component Unit School Board (professional) (Continued)**

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 32,440,050	\$ 22,109,805	\$ 13,565,387

***Pension Plan Fiduciary Net Position***

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

***Summary of Pension Related Items***

	Primary Government				Component Unit IDA			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans (Note 9):								
County	\$ 2,013,750	\$ 66,655	\$ 5,018,133	\$ 1,138,070	\$ 52,359	\$ 457	\$ 104,465	\$ 26,774
Totals	\$ 2,013,750	\$ 66,655	\$ 5,018,133	\$ 1,138,070	\$ 52,359	\$ 457	\$ 104,465	\$ 26,774

  

	Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans (Note 9):				
School Board Nonprofessional	\$ 240,987	\$ -	\$ 718,941	\$ 419,066
School Board Professional	5,467,846	1,754,899	22,109,805	2,381,841
Totals	\$ 5,708,833	\$ 1,754,899	\$ 22,828,746	\$ 2,800,907

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

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

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

**Benefits Provided**

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

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

**Plan Membership**

At June 30, 2021 (measurement date), the following employees were covered by the benefit terms:

	Primary Government*	Component Unit-School Board
Total active employees with coverage	161	318
Total retirees with coverage	9	22
Total	170	340

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

**Contributions**

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County Board. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2021 was \$81,583. The amount paid by the IDA for OPEB as the benefits came due during the year ended June 30, 2021 was \$1,117. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2021 was \$236,903.

**Total OPEB Liability**

The County's, Industrial Development Authority's, and School Board's total OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021.

**Actuarial Assumptions**

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

Primary Government and Component Unit - Industrial Development Authority:

Actuarial Cost Method	Entry Age Normal
Healthcare Cost Trend Rates	8.90% decreasing to an ultimate rate of 4.00% over 55 years
Salary Increases	5.35% to 3.50% depending on years of service
Discount Rate	2.21% for fiscal year ending June 30, 2020 2.16% for fiscal year ending June 30, 2021
Inflation	2.50%

**Mortality Rates - General Employees**

Pre-Retirement - RP-2014 Employee Rates to age 80, Healthy Annuitant at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related

Post-Retirement - RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older with Scale BB to 2020; male set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85

Post-Disablement - RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

**Actuarial Assumptions (Continued)**

**Mortality Rates - Public Safety**

Pre-Retirement - RP-2014 Employee Rates to age 80, Healthy Annuitant at ages 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year. 35% of deaths are assumed to be service related

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

Post-Disablement - RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.

**Component Unit-School Board:**

Actuarial Cost Method	Entry Age Normal
Healthcare Cost Trend Rates	8.90% decreasing to an ultimate rate of 4.00% over 55 years
Salary Increases	5.35% to 3.50% depending on years of service
Discount Rate	2.21% for fiscal year ending June 30, 2020 2.16% for fiscal year ending June 30, 2021
Inflation	2.50%

**Mortality Rates**

Pre-Retirement - RP-2014 Employee Rates to age 80, Healthy Annuitant at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related

Post-Retirement - RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older with Scale BB to 2020; male set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85

Post-Disablement - RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates

**Discount Rate**

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the Bond Buyer General Obligation 20-Bond Municipal Index. The final equivalent single discount rate used for this year's valuation is 2.16% as of the end of the fiscal year with the expectation that the County, IDA, and School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

**Changes in Total OPEB Liability**

	Primary Government	Component Unit- Industrial Development Authority	Component Unit- School Board
	Total OPEB Liability	Total OPEB Liability	Total OPEB Liability
Balances at June 30, 2020	\$ 1,732,232	\$ 23,624	\$ 5,802,443
Changes for the year:			
Service cost	64,647	885	247,461
Interest	38,702	530	131,100
Effect of economic/demographic gains or losses	(310,552)	(4,254)	(798,524)
Effect of assumptions changes or inputs	(20,516)	(281)	1,057,329
Benefit payments	(81,583)	(1,117)	(236,903)
Change in proportionate share	(5,134)	32	-
Net changes	\$ (314,436)	\$ (4,205)	\$ 400,463
Balances at June 30, 2021	\$ 1,417,796	\$ 19,419	\$ 6,202,906

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

The following amounts present the total OPEB liability of the County, IDA, and School Board as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current discount rate:

**Primary Government:**

Rate		
1% Decrease	Current Discount	1% Increase
(1.16%)	(2.16%)	(3.16%)
\$ 1,511,176	\$ 1,417,796	\$ 1,328,725

**Component Unit-Industrial Development Authority:**

Rate		
1% Decrease	Current Discount	1% Increase
(1.16%)	(2.16%)	(3.16%)
\$ 20,698	\$ 19,419	\$ 18,199

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 10-Health Insurance - Pay-as-you-go (OPEB Plan): (Continued)****Sensitivity of the Total OPEB Liability to Changes in the Discount Rate (Continued)**

Component Unit-School Board:

Rate		
1% Decrease	Current Discount	1% Increase
(1.16%)	(2.16%)	(3.16%)
\$ 6,736,292	\$ 6,202,906	\$ 5,697,209

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

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

Primary Government:

Rate		
Healthcare Cost		
1% Decrease	Trend	1% Increase
(7.90% decreasing to 3.00%)	(8.90% decreasing to 4.00%)	(9.90% decreasing to 5.00%)
\$ 1,325,019	\$ 1,417,796	\$ 1,526,306

Component Unit-Industrial Development Authority:

Rate		
Healthcare Cost		
1% Decrease	Trend	1% Increase
(7.90% decreasing to 3.00%)	(8.90% decreasing to 4.00%)	(9.90% decreasing to 5.00%)
\$ 18,149	\$ 19,419	\$ 20,906

Component Unit-School Board:

Rate		
Healthcare Cost		
1% Decrease	Trend	1% Increase
(7.90% decreasing to 3.00%)	(8.90% decreasing to 4.00%)	(9.90% decreasing to 5.00%)
\$ 5,393,717	\$ 6,202,906	\$ 7,174,212

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 10-Health Insurance - Pay-as-you-go (OPEB Plan): (Continued)*****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources***

For the year ended June 30, 2021, the County recognized OPEB expense in the amount of \$69,956, the Industrial Development Authority \$958, and the School Board \$530,843. At June 30, 2021, the County and School Board reported the following deferred outflows of resources and deferred inflows of resources related to OPEB:

	Primary Government		Component Unit - Industrial Development Authority		Component Unit - School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 51,407	\$ 262,028	\$ 704	\$ 3,589	\$ 715	\$ 702,316
Changes in assumptions	79,990	63,841	1,096	874	1,474,825	27,825
Total	<u>\$ 131,397</u>	<u>\$ 325,869</u>	<u>\$ 1,800</u>	<u>\$ 4,463</u>	<u>\$ 1,475,540</u>	<u>\$ 730,141</u>

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

Year Ended June 30	Primary Government	Component Unit- Industrial Development Authority	Component Unit-School Board
2022	\$ (31,175)	\$ (427)	\$ 159,241
2023	(26,004)	(356)	187,066
2024	(26,004)	(356)	187,066
2025	(38,870)	(532)	109,126
2026	(51,729)	(709)	31,181
Thereafter	(20,690)	(283)	71,719

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, 2021

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

***Plan Description***

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

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

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

***Eligible Employees***

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

***Benefit Amounts***

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

***Contributions***

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the GLI Plan from the County were \$34,836 and \$32,569 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the GLI Plan from the Component Unit-Industrial Development Authority were \$411 and \$503 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the GLI Plan from the Component Unit-School Board (nonprofessional) were \$3,334 and \$3,359 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the GLI Plan from the Component Unit-School Board (professional) were \$70,026 and \$69,109 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the County reported a liability of \$507,824 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2021, the Component Unit-Industrial Development Authority reported a liability of \$7,846 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2021, the Component Unit-School Board (nonprofessional) reported a liability of \$52,402 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2021, the Component Unit-School Board (professional) reported a liability of \$1,077,734 for its proportionate share of the Net GLI OPEB Liability.

The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**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, 2020, the County's proportion was 0.03090% as compared to 0.03033% at June 30, 2019. The Industrial Development Authority participates in the County's GLI OPEB and represents 1.1653% and 1.5214% of the above proportionate share for the years ending June 30, 2020 and June 30, 2019, respectively.

At June 30, 2020, the Component Unit-Industrial Development Authority proportion was 1.1653% of the County's proportion of 0.03090% as compared to 1.5214% of the County's proportion of 0.03033% at June 30, 2019.

At June 30, 2020, the Component Unit-School Board (nonprofessional) proportion was 0.00310% as compared to 0.00202% at June 30, 2019.

At June 30, 2020, the Component Unit-School Board (professional) proportion was 0.06460% as compared to 0.06449% at June 30, 2019.

For the year ended June 30, 2021, the County recognized GLI OPEB expense of \$20,464. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2021, the Component-Unit Industrial Development Authority recognized GLI OPEB expense of \$316. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2021, the Component-Unit School Board (nonprofessional) recognized GLI OPEB expense of \$4,860. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2021, the Component-Unit School Board (professional) recognized GLI OPEB expense of \$37,041. 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 GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**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, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component Unit Industrial Development Authority	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 32,573	\$ 4,561	\$ 503	\$ 70
Net difference between projected and actual earnings on GLI OPEB plan investments	15,254	-	236	-
Changes in assumptions	25,396	10,603	392	164
Changes in proportion	12,501	11,100	193	171
Employer contributions subsequent to the measurement date	34,836	-	411	-
Total	\$ 120,560	\$ 26,264	\$ 1,735	\$ 405

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)*****GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)***

	Component Unit School Board (Nonprofessional)		Component Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,361	\$ 471	\$ 69,127	\$ 9,680
Net difference between projected and actual earnings on GLI OPEB plan investments	1,574	-	32,374	-
Change in assumptions	2,621	1,094	53,899	22,504
Changes in proportion	14,616	-	1,148	20,436
Employer contributions subsequent to the measurement date	3,334	-	70,026	-
Total	\$ 25,506	\$ 1,565	\$ 226,574	\$ 52,620

\$34,836, \$411, \$3,334, and \$70,026 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's, Component -Unit Industrial Development Authority, Component-Unit School Board (Nonprofessional), and Component-Unit School Board (Professional), respectively, contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit- Industrial Development Authority	Component Unit-School Board (Non- professional)	Component Unit-School Board (Professional)
2022	\$ 8,748	\$ 135	\$ 3,651	\$ 12,175
2023	13,055	202	4,096	21,318
2024	16,623	257	4,501	30,527
2025	15,818	244	4,519	31,606
2026	4,615	71	3,180	7,641
Thereafter	601	10	660	661

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**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, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be references in the VRS CAFR.

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

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

**Mortality Rates - Teachers**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

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

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

**Mortality Rates - Non-Largest Ten Locality Employers - General Employees****Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 11-Group Life Insurance (GLI) 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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

**Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees****Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

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

**NET GLI OPEB Liability**

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**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:

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

\*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

***Discount Rate***

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)*****Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 667,575	\$ 507,824	\$ 378,093
Component Unit-Industrial Development Authority's proportionate share of the GLI Plan Net OPEB Liability	\$ 10,313	\$ 7,846	\$ 5,841
Component Unit-School Board (Nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 68,886	\$ 52,402	\$ 39,015
Component Unit-School Board (Professional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 1,416,765	\$ 1,077,734	\$ 802,410

***Group Life Insurance Plan Fiduciary Net Position***

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

***Plan Description***

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

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

***Eligible Employees***

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

***Benefit Amounts***

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

***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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 12-Component Unit - School Board's (Nonprofessional) Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Employees Covered by Benefit Terms***

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>-</u>
Inactive members:	<u>-</u>
Active members	27
Total covered employees	<u><u>27</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 Component Unit - School Board's (Nonprofessional) contractually required employer contribution rate for the year ended June 30, 2021 was 1.74% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Component Unit - School Board (Nonprofessional) to the HIC Plan were \$10,744 and \$0 for the years ended June 30, 2021 and June 30, 2020, respectively.

***Net HIC OPEB Liability***

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

***Actuarial Assumptions***

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

***Actuarial Assumptions: (Continued)***

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

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

**Note 12-Component Unit - School Board's (Nonprofessional) Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)****Actuarial Assumptions: (Continued)****Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)**

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

**Long-Term Expected Rate of Return**

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 12-Component Unit - School Board's (Nonprofessional) Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Long-Term Expected Rate of Return (Continued)***

\*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

***Discount Rate***

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

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

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ -	\$ -	\$ -
Changes for the year:			
Benefit changes	\$ 82,988	\$ -	\$ 82,988
Net changes	\$ 82,988	\$ -	\$ 82,988
Balances at June 30, 2020	\$ 82,988	\$ -	\$ 82,988



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 12-Component Unit - School Board's (Nonprofessional) Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Sensitivity of the Component Unit-School Board's (Nonprofessional) HIC Net OPEB Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Component Unit-School Board (Nonprofessional)'s Net HIC OPEB Liability	\$ 90,727	\$ 82,988	\$ 76,258

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

For the year ended June 30, 2021, the Component Unit - School Board (Nonprofessional) recognized HIC Plan OPEB expense of \$82,988. At June 30, 2021, the Component Unit - School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the Component Unit - School Board (Nonprofessional) HIC Plan from the following sources:

	Component Unit School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to the measurement date	\$ 10,744	\$ -
Total	\$ 10,744	\$ -

\$10,744 reported as deferred outflows of resources related to the HIC OPEB resulting from the Component Unit - School Board's (Nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods. There were no other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB for the Component Unit - School Board (Nonprofessional) for the FY2021.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

***HIC Plan Data***

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

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

***Plan Description***

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

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

***Eligible Employees***

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

***Benefit Amounts***

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 13-Component Unit - School Board's (Professional) 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, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$156,910 and \$159,483 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$1,977,647 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Plan OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net VRS Teacher Employee HIC Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee HIC Program was 0.15160% as compared to 0.15067% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$155,191. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportion.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 13-Component Unit - School Board's (Professional) Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Teacher Employee HIC Plan OPEB Liabilities, Teacher Employee HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB (Continued)***

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 26,411
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	8,764	-
Change in assumptions	39,095	10,805
Change in proportion	21,534	58,457
Employer contributions subsequent to the measurement date	<u>156,910</u>	<u>-</u>
Total	\$ <u>226,303</u>	\$ <u>95,673</u>

\$156,910 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ (6,765)
2023	(5,897)
2024	(6,188)
2025	(3,681)
2026	(1,690)
Thereafter	(2,059)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

***Actuarial Assumptions***

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

**Mortality Rates - Teachers**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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

**Mortality Rates - Teachers (Continued)**

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

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

**Net Teacher Employee HIC OPEB Liability**

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 13-Component Unit - School Board's (Professional) Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Long-Term Expected Rate of Return***

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

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

\*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

***Discount Rate***

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2020, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 13-Component Unit - School Board's (Professional) Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 2,213,769	\$ 1,977,647	\$ 1,776,960

***Teacher Employee HIC OPEB Fiduciary Net Position***

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

**Note 14- Summary of OPEB Related Items:**

	Primary Government				Component Unit IDA			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
County Stand-Alone Plan (Note 10)	\$ 131,397	\$ 325,869	\$ 1,417,796	\$ 69,956	\$ 1,800	\$ 4,463	\$ 19,419	\$ 958
VRS OPEB Plans:								
Group Life Insurance Plan (Note 11)								
County	120,560	26,264	507,824	20,464	1,735	405	7,846	316
Totals	\$ 251,957	\$ 352,133	\$ 1,925,620	\$ 90,420	\$ 3,535	\$ 4,868	\$ 27,265	\$ 1,274

	Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
School Stand-Alone Plan (Note 10)	\$ 1,475,540	\$ 730,141	\$ 6,202,906	\$ 530,843
VRS OPEB Plans:				
Group Life Insurance Plan (Note 11)				
School Board Nonprofessional	25,506	1,565	52,402	4,860
School Board Professional	226,574	52,620	1,077,734	37,041
School Board Health Insurance Credit Plan (Note 12)	10,744	-	82,988	82,988
Teacher Health Insurance Credit Plan (Note 13)	226,303	95,673	1,977,647	155,191
Totals	\$ 1,964,667	\$ 879,999	\$ 9,393,677	\$ 810,923



COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 15- Unavailable/Deferred Revenue:**

Governmental funds report *unavailable revenue* in connection with receivables for revenues not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *deferred revenue* reported in the governmental funds and governmental activities, respectively, were as follows:

		<u>Unavailable</u>		<u>Deferred</u>
Property taxes receivable due after June 30, 2021	\$	3,256,906	\$	3,256,906
Property taxes receivable due prior to June 30, 2021		506,384		-
Prepaid taxes		505,937		505,937
Total unavailable revenue for governmental funds	\$	4,269,227	\$	3,762,843

At the end of the current fiscal year, *unearned revenue* reported in the governmental activities and funds consisted of a grant from DHCD in the amount of \$366,675 and a grant from the Federal Government for American Rescue Plan (ARPA) in the amount of \$1,623,832.

Also, at the end of the current fiscal year, the IDA reported *unearned revenue* of \$300,000 consisting of a grant from the Appalachian Trail Conservancy (ATC) for specific work to be performed along the Appalachian Trail.

**Note 16-Capital Assets:**

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

Primary Government:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 530,430	\$ -	\$ -	\$ 530,430
Construction in progress	101,452	48,562	-	150,014
Total capital assets not being depreciated	\$ 631,882	\$ 48,562	\$ -	\$ 680,444
Capital assets, being depreciated:				
Land Improvements	\$ 264,034	\$ -	\$ -	\$ 264,034
Buildings and improvements	37,986,816	15,007	(12,778,990)	25,222,833
Machinery and equipment	5,829,334	244,753	-	6,074,087
Total capital assets being depreciated	\$ 44,080,184	\$ 259,760	\$ (12,778,990)	\$ 31,560,954
Accumulated depreciation:				
Land Improvements	\$ (13,202)	\$ (13,202)	\$ -	\$ (26,404)
Buildings and improvements	(20,989,197)	(1,113,200)	11,607,874	(10,494,523)
Machinery and equipment	(4,246,300)	(487,714)	-	(4,734,014)
Total accumulated depreciation	\$ (25,248,699)	\$ (1,614,116)	\$ 11,607,874	\$ (15,254,941)
Total capital assets being depreciated, net	\$ 18,831,485	\$ (1,354,356)	\$ (1,171,116)	\$ 16,306,013
Governmental activities capital assets, net	\$ 19,463,367	\$ (1,305,794)	\$ (1,171,116)	\$ 16,986,457

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 16-Capital Assets: (Continued)**

Primary Government: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 13,000	\$ -	\$ -	\$ 13,000
Construction in progress	-	33,500	-	33,500
Total capital assets, not being depreciated	<u>\$ 13,000</u>	<u>\$ 33,500</u>	<u>\$ -</u>	<u>\$ 46,500</u>
Capital assets, being depreciated:				
Utility plant and infrastructure	\$ 17,362,900	\$ -	\$ -	\$ 17,362,900
Machinery and equipment	642,324	13,900	-	656,224
Total capital assets, being depreciated	<u>\$ 18,005,224</u>	<u>\$ 13,900</u>	<u>\$ -</u>	<u>\$ 18,019,124</u>
Accumulated depreciation:				
Utility plant and infrastructure	\$ (6,976,056)	\$ (559,337)	\$ -	\$ (7,535,393)
Machinery and equipment	(502,864)	(39,115)	-	(541,979)
Total accumulated depreciation	<u>\$ (7,478,920)</u>	<u>\$ (598,452)</u>	<u>\$ -</u>	<u>\$ (8,077,372)</u>
Total capital assets being depreciated, net	<u>\$ 10,526,304</u>	<u>\$ (584,552)</u>	<u>\$ -</u>	<u>\$ 9,941,752</u>
Business-type activities capital assets, net	<u>\$ 10,539,304</u>	<u>\$ (551,052)</u>	<u>\$ -</u>	<u>\$ 9,988,252</u>

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

**Governmental activities:**

General government administration	\$ 172,939
Judicial administration	29,211
Public safety	285,764
Public works	189,899
Health and welfare	4,789
Education	835,884
Parks, recreation, and cultural	15,382
Community development	80,248

Total depreciation expense-governmental activities \$ 1,614,116

**Business-type activities:**

Water department	<u>\$ 598,452</u>
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COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 16-Capital Assets: (Continued)**

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

Discretely Presented Component Unit-School Board:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 473,652	\$ -	\$ -	\$ 473,652
Construction in progress	-	29,065	-	29,065
Total capital assets not being depreciated	<u>\$ 473,652</u>	<u>\$ 29,065</u>	<u>\$ -</u>	<u>\$ 502,717</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 19,823,597	\$ 12,778,990	\$ -	\$ 32,602,587
Machinery and equipment	5,654,760	1,128,466	(489,214)	6,294,012
Total capital assets being depreciated	<u>\$ 25,478,357</u>	<u>\$ 13,907,456</u>	<u>\$ (489,214)</u>	<u>\$ 38,896,599</u>
Accumulated depreciation:				
Buildings and improvements	\$ (18,082,298)	\$ (12,533,371)	\$ -	\$ (30,615,669)
Machinery and equipment	(4,984,834)	(264,232)	488,014	(4,761,052)
Total accumulated depreciation	<u>\$ (23,067,132)</u>	<u>\$ (12,797,603)</u>	<u>\$ 488,014</u>	<u>\$ (35,376,721)</u>
Total capital assets being depreciated, net	<u>\$ 2,411,225</u>	<u>\$ 1,109,853</u>	<u>\$ (1,200)</u>	<u>\$ 3,519,878</u>
Governmental activities capital assets, net	<u>\$ 2,884,877</u>	<u>\$ 1,138,918</u>	<u>\$ (1,200)</u>	<u>\$ 4,022,595</u>

Depreciation expense of \$1,189,729 was charged to education in the Statement of Activities.

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2021**

**Note 16-Capital Assets: (Continued)**

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

Discretely Presented Component Unit-Industrial Development Authority:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 461,478	\$ -	\$ -	\$ 461,478
Total capital assets not being depreciated	<u>\$ 461,478</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 461,478</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 9,650,947	\$ -	\$ -	\$ 9,650,947
Total capital assets being depreciated	<u>\$ 9,650,947</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,650,947</u>
Accumulated depreciation:				
Buildings and improvements	\$ (2,740,205)	\$ (258,018)	\$ -	\$ (2,998,223)
Total capital assets being depreciated, net	<u>\$ 6,910,742</u>	<u>\$ (258,018)</u>	<u>\$ -</u>	<u>\$ 6,652,724</u>
Business-type activities capital assets, net	<u>\$ 7,372,220</u>	<u>\$ (258,018)</u>	<u>\$ -</u>	<u>\$ 7,114,202</u>

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

**Note 17-Inventories/Assets Held for Resale:**

Discretely Presented Component Unit-Industrial Development Authority:

The Industrial Development Authority has assets consisting of land and structures specifically held for resale that are not depreciated. At June 30, 2021, the value of these assets was \$1,657,220.

The following is a summary of transactions for these assets for the year ended June 30, 2021.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 18-Risk Management:**

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

**Note 19-Contingent Liabilities:**

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

**Note 20-Surety Bonds:**

Primary Government:

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

**Note 21-Landfill Postclosure Liability:**

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County landfill has been closed. Total costs for landfill postclosure are estimated to be \$49,228. This amount is based on what it would cost to perform all postclosure care in 2021. Actual costs for postclosure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the Department of Environmental Quality's assurance requirements for landfill post-closure costs. The County demonstrated financial assurance requirements for closure, postclosure care, and corrective action costs through the submission of a Local Governmental Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 22-Litigation:**

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

**Note 23-COVID-19 Pandemic:**

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

**CARES Act Funding**

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

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The County received total CRF funding of \$2,917,512. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of \$396,340. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government.

**ARPA Funding**

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

On June 3, 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 \$1,623,832 from the initial allocation are reported as unearned revenue as of June 30.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 23-COVID-19 Pandemic: (Continued)****ESF Funding**

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

**Note 24 - Adoption of Accounting Principles:**

The County implemented provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how these activities should be reported. The Discretely Presented Component Unit - School Board added the School Activity Funds as a Special Revenue Fund. The implementation of this standard resulted in the following restatement of net position and fund balance:

	Net Position		Fund Balance
	Discretely Presented		School
	Special Welfare	Component Unit	Activity
	Fund	School Board	Fund
Beginning balance, July 1, 2020, as previously stated	\$ -	\$ (21,387,121)	\$ -
Implementation of GASB84	51,837	1,050,485	1,050,485
Beginning balance, July 1, 2020, as restated	\$ 51,837	\$ (20,336,636)	\$ 1,050,485

**Note 25 - Upcoming Pronouncements:**

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

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 25 - Upcoming Pronouncements: (Continued)**

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

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

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

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

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

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



## **Required Supplementary Information**

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

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
General property taxes	\$ 15,600,241	\$ 15,600,241	\$ 17,026,144	\$ 1,425,903
Other local taxes	2,048,876	2,048,876	2,583,191	534,315
Permits, privilege fees, and regulatory licenses	45,500	45,500	46,169	669
Fines and forfeitures	36,500	36,500	29,879	(6,621)
Revenue from the use of money and property	140,936	140,936	81,065	(59,871)
Charges for services	535,378	535,378	613,153	77,775
Miscellaneous	302,244	302,244	63,503	(238,741)
Recovered costs	1,847,374	1,847,374	1,963,670	116,296
Intergovernmental:				
Local government	-	-	46,137	46,137
Commonwealth	7,072,872	7,072,872	6,214,733	(858,139)
Federal	1,988,743	1,988,743	5,624,725	3,635,982
Total revenues	\$ 29,618,664	\$ 29,618,664	\$ 34,292,369	\$ 4,673,705
EXPENDITURES				
Current:				
General government administration	\$ 1,990,532	\$ 2,194,128	\$ 2,076,832	\$ 117,296
Judicial administration	982,659	1,021,667	1,001,162	20,505
Public safety	5,313,073	5,582,950	5,339,207	243,743
Public works	964,564	2,289,562	2,286,423	3,139
Health and welfare	6,386,253	6,461,228	6,166,276	294,952
Education	8,237,231	8,760,928	7,627,479	1,133,449
Parks, recreation, and cultural	597,671	724,431	714,507	9,924
Community development	894,729	1,851,130	1,415,093	436,037
Nondepartmental	339,445	329,444	322,004	7,440
Debt service:				
Principal retirement	764,135	764,135	445,000	319,135
Interest and other fiscal charges	485,865	485,865	282,940	202,925
Total expenditures	\$ 26,956,157	\$ 30,465,468	\$ 27,676,923	\$ 2,788,545
Excess (deficiency) of revenues over (under) expenditures	\$ 2,662,507	\$ (846,804)	\$ 6,615,446	\$ 7,462,250
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 270,623	\$ 270,623
Transfers out	(2,833,369)	(3,313,342)	(1,247,665)	2,065,677
Total other financing sources (uses)	\$ (2,833,369)	\$ (3,313,342)	\$ (977,042)	\$ 2,336,300
Net change in fund balances	\$ (170,862)	\$ (4,160,146)	\$ 5,638,404	\$ 9,798,550
Fund balances - beginning	170,862	4,160,146	5,295,095	1,134,949
Fund balances - ending	\$ -	\$ -	\$ 10,933,499	\$ 10,933,499

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

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

	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>							
Service cost	\$ 695,969	\$ 678,745	\$ 643,974	\$ 652,478	\$ 526,089	\$ 533,859	\$ 470,527
Interest	1,760,042	1,721,274	1,672,667	1,602,544	1,521,355	1,418,513	1,365,894
Differences between expected and actual experience	438,125	(62,783)	(188,945)	(136)	331,152	747,408	-
Impact in change of proportion	(125,162)	(4,314)	33,882	(16,846)	(70,081)	-	-
Changes of assumptions	-	787,870	-	(98,144)	-	-	-
Benefit payments	(1,357,212)	(1,672,516)	(1,185,448)	(1,192,333)	(1,211,475)	(1,109,557)	(1,059,912)
<b>Net change in total pension liability</b>	<b>\$ 1,411,762</b>	<b>\$ 1,448,276</b>	<b>\$ 976,130</b>	<b>\$ 947,563</b>	<b>\$ 1,097,040</b>	<b>\$ 1,590,223</b>	<b>\$ 776,509</b>
<b>Total pension liability - beginning</b>	<b>26,878,474</b>	<b>25,430,198</b>	<b>24,454,068</b>	<b>23,506,505</b>	<b>22,409,465</b>	<b>20,819,241</b>	<b>20,042,729</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 28,290,236</b>	<b>\$ 26,878,474</b>	<b>\$ 25,430,198</b>	<b>\$ 24,454,068</b>	<b>\$ 23,506,505</b>	<b>\$ 22,409,464</b>	<b>\$ 20,819,238</b>
<b>Plan fiduciary net position</b>							
Impact in change of proportion	\$ (108,698)	\$ (3,846)	\$ 29,555	\$ (13,826)	\$ (60,229)	\$ -	\$ -
Contributions - employer	664,343	612,578	647,351	623,831	707,686	543,957	532,111
Contributions - employee	303,540	278,380	281,320	296,088	272,361	222,825	219,470
Net investment income	442,966	1,478,504	1,579,493	2,341,372	336,177	850,887	2,585,528
Benefit payments	(1,357,212)	(1,672,516)	(1,185,448)	(1,192,333)	(1,211,475)	(1,109,557)	(1,059,912)
Adminstrator charges	(15,054)	(14,983)	(13,551)	(13,516)	(11,904)	(11,820)	(14,071)
Other	(525)	(931)	(4,195)	(2,085)	(142)	(181)	136
<b>Net change in plan fiduciary net position</b>	<b>\$ (70,640)</b>	<b>\$ 677,186</b>	<b>\$ 1,334,525</b>	<b>\$ 2,039,531</b>	<b>\$ 32,474</b>	<b>\$ 496,111</b>	<b>\$ 2,263,262</b>
<b>Plan fiduciary net position - beginning</b>	<b>23,342,743</b>	<b>22,665,557</b>	<b>21,331,032</b>	<b>19,291,501</b>	<b>19,259,027</b>	<b>18,762,916</b>	<b>16,499,651</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 23,272,103</b>	<b>\$ 23,342,743</b>	<b>\$ 22,665,557</b>	<b>\$ 21,331,032</b>	<b>\$ 19,291,501</b>	<b>\$ 19,259,027</b>	<b>\$ 18,762,913</b>
<b>County's net pension liability - ending (a) - (b)</b>	<b>\$ 5,018,133</b>	<b>\$ 3,535,731</b>	<b>\$ 2,764,641</b>	<b>\$ 3,123,036</b>	<b>\$ 4,215,004</b>	<b>\$ 3,150,437</b>	<b>\$ 2,056,325</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>82.26%</b>	<b>86.85%</b>	<b>89.13%</b>	<b>87.23%</b>	<b>82.07%</b>	<b>85.94%</b>	<b>90.12%</b>
<b>Covered payroll</b>	<b>\$ 6,259,366</b>	<b>\$ 5,853,324</b>	<b>\$ 5,850,228</b>	<b>\$ 5,604,478</b>	<b>\$ 5,447,257</b>	<b>\$ 4,637,626</b>	<b>\$ 4,475,295</b>
<b>County's net pension liability as a percentage of covered payroll</b>	<b>80.17%</b>	<b>60.41%</b>	<b>47.26%</b>	<b>55.72%</b>	<b>77.38%</b>	<b>67.93%</b>	<b>45.95%</b>

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

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

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

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

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

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

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

	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>							
Service cost	\$ 34,304	\$ 36,017	\$ 36,003	\$ 39,504	\$ 105,253	\$ 108,343	\$ 107,050
Interest	315,170	324,954	332,959	382,689	382,399	366,994	356,957
Differences between expected and actual experience	409,945	(132,808)	(165,115)	(808,538)	(155,047)	69,592	-
Changes of assumptions	-	126,533	-	(2,083)	-	-	-
Benefit payments	(329,088)	(326,344)	(310,068)	(333,910)	(323,028)	(326,696)	(314,534)
<b>Net change in total pension liability</b>	<b>\$ 430,331</b>	<b>\$ 28,352</b>	<b>\$ (106,221)</b>	<b>\$ (722,338)</b>	<b>\$ 9,577</b>	<b>\$ 218,233</b>	<b>\$ 149,473</b>
<b>Total pension liability - beginning</b>	<b>4,833,728</b>	<b>4,805,376</b>	<b>4,911,597</b>	<b>5,633,935</b>	<b>5,624,358</b>	<b>5,406,125</b>	<b>5,256,652</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 5,264,059</b>	<b>\$ 4,833,728</b>	<b>\$ 4,805,376</b>	<b>\$ 4,911,597</b>	<b>\$ 5,633,935</b>	<b>\$ 5,624,358</b>	<b>\$ 5,406,125</b>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 172,977	\$ 71,848	\$ 35,474	\$ 34,223	\$ 46,775	\$ 141,960	\$ 181,467
Contributions - employee	46,975	18,712	18,156	18,030	18,866	57,024	57,830
Net investment income	86,204	291,814	322,742	499,637	70,476	196,357	601,209
Benefit payments	(329,088)	(326,344)	(310,068)	(333,910)	(323,028)	(326,696)	(314,534)
Administrator charges	(2,999)	(3,073)	(2,943)	(3,099)	(2,864)	(2,775)	(3,272)
Other	316	(183)	(280)	(435)	(31)	(42)	32
<b>Net change in plan fiduciary net position</b>	<b>\$ (25,615)</b>	<b>\$ 52,774</b>	<b>\$ 63,081</b>	<b>\$ 214,446</b>	<b>\$ (189,806)</b>	<b>\$ 65,828</b>	<b>\$ 522,732</b>
<b>Plan fiduciary net position - beginning</b>	<b>4,570,733</b>	<b>4,517,959</b>	<b>4,454,878</b>	<b>4,240,432</b>	<b>4,430,238</b>	<b>4,364,410</b>	<b>3,841,678</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 4,545,118</b>	<b>\$ 4,570,733</b>	<b>\$ 4,517,959</b>	<b>\$ 4,454,878</b>	<b>\$ 4,240,432</b>	<b>\$ 4,430,238</b>	<b>\$ 4,364,410</b>
<b>School Division's net pension liability - ending (a) - (b)</b>	<b>\$ 718,941</b>	<b>\$ 262,995</b>	<b>\$ 287,417</b>	<b>\$ 456,719</b>	<b>\$ 1,393,503</b>	<b>\$ 1,194,120</b>	<b>\$ 1,041,715</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>86.34%</b>	<b>94.56%</b>	<b>94.02%</b>	<b>90.70%</b>	<b>75.27%</b>	<b>78.77%</b>	<b>80.73%</b>
<b>Covered payroll</b>	<b>\$ 646,002</b>	<b>\$ 395,683</b>	<b>\$ 378,456</b>	<b>\$ 371,866</b>	<b>\$ 380,778</b>	<b>\$ 1,158,779</b>	<b>\$ 1,156,588</b>
<b>School Division's net pension liability as a percentage of covered payroll</b>	<b>111.29%</b>	<b>66.47%</b>	<b>75.94%</b>	<b>122.82%</b>	<b>365.96%</b>	<b>103.05%</b>	<b>90.07%</b>

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

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

	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.15190%	0.15087%	0.15536%	0.15393%	0.15625%	0.15660%	0.15711%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 22,109,805	\$ 19,855,350	\$ 18,270,000	\$ 18,930,000	\$ 21,897,000	\$ 19,710,000	\$ 18,986,000
Employer's Covered Payroll	13,290,287	12,638,082	12,552,260	12,130,823	11,912,257	11,641,598	11,479,014
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	166.36%	157.11%	145.55%	156.05%	183.82%	169.31%	165.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2021	\$ 714,484	\$ 714,484	\$ -	\$ 6,388,367	11.18%
2020	672,104	672,104	-	6,259,366	10.74%
2019	611,120	611,120	-	5,853,324	10.44%
2018	647,351	647,351	-	5,850,228	11.07%
2017	634,582	634,582	-	5,604,478	11.32%
2016	658,143	658,143	-	5,447,257	12.08%
2015	543,957	543,957	-	4,637,626	11.73%
2014	541,511	541,511	-	4,475,295	12.10%
2013	493,406	493,406	-	4,077,736	12.10%
2012	364,517	364,517	-	3,727,167	9.78%
<b>Component Unit School Board (nonprofessional)</b>					
2021	\$ 69,787	\$ 69,787	\$ -	\$ 617,464	11.30%
2020	119,446	119,446	-	646,002	18.49%
2019	71,849	71,849	-	395,683	18.16%
2018	35,474	35,474	-	378,456	9.37%
2017	35,143	35,143	-	371,866	9.45%
2016	46,766	46,766	-	380,778	12.28%
2015	141,960	141,960	-	1,158,779	12.25%
2014	181,469	181,469	-	1,156,588	15.69%
2013	170,853	170,853	-	1,088,927	15.69%
2012	132,884	132,884	-	1,058,837	12.55%
<b>Component Unit School Board (professional)</b>					
2021	\$ 2,077,175	\$ 2,077,175	\$ -	\$ 12,967,773	16.02%
2020	2,018,914	2,018,914	-	13,290,287	15.19%
2019	1,933,434	1,933,434	-	12,638,082	15.30%
2018	2,009,000	2,009,000	-	12,552,260	16.01%
2017	1,752,000	1,752,000	-	12,130,823	14.44%
2016	1,662,000	1,662,000	-	11,912,257	13.95%
2015	1,682,000	1,682,000	-	11,641,598	14.45%
2014	1,338,453	1,338,453	-	11,479,014	11.66%
2013	1,274,429	1,274,429	-	10,929,923	11.66%
2012	1,228,780	1,228,780	-	19,412,006	6.33%
<b>Component Unit IDA</b>					
2021	\$ 15,040	\$ 15,040	\$ -	\$ 132,990	11.31%
2020	10,315	10,315	-	100,550	10.26%
2019	9,817	9,817	-	93,019	10.55%
2018	10,287	10,287	-	92,969	11.06%
2017	10,340	10,340	-	102,799	10.06%
2016	10,905	10,905	-	72,944	14.95%
2015	7,284	7,284	-	62,102	11.73%

Schedule is intended to show information for 10 years. Prior to 2015, the IDA's information was consolidated in the County's totals and presented in the County report. Therefore, sufficient information to allocate the prior year balances is not available. Additional years will be included as they become available.

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

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

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

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

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

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

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

Component Unit School Board - Professional Employees

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



County of Giles, Virginia  
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios  
Component Unit School Board  
For the Measurement Dates of June 30, 2018 through June 30, 2021

	2021	2020	2019	2018
<b>Total OPEB liability</b>				
Service cost	\$ 247,461	\$ 220,015	\$ 202,470	\$ 211,563
Interest	131,100	185,794	189,144	177,659
Economic/demographic gains or losses	(798,524)	-	-	-
Changes in assumptions	1,057,329	509,434	409,870	(166,961)
Differences between expected and actual experience	-	-	1,327	-
Benefit payments	(236,903)	(398,924)	(396,853)	(409,480)
<b>Net change in total OPEB liability</b>	<b>\$ 400,463</b>	<b>\$ 516,319</b>	<b>\$ 405,958</b>	<b>\$ (187,219)</b>
<b>Total OPEB liability - beginning</b>	<b>5,802,443</b>	<b>5,286,124</b>	<b>4,880,166</b>	<b>5,067,385</b>
<b>Total OPEB liability - ending</b>	<b>\$ 6,202,906</b>	<b>\$ 5,802,443</b>	<b>\$ 5,286,124</b>	<b>\$ 4,880,166</b>
 <b>Covered-employee payroll</b>	 \$ 12,321,655	 \$ 11,753,666	 \$ 11,753,666	 \$ 11,037,600
 <b>School Board's total OPEB liability (asset) as a percentage of covered-employee payroll</b>	 50.34%	 49.37%	 44.97%	 44.21%

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

County of Giles, Virginia  
 Schedule of County's Share of Total OPEB Liability  
 For the Years Ended June 30, 2018 through June 30, 2021

Date (1)	Employer's Proportion of the Total OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Total OPEB Liability (Asset) (3)	Employer's Covered Employee Payroll (4)	Employer's Proportionate Share of the Total OPEB Liability (Asset) as a Percentage of Covered Employee Payroll (3)/(4) (5)
<b>Primary Government:</b>				
2021	91.17%	\$ 1,417,796	\$ 6,475,321	21.90%
2020	91.45%	1,732,232	6,893,486	25.13%
2019	91.99%	1,600,032	5,880,027	27.21%
2018	92.25%	1,249,186	5,171,074	24.16%
<b>Component Unit Industrial Development Authority:</b>				
2021	1.25%	\$ 19,419	\$ 88,692	21.89%
2020	1.25%	23,624	94,011	25.13%
2019	1.28%	22,264	81,818	27.21%
2018	1.30%	17,604	72,872	24.16%

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

County of Giles, Virginia  
Notes to Required Supplementary Information - School Board OPEB  
For the Year Ended June 30, 2021

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

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

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry age normal
Healthcare Cost Trend Rates	8.90% decreasing to an ultimate rate of 4.00% over 55 years
Discount Rate	2.21% for fiscal year ending June 30, 2020 2.16% for fiscal year ending June 30, 2021
Salary Increase Rates	5.35% - 3.50% depending on years of service
Inflation	2.50%
Mortality Rates	Pre-Retirement - RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females set back 1 yaer. 25% of deaths are assumed to be service related. Post-Retirement - RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85. Post-Disablement - RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

County of Giles, Virginia  
Notes to Required Supplementary Information - Primary Government and Component Unit IDA OPEB  
For the Year Ended June 30, 2021

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

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

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.21% as of June 30, 2020; 2.16% as of June 30, 2021
Inflation	2.50%
Healthcare Trend Rate	8.90% decreasing to an ultimate rate of 4.00% over 55 years
Salary Increase Rates	5.35% to 3.50% depending on years of service
Retirement Age	The average age at retirement is 62
Mortality Rates (General Employees)	Pre-Retirement - RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related. Post Retirement - RP-2014 Employee Rates at age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; male set forward 1 year; females setback 1 year with 1.5 increase compounded from ages 70 to 85. Post-Disablement - RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.
Mortality Rates (Public Safety)	Pre-Retirement - RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year. 35% of deaths are assumed to be service related. Post-Retirement - RP-2014 Employee Rates at age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years. Post-Disablement - RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
<b>Primary Government:</b>					
2020	0.0305%	\$ 507,824	\$ 6,263,156	8.11%	52.64%
2019	0.0296%	482,372	5,852,331	8.24%	52.00%
2018	0.0309%	469,538	5,566,890	8.43%	51.22%
2017	0.0305%	458,076	5,336,911	8.58%	48.86%
<b>Component Unit School Board: (nonprofessional)</b>					
2020	0.0031%	\$ 52,402	\$ 646,002	8.11%	52.64%
2019	0.0020%	32,871	395,683	8.31%	52.00%
2018	0.0020%	30,000	378,456	7.93%	51.22%
2017	0.0020%	30,000	371,866	8.07%	48.86%
<b>Component Unit School Board: (professional)</b>					
2020	0.0646%	\$ 1,077,734	\$ 13,290,287	8.11%	52.64%
2019	0.0645%	1,049,424	12,642,973	8.30%	52.00%
2018	0.0660%	1,003,000	12,553,021	7.99%	51.22%
2017	0.0658%	990,000	12,138,156	8.16%	48.86%
<b>Component Unit Industrial Development Authority:</b>					
2020	0.0004%	\$ 7,846	\$ 96,760	8.11%	52.64%
2019	0.0007%	11,178	94,012	11.89%	52.00%
2018	0.0005%	7,462	101,390	7.36%	51.22%
2017	0.0005%	7,924	97,201	8.15%	48.86%

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government:</b>					
2021	\$ 34,836	\$ 34,836	\$ -	\$ 6,451,047	0.54%
2020	32,569	32,569	-	6,263,156	0.52%
2019	30,430	30,430	-	5,852,331	0.52%
2018	30,528	30,528	-	5,566,890	0.55%
2017	29,226	29,226	-	5,336,911	0.55%
<b>Component Unit School Board: (nonprofessional)</b>					
2021	\$ 3,334	\$ 3,334	\$ -	\$ 617,464	0.54%
2020	3,359	3,359	-	646,002	0.52%
2019	2,000	2,000	-	395,683	0.51%
2018	2,000	2,000	-	378,456	0.53%
2017	2,000	2,000	-	371,866	0.54%
2016	1,828	1,828	-	380,779	0.48%
2015	5,562	5,562	-	1,158,779	0.48%
2014	5,552	5,552	-	1,156,588	0.48%
2013	5,227	5,227	-	1,088,927	0.48%
2012	2,965	2,965	-	1,058,837	0.28%
<b>Component Unit School Board: (professional)</b>					
2021	\$ 70,026	\$ 70,026	\$ -	\$ 12,967,773	0.54%
2020	69,109	69,109	-	13,290,287	0.52%
2019	66,000	66,000	-	12,642,973	0.52%
2018	65,000	65,000	-	12,553,021	0.52%
2017	63,000	63,000	-	12,138,156	0.52%
2016	57,184	57,184	-	11,913,257	0.48%
2015	56,112	56,112	-	11,690,083	0.48%
2014	55,245	55,245	-	11,509,272	0.48%
2013	52,472	52,472	-	10,931,751	0.48%
2012	30,367	30,367	-	10,845,368	0.28%
<b>Component Unit Industrial Development Authority:</b>					
2021	\$ 411	\$ 411	\$ -	\$ 76,060	0.54%
2020	503	503	-	96,760	0.52%
2019	489	489	-	94,012	0.52%
2018	485	485	-	101,390	0.48%
2017	506	506	-	97,201	0.52%

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

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

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

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

**Teachers**

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

**Non-Largest Ten Locality Employers - General Employees**

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

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

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

County of Giles, Virginia  
Schedule of Changes in the Employer's Net OPEB Liability (Asset) and Related Ratios  
Component Unit School Board (nonprofessional)  
Health Insurance Credit (HIC) Plan  
For the Measurement Date of June 30, 2020

	<u>2020</u>
Total HIC OPEB Liability	
Benefit changes	\$ 82,988
Net change in total HIC OPEB liability	\$ 82,988
Total HIC OPEB Liability - beginning	-
Total HIC OPEB Liability - ending (a)	<u>\$ 82,988</u>
Plan fiduciary net position	
Net change in plan fiduciary net position	\$ -
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>
Employer's net HIC OPEB liability- ending (a) - (b)	\$ 82,988
Plan fiduciary net position as a percentage of the total HIC OPEB liability	0.00%
Covered payroll	\$ 617,464
Employer's net HIC OPEB liability as a percentage of covered payroll	13.44%

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



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

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

Schedule is intended to show information for 10 years. Information prior to the 2021 valuation is not available. However, additional years will be included as they become available.

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

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

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

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

**Non-Largest Ten Locality Employers - General Employees**

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

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

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)
<b>Component Unit School Board: (professional)</b>					
2020	0.1516%	\$ 1,977,647	\$ 13,290,287	14.88%	9.95%
2019	0.1507%	1,972,417	12,638,082	15.61%	8.97%
2018	0.1552%	1,971,000	12,553,021	15.70%	8.08%
2017	0.1537%	1,950,000	12,131,169	16.07%	7.04%

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

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

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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)
<b>Component Unit School Board: (professional)</b>					
2021	\$ 156,910	\$ 156,910	\$ -	\$ 12,967,773	1.21%
2020	159,483	159,483	-	13,290,287	1.20%
2019	152,000	152,000	-	12,638,082	1.20%
2018	154,000	154,000	-	12,553,021	1.23%
2017	135,000	135,000	-	12,131,169	1.11%
2016	126,281	126,281	-	11,913,257	1.06%
2015	123,419	123,419	-	11,643,292	1.06%
2014	127,534	127,534	-	11,489,582	1.11%
2013	121,322	121,322	-	10,929,923	1.11%
2012	65,072	65,072	-	10,845,368	0.60%

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

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

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

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

## **Other Supplementary Information**

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

	County Capital Improvements Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
Local government	\$ -	\$ -	\$ 240,496	\$ 240,496
Total revenues	\$ -	\$ -	\$ 240,496	\$ 240,496
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 256,396	\$ 256,396	\$ -	\$ 256,396
Public works	878,766	956,443	106,868	849,575
Health and welfare	-	-	46,348	(46,348)
Community development	383,813	383,830	6,600	377,230
Debt service:				
Principal retirement	882,824	882,824	716,481	166,343
Interest and other fiscal charges	432,201	432,201	251,822	180,379
Total expenditures	\$ 2,834,000	\$ 2,911,694	\$ 1,128,119	\$ 1,783,575
Excess (deficiency) of revenues over (under) expenditures	\$ (2,834,000)	\$ (2,911,694)	\$ (887,623)	\$ 2,024,071
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 1,955,234	\$ 2,032,928	\$ -	\$ (2,032,928)
Transfers out	-	-	(270,623)	(270,623)
Issuance of lease revenue bonds	878,766	878,766	259,155	(619,611)
Total other financing sources (uses)	\$ 2,834,000	\$ 2,911,694	\$ (11,468)	\$ (2,923,162)
Net change in fund balances	\$ -	\$ -	\$ (899,091)	\$ (899,091)
Fund balances - beginning	-	-	1,632,864	1,632,864
Fund balances - ending	\$ -	\$ -	\$ 733,773	\$ 733,773

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

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	Custodial Funds <u>Special Welfare Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 39,430
Total assets	<u>\$ 39,430</u>
<b>NET POSITION</b>	
Restricted:	
Amounts held for social services clients	\$ 39,430
Total net position	<u><u>\$ 39,430</u></u>



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

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	Custodial Funds <u>Special Welfare Fund</u>
<b>ADDITIONS</b>	
Special welfare collections	\$ 12,120
Interest income	5
Total additions	<u>\$ 12,125</u>
 <b>DEDUCTIONS</b>	
Special welfare payments	\$ 24,532
Total deductions	<u>\$ 24,532</u>
 Net increase (decrease) in fiduciary net position	 \$ (12,407)
 Net position - beginning, as restated	 51,837
Net position - ending	<u><u>\$ 39,430</u></u>

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

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

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

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

	School Operating Fund	School Activity Fund	Total School Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,885,092	\$ -	\$ 2,885,092
Cash in custody of others	822,995	-	822,995
Cash held at schools	-	1,074,945	1,074,945
Receivables (net of allowance for uncollectibles):			
Accounts receivable	151,389	-	151,389
Due from other governmental units	888,926	-	888,926
Inventories	86,218	-	86,218
Prepaid items	343,201	-	343,201
Total assets	<u>\$ 5,177,821</u>	<u>\$ 1,074,945</u>	<u>\$ 6,252,766</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 571,247	\$ -	\$ 571,247
Accrued payroll	2,388,707	-	2,388,707
Total liabilities	<u>\$ 2,959,954</u>	<u>\$ -</u>	<u>\$ 2,959,954</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	\$ 343,201	\$ -	\$ 343,201
Inventories	86,218	-	86,218
Restricted:			
School cafeteria	822,295	-	822,295
School activity fund	-	1,074,945	1,074,945
Committed	966,153	-	966,153
Total fund balances	<u>\$ 2,217,867</u>	<u>\$ 1,074,945</u>	<u>\$ 3,292,812</u>
Total liabilities and fund balances	<u>\$ 5,177,821</u>	<u>\$ 1,074,945</u>	<u>\$ 6,252,766</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Total fund balances per above			\$ 3,292,812
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land		\$ 473,652	
Construction in progress		29,065	
Buildings and improvements		1,986,918	
Machinery, equipment, and vehicles		<u>1,532,960</u>	4,022,595
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items		\$ 5,708,833	
OPEB related items		<u>1,964,667</u>	7,673,500
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.			
Net OPEB liabilities		\$ (9,393,677)	
Compensated absences		(422,667)	
Net pension liability		<u>(22,828,746)</u>	(32,645,090)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items		\$ (1,754,899)	
OPEB related items		<u>(879,999)</u>	(2,634,898)
Net position of governmental activities			<u>\$ (20,291,081)</u>

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

	School Operating Fund	School Activity Fund*	Total School Fund
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 363	\$ -	\$ 363
Charges for services	57,799	358,168	415,967
Miscellaneous	28,077	-	28,077
Recovered costs	231,152	-	231,152
Intergovernmental:			
Local government	5,881,064	-	5,881,064
Commonwealth	18,406,854	-	18,406,854
Federal	3,577,172	-	3,577,172
Total revenues	<u>\$ 28,182,481</u>	<u>\$ 358,168</u>	<u>\$ 28,540,649</u>
<b>EXPENDITURES</b>			
Current:			
Education	\$ 28,065,078	\$ 623,490	\$ 28,688,568
Total expenditures	<u>\$ 28,065,078</u>	<u>\$ 623,490</u>	<u>\$ 28,688,568</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 117,403</u>	<u>\$ (265,322)</u>	<u>\$ (147,919)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 23,398	\$ 313,180	\$ 336,578
Transfers out	(313,180)	(23,398)	(336,578)
Total other financing sources (uses)	<u>\$ (289,782)</u>	<u>\$ 289,782</u>	<u>\$ -</u>
Net change in fund balances	\$ (172,379)	\$ 24,460	\$ (147,919)
Fund balances - beginning, as restated	<u>2,390,246</u>	<u>1,050,485</u>	<u>3,440,731</u>
Fund balances - ending	<u><u>\$ 2,217,867</u></u>	<u><u>\$ 1,074,945</u></u>	<u><u>\$ 3,292,812</u></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			\$ (147,919)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.			
Capital asset additions		\$ 1,157,531	
Depreciation expense		(1,189,729)	
Reversion of capital assets from Primary Government (net)		<u>1,171,116</u>	1,138,918
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.			
Loss on disposal of assets			(1,200)
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		\$ (9,369)	
Change in OPEB related items		(332,831)	
Change in pension related items		<u>(602,044)</u>	(944,244)
Change in net position of governmental activities			<u><u>\$ 45,555</u></u>

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

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

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 150	\$ 150	\$ 363	\$ 213
Charges for services	585,650	585,650	57,799	(527,851)
Miscellaneous	12,400	12,400	28,077	15,677
Recovered costs	1,021,046	1,021,046	231,152	(789,894)
Intergovernmental:				
Local government	6,796,829	6,796,829	5,881,064	(915,765)
Commonwealth	17,369,340	17,369,340	18,406,854	1,037,514
Federal	1,706,289	1,706,289	3,577,172	1,870,883
Total revenues	\$ 27,491,704	\$ 27,491,704	\$ 28,182,481	\$ 690,777
EXPENDITURES				
Current:				
Education	\$ 27,491,704	\$ 27,581,517	\$ 28,065,078	\$ (483,561)
Total expenditures	\$ 27,491,704	\$ 27,581,517	\$ 28,065,078	\$ (483,561)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (89,813)	\$ 117,403	\$ 207,216
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 23,398	\$ 23,398
Transfers out	-	-	(313,180)	(313,180)
Total other financing sources (uses)	\$ -	\$ -	\$ (289,782)	\$ (289,782)
Net change in fund balances	\$ -	\$ (89,813)	\$ (172,379)	\$ (82,566)
Fund balances - beginning	-	89,813	2,390,246	2,300,433
Fund balances - ending	\$ -	\$ -	\$ 2,217,867	\$ 2,217,867

County of Giles, Virginia  
Statement of Net Position  
Component Unit - Industrial Development Authority  
June 30, 2021

	<b>Industrial Development Authority</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 15,781
Accounts receivable (net of allowance for uncollectibles)	199,961
Total current assets	<u>\$ 215,742</u>
Noncurrent assets:	
Lease purchase receivable	\$ 542,492
Noncurrent assets:	
Inventories (land and buildings held for resale)	1,657,220
Capital assets:	
Land	461,478
Buildings and improvements	9,650,947
Accumulated depreciation	(2,998,223)
Total capital assets	<u>\$ 7,114,202</u>
Total noncurrent assets	<u>\$ 9,313,914</u>
Total assets	<u>\$ 9,529,656</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related items	\$ 52,359
OPEB related items	3,535
Total deferred outflows of resources	<u>\$ 55,894</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 15,795
Accrued interest payable	66,308
Unearned revenue	300,000
Bonds payable - current portion	407,163
Total current liabilities	<u>\$ 789,266</u>
Noncurrent liabilities:	
Net OPEB liabilities	\$ 27,265
Net pension liability	104,465
Bonds payable - net of current portion	4,038,939
Total noncurrent liabilities	<u>\$ 4,170,669</u>
Total liabilities	<u>\$ 4,959,935</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related items	\$ 457
OPEB related items	4,868
Deferred amount on refunding	2,614
Total deferred inflows of resources	<u>\$ 7,939</u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 2,665,486
Unrestricted	1,952,190
Total net position	<u>\$ 4,617,676</u>

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

County of Giles, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2021

	<b>Industrial Development Authority</b>
<b>OPERATING REVENUES</b>	
Charges for services:	
Rental of property	\$ 614,240
Sale of land held as inventory:	
Sale of real estate	178,500
Miscellaneous	7,955
Total operating revenues	<u>\$ 800,695</u>
<b>OPERATING EXPENSES</b>	
Salaries	\$ 95,843
Fringes	31,992
Repair and maintenance	4,734
Insurance	30,074
Miscellaneous	3,812
Utilities	15,804
Depreciation	258,018
Economic development	177,284
Total operating expenses	<u>\$ 617,561</u>
Operating income (loss)	<u>\$ 183,134</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	\$ 3,906
Grants	15,000
Interest expense	(147,759)
Total nonoperating revenues (expenses)	<u>\$ (128,853)</u>
Income before contributions and transfers	<u>\$ 54,281</u>
Capital contributions and construction grants	24,903
Contribution to primary government	<u>(249,133)</u>
Change in net position	\$ (169,949)
Net position - beginning	4,787,625
Net position - ending	<u><u>\$ 4,617,676</u></u>

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

County of Giles, Virginia  
Statement of Cash Flows  
Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2021

	<u>Component Unit</u> <u>Industrial</u> <u>Development</u> <u>Authority</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 617,721
Payments to suppliers	(332,735)
Payments to employees	(123,316)
Net cash provided by (used for) operating activities	<u>\$ 161,670</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers to other funds	\$ (249,133)
CDBG - DHCD Opportunity Zone reimbursement	15,000
Net cash provided by (used for) noncapital financing activities	<u>\$ (234,133)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal payments on bonds	\$ (235,613)
Contributions in aid of construction	324,903
Interest payments	(116,882)
Net cash provided by (used for) capital and related financing activities	<u>\$ (27,592)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	\$ 3,906
Note receivable payments	12,094
Net cash provided by (used for) investing activities	<u>\$ 16,000</u>
Net increase (decrease) in cash and cash equivalents	\$ (84,055)
Cash and cash equivalents - beginning	<u>99,836</u>
Cash and cash equivalents - ending	<u><u>\$ 15,781</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	<u>\$ 183,134</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation expense	\$ 258,018
(Increase) decrease in accounts receivable	(182,974)
(Increase) decrease in deferred outflows of resources	(32,566)
Increase (decrease) in accounts payable	(101,027)
Increase (decrease) in net OPEB liability	(7,537)
Increase (decrease) in net pension liability	47,667
Increase (decrease) in deferred inflows of resources	(3,045)
Total adjustments	<u>\$ (21,464)</u>
Net cash provided by (used for) operating activities	<u><u>\$ 161,670</u></u>

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



## **Supporting Schedules**

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

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>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 6,865,396	\$ 6,865,396	\$ 7,610,610	\$ 745,214
Real and personal public service corporation taxes	780,051	780,051	768,612	(11,439)
Personal property taxes	2,520,544	2,520,544	2,784,135	263,591
Mobile home taxes	49,573	49,573	63,896	14,323
Machinery and tools taxes	4,972,304	4,972,304	5,360,685	388,381
Merchant's capital	212,373	212,373	239,371	26,998
Penalties	124,000	124,000	125,950	1,950
Interest	76,000	76,000	72,885	(3,115)
Total general property taxes	\$ 15,600,241	\$ 15,600,241	\$ 17,026,144	\$ 1,425,903
Other local taxes:				
Local sales and use taxes	\$ 1,312,907	\$ 1,312,907	\$ 1,802,604	\$ 489,697
Consumers' utility taxes	242,293	242,293	246,748	4,455
Consumption taxes	50,097	50,097	49,026	(1,071)
Gross receipts tax	8,268	8,268	5,610	(2,658)
Motor vehicle licenses	252,769	252,769	203,435	(49,334)
Local tax on deeds	74,105	74,105	124,971	50,866
Hotel and motel room taxes	108,437	108,437	150,797	42,360
Total other local taxes	\$ 2,048,876	\$ 2,048,876	\$ 2,583,191	\$ 534,315
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 3,600	\$ 3,600	\$ 3,527	\$ (73)
Land use application fees	400	400	1,360	960
Transfer fees	500	500	710	210
Variance and rezoning fees	7,000	7,000	6,740	(260)
Building permits	34,000	34,000	33,832	(168)
Total permits, privilege fees, and regulatory licenses	\$ 45,500	\$ 45,500	\$ 46,169	\$ 669
Fines and forfeitures:				
Court fines and forfeitures	\$ 36,500	\$ 36,500	\$ 29,879	\$ (6,621)
Revenue from use of money and property:				
Revenue from use of money	\$ 95,197	\$ 95,197	\$ 73,038	\$ (22,159)
Revenue from use of property	45,739	45,739	8,027	(37,712)
Total revenue from use of money and property	\$ 140,936	\$ 140,936	\$ 81,065	\$ (59,871)
Charges for services:				
Charges for law enforcement and traffic control	\$ 13,776	\$ 13,776	\$ 11,502	\$ (2,274)
Charges for courthouse maintenance	31,000	31,000	24,420	(6,580)
Charges for processing arrest fee	2,800	2,800	1,576	(1,224)
Charges for Commonwealth's Attorney	4,700	4,700	2,729	(1,971)
Charges for nonconsecutive jail and blood test/dna fees	600	600	366	(234)
Charges for law library	1,700	1,700	1,279	(421)
Charges for courtroom security fee	53,000	53,000	83,704	30,704
Charges for PSA billings	56,676	56,676	56,676	-
Charges for parks and recreation	210,546	210,546	274,419	63,873
Charges for US forest patrols	5,800	5,800	5,400	(400)
Charges for copies	2,400	2,400	1,932	(468)
Charges for wellness center fees	141,040	141,040	131,142	(9,898)

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

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>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Other charges for services	\$ 11,340	\$ 11,340	\$ 18,008	\$ 6,668
Total charges for services	\$ 535,378	\$ 535,378	\$ 613,153	\$ 77,775
Miscellaneous:				
Miscellaneous	\$ 257,244	\$ 257,244	\$ 53,044	\$ (204,200)
ACCE Donations	45,000	45,000	2,500	(42,500)
CTCL COVID response grant	-	-	7,959	7,959
Total miscellaneous	\$ 302,244	\$ 302,244	\$ 63,503	\$ (238,741)
Recovered costs:				
School resource officer	\$ 320,469	\$ 320,469	\$ 320,514	\$ 45
Health insurance recoveries	22,702	22,702	528	(22,174)
Health department and Social Services	127,437	127,437	153,718	26,281
DMV license agent reimbursement	38,700	38,700	182,933	144,233
PSA recovered costs	120,000	120,000	72,183	(47,817)
Collections	54,000	54,000	56,002	2,002
Schools	979,046	979,046	962,895	(16,151)
Fuel reimbursements	174,820	174,820	108,616	(66,204)
Other recovered costs	10,200	10,200	106,281	96,081
Total recovered costs	\$ 1,847,374	\$ 1,847,374	\$ 1,963,670	\$ 116,296
Total revenue from local sources	\$ 20,557,049	\$ 20,557,049	\$ 22,406,774	\$ 1,849,725
Intergovernmental:				
Revenues from local governments:				
Contribution from Giles County IDA	\$ -	\$ -	\$ 46,137	\$ 46,137
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 120,000	\$ 120,000	\$ 116,620	\$ (3,380)
Mobile home titling tax	22,000	22,000	24,554	2,554
Animal friendly plates	305	305	237	(68)
Motor vehicle rental tax	2,000	2,000	5,247	3,247
State recordation tax	43,000	43,000	34,258	(8,742)
Communications sales taxes	233,500	233,500	186,287	(47,213)
Personal property tax relief funds	1,227,860	1,227,860	1,227,860	-
Games of skill	-	-	6,048	6,048
Total noncategorical aid	\$ 1,648,665	\$ 1,648,665	\$ 1,601,111	\$ (47,554)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 351,135	\$ 351,135	\$ 371,227	\$ 20,092
Sheriff	1,011,699	1,011,699	1,049,214	37,515
Commissioner of revenue	123,882	123,882	124,372	490
Treasurer	97,504	97,504	100,360	2,856
Registrar/electoral board	37,030	37,030	39,383	2,353
Clerk of circuit court	232,344	232,344	254,337	21,993
Total shared expenses	\$ 1,853,594	\$ 1,853,594	\$ 1,938,893	\$ 85,299

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

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>
<b>General Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Public assistance and welfare administration	\$ 1,130,407	\$ 1,130,407	\$ 1,236,591	\$ 106,184
State and Local Foster Care	-	-	1,539	1,539
Byrne special fund-terrorism prevention	-	-	1,895	1,895
Comprehensive Services Act program	1,700,000	1,700,000	1,271,664	(428,336)
Litter control grant	9,309	9,309	8,704	(605)
Juvenile justice	9,000	9,000	9,243	243
Victim witness	17,500	17,500	17,500	-
Two-for-Life	16,500	16,500	-	(16,500)
Asset Forfeiture	-	-	27,488	27,488
Fire programs	38,084	38,084	39,840	1,756
Virginia telecom initiative	383,813	383,813	-	(383,813)
911 wireless grant	41,000	41,000	52,382	11,382
E911 PSAP equipment grant	150,000	150,000	-	(150,000)
VA information tech agency grant	-	-	6,583	6,583
Other categorical aid	75,000	75,000	1,300	(73,700)
Total other categorical aid	<u>\$ 3,570,613</u>	<u>\$ 3,570,613</u>	<u>\$ 2,674,729</u>	<u>\$ (895,884)</u>
Total categorical aid	<u>\$ 5,424,207</u>	<u>\$ 5,424,207</u>	<u>\$ 4,613,622</u>	<u>\$ (810,585)</u>
Total revenue from the Commonwealth	<u>\$ 7,072,872</u>	<u>\$ 7,072,872</u>	<u>\$ 6,214,733</u>	<u>\$ (858,139)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 181,935	\$ 181,935	\$ 192,402	\$ 10,467
Categorical aid:				
Public assistance and welfare administration	\$ 1,749,308	\$ 1,749,308	\$ 2,108,491	\$ 359,183
Coronavirus relief funds	-	-	2,432,565	2,432,565
Victim witness	52,500	52,500	52,500	-
State and community highway safety grants	5,000	5,000	9,471	4,471
CGBG small business resiliency grant	-	-	785,748	785,748
Department of Justice - COVID response grant	-	-	43,548	43,548
Total categorical aid	<u>\$ 1,806,808</u>	<u>\$ 1,806,808</u>	<u>\$ 5,432,323</u>	<u>\$ 3,625,515</u>
Total revenue from the federal government	<u>\$ 1,988,743</u>	<u>\$ 1,988,743</u>	<u>\$ 5,624,725</u>	<u>\$ 3,635,982</u>
Total General Fund	<u>\$ 29,618,664</u>	<u>\$ 29,618,664</u>	<u>\$ 34,292,369</u>	<u>\$ 4,673,705</u>
<b>Capital Projects Fund:</b>				
<b>County Capital Improvements Fund:</b>				
Intergovernmental:				
Revenues from local governments:				
Contribution from Giles County IDA	\$ -	\$ -	\$ 202,996	\$ 202,996
Contribution from Town of Rick Creek	-	-	37,500	37,500
Total County Capital Improvements Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 240,496</u>	<u>\$ 240,496</u>
Total Primary Government	<u>\$ 29,618,664</u>	<u>\$ 29,618,664</u>	<u>\$ 34,532,865</u>	<u>\$ 4,914,201</u>

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

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>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 87	\$ 87
Revenue from the use of property	150	150	276	126
Total revenue from use of money and property	\$ 150	\$ 150	\$ 363	\$ 213
Charges for services:				
Charges for education	\$ 28,000	\$ 28,000	\$ 10,350	\$ (17,650)
Cafeteria sales	542,000	542,000	47,449	(494,551)
Transportation of pupils	650	650	-	(650)
Other charges for services	15,000	15,000	-	(15,000)
Total charges for services	\$ 585,650	\$ 585,650	\$ 57,799	\$ (527,851)
Miscellaneous:				
Miscellaneous	\$ 12,400	\$ 12,400	\$ 28,077	\$ 15,677
Recovered costs:				
Rebates and refunds	\$ 1,021,046	\$ 1,021,046	\$ 231,152	\$ (789,894)
Total revenue from local sources	\$ 1,619,246	\$ 1,619,246	\$ 317,391	\$ (1,301,855)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Giles, Virginia	\$ 6,796,829	\$ 6,796,829	\$ 5,665,592	\$ (1,131,237)
Contribution from County of Giles, Virginia - COVID	-	-	215,472	215,472
Total revenues from local governments	\$ 6,796,829	\$ 6,796,829	\$ 5,881,064	\$ (915,765)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,780,911	\$ 2,780,911	\$ 3,187,699	\$ 406,788
Basic school aid	8,407,241	8,407,241	8,164,343	(242,898)
Remedial summer education	23,708	23,708	9,704	(14,004)
Regular foster care	27,738	27,738	6,165	(21,573)
Gifted and talented	86,038	86,038	84,836	(1,202)
Remedial education	267,317	267,317	271,250	3,933
School food	19,859	19,859	16,986	(2,873)
Special education	1,404,569	1,404,569	1,325,188	(79,381)
Textbook payment	177,818	177,818	174,558	(3,260)
Vocational standards of quality payments	461,629	461,629	453,166	(8,463)
Vocational adult education	88,143	88,143	-	(88,143)
CTE occupational preparedness	-	-	86,411	86,411
Social security fringe benefits	537,739	537,739	527,882	(9,857)
Vocational education - equipment	4,500	4,500	-	(4,500)
Retirement fringe benefits	1,352,519	1,352,519	1,229,559	(122,960)
Group life fringe benefits	38,055	38,055	37,358	(697)
State lottery payments	-	-	677,342	677,342
Early reading intervention	75,311	75,311	72,714	(2,597)
Homebound education	-	-	17,495	17,495
Virginia preschool initiative	337,343	337,343	187,231	(150,112)
Primary class size	420,732	420,732	402,480	(18,252)
Technology	-	-	2,970	2,970
Standards of Learning algebra readiness	38,210	38,210	36,726	(1,484)
CTE Certification Grant	2,600	2,600	46,081	43,481

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

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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>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
E-rate	\$ 77,000	\$ 77,000	\$ 102,240	\$ 25,240
Special education - foster children	-	-	9,810	9,810
At risk payments	478,500	478,500	470,018	(8,482)
GED prep program	8,355	8,355	8,387	32
English as a second language	-	-	8,168	8,168
VPSA technology grants	180,000	180,000	377,723	197,723
Project graduation	-	-	4,165	4,165
No loss funding	-	-	265,367	265,367
Learning loss PPA funds	-	-	107,377	107,377
Other state funds	73,505	73,505	35,455	(38,050)
Total categorical aid	\$ 17,369,340	\$ 17,369,340	\$ 18,406,854	\$ 1,037,514
Total revenue from the Commonwealth	\$ 17,369,340	\$ 17,369,340	\$ 18,406,854	\$ 1,037,514
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 458,807	\$ 458,807	\$ 488,909	\$ 30,102
Title VI-B, special education flow-through	525,706	525,706	561,994	36,288
Vocational education	36,294	36,294	64,704	28,410
Summer food service program	20,965	20,965	1,647,757	1,626,792
Title II	75,730	75,730	95,434	19,704
Special Education - preschool	14,374	14,374	2,771	(11,603)
National school lunch program	-	-	99,451	99,451
School breakfast program	542,000	542,000	3,259	(538,741)
Title IV Part A	32,413	32,413	2,240	(30,173)
Forest reserve payments	-	-	56,623	56,623
CARES CRF K-12 Schools	-	-	396,340	396,340
TANF - VA Preschool - 93.558	-	-	57,690	57,690
EPA Grant	-	-	100,000	100,000
Total categorical aid	\$ 1,706,289	\$ 1,706,289	\$ 3,577,172	\$ 1,870,883
Total revenue from the federal government	\$ 1,706,289	\$ 1,706,289	\$ 3,577,172	\$ 1,870,883
Total School Operating Fund	\$ 27,491,704	\$ 27,491,704	\$ 28,182,481	\$ 690,777

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

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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>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 127,619	\$ 138,495	\$ 139,169	\$ (674)
General and financial administration:				
County administrator	\$ 632,765	\$ 643,050	\$ 642,773	\$ 277
Legal services	195,500	198,724	198,674	50
Commissioner of revenue	329,832	342,933	338,273	4,660
Assessor	-	3,150	3,150	-
Land use	-	168	168	-
Treasurer	515,988	513,353	506,973	6,380
PSA billing and collection	-	66,022	22,748	43,274
Department of motor vehicles	-	79,118	24,581	54,537
Total general and financial administration	\$ 1,674,085	\$ 1,846,518	\$ 1,737,340	\$ 109,178
Board of elections:				
Registrar	\$ 188,828	\$ 201,156	\$ 192,364	\$ 8,792
Coronavirus relief - elections	-	7,959	7,959	-
Total board of elections	\$ 188,828	\$ 209,115	\$ 200,323	\$ 8,792
Total general government administration	\$ 1,990,532	\$ 2,194,128	\$ 2,076,832	\$ 117,296
Judicial administration:				
Courts:				
Circuit court	\$ 7,250	\$ 5,750	\$ 5,616	\$ 134
General district court	21,750	26,056	25,186	870
Magistrate	200	-	-	-
Juvenile and domestic court	19,050	14,050	8,968	5,082
Clerk of the circuit court	379,682	403,015	391,287	11,728
Law library	4,000	4,892	4,792	100
Total courts	\$ 431,932	\$ 453,763	\$ 435,849	\$ 17,914
Commonwealth's attorney:				
Commonwealth's attorney	\$ 480,727	\$ 496,904	\$ 494,922	\$ 1,982
Victim Witness	70,000	71,000	70,391	609
Total commonwealth's attorney	\$ 550,727	\$ 567,904	\$ 565,313	\$ 2,591
Total judicial administration	\$ 982,659	\$ 1,021,667	\$ 1,001,162	\$ 20,505
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,269,651	\$ 2,418,927	\$ 2,394,476	\$ 24,451
Criminal justice training	23,275	22,310	22,310	-
Total law enforcement and traffic control	\$ 2,292,926	\$ 2,441,237	\$ 2,416,786	\$ 24,451
Fire and rescue services:				
Fire and rescue	\$ -	\$ 207,337	\$ 191,653	\$ 15,684
GIS system development	116,726	112,543	111,894	649
Ambulance service	717,298	569,630	543,310	26,320
Total fire and rescue services	\$ 834,024	\$ 889,510	\$ 846,857	\$ 42,653

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

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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>
<b>General Fund: (Continued)</b>				
Public Safety: (Continued)				
Correction and detention:				
New River Valley Regional Jail	\$ 1,058,575	\$ 1,043,485	\$ 1,041,303	\$ 2,182
NRV juvenile detention	146,384	146,384	146,384	-
Total correction and detention	\$ 1,204,959	\$ 1,189,869	\$ 1,187,687	\$ 2,182
Inspections:				
Building official	\$ 137,425	\$ 134,405	\$ 133,119	\$ 1,286
Other protection:				
Animal control	\$ 208,736	\$ 190,833	\$ 186,652	\$ 4,181
Medical examiner	500	500	480	20
Emergency services	165,126	171,413	6,287	165,126
Inmate work program	127,546	175,572	175,326	246
Haz-mat services	6,592	2,180	1,852	328
School Resource Officer	326,973	328,356	327,647	709
US forest service	6,113	6,113	3,552	2,561
Law enforcement grants	2,153	3,755	3,755	-
Coronavirus relief	-	49,207	49,207	-
Total other protection	\$ 843,739	\$ 927,929	\$ 754,758	\$ 173,171
Total public safety	\$ 5,313,073	\$ 5,582,950	\$ 5,339,207	\$ 243,743
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 150	\$ -	\$ -	\$ -
Sanitation and waste removal:				
Landfill monitoring	\$ 72,400	\$ 60,400	\$ 59,730	\$ 670
Weed control	3,000	3,010	3,010	-
Total sanitation and waste removal	\$ 75,400	\$ 63,410	\$ 62,740	\$ 670
Maintenance of general buildings and grounds:				
General properties	\$ 889,014	\$ 2,226,152	\$ 2,223,683	\$ 2,469
Total public works	\$ 964,564	\$ 2,289,562	\$ 2,286,423	\$ 3,139
Health and welfare:				
Health:				
Supplement of local health department	\$ 131,735	\$ 132,396	\$ 132,396	\$ -
Mental health and mental retardation:				
Community services board	\$ 121,229	\$ 54,584	\$ 54,584	\$ -
Welfare:				
Comprehensive services	\$ 2,439,000	\$ 2,386,223	\$ 1,832,921	\$ 553,302
Welfare administration and public assistance	3,604,952	3,743,993	4,003,457	(259,464)
Fairview home	-	18,401	21,371	(2,970)
NRVSS nutrition program	-	79	-	79
NRV disability services board	-	1,818	1,818	-
New River community action	-	15,082	15,082	-
Women's resource center	-	5,574	5,574	-
Free clinic of the NRV, Inc.	-	8,000	8,000	-
Area agency on aging	-	8,075	8,075	-



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

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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>
<b>General Fund: (Continued)</b>				
Health and welfare: (Continued)				
Senior center	\$ 89,337	\$ 86,187	\$ 82,182	\$ 4,005
Literacy volunteers of America	-	566	566	-
NRV cares	-	250	250	-
Total welfare	\$ 6,133,289	\$ 6,274,248	\$ 5,979,296	\$ 294,952
Total health and welfare	\$ 6,386,253	\$ 6,461,228	\$ 6,166,276	\$ 294,952
Education:				
Educational costs:				
Contributions to Community College	\$ 130,390	\$ 9,427	\$ 9,427	\$ -
Contribution to County School Board	6,796,829	6,796,829	5,665,592	1,131,237
Contribution to County School Board - COVID 19	-	-	215,472	(215,472)
School Transfer Employees	1,310,012	1,529,505	1,527,293	2,212
Coronavirus relief - schools	-	425,167	209,695	215,472
Total education	\$ 8,237,231	\$ 8,760,928	\$ 7,627,479	\$ 1,133,449
Parks, recreation, and cultural:				
Parks and recreation:				
Swimming pool	\$ 730	\$ 4,318	\$ 4,317	\$ 1
Golf course	152,030	163,534	164,892	(1,358)
Castle Rock operations	122,528	184,047	181,878	2,169
Wellness center	201,215	220,715	220,603	112
Other recreation and cultural enrichment	91,918	122,567	113,567	9,000
Total parks and recreation	\$ 568,421	\$ 695,181	\$ 685,257	\$ 9,924
Library:				
Contribution to county library	\$ 29,250	\$ 29,250	\$ 29,250	\$ -
Total parks, recreation, and cultural	\$ 597,671	\$ 724,431	\$ 714,507	\$ 9,924
Community development:				
Planning and community development:				
County planner	\$ 106,816	\$ 104,393	\$ 103,889	\$ 504
Planning commission	18,026	14,226	13,716	510
Contribution to IDA	508,230	503,665	-	503,665
Contribution to IDA - business resiliency grants	-	753,952	760,748	(6,796)
Zoning Board	538	38	-	38
Tourism	165,544	266,386	257,038	9,348
Other community development	-	120,963	192,396	(71,433)
Total planning and community development	\$ 799,154	\$ 1,763,623	\$ 1,327,787	\$ 435,836
Environmental management:				
Contributions to soil and water districts	\$ 13,000	\$ 13,000	\$ 13,000	\$ -
Cooperative extension program:				
Extension office	\$ 82,575	\$ 74,507	\$ 74,306	\$ 201
Total community development	\$ 894,729	\$ 1,851,130	\$ 1,415,093	\$ 436,037
Nondepartmental:				
Fringe benefits and fuel charges	\$ 339,445	\$ 329,444	\$ 322,004	\$ 7,440

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

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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>
<b>General Fund: (Continued)</b>				
Debt service:				
Principal retirement	\$ 764,135	\$ 764,135	\$ 445,000	\$ 319,135
Interest and other fiscal charges	485,865	485,865	282,940	202,925
Total debt service	<u>\$ 1,250,000</u>	<u>\$ 1,250,000</u>	<u>\$ 727,940</u>	<u>\$ 522,060</u>
Total General Fund	<u>\$ 26,956,157</u>	<u>\$ 30,465,468</u>	<u>\$ 27,676,923</u>	<u>\$ 2,788,545</u>
<b>Capital Projects Fund:</b>				
<b>County Capital Improvements Fund:</b>				
General and financial administration:				
Information Technology	\$ 256,396	\$ 256,396	\$ -	\$ 256,396
Public Works:				
Rich Creek cross-over project	\$ -	\$ 77,677	\$ 78,017	\$ (340)
Public safety building	878,766	878,766	28,851	849,915
Total Public Works	<u>\$ 878,766</u>	<u>\$ 956,443</u>	<u>\$ 106,868</u>	<u>\$ 849,575</u>
Health and Welfare:				
Senior Center van	\$ -	\$ -	\$ 46,348	\$ (46,348)
Community development:				
Other capital projects	\$ 383,813	\$ 383,830	\$ 6,600	\$ 377,230
Debt service:				
Principal retirement	\$ 882,824	\$ 882,824	\$ 716,481	\$ 166,343
Interest and other fiscal charges	432,201	432,201	251,822	180,379
Total debt service	<u>\$ 1,315,025</u>	<u>\$ 1,315,025</u>	<u>\$ 968,303</u>	<u>\$ 346,722</u>
Total County Capital Improvements Fund	<u>\$ 2,834,000</u>	<u>\$ 2,911,694</u>	<u>\$ 1,128,119</u>	<u>\$ 1,783,575</u>
Total Primary Government	<u>\$ 29,790,157</u>	<u>\$ 33,377,162</u>	<u>\$ 28,805,042</u>	<u>\$ 4,572,120</u>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Education:				
Instruction costs:				
Instruction costs	\$ 18,917,329	\$ 19,408,942	\$ 18,478,931	\$ 930,011
Operating costs:				
Attendance and health services	\$ 1,415,000	\$ 1,477,237	\$ 1,473,218	\$ 4,019
Pupil transportation	1,315,500	1,149,021	1,750,020	(600,999)
Operation and maintenance of school plant	2,622,975	2,868,436	2,892,887	(24,451)
Technology	1,475,300	1,546,537	1,756,069	(209,532)
Total operating costs	<u>\$ 6,828,775</u>	<u>\$ 7,041,231</u>	<u>\$ 7,872,194</u>	<u>\$ (830,963)</u>
School food services:				
Administration of school food program (1)	\$ 1,745,600	\$ 1,131,344	\$ 1,713,953	\$ (582,609)
Total School Operating Fund	<u>\$ 27,491,704</u>	<u>\$ 27,581,517</u>	<u>\$ 28,065,078</u>	<u>\$ (483,561)</u>

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

## **Other Statistical Information**

Table 1

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

Fiscal Year	General Government			Judicial Administration	Public Safety	Public Works	Health and Welfare	Parks, Recreation, and Cultural			Community Development	Interest on Long-Term Debt		Water Department	Total							
	Administration	Government						Education				Term Debt										
2020-21	\$	2,090,547	\$	1,148,849	\$	5,720,493	\$	2,672,241	\$	6,275,967	\$	8,578,152	\$	741,098	\$	1,509,885	\$	457,160	\$	1,932,259	\$	31,126,651
2019-20		2,152,759		977,293		5,169,637		1,252,009		6,192,832		9,093,400		545,562		1,539,562		688,105		1,954,116		29,565,275
2018-19		2,107,469		976,432		4,811,215		1,667,513		6,134,500		8,867,987		669,231		2,079,776		724,825		1,930,481		29,969,429
2017-18		2,135,564		908,019		5,008,127		2,036,218		5,759,377		9,015,261		668,902		3,139,891		683,365		1,773,159		31,127,883
2016-17		1,951,788		974,122		4,964,595		623,864		5,461,798		7,225,328		671,035		1,928,771		743,619		1,561,238		26,106,158
2015-16		1,441,831		797,006		4,007,034		1,319,630		4,795,609		8,788,324		528,821		1,816,107		927,185		1,649,943		26,071,490
2014-15		1,515,689		775,707		4,492,726		913,182		4,327,725		8,451,877		616,476		1,068,553		924,761		1,648,454		24,735,150
2013-14		1,697,198		810,317		4,662,815		897,488		4,107,908		7,837,326		742,703		933,299		961,132		1,737,460		24,387,646
2012-13		1,040,876		704,273		5,055,111		595,826		3,742,017		7,869,352		741,059		803,350		1,338,211		1,791,446		23,681,521
2011-12		1,465,212		749,059		3,858,811		433,301		3,815,866		6,418,750		764,944		427,820		1,109,865		1,633,876		20,677,504

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Gain on Sale of Assets	Total
2020-21	\$ 1,401,703	\$ 10,076,862	\$ 6,583		\$ 16,945,691	\$ 2,583,191	\$ 81,065	\$ 120,892	\$ 2,042,646	\$ -	\$ 33,258,633
2019-20	1,342,171	7,326,385	239,106		16,498,586	2,241,131	132,814	95,846	2,355,704	-	30,231,743
2018-19	1,363,371	6,565,680	817,448		15,505,911	2,344,259	103,459	104,102	2,492,667	-	29,296,897
2017-18	1,416,939	6,489,215	502,432		14,912,778	2,108,762	123,490	528,908	1,714,833	-	27,797,357
2016-17	1,305,764	6,342,111	-		14,956,758	1,981,807	123,129	171,794	1,753,834	-	26,635,197
2015-16	1,282,060	5,559,330	162,150		13,738,261	2,104,456	132,912	160,325	1,746,646	-	24,886,140
2014-15	1,318,822	5,047,053	50,000		12,826,895	2,154,391	161,700	38,211	1,823,014	-	23,420,086
2013-14	1,231,925	5,001,133	54,727		12,476,520	1,956,894	170,803	43,716	1,767,544	-	22,703,262
2012-13	1,207,568	4,493,402	113,826		12,073,980	1,919,216	237,267	47,256	1,875,527	14,027	21,982,069
2011-12	1,326,038	4,539,944	170,824		11,877,251	1,746,202	275,397	24,655	1,695,160	-	21,655,471

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

Fiscal Year	General Government Administration			Public Safety	Public Works	Health and Welfare		Education (2)	Parks, Recreation, and Cultural Development (3)		Non-departmental	Debt Service		Total
	Government Administration	Judicial Administration												
2020-21	\$ 2,076,832	\$ 1,001,162	\$ 5,339,207	\$ 2,393,291	\$ 6,212,624	\$ 30,434,983	\$ 714,507	\$ 1,421,693	\$ 322,004	\$ 1,696,243	\$ 51,612,546			
2019-20	2,241,607	916,792	5,397,498	1,104,254	6,227,801	28,661,505	566,209	1,464,590	297,788	2,146,041	49,024,085			
2018-19	1,986,623	866,789	5,394,576	1,435,251	6,275,422	28,583,048	646,503	1,969,673	458,994	2,471,754	50,088,633			
2017-18	2,137,491	882,239	5,383,062	3,617,256	5,965,561	27,556,952	666,223	3,069,168	436,263	2,351,878	52,066,093			
2016-17	1,995,494	926,525	5,195,900	3,191,385	5,551,415	27,037,329	685,394	2,093,270	356,710	2,436,804	49,470,226			
2015-16	1,997,836	784,958	4,623,190	1,353,497	4,901,844	26,086,780	693,810	1,734,767	563,217	2,918,832	45,658,731			
2014-15	1,973,055	765,051	4,974,892	958,047	4,328,086	24,349,938	662,203	965,433	571,052	2,872,775	42,420,532			
2013-14	1,715,246	751,023	4,859,461	764,931	4,183,873	24,392,929	736,620	847,845	678,231	2,656,697	41,586,856			
2012-13 (4)	1,412,456	752,773	5,562,669	599,672	3,851,966	23,806,787	704,999	721,978	880,871	2,620,748	40,914,919			
2011-12	1,489,763	706,626	4,011,209	421,212	3,865,490	22,398,858	743,801	344,123	743,593	2,912,690	37,637,365			

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

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

(3) FY 2009-10 includes a contribution of \$4,375,511 to the Giles Industrial Development Authority in support of the hospital infrastructure projects.

(4) Debt service excludes bond refundings of \$15,659,156.

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2020-21	\$ 17,026,144	\$ 2,583,191	\$ 46,169	\$ 29,879	\$ 81,428	\$ 1,029,120	\$ 91,580	\$ 2,194,822	\$ 34,110,117	\$ 57,192,450
2019-20	16,513,348	2,241,131	80,657	8,984	133,198	1,019,372	211,434	2,047,516	29,307,885	51,563,525
2018-19	15,483,836	2,344,259	44,149	59,320	103,937	1,101,355	146,499	2,790,734	28,427,753	50,501,842
2017-18	15,023,419	2,108,762	46,163	37,391	123,839	1,136,977	629,648	2,066,639	26,767,621	47,940,459
2016-17	14,883,081	1,981,807	41,617	11,634	126,728	1,147,965	257,991	2,561,897	25,843,221	46,855,941
2015-16	13,716,313	2,104,456	44,814	33,190	131,849	1,042,098	179,437	2,296,096	25,285,297	44,833,550
2014-15	12,739,163	2,154,391	93,856	37,418	159,778	985,066	168,929	1,530,109	24,203,838	42,072,548
2013-14	12,485,742	1,956,894	31,809	62,616	167,140	1,039,479	103,345	1,326,136	23,700,159	40,873,320
2012-13	12,105,056	1,919,216	50,540	105,492	236,113	1,059,533	93,685	1,529,023	23,403,966	40,502,624
2011-12	11,857,303	1,746,202	42,986	31,194	275,735	1,150,905	123,361	1,174,262	23,110,381	39,512,329

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

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

Table 5

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

Fiscal Year	Total Tax Levy (1,2)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1,2)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,3)	Percent of Delinquent Taxes to Tax Levy
2020-21	\$ 17,884,624	\$ 17,256,992	96.49%	\$ 798,177	\$ 18,055,169	100.95%	\$ 807,697	4.52%
2019-20	17,435,939	17,016,483	97.59%	536,018	17,552,501	100.67%	1,125,011	6.45%
2018-19	16,470,042	16,002,227	97.16%	524,127	16,526,354	100.34%	901,506	5.47%
2017-18	15,880,882	15,508,069	97.65%	534,678	16,042,747	101.02%	904,894	5.70%
2016-17	15,928,638	15,379,762	96.55%	563,468	15,943,230	100.09%	913,294	5.73%
2015-16	14,755,944	14,342,221	97.20%	454,873	14,797,094	100.28%	897,336	6.08%
2014-15	13,844,229	13,312,457	96.16%	518,680	13,831,137	99.91%	859,505	6.21%
2013-14	13,579,232	13,079,642	96.32%	497,647	13,577,289	99.99%	816,733	6.01%
2012-13	13,140,195	12,479,020	94.97%	714,599	13,193,619	100.41%	763,561	5.81%
2011-12	12,934,608	12,404,021	95.90%	946,344	13,350,365	103.21%	835,655	6.46%

(1) Exclusive of penalties and interest.

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

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



Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes (1)	Machinery and Tools	Public Utilities (2)	Merchants Capital	Common Carrier	Total
2020-21	\$ 1,159,388,800	\$ 202,931,965	\$ 265,367,284	\$ 117,299,750	\$ 28,787,458	\$ 1,233,548	\$ 1,775,008,805
2019-20	1,116,738,150	201,373,670	260,510,116	115,919,234	25,340,459	1,185,600	1,721,067,229
2018-19	1,071,431,550	190,409,034	253,406,732	110,651,785	26,009,136	1,068,967	1,652,977,204
2017-18	1,065,428,900	188,297,356	219,296,669	110,106,196	24,865,920	1,172,100	1,609,167,141
2016-17	1,060,918,050	186,038,501	225,237,446	107,143,331	25,021,646	1,062,601	1,605,421,575
2015-16	1,057,108,100	179,900,764	359,672,173	141,544,743	23,023,871	954,318	1,762,203,969
2014-15	1,066,615,300	178,489,346	330,568,526	158,033,441	22,361,237	607,475	1,756,675,325
2013-14	1,074,270,400	177,245,568	331,472,131	177,534,468	21,314,565	661,782	1,782,498,914
2012-13	1,067,749,700	172,917,073	310,297,932	179,625,302	20,571,130	703,448	1,751,864,585
2011-12	1,059,889,900	163,705,613	310,267,438	171,001,017	19,974,892	1,638,533	1,726,477,393

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

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

Table 7

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

Fiscal Year	Real Estate (2)	Personal Property	Machinery and Tools	Merchant's Capital	Common Carrier
2020-21	\$ 0.65	\$ 2.02	\$ 2.02	\$ 0.83	\$ 1.12
2019-20	0.67/0.65	2.02	2.02	0.83	1.12
2018-19	0.63/0.67	1.98	1.98	0.83	1.08
2017-18	0.63	1.98	2.16	0.83	1.08
2016-17	0.63	1.98	2.16	0.83	1.01
2015-16	0.61	1.96	1.06	0.81	1.01
2014-15	0.61	1.91	1.01	0.81	1.01
2013-14	0.54/0.56	1.91	1.01	0.81	1.01
2012-13	0.54	1.91	1.01	0.81	1.01
2011-12	0.54	1.91	1.01	0.81	1.01

(1) Per \$100 of assessed value.

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

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross and Net Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2020-21	16,787	\$ 1,775,009	\$ 7,596,544	0.43%	\$ 453
2019-20	17,286	1,721,067	7,858,727	0.46%	455
2018-19	17,286	1,652,977	14,728,685	0.89%	852
2017-18	17,286	1,609,167	20,866,490	1.30%	1,207
2016-17	17,286	1,605,422	20,088,519	1.25%	1,162
2015-16	17,286	1,762,204	21,475,282	1.22%	1,242
2014-15	17,286	1,756,675	23,368,877	1.33%	1,352
2013-14	17,286	1,782,499	25,151,143	1.41%	1,455
2012-13	17,286	1,751,865	25,183,752	1.44%	1,457
2011-12	17,286	1,726,477	26,182,991	1.52%	1,515

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

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

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

Table 9

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

Fiscal Year	Principal (2)	Interest	Total Debt Service	Total General Governmental Expenditures (1)	Ratio of Debt Service to General Governmental Expenditures
2020-21	\$ 1,161,481	\$ 534,762	\$ 1,696,243	\$ 51,612,546	3.29%
2019-20	1,580,041	435,570	2,015,611	49,024,085	4.11%
2018-19	1,676,323	679,357	2,355,680	50,088,633	4.70%
2017-18	1,578,844	773,034	2,351,878	52,066,093	4.52%
2016-17	1,527,632	909,172	2,436,804	49,470,226	4.93%
2015-16	1,913,399	1,005,433	2,918,832	45,658,731	6.39%
2014-15	1,825,247	1,047,528	2,872,775	42,420,532	6.77%
2013-14	1,594,104	1,028,392	2,622,496	41,586,856	6.31%
2012-13	1,299,525	1,321,223	2,620,748	40,914,919	6.41%
2011-12	1,772,087	1,140,873	2,912,960	37,637,365	7.74%

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

(2) See Table 3 for excluded refunding amounts.

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## COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Giles, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County of Giles, Virginia's basic financial statements, and have issued our report thereon dated January 5, 2022.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

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

## Purpose of this Report

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

*Robinson, Finner, Cox Associates*

Blacksburg, Virginia  
January 5, 2022

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

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

**Report on Compliance for Each Major Federal Program**

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

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the County of Giles, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Giles, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

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



## Report on Internal Control over Compliance

Management of the County of Giles, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Giles, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Giles, Virginia's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Polina, Fane, Cox Associates*

Blacksburg, Virginia  
January 5, 2022

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021**

Federal Grantor/ State Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number		Federal Expenditures	Expenditures to Subrecipients
<b>DEPARTMENT OF AGRICULTURE:</b>					
Pass Through Payments:					
Department of Education:					
Child Nutrition Cluster:					
State Department of Agriculture:					
Food Distribution-Schools (Note 3)	10.555	Not available	\$ 91,948		
Department of Education:					
COVID-19 National School Lunch Program	10.555	40264	7,503	\$ 99,451	
COVID-19 School Breakfast Program	10.553	40263		3,259	
COVID-19 Summer Food Service Program for Children	10.559	60175, 60176	\$ 580,847		
Summer Food Service Program for Children	10.559	40268, 40269, 60175, 60176, 60302, 60303	1,066,910	1,647,757	\$ 1,750,467
Department of Social Services:					
SNAP Cluster:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010120, 0010121, 0040120, 0040121			322,083
Department of Education:					
Forest Service Schools and Roads Cluster:					
Schools and Roads - Grants to States	10.665	43841		56,623	
Total Department of Agriculture				<u>\$ 2,129,173</u>	
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>					
Pass Through Payments:					
Department of Housing and Community Development:					
Community Development Block Grant/State's Program and Non-entitlement Grants in Hawaii	14.228	HCD50790		\$ 800,748	
<b>DEPARTMENT OF TREASURY:</b>					
Pass Through Payments:					
Department of Accounts:					
COVID-19 - Coronavirus Relief Funds	21.019	SLT0022	\$ 2,386,429		\$ 330,673
COVID-19 - Coronavirus Relief Funds-DCJS	21.019	SLT0022	43,548		
COVID-19 - Coronavirus Relief Funds-utility relief	21.019	SLT0022	14,247	\$ 2,444,224	
Department of Education:					
COVID-19 - Coronavirus Relief Funds	21.019	APE70056	396,340	\$ 2,840,564	
Total Department of Treasury				<u>\$ 2,840,564</u>	<u>\$ 330,673</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>					
Direct Payments:					
Diesel Emission Reduction Act (DERA) National Grants	66.039	WSAG-23-09		\$ 100,000	
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>					
Pass Through Payments:					
Department of Social Services:					
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950119, 0950120		\$ 22,731	
Temporary Assistance for Needy Families	93.558	0400120, 0400121	\$ 166,400		
Department of Education:					
Temporary Assistance for Needy Families	93.558	40274	57,690	224,090	
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500120, 0500121		335	
Low-Income Home Energy Assistance	93.568	0600420, 0600421		26,269	
CCDF Cluster:					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760120, 0760121		35,188	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900120, 0900121		109	
Foster Care - Title IV-E	93.658	1100120, 1100121		350,724	
Adoption Assistance	93.659	1120120, 1120121		808,730	
Social Services Block Grant	93.667	1000120, 1000121		129,229	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150119, 9150120	\$ 3,125		
COVID-19 John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150119, 9150120	1,186	4,311	
Children's Health Insurance Program	93.767	0540120, 0540121		2,991	
Medicaid Cluster:					
Medical Assistance Program	93.778	1200120, 1200121		239,391	
Total Department of Health and Human Services				<u>\$ 1,844,098</u>	
<b>DEPARTMENT OF JUSTICE:</b>					
Pass Through Payments:					
Department of Criminal Justice Services:					
Crime Victim Assistance	16.575	5601701		\$ 52,500	
<b>DEPARTMENT OF EDUCATION:</b>					
Pass Through Payments:					
Department of Education:					
Title I Grants to Local Educational Agencies	84.010	42901		\$ 488,909	
Special Education Cluster (IDEA):					
Special Education-Grants to States	84.027	43071	\$ 561,994		
Special Education-Preschool Grants	84.173	62521	2,771	564,765	
Career and Technical Education: Basic Grants to States	84.048	61095, 60031		64,704	
Supporting Effective Instruction State Grant	84.367	61480		95,434	
Student Support and Academic Enrichment Program	84.424	60281		2,240	
Total Department of Education				<u>\$ 1,216,052</u>	

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021**

Federal Grantor/ State Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<b>DEPARTMENT OF TRANSPORTATION:</b>				
Pass Through Payments:				
<i>Department of Motor Vehicles:</i>				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	Not available	\$ 4,884	
Alcohol Open Container Requirements	20.607	Not available	4,587	
Total Department of Transportation			<u>\$ 9,471</u>	
<b>ELECTION ASSISTANCE COMMISSION:</b>				
Pass Through Payments:				
<i>Department of Emergency Services:</i>				
COVID-19 - HAVA Election Security Grants	90.404	Unknown	\$ 46,136	
Total Expenditures of Federal Awards			<u>\$ 9,038,742</u>	<u>\$ 330,673</u>

Notes to Schedule of Expenditures of Federal Awards:

Note 1 -- Basis of Presentation

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

Note 2 -- Summary of Significant Accounting Policies

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

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

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

Note 3 -- Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, Giles County, Virginia had food commodities totaling \$92,054 in inventory.

Note 4--Loans and Loan Guarantees

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

Note 5 -- 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	\$ 5,624,725
Less: Payments in lieu of taxes	(192,402)
Water Department Fund - Utility relief	14,247
Industrial Development Authority - Contributions in aid of construction	<u>15,000</u>

Total primary government	<u>\$ 5,461,570</u>
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Component Units:	
School Board	<u>\$ 3,577,172</u>

Total Federal Expenditures per Basic Financial Statements	<u>\$ 9,038,742</u>
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Federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 9,038,742</u>
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County of Giles, Virginia

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

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**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

    Material weakness(es) identified? No

    Significant deficiency(ies) identified? None Reported

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

    Material weakness(es) identified? No

    Significant deficiency(ies) identified? None Reported

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

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

Identification of major programs:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID-19 - Coronavirus Relief Fund
93.659	Adoption Assistance
14.228	Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii

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

Auditee qualified as low-risk auditee? No

**Section II - Financial Statement Findings**

There are no financial statement findings to report.

**Section III - Federal Award Findings and Questioned Costs**

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

**Section IV - Status of Prior Audit Findings and Questioned Costs**

There were no prior year findings to report.