

FINANCIAL STATEMENTS



COUNTY OF SMYTH, VIRGINIA

FOR THE YEAR ENDED
JUNE 30, 2022

COUNTY OF SMYTH, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

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

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
List of Elected and Appointed Officials.....	1

FINANCIAL SECTION

Independent Auditors' Report	2-4
------------------------------------	-----

	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	1	5
Statement of Activities.....	2	6
Fund Financial Statements:		
Balance Sheet - Governmental Fund	3	7
Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Position	4	8
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Fund	5	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Fund to the Statement of Activities	6	10
Statement of Net Position - Proprietary Fund	7	11
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund	8	12
Statement of Cash Flows - Proprietary Fund.....	9	13
Statement of Fiduciary Net Position - Fiduciary Funds.....	10	14
Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	11	15
Notes to the Financial Statements		16-86
Required Supplementary Information:		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	12	87
Pension Plans:		
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios		
Primary Government.....	13	88
Component Unit-Library.....	14	89
Component Unit-School Board (nonprofessional)	15	90
Schedule of Employer's Share of Net Pension Liability (Asset) VRS Teacher Retirement Plan	16	91
Schedule of Employer Contributions.....	17	92
Notes to Required Supplementary Information	18	93
Healthcare OPEB Plan:		
Schedule of Changes in Total OPEB Liability and Related Ratios		
Primary Government.....	19	94
Component Unit-Library.....	20	95
Component Unit-School Board	21	96
Notes to Required Supplementary Information	22	97

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

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (Continued)

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information: (Continued)		
Group Life Insurance (GLI) Plan:		
Schedule of Employer's Share of Net OPEB Liability	23	98
Schedule of Employer Contributions	24	99
Notes to Required Supplementary Information	25	100
Teacher Health Insurance Credit (HIC) Plan:		
Schedule of School Board's Share of Net OPEB Liability	26	101
Schedule of Employer Contributions	27	102
Notes to Required Supplementary Information	28	103
Health Insurance Credit (HIC) Plan:		
Schedule of Changes in Component Unit School Board's Net OPEB Liability and Related Ratios	29	104
Schedule of Employer Contributions	30	105
Notes to Required Supplementary Information	31	106
Other Supplementary Information:		
Combining Statement of Net Position - Proprietary Funds	32	107
Combining Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	33	108
Combining Statement of Cash Flows - Proprietary Funds	34	109
Discretely Presented Component Unit - School Board:		
Balance Sheet	35	110
Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Fund	36	111
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	37	112
Discretely Presented Component Unit - Economic Development Authority:		
Statement of Net Position - Proprietary Fund	38	113
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund	39	114
Statement of Cash Flows - Proprietary Fund	40	115

STATISTICAL INFORMATION

	<u>Table</u>	<u>Page</u>
Net Position by Component	1	116
Changes in Net Position by Component	2	117-118
Fund Balance - Governmental Fund	3	119
Changes in Fund Balance, Governmental Fund	4	120
Assessed Value of Taxable Property	5	121
Property Tax Rates	6	122
Property Tax Levies and Collections	7	123
Ratios of Outstanding Debt by Type	8	124
Population	9	125

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

TABLE OF CONTENTS (CONTINUED)

COMPLIANCE SECTION

	<u>Page</u>
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 <i>Government Auditing Standards</i>	126-127
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	128-129
Schedule of Expenditures of Federal Awards	130-131
Schedule of Findings and Questioned Costs	132-133
Summary Schedule of Prior Audit Findings	134

INTRODUCTORY SECTION

COUNTY OF SMYTH, VIRGINIA

BOARD OF SUPERVISORS

Lori Deel, Vice Chair
Michael Sturgill
Kristopher Ratliff, DPh

Charles Atkins, Chair

Courtney Widener
Roscoe D. Call
Charles P. Stevenson (Phil)

COUNTY SCHOOL BOARD

Susan Williams, Vice Chair
Paul Grinstead
Todd Williams

Jesse Choate, Chair

Roger Frye
C.M. "Mac" Buchanan
Kyle Rhodes

SOCIAL SERVICES BOARD

Tom Hess
Norma Teaters
Patsy Waddle

Kim Daughtery, Chair

Wanda Sanderson
Blake Frazier
Susan Snead

OTHER OFFICIALS

Judge of the Circuit Court	C. Randall Lowe Sage B. Johnson Deanis L. Simmons Frederick A. Rowlett
Clerk of the Circuit Court	John H. Graham
Judge of the General District Court	V. Blake McKinney Eric R. Thiessen
Judge of the Juvenile & Domestic Relations Court	Florence A. Powell Joseph B. Lyle Richard S. Buddington Jr.
Commonwealth's Attorney	Roy F. Evans, Jr.
Commissioner of the Revenue	Jeff Richardson
Treasurer	Tom Burkett
Sheriff	Chip Shuler
Superintendent of Schools	Dr. Dennis Carter
Director of Social Services	Chris Austin
County Administrator	Shawn Utt

FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

To the Honorable Members of the Board of Supervisors
County of Smyth, Virginia
Marion, Virginia

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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 Smyth, Virginia, as of and for the year ended June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principles

As described in Note 28 to the financial statements, in 2022, the County adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 29 to the financial statements, in 2022, the County of Smyth, Virginia restated beginning balances for a correction of error related to construction in progress. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2022, on our consideration of County of Smyth, 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 Smyth, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Smyth, Virginia's internal control over financial reporting and compliance.

Robinson, Jarmon, Cox, Associates

Blacksburg, Virginia
December 6, 2022

Basic Financial Statements

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

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	School Board	Library	EDA
ASSETS						
Cash and cash equivalents	\$ 17,883,384	\$ -	\$ 17,883,384	\$ 3,696,659	\$ 363,766	\$ 909,475
Investments	1,347,538	-	1,347,538	796,828	54,070	600,352
Investment in Smyth-Washington IFA	302,804	-	302,804	-	-	-
Receivables (net of allowance for uncollectibles):						
Taxes receivable	26,704,997	-	26,704,997	-	-	-
Accounts receivable	1,055,609	361,606	1,417,215	301,226	-	-
Due from component unit	322,206	-	322,206	-	-	-
Due from primary government	-	-	-	2,808,350	-	-
Due from other governmental units	2,710,278	-	2,710,278	2,361,368	-	-
Inventories	-	-	-	79,716	-	-
Prepaid items	149,473	-	149,473	424,496	14,731	-
Restricted assets:						
Investments	-	-	-	-	14,566	-
Cash and cash equivalents	2,750,995	-	2,750,995	-	18,805	-
Net pension asset	325,544	11,617	337,161	-	13,688	-
Capital assets (net of accumulated depreciation):						
Land	636,687	44,831	681,518	844,463	-	4,683,062
Buildings and improvements	39,884,536	-	39,884,536	4,708,842	-	-
Machinery and equipment	2,943,896	180,627	3,124,523	2,017,437	25,982	-
Infrastructure	25,194	20,663,170	20,688,364	-	-	-
Construction in progress	573,869	-	573,869	-	-	-
Intangible right-to-use lease assets (net of accumulated amortization):						
Machinery and equipment	-	-	-	84,401	-	-
Total assets	\$ 97,617,010	\$ 21,261,851	\$ 118,878,861	\$ 18,039,385	\$ 505,608	\$ 6,192,889
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	\$ 989,160	\$ -	\$ 989,160	\$ -	\$ -	\$ -
Pension related items	2,026,337	72,694	2,099,031	8,173,825	82,452	-
OPEB related items	428,797	15,197	443,994	1,508,828	17,991	-
Total deferred outflows of resources	\$ 3,444,294	\$ 87,891	\$ 3,532,185	\$ 9,682,653	\$ 100,443	\$ -
LIABILITIES						
Accounts payable	\$ 875,405	\$ 108,713	\$ 984,118	\$ 271,955	\$ -	\$ 12,162
Accrued liabilities	-	-	-	5,198,989	18,784	-
Accrued wages and health claims	141,195	-	141,195	-	-	-
Customers' deposits	-	1,914	1,914	-	-	-
Accrued interest payable	279,871	68,148	348,019	-	-	-
Due to primary government	-	-	-	-	-	322,206
Due to component unit	2,808,350	-	2,808,350	-	-	-
Cash bond held in escrow	21,875	-	21,875	-	-	-
Unearned revenue	1,916,155	-	1,916,155	-	-	-
Long-term liabilities:						
Due within one year	3,910,708	634,226	4,544,934	386,025	32,938	-
Due in more than one year	36,435,065	8,414,988	44,850,053	30,665,542	103,801	-
Total liabilities	\$ 46,388,624	\$ 9,227,989	\$ 55,616,613	\$ 36,522,511	\$ 155,523	\$ 334,368
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue-property taxes	\$ 23,639,092	\$ -	\$ 23,639,092	\$ -	\$ -	\$ -
Property taxes paid in advance	314,541	-	314,541	-	-	-
Pension related items	5,380,208	190,304	5,570,512	17,701,973	274,420	-
OPEB related items	437,900	15,626	453,526	1,756,705	18,413	-
Total deferred inflows of resources	\$ 29,771,741	\$ 205,930	\$ 29,977,671	\$ 19,458,678	\$ 292,833	\$ -
NET POSITION						
Net investment in capital assets	\$ 11,174,543	\$ 11,941,602	\$ 23,116,145	\$ 7,655,143	\$ 25,982	\$ 4,683,062
Restricted (See note 26)	4,552,026	11,617	4,563,643	1,494,693	47,059	-
Unrestricted (Deficit)	9,174,370	(37,396)	9,136,974	(37,324,586)	84,654	1,175,459
Total net position	\$ 24,900,939	\$ 11,915,823	\$ 36,816,762	\$ (28,174,750)	\$ 157,695	\$ 5,858,521

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

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Component Units	
				Governmental Activities	Business-type Activities	School Board	Library EDA
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 2,793,211	\$ 39,759	\$ 487,874	\$ (2,265,578)	\$ -	\$ -	\$ -
Judicial administration	2,368,944	623,587	966,151	(779,206)	-	-	-
Public safety	10,257,834	267,518	4,123,182	(5,867,134)	-	-	-
Public works	2,934,224	872,683	11,175	(2,050,366)	-	-	-
Health and welfare	9,205,485	-	7,129,979	(2,075,506)	-	-	-
Education	9,014,939	-	-	(9,014,939)	-	-	-
Parks, recreation, and cultural	839,307	-	-	(839,307)	-	-	-
Community development	962,815	-	34,249	(928,566)	-	-	-
Interest on long-term debt	961,558	-	-	(961,558)	-	-	-
Total governmental activities	\$ 39,338,317	\$ 1,803,547	\$ 12,752,610	\$ (24,782,160)	\$ -	\$ -	\$ -
Business-type activities:							
Water and sewer	\$ 3,346,363	\$ 2,268,056	\$ -	\$ -	\$ (1,078,307)	\$ -	\$ -
Total primary government	\$ 42,684,680	\$ 4,071,603	\$ 12,752,610	\$ (24,782,160)	\$ (1,078,307)	\$ -	\$ -
COMPONENT UNITS:							
School Board	\$ 51,287,349	\$ 2,038,201	\$ 45,989,011	\$ -	\$ -	\$ (3,240,137)	\$ -
Library	952,332	7,585	1,085,430	-	-	-	140,683
Economic Development Authority	265,871	-	300,000	-	-	-	320,169
Total component units	\$ 52,505,552	\$ 2,045,786	\$ 47,374,441	\$ -	\$ -	\$ (3,240,137)	\$ 320,169
General revenues:							
General property taxes				\$ 20,257,881	\$ -	\$ -	\$ -
Other local taxes:							
Local sales and use taxes			2,670,579	-	2,670,579	-	-
Consumers' utility taxes			659,301	-	659,301	-	-
Motor vehicle taxes			505,016	-	505,016	-	-
Taxes on recordation and wills			170,278	-	170,278	-	-
Restaurant food taxes			62,931	-	62,931	-	-
Other local taxes			170,201	-	170,201	-	-
Unrestricted revenues from the use of money and property			281,637	-	281,637	14,010	49
Miscellaneous			1,054,206	61,843	1,116,049	57,924	15,423
Grants and contributions not restricted to specific programs			2,582,352	-	2,582,352	8,097,937	-
Loss on disposal of capital assets			-	-	-	-	8,085
Transfers			(267,801)	267,801	-	-	-
Total general revenues and transfers			\$ 28,146,581	\$ 329,644	\$ 28,476,225	\$ 8,169,871	\$ 23,508
Change in net position			\$ 3,364,421	\$ (748,663)	\$ 2,615,758	\$ 4,909,734	\$ 343,677
Net position (deficit) - beginning, as restated			21,536,518	12,664,486	34,201,004	(33,084,484)	5,514,844
Net position (deficit) - ending			\$ 24,900,939	\$ 11,915,823	\$ 36,816,762	\$ (28,174,750)	\$ 5,858,521

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

County of Smyth, Virginia
Balance Sheet
Governmental Fund
June 30, 2022

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 17,883,384
Investments	1,347,538
Receivables (net of allowance for uncollectibles):	
Taxes receivable	26,704,997
Accounts receivable	1,055,609
Due from component unit	322,206
Due from other governmental units	2,710,278
Prepaid items	149,473
Restricted assets:	
Cash and cash equivalents	2,750,995
Total assets	<u>\$ 52,924,480</u>
LIABILITIES	
Accounts payable	\$ 875,405
Accrued liabilities	141,195
Due to component unit	2,808,350
Cash bond held in escrow	21,875
Unearned revenue	1,916,155
Total liabilities	<u>\$ 5,762,980</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue-property taxes	\$ 26,424,476
Property taxes paid in advance	314,541
Unavailable revenue-opioid settlement	668,962
Total deferred inflows of resources	<u>\$ 27,407,979</u>
FUND BALANCES	
Nonspendable:	
Prepaid items	\$ 149,473
Restricted (See note 26)	3,557,520
Committed:	
Animal control	7,725
Public safety	267,986
Unassigned	15,770,817
Total fund balances	<u>\$ 19,753,521</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 52,924,480</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Fund	\$	19,753,521
---	----	------------

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

Land	\$ 636,687	
Buildings and improvements	39,884,536	
Machinery and equipment	2,943,896	
Infrastructure	25,194	
Construction in progress	<u>573,869</u>	44,064,182

The net pension asset is not an available resource and, therefore, is not reported in the funds.		325,544
--	--	---------

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

Unavailable revenue - property taxes	\$ 2,785,384	
Unavailable revenue - opioid settlement	668,962	
Investment in the Smyth-Washington Industrial Facilities Authority	<u>302,804</u>	3,757,150

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

Deferred charge on refunding	\$ 989,160	
Pension related items	2,026,337	
OPEB related items	<u>428,797</u>	3,444,294

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

General obligation bonds	\$ (28,654,663)	
Bond premium (to be amortized over life of debt)	(1,358,331)	
School construction bonds	(6,052,800)	
Loans payable	(564,000)	
Accrued interest payable	(279,871)	
Landfill postclosure liability	(360,430)	
Compensated absences	(1,148,110)	
Net OPEB liabilities	<u>(2,207,439)</u>	(40,625,644)

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

Pension related items	\$ (5,380,208)	
OPEB related items	<u>(437,900)</u>	(5,818,108)

Net position of governmental activities	\$	<u><u>24,900,939</u></u>
---	----	--------------------------

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

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

	<u>General</u>
REVENUES	
General property taxes	\$ 20,236,591
Other local taxes	4,238,306
Permits, privilege fees, and regulatory licenses	65,045
Fines and forfeitures	612,313
Revenue from the use of money and property	281,637
Charges for services	1,126,189
Miscellaneous	385,244
Recovered costs	1,450,736
Intergovernmental	15,766,865
Total revenues	<u>\$ 44,162,926</u>
EXPENDITURES	
Current:	
General government administration	\$ 3,085,399
Judicial administration	1,940,847
Public safety	10,688,937
Public works	2,623,595
Health and welfare	9,367,160
Education	8,170,836
Parks, recreation, and cultural	883,061
Community development	679,053
Capital projects	426,189
Debt service:	
Principal retirement	2,862,560
Interest and other fiscal charges	1,623,664
Issuance cost	74,563
Total expenditures	<u>\$ 42,425,864</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,737,062</u>
OTHER FINANCING SOURCES (USES)	
Transfers out	\$ (267,801)
Issuance of general obligation bonds	2,633,000
Total other financing sources (uses)	<u>\$ 2,365,199</u>
Net change in fund balances	\$ 4,102,261
Fund balances - beginning, as restated	15,651,260
Fund balances - ending	<u><u>\$ 19,753,521</u></u>

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

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

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

Net change in fund balances - total governmental fund	\$	4,102,261	
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 outlays	\$	271,212	
Depreciation expenses		<u>(2,476,575)</u>	(2,205,363)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.			
Transfer of asset to EDA			(286,040)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Property taxes	\$	21,290	
Opioid settlement		<u>668,962</u>	690,252
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Debt issued or incurred:			
Issuance of refunding bonds	\$	(2,633,000)	
Increase in accrued landfill closure/postclosure liability		(15,851)	
Principal repayments:			
General obligation bonds		806,883	
School construction bonds		1,028,677	
Loans payable		<u>1,027,000</u>	213,709
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	\$	28,766	
Change in accrued interest payable		19,177	
Change in pension related items		611,812	
Change in OPEB related items		(95,742)	
Amortization of bond premium		384,505	
Amortization of deferred charge on refunding		<u>(98,916)</u>	849,602
Change in net position of governmental activities			<u><u>\$ 3,364,421</u></u>

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

County of Smyth, Virginia
Statement of Net Position
Proprietary Fund
June 30, 2022

	Enterprise Fund Water and Sewer
ASSETS	
Current assets:	
Accounts receivable, net of allowance for uncollectibles	\$ 361,606
Total current assets	<u>\$ 361,606</u>
Noncurrent assets:	
Net pension asset	\$ 11,617
Capital assets:	
Land	44,831
Utility plant in service	51,935,369
Machinery and equipment	856,213
Accumulated depreciation	(31,947,785)
Total capital assets	<u>\$ 20,888,628</u>
Total noncurrent assets	<u>\$ 20,900,245</u>
Total assets	<u>\$ 21,261,851</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 72,694
OPEB related items	15,197
Total deferred outflows of resources	<u>\$ 87,891</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 108,713
Customers' deposits	1,914
Accrued interest payable	68,148
Compensated absences - current portion	17,564
Bonds payable - current portion	616,662
Total current liabilities	<u>\$ 813,001</u>
Noncurrent liabilities:	
Compensated absences - net of current portion	\$ 5,854
Bonds payable - net of current portion	8,330,364
Net OPEB liabilities	78,770
Total noncurrent liabilities	<u>\$ 8,414,988</u>
Total liabilities	<u>\$ 9,227,989</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 190,304
OPEB related items	15,626
Total deferred inflows of resources	<u>\$ 205,930</u>
NET POSITION	
Net investment in capital assets	\$ 11,941,602
Restricted - net pension asset	11,617
Unrestricted (deficit)	(37,396)
Total net position	<u>\$ 11,915,823</u>

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

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

	Enterprise Fund Water and Sewer
OPERATING REVENUES	
Charges for services:	
Water revenues	\$ 1,421,819
Sewer revenues	775,327
Connection fees	14,775
Penalties	13,795
Service charges	38,015
Application fees	4,325
Miscellaneous	61,843
Total operating revenues	<u>\$ 2,329,899</u>
OPERATING EXPENSES	
Personnel services	\$ 400,861
Water purchases	415,547
Water and wastewater service	407,313
Automotive expenses	28,100
Office supplies	20,721
Uniforms	3,872
Utilities	56,037
Permits	11,776
Postage	1,418
Telephone	6,147
Maintenance supplies	71,924
Repair and maintenance	85,611
County funded projects	12,000
Capital projects	121,923
Miscellaneous	11,429
Depreciation	1,468,569
Total operating expenses	<u>\$ 3,123,248</u>
Operating income (loss)	<u>\$ (793,349)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest expense	<u>\$ (223,115)</u>
Income (loss) before capital contributions, construction grants, and transfers	<u>\$ (1,016,464)</u>
Transfers in	<u>\$ 267,801</u>
Change in net position	<u>\$ (748,663)</u>
Total net position - beginning, as restated	12,664,486
Total net position - ending	<u><u>\$ 11,915,823</u></u>

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

County of Smyth, Virginia
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2022

	Enterprise Fund Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 2,368,220
Payments to suppliers	(1,225,633)
Payments to employees	(428,872)
Net cash provided by (used for) operating activities	<u>\$ 713,715</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	<u>\$ 267,801</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Additions to utility plant	\$ (161,664)
Principal payments on bonds	(501,726)
Interest payments	(318,126)
Net cash provided by (used for) capital and related financing activities	<u>\$ (981,516)</u>
Net increase (decrease) in cash and cash equivalents	\$ -
Cash and cash equivalents - beginning	-
Cash and cash equivalents - ending	<u><u>\$ -</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (793,349)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 1,468,569
(Increase) decrease in accounts receivable	38,321
(Increase) decrease in net pension asset	(11,617)
(Increase) decrease in deferred outflows of resources	8,304
Increase (decrease) in accounts payable	28,185
Increase (decrease) in compensated absences	(997)
Increase (decrease) in net OPEB liabilities	(2,408)
Increase (decrease) in net pension liability	(200,391)
Increase (decrease) in deferred inflows of resources	179,098
Total adjustments	<u>\$ 1,507,064</u>
Net cash provided by (used for) operating activities	<u><u>\$ 713,715</u></u>

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

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

	Custodial Funds Special Welfare Fund
ASSETS	
Cash and cash equivalents	\$ 92,558
Investments	46,591
Total assets	<u>\$ 139,149</u>
LIABILITIES	
Amounts held for social services clients	\$ -
Total liabilities	<u>\$ -</u>
NET POSITION	
Restricted	\$ 139,149
Total net position	<u><u>\$ 139,149</u></u>

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

	Custodial Funds
	Special Welfare Fund
ADDITIONS	
Contributions:	
Expenditure reimbursements	\$ 62,226
Miscellaneous	822
Total contributions	<u>\$ 63,048</u>
DEDUCTIONS	
Checks for SS & SSI Recipients	\$ 174
Special Welfare	52,250
Total deductions	<u>\$ 52,424</u>
Net increase (decrease) in fiduciary net position	\$ 10,624
Total net position - beginning	128,525
Total net position - ending	<u><u>\$ 139,149</u></u>

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

COUNTY OF SMYTH, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

Blended component units - None

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County’s discretely presented component units.

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

The Smyth County Economic Development Authority (“EDA”) encourages and provides financing for industrial development in the County. The EDA board members are appointed by the Board of Supervisors. The EDA is fiscally dependent upon the County because the County provides significant funding and approves all debt issuances. In addition, the EDA does not have separate taxing powers. The EDA is presented as an enterprise fund type. The EDA does not issue separate financial statements.

The Smyth County Public Library (“Library”) was originally established as a jointly owned regional library by the counties of Smyth and Bland, Smyth-Bland Regional Library, located in Marion, Virginia with three branches in Chilhowie, Saltville, and Bland. Starting in fiscal year 2018, the Library is no longer regional. The County provides funding annually to the library to fund capital and operating expenditures. The County owns the library building and reports it and other operating equipment purchased for the library in the government-wide statements. As a result, there is a fiscal dependency on the county. The Library issues separate financial statements that can be obtained by contacting the Library at 118 S. Sheffey Street, Marion, VA 24354.

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

A. Financial Reporting Entity (Continued)

Related Organizations - The County, in conjunction with other local jurisdictions, participates in supporting the Mount Rogers Community Services Board and Appalachian Juvenile Commission. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. For the year ended June 30, 2022, the County contributed \$195,982 to the Community Services Board and \$148,176 to the Juvenile Commission. The County does not have any ongoing financial responsibility for these organization.

Jointly Governed/Joint Venture Organizations - The County, in conjunction with other localities, participates in supporting the following:

The Counties of Smyth and Wythe and the Towns of Marion and Wytheville established the Smyth-Wythe Airport Commission. For the year ended June 30, 2022, the County contributed \$40,211 to the Airport Commission.

The Counties of Smyth, Buchanan, Dickenson, Lee, Russell, Scott, Washington, Wise, and the City of Norton established the Southwest Virginia Regional Jail Authority for the purpose of constructing and operating a jail facility for the participating localities. For the year ended June 30, 2022, The County paid fees in the amount of \$2,518,084 to the Authority.

The County along with the County of Washington created the Smyth-Washington Regional Industrial Facilities Authority (SWIFA) for the purpose of promoting economic development. This entity is considered a joint venture for the participating jurisdictions. In accordance with the Authority's operating agreement, Smyth County will receive 50% of the proceeds of any land sold in the Highlands Business Park (owned by the Authority). As such, the County has recorded an investment in SWIFA in the accompanying statement of net position for one-half of the carrying value of this asset.

B. Government-wide and fund financial statements

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

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

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

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

The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

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

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

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

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

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

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

Property taxes, sales 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the County.

The government reports the following major governmental fund:

The *General Fund* is the government's primary operating fund. It is used to account for and report all financial resources of the general government, except those required to be accounted for and reported in other funds.

The government reports the following major proprietary fund:

The County operates a sewage collection and treatment system and a water distribution system. The activities of the system are accounted for in the Water and Sewer Fund.

Additionally, the government reports the following fund types:

Fiduciary funds account for and report assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. The custodial fund includes the Special Welfare Fund.

The School Board reports the following major fund types:

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

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

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

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

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

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

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 are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, liabilities, deferred outflows/inflows of resources 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 is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds". All other outstanding balances between funds are reported as "advances to/from other funds" (i.e. the noncurrent portion of interfund loans).

4. Property Taxes

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

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$961,373 at June 30, 2022. The allowance consists of delinquent taxes in the amount of \$493,721 and delinquent water and sewer bills of \$467,652.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 1-Summary of Significant Accounting Policies: (Continued)****D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance
(Continued)****6. Use of Estimates**

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

7. 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.

8. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the County and Component Unit School Board as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. For infrastructure asset the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than \$50,000 are reported as capital assets.

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

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

Assets	Years
Buildings and improvements	20-40
Machinery and equipment	3-20
Water and wastewater systems	20-40
Infrastructure	30-35
Lease assets	4-5

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

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

9. Pensions

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

10. 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.

11. Fund Balance

The County evaluated its funds at June 30, 2022 and classified fund balance into the following five categories:

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

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

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

11. Fund Balance (Continued)

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

12. Net Position

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

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

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

13. Prepaid Items

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. The consumption method is used in governmental funds to report prepaid items.

14. Restricted Assets

Restricted assets consist of cash and cash equivalents that are legally restricted for use by enabling state legislation, grant awards or lease agreements.

15. Inventories

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

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

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

16. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualifies for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

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

17. Other Postemployment Employee Benefits (OPEB)

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

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

E. Leases

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

Lessee

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

Key Estimates and Judgments

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

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

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

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund, Water and Sewer Fund, and the School Operating Fund.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or categorical level (School Board). Only the Board of Supervisors can revise the appropriation for each department or fund. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, School Board appropriations are made at categorical level.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30 for all County units.
8. All budgetary data presented in the accompanying financial statements is the original budget at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.
9. 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, 2022, several departments in the general fund exceeded appropriations, including the following: Legal Department, Commissioner of Revenue, Sheriff, Volunteer Fire, Refuse Collection and Disposal, Convenience Stations, Smyth County Tourism Association, and Explorers Program. Additionally, the Atkins and Pumps and Motors Replacement departments exceeded appropriations in the Water and Sewer Fund.

C. Deficit fund balance

At June 30, 2022, no funds reported negative fund balance.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**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 the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized except for \$2,750,979 held in accounts that are not reported as accounts holding public funds.

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 rates: 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).

Interest Rate Risk

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

Investments Maturities (in years)			
Investment Type	Fair Value	<1 Year	1-5 Years
Certificates of Deposit \$	2,791,309 \$	- \$	2,791,309

Custodial Credit Risk

At year end, the County was not exposed to any custodial credit risk for deposits or investments. The County limits deposits to those banks fully collateralized under the Commonwealth's Security for Public Deposits Act. The County policy in regards to investments requires that all investments be held in the County's name.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 4-Due from Other Governmental Units:**

The following represents amounts due from other governments at year-end:

	Primary Government	Component Unit- School Board
<u>Local Government:</u>		
Southwest Virginia Regional Jail	\$ 832,091	\$ -
<u>Commonwealth of Virginia:</u>		
Local sales tax	440,131	-
Categorical aid-State sales tax	-	498,580
Categorical aid-Other	327,059	388,000
Non-categorical aid	137,817	-
Categorical aid-Virginia Public Assistance	179,334	-
Categorical aid-Comprehensive Services Act	519,860	-
<u>Federal Government:</u>		
Categorical aid-Virginia Public Assistance	266,486	-
Categorical aid-Other	7,500	1,474,788
Totals	<u>\$ 2,710,278</u>	<u>\$ 2,361,368</u>

Note 5-Component-Unit Contributions and Obligations:

Primary government contributions to component units for the year ended June 30, 2022, consisted of payments to the School Board and Library, and EDA of \$8,097,937, \$720,000, and \$300,000, respectively.

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
<u>Primary Government:</u>		
General Fund	\$ 2,808,350	\$ 322,206
<u>Component Unit:</u>		
School Board	\$ -	\$ 2,808,350
EDA	322,206	-
Totals	<u>\$ 3,130,556</u>	<u>\$ 3,130,556</u>

Note 6-Interfund Transfers and Balance:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 267,801
Water and Sewer Fund	267,801	-
Total	<u>\$ 267,801</u>	<u>\$ 267,801</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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7-Long-Term Obligations:Primary Government - Governmental Activities Obligations:

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

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct Borrowings and Placements:				
General Obligation Bonds	\$ 26,828,546	\$ 2,633,000	\$ (806,883)	\$ 28,654,663
Unamortized Premiums	1,742,836	-	(384,505)	1,358,331
School Construction Bonds	7,081,477	-	(1,028,677)	6,052,800
Loans payable	1,591,000	-	(1,027,000)	564,000
Landfill closure/post-closure liability	344,579	15,851	-	360,430
Compensated absences	1,176,876	853,891	(882,657)	1,148,110
Net OPEB liabilities	2,195,180	445,930	(433,671)	2,207,439
Net pension liability (A)	5,418,920	5,668,186	(11,087,106)	-
Total	<u>\$ 46,379,414</u>	<u>\$ 9,616,858</u>	<u>\$ (15,650,499)</u>	<u>\$ 40,345,773</u>

(A) The balance results in a net pension asset as of June 30, 2022; therefore, the ending balance is not reported above.

For governmental activities, the net pension liability, net OPEB liabilities, compensated absences and the landfill closure/post-closure liability are generally liquidated in the General Fund.

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

Year Ending June 30,	Direct Borrowings and Placements	
	Principal	Interest
2023	\$ 2,696,717	\$ 1,125,865
2024	2,775,895	1,053,079
2025	2,891,082	950,594
2026	3,002,677	837,746
2027	3,141,677	718,762
2028-2032	16,899,385	1,881,572
2033-2037	3,864,030	284,774
Totals	<u>\$ 35,271,463</u>	<u>\$ 6,852,392</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 7-Long-Term Obligations: (Continued)****Primary Government - Governmental Activities Obligations: (Continued)**

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
General Obligation Bonds:						
School construction GO Bonds	4.100-5.600%	11/10/2004	2024	\$ 117,994	\$ 21,663	\$ 7,040
General Obligation bond series 2014C	2.050-5.050%	11/20/2014	2036	10,970,000	8,560,000	635,000
General Obligation bond series 2017	2.000-5.000%	4/26/2017	2032	17,980,000	17,440,000	985,000
General Obligation bond series 2022A	2.48%	5/19/2022	2031	673,000	673,000	82,000
General Obligation bond series 2022A	2.48%	5/19/2022	2037	1,960,000	1,960,000	80,000
Total General Obligation Bonds					<u>\$ 28,654,663</u>	<u>\$ 1,789,040</u>
Bond Premiums:						
Unamortized premium on issuance	n/a	n/a	n/a	n/a	\$ 294,419	\$ 88,268
Unamortized premium on issuance	n/a	n/a	n/a	n/a	1,082	419
Unamortized premium on issuance	n/a	n/a	n/a	n/a	1,062,830	264,221
Total bond premiums					<u>\$ 1,358,331</u>	<u>\$ 352,908</u>
School Construction QSCB Bonds:						
School construction	0.000%	10/31/2012	2034	2,170,893	\$ 4,770,000	\$ 530,000
School construction	0.000%	12/15/2011	2031	9,500,000	1,282,800	98,677
Total School Construction Bonds					<u>\$ 6,052,800</u>	<u>\$ 628,677</u>
Loans Payable:						
Northwood HVAC	1.68%	2/1/2017	2024	1,746,000	\$ 521,000	\$ 258,000
Solid Waste Truck	1.68%	2/1/2017	2024	143,000	43,000	21,000
Total Loans Payable					<u>\$ 564,000</u>	<u>\$ 279,000</u>
Other Long-term Obligations:						
Landfill closure/post-closure liability	n/a	n/a	n/a	n/a	\$ 360,430	\$ -
Compensated absences	n/a	n/a	n/a	n/a	1,148,110	861,083
Net OPEB liabilities	n/a	n/a	n/a	n/a	2,207,439	-
Total Other Long-term Obligations					<u>\$ 3,715,979</u>	<u>\$ 861,083</u>
Total Long-term Obligations					<u>\$ 40,345,773</u>	<u>\$ 3,910,708</u>

The locality's general obligation and QSCB bonds are subject to the state aid intercept program. Under terms of the program, the County's aid is redirected to bondholders to cure event(s) of default.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 7-Long-Term Obligations: (Continued)****Primary Government - Business-type Activities Obligations:**

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

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct Borrowings and Placements:				
GO Bonds	\$ 3,776,708	\$ -	\$ (81,532)	\$ 3,695,176
Revenue Bonds	5,265,113	-	(420,194)	4,844,919
Unamortized Premiums	512,493	-	(105,562)	406,931
Compensated absences	24,415	17,314	(18,311)	23,418
Net OPEB liabilities	81,178	15,282	(17,690)	78,770
Net pension liability (A)	200,391	200,707	(401,098)	-
Total	<u>\$ 9,860,298</u>	<u>\$ 233,303</u>	<u>\$ (1,044,387)</u>	<u>\$ 9,049,214</u>

(A) Net pension asset as of June 30, 2022 therefore ending balance not reported above.

For business-type activities, the net pension liability, net OPEB liabilities, and compensated absences are generally liquidated in the Water and Sewer Fund.

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

Year Ending June 30,	Direct Borrowings and Placements	
	Principal	Interest
2023	\$ 524,487	\$ 295,756
2024	541,953	272,663
2025	564,720	248,371
2026	592,459	223,702
2027	615,286	198,545
2028-2032	2,410,869	652,962
2033-2037	1,151,585	374,839
2038-2042	691,466	239,427
2043-2047	618,808	135,261
2048-2052	389,352	67,416
2053-2057	364,359	28,100
2058-2062	74,751	852
Totals	<u>\$ 8,540,095</u>	<u>\$ 2,737,894</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 7-Long-Term Obligations: (Continued)****Primary Government - Business-type Activities Obligations: (Continued)****Details of long-term obligations:**

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Direct Borrowings and Placements:						
GO Bonds:						
Rural Development GO Bond	3.250%	2/14/2005	2045	\$ 1,500,000	\$ 1,098,828	\$ 33,837
Rural Development GO Bond	4.000%	2/11/2010	2049	123,500	100,118	2,148
Rural Development GO Bond	2.750%	2/11/2010	2049	121,500	98,387	2,566
Rural Development GO Bond	4.500%	2/13/2009	2048	500,000	425,521	8,560
Rural Development GO Bond	2.125%	6/21/2018	2058	2,044,000	1,972,322	36,935
Subtotal GO Bonds					<u>\$ 3,695,176</u>	<u>\$ 84,046</u>
Revenue Bonds:						
VRA Revenue Bond	2.500%	10/17/2001	2032	113,300	\$ 56,321	\$ 5,023
VRA Revenue Bond	0.000%	3/5/2004	2034	503,049	208,048	16,768
VRA Revenue Bond	0.000%	11/26/2008	2029	473,000	165,550	23,650
VRA Revenue Bond	3.779-5.125%	5/25/2016	2016	6,420,000	4,415,000	395,000
Unamortized premium on issuance	n/a	n/a	n/a	n/a	406,931	92,175
Subtotal Revenue Bonds					<u>\$ 5,251,850</u>	<u>\$ 532,616</u>
Other Obligations:						
Compensated absences	n/a	n/a	n/a	n/a	\$ 23,418	\$ 17,564
Net OPEB liabilities	n/a	n/a	n/a	n/a	78,770	-
Total Other Obligations					<u>\$ 102,188</u>	<u>\$ 17,564</u>
Total Long-term Obligations					<u>\$ 9,049,214</u>	<u>\$ 634,226</u>

In the event of default, the lender of the VRA Revenue Bonds may declare the entire unpaid principal and interest on the issuances as due and payable. The locality's general obligation bonds are subject to the state aid intercept program. Under terms of the program, the County's aid is redirected to bondholders to cure event(s) of default.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 8-Long-Term Obligations-Component Units:****Discretely Presented Component Unit - School Board Obligations:**

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

	Beginning Balance	GASB 87 Adjustment	Increases	Decreases	Ending Balance
Lease liabilities	\$ -	\$ 70,169	\$ 53,819	\$ (40,475)	\$ 83,513
Net OPEB liabilities	10,024,947	-	1,842,148	(2,128,194)	9,738,901
Compensated absences	512,475	-	338,231	(384,356)	466,350
Net pension liability	40,766,097	-	9,077,549	(29,080,843)	20,762,803
Total	<u>\$ 51,303,519</u>	<u>\$ 70,169</u>	<u>\$ 11,311,747</u>	<u>\$ (31,633,868)</u>	<u>\$ 31,051,567</u>

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

Year Ending June 30,	Direct Borrowings and Placements	
	Principal	Interest
2023	\$ 36,262	\$ 251
2024	24,102	137
2025	20,072	53
2026	3,077	2
Totals	<u>\$ 83,513</u>	<u>\$ 443</u>

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Component Unit School Board	Amount Due Within One Year
Lease Liabilities:						
Xerox C8045/H2 System	0.47%	6/30/2021	2024	\$ 27,090	\$ 9,554	\$ 5,450
Konica Minolta bizhub 650i System (2 copiers)	0.33%	7/13/2021	2026	19,671	14,778	4,910
AltaLink B8065/H2	0.33%	6/30/2021	2023	18,602	3,118	3,117
AltaLink B8065/H2	0.33%	6/30/2021	2023	18,602	3,118	3,117
AltaLink B8065/H2	0.33%	6/30/2021	2023	18,602	3,118	3,117
PrimeLink B9100	0.47%	6/30/2021	2026	16,253	10,608	3,247
AltaLink C8170/H2	0.47%	6/30/2021	2026	16,253	10,608	3,247
Xerox C8055/HXF2 System	0.47%	6/30/2021	2023	13,058	1,539	1,539
Xerox AltaLink B8170 Copier	0.33%	9/9/2021	2026	12,007	9,519	2,995
Xerox AltaLink B8170 Copier	0.33%	9/9/2021	2026	12,007	9,519	2,995
Konica Minolta bizhub 650i Copier	0.33%	9/9/2021	2026	10,134	8,034	2,528
Total Lease Liabilities					<u>\$ 83,513</u>	<u>\$ 36,262</u>
Other Obligations:						
Net OPEB liabilities					\$ 9,738,901	\$ -
Compensated absences					466,350	349,763
Net pension liability					20,762,803	-
Total Other Obligations					<u>\$ 30,968,054</u>	<u>\$ 349,763</u>
Total Long-term Obligations					<u>\$ 31,051,567</u>	<u>\$ 386,025</u>

The leases payable, net pension liability, net OPEB liabilities, and compensated absences of the Component Unit - School Board are liquidated by the School Operating Fund.

Note 9-Pension Plan:

Plan Description

All full-time, salaried permanent employees of the County, Smyth County Library ("Component Unit"), and (nonprofessional) employees of the public school divisions are automatically covered by the VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by 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, 2020, 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.

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

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

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

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

Employees Covered by Benefit Terms

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

	Primary Government and Library	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	187	120
Inactive members:		
Vested inactive members	25	15
Non-vested inactive members	33	35
Inactive members active elsewhere in VRS	92	23
Total inactive members	150	73
Active members	201	112
Total covered employees	538	305

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Pension Plan: (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 and Component Unit's contractually required employer contribution rate for the year ended June 30, 2022 was 8.91% 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 \$731,782 and \$671,344 for the years ended June 30, 2022 and June 30, 2021, respectively. Contributions to the pension plan from the Component Unit Library were \$29,166 and \$27,257 for the years ended June 30, 2022 and June 30, 2021, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2022 was 9.06% 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 \$191,085 and \$176,132 for the years ended June 30, 2022 and June 30, 2021, respectively.

Net Pension Liability (Asset)

The net pension liability (asset) (NPLA) 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 and Component Unit School Board's (nonprofessional) net pension liabilities (assets) were measured as of June 30, 2020. The total pension liabilities used to calculate the net pension liabilities (assets) were determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021.

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, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 9-Pension Plan: (Continued)****Actuarial Assumptions - General Employees (Continued)**

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

Remaining portion of this page left blank intentionally

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Pension Plan: (Continued)***Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)***

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

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

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

Remaining portion of this page left blank intentionally

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 9-Pension Plan: (Continued)****Long-Term Expected Rate of Return**

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 9-Pension Plan: (Continued)****Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2021, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 45,176,113	\$ 39,556,802	\$ 5,619,311
Changes for the year:			
Service cost	\$ 851,619	\$	\$ 851,619
Interest	2,987,363		2,987,363
Differences between expected and actual experience	429,909		429,909
Assumption changes	1,529,074		1,529,074
Impact in change in proportion	306,265	268,170	38,095
Contributions - employer	-	671,335	(671,335)
Contributions - employee	-	392,489	(392,489)
Net investment income	-	10,755,063	(10,755,063)
Benefit payments, including refunds	(2,450,357)	(2,450,357)	-
Administrative expenses	-	(27,364)	27,364
Other changes	-	1,009	(1,009)
Net changes	\$ 3,653,873	\$ 9,610,345	\$ (5,956,472)
Balances at June 30, 2021	\$ 48,829,986	\$ 49,167,147	\$ (337,161)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 9-Pension Plan: (Continued)****Changes in Net Pension Liability (Asset) (Continued)**

	Component Unit Library		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at June 30, 2020	\$ 2,152,827	\$ 1,885,041	\$ 267,786
Changes for the year:			
Service cost	\$ 34,576	\$ -	\$ 34,576
Interest	121,287	-	121,287
Differences between expected and actual experience	17,454	-	17,454
Assumption changes	62,081	-	62,081
Impact in change in proportion	(306,265)	(268,170)	(38,095)
Contributions - employer	-	27,256	(27,256)
Contributions - employee	-	15,935	(15,935)
Net investment income	-	436,656	(436,656)
Benefit payments, including refunds	(99,485)	(99,485)	-
Administrative expenses	-	(1,111)	1,111
Other changes	-	41	(41)
Net changes	\$ (170,352)	\$ 111,122	\$ (281,474)
Balances at June 30, 2021	\$ 1,982,475	\$ 1,996,163	\$ (13,688)

	Component Unit School Board (Nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at June 30, 2020	\$ 13,753,363	\$ 11,774,381	\$ 1,978,982
Changes for the year:			
Service cost	\$ 196,337	\$ -	\$ 196,337
Interest	897,294	-	897,294
Differences between expected and actual experience	80,044	-	80,044
Assumption changes	469,763	-	469,763
Contributions - employer	-	176,133	(176,133)
Contributions - employee	-	96,578	(96,578)
Net investment income	-	3,143,765	(3,143,765)
Benefit payments, including refunds	(920,243)	(920,243)	-
Administrative expenses	-	(8,234)	8,234
Other changes	-	293	(293)
Net changes	\$ 723,195	\$ 2,488,292	\$ (1,765,097)
Balances at June 30, 2021	\$ 14,476,558	\$ 14,262,673	\$ 213,885

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 9-Pension Plan: (Continued)*****Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents net pension liability of the County, Component Unit Library, and Component Unit School Board (nonprofessional) using the discount rate of 6.75%, as well as what the County's, Component Unit Library'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 - Primary Government			
Net Pension Liability (Asset)	\$ 5,976,222	\$ (337,161)	\$ (5,559,606)
Component Unit Library			
Net Pension Liability (Asset)	\$ 242,635	\$ (13,688)	\$ (225,720)
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 1,752,612	\$ 213,885	\$ (1,086,677)

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

For the year ended June 30, 2022, the County, Component Unit Library, and Component Unit School Board (nonprofessional) recognized pension expense of \$92,229, \$(17,490), and \$24,938, respectively. At June 30, 2022, the County, Component Unit Library, 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 Library		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	\$ 288,026	\$ 236,661	\$ 11,694	\$ 11,278	\$ 69,608	\$ -
Change in assumptions	1,024,429	-	41,592	-	270,711	-
Net difference between projected and actual earnings on pension plan investments	-	5,333,851	-	208,349	-	1,546,683
Changes in proportion and differences between employer contributions and proportionate share of contributions	54,794	-	-	54,793	-	-
Employer contributions subsequent to the measurement date	731,782	-	29,166	-	191,085	-
Total	\$ 2,099,031	\$ 5,570,512	\$ 82,452	\$ 274,420	\$ 531,404	\$ 1,546,683

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 9-Pension Plan: (Continued)*****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

\$731,782, \$29,166, and \$191,085 reported as deferred outflows of resources related to pensions resulting from the County's, Component Unit Library'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 ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit Library</u>	<u>Component Unit School Board (Nonprofessional)</u>
2023	\$ (816,514)	\$ (57,458)	\$ (105,165)
2024	(550,656)	(41,307)	(267,512)
2025	(1,213,182)	(56,479)	(359,463)
2026	(1,622,911)	(65,890)	(474,224)

Pension Plan Data

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

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

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$4,042,304 and \$3,746,068 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 9-Pension Plan: (Continued)****Component Unit School Board (Professional) (Continued)*****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2022, the school division reported a liability of \$20,548,918 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was 0.26470% as compared to 0.26650% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized pension expense of \$(574,652). 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, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,750,232
Change in assumptions	3,600,117	-
Net difference between projected and actual earnings on pension plan investments	-	12,949,379
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,455,679
Employer contributions subsequent to the measurement date	4,042,304	-
Total	\$ <u>7,642,421</u>	\$ <u>16,155,290</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 9-Pension Plan: (Continued)****Component Unit School Board (Professional) (Continued)*****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

\$4,042,304 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2023	\$ (3,259,520)
2024	(2,747,875)
2025	(2,837,818)
2026	(3,712,995)
2027	3,035

Actuarial Assumptions

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

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

Mortality rates:**Pre-Retirement:**

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 9-Pension Plan: (Continued)****Component Unit School Board (Professional) (Continued)****Actuarial Assumptions (Continued)**

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

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

Net Pension Liability

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 9-Pension Plan: (Continued)****Component Unit School Board (Professional) (Continued)*****Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

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

	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)	\$ 39,658,300	\$ 20,548,918	\$ 4,828,900

Pension Plan Fiduciary Net Position

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

Primary Government and Component Units**Aggregate Pension Information**

		Primary Government			
		Net Pension			
		Deferred Outflows	Deferred Inflows	Liability (Asset)	Pension Expense
VRS Pension Plans:					
Primary Government		\$ 2,099,031	\$ 5,570,512	\$ (337,161)	\$ 92,229
		Component Unit Library			
		Net Pension			
		Deferred Outflows	Deferred Inflows	Liability (Asset)	Pension Expense
VRS Pension Plans:					
Component Unit Library		\$ 82,452	\$ 274,420	\$ (13,688)	\$ (17,490)
		Component Unit School Board			
		Net Pension			
		Deferred Outflows	Deferred Inflows	Liability (Asset)	Pension Expense
VRS Pension Plans:					
School Board Nonprofessional		\$ 531,404	\$ 1,546,683	\$ 213,885	\$ 24,938
School Board Professional		7,642,421	16,155,290	20,548,918	(574,652)
Totals		\$ 8,173,825	\$ 17,701,973	\$ 20,762,803	\$ (549,714)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 10-Other Postemployment Benefits-Health Insurance:**

In addition to the pension benefits described in Note 9, the County and Component Unit School Board administer a single-employer defined benefit healthcare plan. The plans provide postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's and School Board's pension plans. The plans do not issue a publicly available financial report.

Benefits Provided

A retiree, eligible for post-retirement medical coverage, is defined as a full-time employee who retires directly from the County or School Board and is eligible to receive an early or regular retirement benefit from VRS. Employees applying for early or regular retirement are eligible to continue participation in the Retiree Health Plans sponsored by the County and School Board. Employees at the County, Library, and School Board are allowed to stay on the plan until death of the employee. The employee pays 100% of the required premium.

Plan Membership

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

	Primary Government and Library	Component Unit- School Board
Total active employees with coverage	188	617
Total retirees with coverage	3	16
Total	191	633

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, Component Unit Library, and Component Unit School Board for OPEB as the benefits came due during the year ended June 30, 2022 was \$24,025, \$975, and \$119,000, respectively.

Total OPEB Liability

The County's and School Board's total OPEB liability was measured as of July 1, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Remaining portion of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 10-Other Postemployment Benefits-Health Insurance: (Continued)**Actuarial Assumptions**

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

Primary Government and Component Unit Library:

Inflation	2.50%
Healthcare Cost Trend Rates	(6.71)% for fiscal year end 2021 and 7.39% for fiscal year end 2022 (to reflect actual experience), then 7.00% for fiscal year end 2023, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increases	2.50%
Discount Rate	1.92%

Mortality rates use RP-2014 Mortality Table, fully generated with base year 2006, using two-dimensional improvement scale MP-2021.

Component Unit School Board:

Inflation	2.50%
Healthcare Cost Trend Rates	0.00% for fiscal year end 2021 and 2.43% for fiscal year end 2022 (to reflect actual experience), then 7.00% for fiscal year end 2023, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increases	2.50%
Discount Rate	1.92%

Mortality rates use RP-2014 Mortality Table, fully generated with base year 2006, using two-dimensional improvement scale MP-2021.

Remaining portion of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 10-Other Postemployment Benefits-Health Insurance: (Continued)****Discount Rate**

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is selected from the Municipal GO AA 20-year curve. The final equivalent single discount rate used for this year's valuation is 1.92% as of the end of the fiscal year with the expectation that the County will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

	Primary Government	Component Unit Library	Component Unit School Board
Balances at June 30, 2021	\$ 1,660,851	\$ 79,149	\$ 4,225,000
Changes for the year:			
Service cost	83,606	3,394	207,000
Interest	42,283	1,717	107,000
Difference between expected and actual experience	(105,708)	(4,292)	(165,000)
Changes in assumptions	172,977	7,023	372,000
Contributions - employer	(24,025)	(975)	(119,000)
Change in proportionate share	11,260	(11,260)	-
Net changes	180,393	(4,393)	402,000
Balances at June 30, 2022	\$ 1,841,244	\$ 74,756	\$ 4,627,000

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

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

	Rate		
	1% Decrease 0.92%	Current Discount 1.92%	1% Increase 2.92%
County	\$ 2,047,855	\$ 1,841,244	\$ 1,657,696
Component Unit Library	\$ 83,145	\$ 74,756	\$ 67,304
Component Unit School Board	\$ 5,003,000	\$ 4,627,000	\$ 4,271,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 10-Other Postemployment Benefits-Health Insurance: (Continued)*****Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the total OPEB liability of the County, Component Unit Library, and Component Unit 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:

	Rate		
	1% Decrease (1.00%)	Current Discount 0.00%	1% Increase 1.00%
County	\$ 1,592,349	\$ 1,841,244	\$ 2,139,148
Component Unit Library	\$ 64,651	\$ 74,756	\$ 86,852
Component Unit School Board	\$ 4,076,000	\$ 4,627,000	\$ 5,272,000

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

For the year ended June 30, 2022, the County, Component Unit Library, and Component Unit School Board recognized OPEB expense in the amount of \$127,811, \$5,189, and \$185,000, respectively. At June 30, 2022, the County, Component Unit Library, and Component Unit-School Board, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Unit-Library		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	\$ -	\$ 266,192	\$ -	\$ 10,808	\$ 5,000	\$ 687,000
Changes in assumptions	284,451	-	11,549	-	568,000	43,000
Employer contributions subsequent to the measurement date	24,025	-	975	-	119,000	-
Total	\$ 308,476	\$ 266,192	\$ 12,524	\$ 10,808	\$ 692,000	\$ 730,000

\$24,025, \$975, and \$119,000 was reported as deferred outflows of resources related to OPEB resulting from the County, Component Unit-Library, and Component Unit-School Board, respectively, contributions subsequent to the measurement date will be recognized as reduction of the Total OPEB liability in the fiscal year ended June 30, 2023.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 10-Other Postemployment Benefits-Health Insurance: (Continued)*****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)***

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

Year Ended June 30:	Primary Government	Component Unit-Library	Component Unit- School Board
2023	\$ (2,883)	\$ (117)	\$ (134,000)
2024	(4,805)	(195)	(134,000)
2025	(2,883)	(117)	(17,000)
2026	11,532	468	62,000
2027	13,454	546	51,000
Thereafter	3,844	156	15,000

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

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

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

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

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

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.

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

Benefit Amounts

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

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ($1.34\% \times 60\%$) and the employer component was 0.54% ($1.31\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the Group Life Insurance Plan from the County were \$46,866 and \$42,613 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit Library were \$1,868 and \$1,730 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (Nonprofessional) were \$12,313 and \$11,256 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit-School Board (Professional) were \$134,884 and \$124,890 for the years ended June 30, 2022 and June 30, 2021, respectively.

Remaining portion of this page left blank intentionally.

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 Group Life Insurance Plan OPEB

Primary Government GLI Program

At June 30, 2022, the entity reported a liability of \$444,965 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Plan for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the County's proportion was 0.03825% as compared to 0.03684% at June 30, 2020.

For the year ended June 30, 2022, the County recognized GLI OPEB expense of \$13,886. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Component Unit Library GLI Program

At June 30, 2022, the entity reported a liability of \$18,066 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Plan for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the Component Unit Library's proportion was 0.00155% as compared to 0.00176% at June 30, 2020.

For the year ended June 30, 2022, the Component Unit Library recognized GLI OPEB expense of \$564. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Component Unit School Board (Nonprofessional) GLI Program

At June 30, 2022, the Component Unit-School Board (Nonprofessional) reported a liability of \$117,592 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Plan for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the Component Unit-School Board (non-professional) proportion was 0.01010% as compared to 0.01030% at June 30, 2020.

For the year ended June 30, 2022, the Component-Unit School Board (Nonprofessional) recognized GLI OPEB expense of \$(1,197). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)*****GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Plan OPEB (Continued)******Component Unit School Board (Professional) GLI Program***

At June 30, 2022, the Component Unit-School Board (Professional) reported a liability of \$1,303,285 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the Component Unit-School Board (professional) proportion was 0.11190% as compared to 0.11180% at June 30, 2020.

For the year ended June 30, 2022, the Component Unit School Board (Professional) recognized GLI OPEB expense of \$16,281. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Primary Government		Component Unit Library	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 50,750	\$ 3,390	\$ 2,060	\$ 138
Net difference between projected and actual earnings on GLI OPEB plan investments	-	106,203	-	4,312
Change in assumptions	24,531	60,881	996	2,471
Changes in proportionate share	13,371	16,860	543	684
Employer contributions subsequent to the measurement date	46,866	-	1,868	-
Total	<u>\$ 135,518</u>	<u>\$ 187,334</u>	<u>\$ 5,467</u>	<u>\$ 7,605</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)*****GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance 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	\$ 13,412	\$ 896	\$ 148,644	\$ 9,930
Net difference between projected and actual earnings on GLI OPEB plan investments	-	28,067	-	311,066
Change in assumptions	6,483	16,089	71,850	178,317
Changes in proportionate share	-	18,650	1,847	99,163
Employer contributions subsequent to the measurement date	12,313	-	134,884	-
Total	\$ 32,208	\$ 63,702	\$ 357,225	\$ 598,476

\$46,866, \$1,868, \$12,313, and \$134,884 reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit Library, Component Unit School Board (nonprofessional), and Component Unit School Board (professional)'s, 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, 2023. Other amounts recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit Library	Component Unit School Board (Nonprofessional)	Component Unit School Board (Professional)
2023	\$ (26,264)	\$ (1,066)	\$ (11,808)	\$ (101,317)
2024	(19,663)	(799)	(10,008)	(81,664)
2025	(17,197)	(698)	(8,508)	(68,242)
2026	(31,729)	(1,288)	(11,081)	(105,356)
2027	(3,829)	(155)	(2,402)	(19,556)

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

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

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

Mortality Rates - Teachers**Pre-Retirement:**

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

Remaining portion of this page left blank intentionally.

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

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

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

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)****Actuarial Assumptions (Continued)****Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)**

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

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

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

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)****Actuarial Assumptions (Continued)****Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees (Continued)**

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

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the 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 the measurement date of June 30, 2021, NOL amounts for the Group Life Insurance Plan is as follows (amounts expressed in thousands):

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)****Long-Term Expected Rate of Return**

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)****Discount Rate**

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Proportional share of the GLI Plan Net OPEB Liability:			
Primary Government	\$ 650,110	\$ 444,965	\$ 279,301
Component Unit Library	\$ 26,395	\$ 18,066	\$ 11,340
Component Unit School Board (Nonprofessional)	\$ 171,806	\$ 117,592	\$ 73,812
Component Unit School Board (Professional)	\$ 1,904,147	\$ 1,303,285	\$ 818,062

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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

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

The specific information for the Teacher HIC 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.

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$301,036 and \$278,037 for the years ended June 30, 2022 and June 30, 2021, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB***

At June 30, 2022, the school division reported a liability of \$3,332,274 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2021 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion of the VRS Teacher Employee Health Insurance Credit was 0.25961% as compared to 0.26170% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee HIC OPEB expense of \$204,695. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 58,148
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	43,896
Change in assumptions	90,077	13,392
Change in proportionate share	-	247,066
Employer contributions subsequent to the measurement date	<u>301,036</u>	<u>-</u>
Total	<u>\$ 391,113</u>	<u>\$ 362,502</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB (Continued)***

\$301,036 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2023	\$ (70,769)
2024	(71,267)
2025	(62,378)
2026	(42,873)
2027	(17,694)
Thereafter	(7,444)

Actuarial Assumptions

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

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

Mortality Rates - Teachers**Pre-Retirement:**

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)****Actuarial Assumptions (Continued)****Mortality Rates - Teachers: (Continued)**

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

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

Net Teacher Employee HIC OPEB Liability

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Long-Term Expected Rate of Return***

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

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

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

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

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

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

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

The following presents the school division's proportionate share of the VRS Teacher Employee HIC 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	\$ 3,751,217	\$ 3,332,274	\$ 2,977,748

Teacher Employee HIC OPEB Fiduciary Net Position

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

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Employees Covered by Benefit Terms***

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>68</u>
Inactive members:	
Vested inactive members	3
Total inactive members	<u>3</u>
Active members	<u>112</u>
Total covered employees	<u><u>183</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 contractually required employer contribution rate for the year ended June 30, 2022 was 1.21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Component Unit School Board to the HIC Plan were \$27,530 and \$25,130 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

Net HIC OPEB Liability

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

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

Actuarial Assumptions

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)****Actuarial Assumptions (Continued)****Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)**

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Long-Term Expected Rate of Return***

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)****Discount Rate**

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

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 348,524	\$ -	\$ 348,524
Changes for the year:			
Service cost	\$ 3,355	\$ -	\$ 3,355
Interest	23,526	-	23,526
Assumption changes	11,739	-	11,739
Contributions - employer	-	25,130	(25,130)
Net investment income	-	3,375	(3,375)
Administrative expenses	-	(111)	111
Net changes	\$ 38,620	\$ 28,394	\$ 10,226
Balances at June 30, 2021	\$ 387,144	\$ 28,394	\$ 358,750

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Component Unit School Board Net HIC OPEB Liability	\$ 394,407	\$ 358,750	\$ 328,007

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB***

For the year ended June 30, 2022, the Component Unit School Board recognized HIC Plan OPEB expense of \$28,629. At June 30, 2022, the Component Unit School Board reported deferred outflows of resources and deferred inflows of resources related to the Component Unit School Board's HIC Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on HIC OPEB plan investments	\$ -	\$ 2,025
Change in assumptions	8,752	-
Employer contributions subsequent to the measurement date	<u>27,530</u>	<u>-</u>
Total	<u>\$ 36,282</u>	<u>\$ 2,025</u>

\$27,530 reported as deferred outflows of resources related to the HIC OPEB resulting from the Component Unit School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in the future reporting periods as follows:

<u>Year Ended June 30</u>	
2023	\$ 2,481
2024	2,481
2025	2,272
2026	(507)

HIC Plan Data

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 14-Aggregate OPEB Information:

	Primary Government				Component Unit Library			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Program:								
County	\$ 135,518	\$ 187,334	\$ 444,965	\$ 13,886	\$ 5,467	\$ 7,605	\$ 18,066	\$ 564
County Stand-Alone Plan	308,476	266,192	1,841,244	127,811	12,524	10,808	74,756	5,189
Totals	<u>\$ 443,994</u>	<u>\$ 453,526</u>	<u>\$ 2,286,209</u>	<u>\$ 141,697</u>	<u>\$ 17,991</u>	<u>\$ 18,413</u>	<u>\$ 92,822</u>	<u>\$ 5,753</u>
	Component Unit School Board							
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense				
VRS OPEB Plans:								
Group Life Insurance Program:								
School Board Nonprofessional	\$ 32,208	\$ 63,702	\$ 117,592	\$ (1,197)				
School Board Professional	357,225	598,476	1,303,285	16,281				
Health Insurance Credit Program:								
School Board	36,282	2,025	358,750	28,629				
Teacher Health Insurance Credit Program	391,113	362,502	3,332,274	204,695				
School Stand-Alone Plan	692,000	730,000	4,627,000	185,000				
Totals	<u>\$ 1,508,828</u>	<u>\$ 1,756,705</u>	<u>\$ 9,738,901</u>	<u>\$ 433,408</u>				

Note 15-Unearned and Deferred/Unavailable Revenue:

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. Unavailable and deferred revenue are comprised of the following:

	Government-wide	Balance Sheet
	Statements	Governmental Funds
	Governmental Activities	
Long-term portion of opioid settlement receivable that is not available for funding of current expenditures	\$ -	\$ 668,962
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	-	2,785,384
Tax assessments due after June 30	23,639,092	23,639,092
Prepaid property taxes due after June 30 but paid in advance by taxpayers	314,541	314,541
Total	<u>\$ 23,953,633</u>	<u>\$ 27,407,979</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 16-Capital Assets:**

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

Primary Government:

	Beginning Balance, As Restated	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 682,440	\$ -	\$ (45,753)	\$ 636,687
Construction in progress	523,570	50,299	-	573,869
Total capital assets not being depreciated	<u>\$ 1,206,010</u>	<u>\$ 50,299</u>	<u>\$ (45,753)</u>	<u>\$ 1,210,556</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 71,554,830	\$ -	\$ (334,247)	\$ 71,220,583
Machinery and equipment	12,773,176	220,913	(255,624)	12,738,465
Infrastructure	56,660	-	-	56,660
Total capital assets being depreciated	<u>\$ 84,384,666</u>	<u>\$ 220,913</u>	<u>\$ (589,871)</u>	<u>\$ 84,015,708</u>
Accumulated depreciation:				
Buildings and improvements	\$ (29,873,882)	\$ (1,556,125)	\$ 93,960	\$ (31,336,047)
Machinery and equipment	(9,131,443)	(918,750)	255,624	(9,794,569)
Infrastructure	(29,766)	(1,700)	-	(31,466)
Total accumulated depreciation	<u>\$ (39,035,091)</u>	<u>\$ (2,476,575)</u>	<u>\$ 349,584</u>	<u>\$ (41,162,082)</u>
Total capital assets being depreciated, net	<u>\$ 45,349,575</u>	<u>\$ (2,255,662)</u>	<u>\$ (240,287)</u>	<u>\$ 42,853,626</u>
Governmental activities capital assets, net	<u>\$ 46,555,585</u>	<u>\$ (2,205,363)</u>	<u>\$ (286,040)</u>	<u>\$ 44,064,182</u>

Remaining portion of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 16-Capital Assets: (Continued)**

Primary Government: (Continued)

	Beginning Balance, As Restated	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 44,831	\$ -	\$ -	\$ 44,831
Total capital assets not being depreciated	\$ 44,831	\$ -	\$ -	\$ 44,831
Capital assets, being depreciated:				
Utility system	\$ 51,935,369	\$ -	\$ -	\$ 51,935,369
Machinery and equipment	748,777	161,664	(54,228)	856,213
Total capital assets being depreciated	\$ 52,684,146	\$ 161,664	\$ (54,228)	\$ 52,791,582
Accumulated depreciation:				
Utility system	\$ (29,846,771)	\$ (1,425,428)	\$ -	\$ (31,272,199)
Machinery and equipment	(686,673)	(43,141)	54,228	(675,586)
Total accumulated depreciation	\$ (30,533,444)	\$ (1,468,569)	\$ 54,228	\$ (31,947,785)
Total capital assets being depreciated, net	\$ 22,150,702	\$ (1,306,905)	\$ -	\$ 20,843,797
Business-type activities capital assets, net	\$ 22,195,533	\$ (1,306,905)	\$ -	\$ 20,888,628

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

Governmental activities:	
General government administration	\$ 99,342
Judicial administration	514,085
Public safety	772,662
Public works	159,099
Health and welfare	14,846
Education	890,922
Parks, recreation, and cultural	25,619
Total depreciation expense-governmental activities	\$ 2,476,575
Business-type activities	\$ 1,468,569

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 16-Capital Assets: (Continued)**

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

Discretely Presented Component Unit - School Board:

	Beginning Balance	GASB 87 Adjustment	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 844,463	\$ -	\$ -	\$ -	\$ 844,463
Capital assets, being depreciated:					
Buildings and improvements	\$ 18,656,072	\$ -	\$ 647,004	\$ -	\$ 19,303,076
Machinery and equipment	9,839,148	-	326,472	(287,463)	9,878,157
Total capital assets being depreciated	\$ 28,495,220	\$ -	\$ 973,476	\$ (287,463)	\$ 29,181,233
Accumulated depreciation:					
Buildings and improvements	\$ (14,107,980)	\$ -	\$ (486,254)	\$ -	\$ (14,594,234)
Machinery and equipment	(7,446,097)	-	(702,086)	287,463	(7,860,720)
Total accumulated depreciation	\$ (21,554,077)	\$ -	\$ (1,188,340)	\$ 287,463	\$ (22,454,954)
Total capital assets being depreciated, net	\$ 6,941,143	\$ -	\$ (214,864)	\$ -	\$ 6,726,279
Intangible right-to-use lease assets:					
Lease machinery and equipment	\$ -	\$ 70,169	\$ 53,819	\$ -	\$ 123,988
Less accumulated amortization	-	-	(39,587)	-	(39,587)
Net intangible right-to-use assets	\$ -	\$ 70,169	\$ 14,232	\$ -	\$ 84,401
Component Unit-School Board capital assets, net	\$ 7,785,606	\$ 70,169	\$ (200,632)	\$ -	\$ 7,655,143

Discretely Presented Component Unit - EDA:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 4,823,062	\$ 45,753	\$ (185,753)	\$ 4,683,062
Capital assets, being depreciated:				
Buildings and improvements	\$ -	\$ 240,287	\$ (240,287)	\$ -
Total capital assets being depreciated, net	\$ -	\$ 240,287	\$ (240,287)	\$ -
Component Unit-EDA capital assets, net	\$ 4,823,062	\$ 286,040	\$ (426,040)	\$ 4,683,062

Note 17-Investment in the Smyth-Washington Industrial Facilities Authority (SWIFA):

The County entered into a joint venture with Washington County, Virginia for the development of a regional industrial park. Terms of the agreement stipulate that proceeds from the sale of lots in the park share be distributed equally to Washington and Smyth County. As such, the County has recorded an investment in SWIFA on the statement of net position that represents ½ of the current carrying costs of lots in the Highlands Business Park.

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 participates with other localities in a public entity risk pool for their coverage of general liability, property, and auto insurance with the Virginia Association of Counties Risk Pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County pays the Virginia Association of Counties Risk Pool 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 a 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 component unit School Board participates with other localities in a public entity risk pool for their coverage of general liability, property and auto insurance with the Virginia Association of Counties Risk Pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The School Board pays the Virginia Association of Counties Risk Pool 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 a loss, deficit, and 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 the U.S. Office of Management and Budget's Uniform Guidance. Pursuant to the provisions of this guidance all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Remaining portion of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 20-Surety Bonds:**

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:		
John Graham, Clerk of the Circuit Court	\$	425,000
Tom Burkett, Treasurer		50,000
Jeff Richardson, Commissioner of the Revenue		3,000
Chip Shuler, Sheriff		30,000
All constitutional officers' employees: blanket bond		50,000
Virginia Association of Counties Group		
Self Insurance Risk Pool		
Public Officials Liability - Limit	\$	2,000,000
Defense Cost Limit		100,000
Virginia Liability Risk Management Program		
Social Services Employees	\$	1,000,000

Component Unit - School Board:

Virginia Association of Counties Group		
Self Insurance Risk Pool		
School Leaders	\$	5,000,000

Note 21-Landfill Closure and Post-closure Care Cost:

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 after closure. The County closed the landfill in 1995, however, certain monitoring functions will be continued at the landfill for a period of up to 30 years. \$360,430 was reported as landfill closure and post-closure care liability at June 30, 2022. This amount is based on what it would cost to perform all closure and post-closure in 2022. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Federal and State regulations require owners of municipal solid waste landfills to demonstrate financial responsibility for closure care, post closure care, and corrective costs arising from the operations of such facilities. The County qualifies to use the State Department of Environmental Quality's financial assurance test in order to demonstrate financial responsibility.

Note 22-Arbitrage Rebate Compliance:

As of June 30, 2022 and for the year then ended, the County was not liable for any amounts due under current rules governing arbitrage earnings.

Note 23-Commitments and Contingencies:

The County and a local Town entered into an agreement in August 1990 to purchase up to 60,000 gallons of water per day at a rate of \$1.95 per 1,000 gallons (subject to increase with residential rates). The current rate is \$2.11 per 1,000 gallons. The initial term of the agreement was five years with seven successive five-year periods at mutual agreement between the Town and the County. The County is currently in the fifth renewal period.

The County entered into an agreement with a certain entity to purchase water at an initial rate of \$3.60 per 1,000 gallons for the year ended September 30, 2017 with rates increasing 5% annually. The agreement has an initial five-year term with the option to renew for four successive five-year periods.

The County entered into an agreement with a certain Town to purchase up to 256,000 gallons of water per day at a rate of \$20.50 for first 5,000 gallons; a rate of \$3.51/1,000 gallons for the next 495,000 gallons; and a rate of \$2.81/1,000 gallons for anything over 500,000 gallons. This agreement is subject to increases in the Town's commercial rate up to 2% annually. The initial term of the agreement was five years with fifteen successive three-year periods at mutual agreement between the Town and the County. As of July 1, 2017, a new agreement has been signed that establishes a rate of \$3.80 per 1,000 gallons with the rate subject to increases to the Town's rates charged to its customers. The new agreement has an initial five-year term.

The County and a certain Town entered into a water purchase agreement in July 2016 for the purchase of a minimum of 21 million gallons of water annually at a rate of \$5.00 per 1,000 gallons. In the event that the Town must purchase water back from the County, the rate is the same. The initial term of the agreement is seven years, from July 1, 2016 through June 30, 2023 and is renewable for intervals of three successive years at the mutual option of the County and the Town. The rate shall remain constant for the first seven-year term and will increase or decrease in a percentage equal to the increase or decrease of the Town's residential rates.

Note 24-Intergovernmental Agreements:

Mountain Empire Regional Wastewater Facility

In 1990, the County entered into an agreement with the Town of Marion for joint utilization of the Mountain Empire Regional Wastewater Facility. The Town of Marion owns and operates the facility in which the County is entitled to 17.65% of the wastewater treatment capacity and pays a monthly user charge determined by the Town of Marion consisting of an allocation of operating and maintenance costs, funding of replacement reserves, and overruns from the previous year less revenue derived from treatment of wastewater.

The user charge is determined monthly. The initial agreement ends August 2030; however, the agreement may be renewed for an additional 40 year period. During fiscal year 2022, the County remitted a total of \$189,847 to the Town of Marion. As part of the agreement, the Town of Marion bills wastewater treatment customers of the County and remits collections of those billings to the County within 30 days.

Chilhowie-Smyth Wastewater Treatment Plant

In 1997, the County entered into an agreement with the Town of Chilhowie for joint utilization of the capacity of the Chilhowie/Smyth Wastewater Treatment Plant. The Town of Chilhowie owns and operates the facility in which the County is entitled to 25% of the wastewater treatment capacity and pays a monthly user charge determined by the Town of Chilhowie consisting of an allocation of debt service, operating and maintenance costs, funding of replacement reserve, and overruns from the previous year's income or loss derived from the treatment of wastewater. The user charge is determined each month based on a percentage of plant flow. The term of the agreement ends July 2037 and is renewable for an additional 40-year period. During fiscal year 2022, the County remitted a total of \$187,109 to the Town of Chilhowie. As part of the agreement, the Town of Chilhowie bills wastewater treatment customers of the County and remits collections of those billings to the County within 30 days.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 24-Intergovernmental Agreements: (Continued)**

Saltville-Smyth Regional Wastewater Treatment Facility

In 2001, the Town of Saltville and the County entered into an agreement to construct and operate the Saltville/Smyth Regional Wastewater Treatment Facility. The facility is owned and operated by the Town of Saltville. The County's capacity in the facility is 40% and it is to pay a monthly user charge based on actual user flow consisting of operating and maintenance costs which are to be determined by the Town of Saltville monthly.

The term of agreement ends March 2041 and is renewable for a term of 40 years. During the fiscal year 2022, the County remitted a total of \$29,895 to the Town of Saltville in user charges. As part of the agreement, the Town of Saltville bills wastewater treatment customers of the County and remits collections of those billings to the County each quarter.

Note 25-Litigation:

As of June 30, 2022, a claim has been filed against the County in regard to erroneous assessment of taxes for a combined total of \$800,000. The County is vigorously defending itself against the claims and does not believe the payout of same is probable or reasonably estimable as of the date of the report; therefore, no liability has been recognized in the financial statements.

Note 26-Restricted Fund Balance and Net Position:

Governmental Activities/Funds:	Governmental	Business-type	Component Unit	
	Activities	Activities	School Board	General Fund
Restricted:				
E-911	\$ 401,509	\$ -	\$ -	\$ 401,509
Courthouse construction	49,707	-	-	49,707
Public Safety	244,485	-	-	244,485
Courthouse security	76,424	-	-	76,424
E-summons program	10,327	-	-	10,327
Restricted bond proceeds	2,750,995	-	-	2,750,995
Net pension asset	325,544	11,617	-	-
Opioid settlement	693,035	-	-	24,073
Cafeteria Program	-	-	1,494,693	-
Total restricted balances	<u>\$ 4,552,026</u>	<u>\$ 11,617</u>	<u>\$ 1,494,693</u>	<u>\$ 3,557,520</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 27-COVID-19 Pandemic Subsequent Event:**

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the County, COVID-19 impacted various parts of its 2022 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2023.

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 May 21, 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 \$1,491,155 from the initial allocation are reported as unearned revenue as of June 30.

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 28-Adoption of Accounting Principle:

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

	Component Unit - School Board
Lease assets	\$ 70,169
Lease liabilities	\$ (70,169)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 29-Restatement of Beginning Balances:**

Beginning net position and fund balance for governmental activities and business-type activities was restated for a correction of error as noted below:

	Fund Balance	Net Position	
	General Fund	Governmental Activities	Business-type Activities
Beginning balance, as previously stated	\$ 15,615,808	\$ 20,977,496	\$ 13,223,508
Accounts receivable reclassification	35,452	35,452	(35,452)
Construction in progress reclassification	-	523,570	(523,570)
Beginning balance, as restated	<u>\$ 15,651,260</u>	<u>\$ 21,536,518</u>	<u>\$ 12,664,486</u>

Note 30-Upcoming Pronouncements:

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

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

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

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

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

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

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

Required Supplementary Information

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

	Budgeted Amounts				Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts		
REVENUES					
General property taxes	\$ 19,361,692	\$ 19,361,692	\$ 20,236,591	\$	874,899
Other local taxes	4,050,702	3,800,702	4,238,306		437,604
Permits, privilege fees, and regulatory licenses	75,687	75,687	65,045		(10,642)
Fines and forfeitures	1,069,476	1,070,916	612,313		(458,603)
Revenue from the use of money and property	302,666	302,666	281,637		(21,029)
Charges for services	1,253,463	1,353,463	1,126,189		(227,274)
Miscellaneous	207,452	706,195	385,244		(320,951)
Recovered costs	1,005,846	1,147,141	1,450,736		303,595
Intergovernmental	14,568,202	23,721,891	15,766,865		(7,955,026)
Total revenues	\$ 41,895,186	\$ 51,540,353	\$ 44,162,926	\$	(7,377,427)
EXPENDITURES					
Current:					
General government administration	\$ 8,066,780	\$ 8,133,054	\$ 3,085,399	\$	5,047,655
Judicial administration	2,114,154	2,114,155	1,940,847		173,308
Public safety	10,436,979	15,430,921	10,688,937		4,741,984
Public works	2,428,504	2,527,050	2,623,595		(96,545)
Health and welfare	8,706,662	9,395,885	9,367,160		28,725
Education	8,567,411	8,778,089	8,170,836		607,253
Parks, recreation, and cultural:	832,683	932,682	883,061		49,621
Community development:	286,408	759,273	679,053		80,220
Capital projects	1,411,400	1,626,400	426,189		1,200,211
Debt service					
Principal retirement	2,147,425	2,458,241	2,862,560		(404,319)
Interest and other fiscal charges	1,218,035	1,183,654	1,623,664		(440,010)
Issuance cost	-	-	74,563		(74,563)
Total expenditures	\$ 46,216,441	\$ 53,339,404	\$ 42,425,864	\$	10,913,540
Excess (deficiency) of revenues over (under) expenditures	\$ (4,321,255)	\$ (1,799,051)	\$ 1,737,062	\$	3,536,113
OTHER FINANCING SOURCES (USES)					
Transfers out	\$ (1,274,595)	\$ (1,274,594)	\$ (267,801)	\$	1,006,793
Issuance of general obligation bonds	5,700,000	5,700,000	2,633,000		(3,067,000)
Total other financing sources (uses)	\$ 4,425,405	\$ 4,425,406	\$ 2,365,199	\$	(2,060,207)
Net change in fund balances	\$ 104,150	\$ 2,626,355	\$ 4,102,261	\$	1,475,906
Fund balances - beginning, as restated	(104,150)	(2,626,355)	15,651,260		18,277,615
Fund balances - ending	\$ -	\$ -	\$ 19,753,521	\$	19,753,521

Note 1: GAAP serves as the budgetary basis of accounting

County of Smyth, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Primary Government
Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 851,619	\$ 785,923	\$ 747,402	\$ 728,015	\$ 747,608	\$ 751,868	\$ 752,948	\$ 745,432
Interest	2,987,363	2,922,240	2,807,088	2,722,028	2,734,891	2,679,557	2,587,924	2,483,851
Changes in benefit terms	-	-	-	-	28,506	-	-	-
Differences between expected and actual experience	429,909	(709,981)	98,593	(364,407)	(1,406,952)	(1,311,424)	(350,079)	-
Impact in change of proportion	306,265	482,352	167,660	(101,517)	547,126	209,852	-	-
Changes of assumptions	1,529,074	-	1,238,114	-	(275,572)	-	-	-
Benefit payments	(2,450,357)	(2,229,007)	(2,135,703)	(1,940,594)	(1,880,848)	(1,872,458)	(1,910,763)	(1,541,442)
Net change in total pension liability	\$ 3,653,873	\$ 1,251,527	\$ 2,923,154	\$ 1,043,525	\$ 494,759	\$ 457,395	\$ 1,080,030	\$ 1,687,841
Total pension liability - beginning	45,176,113	43,924,586	41,001,432	39,957,907	39,463,148	39,005,753	37,925,723	36,237,882
Total pension liability - ending (a)	\$ 48,829,986	\$ 45,176,113	\$ 43,924,586	\$ 41,001,432	\$ 39,957,907	\$ 39,463,148	\$ 39,005,753	\$ 37,925,723
Plan fiduciary net position								
Impact in change of proportion	\$ 268,170	\$ 435,586	\$ 156,307	\$ (92,886)	\$ 456,481	\$ 176,742	\$ -	\$ -
Contributions - employer	671,335	590,795	572,706	698,076	692,122	888,989	884,699	897,039
Contributions - employee	392,489	362,025	350,100	344,780	364,136	341,581	340,522	348,858
Net investment income	10,755,063	758,805	2,524,778	2,680,609	4,030,826	559,765	1,453,396	4,402,828
Benefit payments	(2,450,357)	(2,229,007)	(2,135,703)	(1,940,594)	(1,880,848)	(1,872,458)	(1,910,763)	(1,541,442)
Administrator charges	(27,364)	(26,417)	(25,581)	(23,414)	(23,611)	(20,658)	(20,297)	(23,762)
Other	1,009	(892)	(1,583)	(2,372)	(3,573)	(241)	(306)	1,204
Net change in plan fiduciary net position	\$ 9,610,345	\$ (109,105)	\$ 1,441,024	\$ 1,664,199	\$ 3,635,533	\$ 73,720	\$ 747,251	\$ 4,084,725
Plan fiduciary net position - beginning	39,556,802	39,665,907	38,224,883	36,560,684	32,925,151	32,851,431	32,104,180	28,019,455
Plan fiduciary net position - ending (b)	\$ 49,167,147	\$ 39,556,802	\$ 39,665,907	\$ 38,224,883	\$ 36,560,684	\$ 32,925,151	\$ 32,851,431	\$ 32,104,180
County's net pension liability (asset) - ending (a) - (b)	\$ (337,161)	\$ 5,619,311	\$ 4,258,679	\$ 2,776,549	\$ 3,397,223	\$ 6,537,997	\$ 6,154,322	\$ 5,821,543
Plan fiduciary net position as a percentage of the total pension liability	100.69%	87.56%	90.30%	93.23%	91.50%	83.43%	84.22%	84.65%
Covered payroll								
	\$ 7,884,466	\$ 7,601,747	\$ 7,234,586	\$ 6,922,774	\$ 6,922,002	\$ 6,875,983	\$ 6,849,722	\$ 6,840,025
County's net pension liability (asset) as a percentage of covered payroll	-4.28%	73.92%	58.87%	40.11%	49.08%	95.08%	89.85%	85.11%

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 Smyth, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit-Library
Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 34,576	\$ 37,453	\$ 44,216	\$ 46,222	\$ 45,446	\$ 56,763	\$ 61,200	\$ 60,615
Interest	121,287	139,258	166,065	172,823	166,250	202,295	210,349	200,731
Changes in benefit terms	-	-	-	-	1,733	-	-	-
Differences between expected and actual experience	17,454	(33,834)	5,834	(23,136)	(85,527)	(99,007)	(28,455)	-
Impact in change of proportion	(306,265)	(482,352)	(167,660)	101,517	(547,126)	(209,852)	-	-
Changes of assumptions	62,081	-	73,246	-	(16,752)	-	-	-
Benefit payments	(99,485)	(106,223)	(126,347)	(123,209)	(114,334)	(141,363)	(155,309)	(126,532)
Net change in total pension liability	\$ (170,352)	\$ (445,698)	\$ (4,646)	\$ 174,217	\$ (550,310)	\$ (191,164)	\$ 87,785	\$ 134,814
Total pension liability - beginning	2,152,827	2,598,525	2,603,171	2,428,954	2,979,264	3,170,428	3,082,643	2,946,679
Total pension liability - ending (a)	\$ 1,982,475	\$ 2,152,827	\$ 2,598,525	\$ 2,603,171	\$ 2,428,954	\$ 2,979,264	\$ 3,170,428	\$ 3,081,493
Plan fiduciary net position								
Impact in change of proportion	\$ (268,170)	\$ (435,586)	\$ (156,306)	\$ 92,886	\$ (456,481)	\$ (176,742)	\$ -	\$ -
Contributions - employer	27,256	28,154	33,881	44,321	42,073	67,115	71,909	72,943
Contributions - employee	15,935	17,252	20,712	21,890	22,135	25,785	27,678	28,367
Net investment income	436,656	36,161	149,364	170,193	245,028	42,260	118,131	358,015
Benefit payments	(99,485)	(106,223)	(126,347)	(123,209)	(114,334)	(141,363)	(155,309)	(125,342)
Administrator charges	(1,111)	(1,259)	(1,513)	(1,485)	(1,435)	(1,560)	(1,650)	(1,932)
Other	41	(42)	(94)	(151)	(217)	(18)	(25)	(988)
Net change in plan fiduciary net position	\$ 111,122	\$ (461,543)	\$ (80,303)	\$ 204,445	\$ (263,231)	\$ (184,523)	\$ 60,734	\$ 331,063
Plan fiduciary net position - beginning	1,885,041	2,346,584	2,426,887	2,222,442	2,485,673	2,670,196	2,609,462	2,278,399
Plan fiduciary net position - ending (b)	\$ 1,996,163	\$ 1,885,041	\$ 2,346,584	\$ 2,426,887	\$ 2,222,442	\$ 2,485,673	\$ 2,670,196	\$ 2,609,462
Component Unit Library's net pension liability (asset) - ending (a) - (b)	\$ (13,688)	\$ 267,786	\$ 251,941	\$ 176,284	\$ 206,512	\$ 493,591	\$ 500,232	\$ 472,031
Plan fiduciary net position as a percentage of the total pension liability	100.69%	87.56%	90.30%	93.23%	91.50%	83.43%	84.22%	84.68%
Covered payroll	\$ 320,118	\$ 362,367	\$ 459,327	\$ 488,528	\$ 427,372	\$ 531,258	\$ 567,731	\$ 555,966
Component Unit Library's net pension liability (asset) as a percentage of covered payroll	-4.28%	73.90%	54.85%	36.08%	48.32%	92.91%	88.11%	84.90%

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 Smyth, 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, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 196,337	\$ 209,582	\$ 210,020	\$ 223,289	\$ 235,070	\$ 250,631	\$ 266,352	\$ 269,417
Interest	897,294	878,230	903,484	887,093	877,621	869,360	858,200	829,370
Differences between expected and actual experience	80,044	138,019	(450,217)	(95,917)	(191,498)	(191,576)	(206,989)	-
Changes of assumptions	469,763	-	321,229	-	(2,989)	-	-	-
Benefit payments	(920,243)	(966,562)	(794,669)	(765,955)	(799,816)	(820,987)	(695,293)	(678,546)
Net change in total pension liability	\$ 723,195	\$ 259,269	\$ 189,847	\$ 248,510	\$ 118,388	\$ 107,428	\$ 222,270	\$ 420,241
Total pension liability - beginning	13,753,363	13,494,094	13,304,247	13,055,737	12,937,349	12,829,921	12,607,651	12,187,410
Total pension liability - ending (a)	\$ 14,476,558	\$ 13,753,363	\$ 13,494,094	\$ 13,304,247	\$ 13,055,737	\$ 12,937,349	\$ 12,829,921	\$ 12,607,651
Plan fiduciary net position								
Contributions - employer	\$ 176,133	\$ 188,850	\$ 192,386	\$ 208,894	\$ 211,195	\$ 249,040	\$ 261,267	\$ 259,497
Contributions - employee	96,578	98,906	100,364	103,259	116,397	108,352	114,873	121,131
Net investment income	3,143,765	228,720	779,231	845,637	1,284,634	184,071	491,896	1,505,249
Benefit payments	(920,243)	(966,562)	(794,669)	(765,955)	(799,816)	(820,987)	(695,293)	(678,546)
Administrator charges	(8,234)	(8,216)	(8,064)	(7,525)	(7,718)	(7,019)	(6,949)	(8,292)
Other	293	(266)	(488)	(743)	(1,132)	(79)	(103)	79
Net change in plan fiduciary net position	\$ 2,488,292	\$ (458,568)	\$ 268,760	\$ 383,567	\$ 803,560	\$ (286,622)	\$ 165,691	\$ 1,199,118
Plan fiduciary net position - beginning	11,774,381	12,232,949	11,964,189	11,580,622	10,777,062	11,063,684	10,897,993	9,698,875
Plan fiduciary net position - ending (b)	\$ 14,262,673	\$ 11,774,381	\$ 12,232,949	\$ 11,964,189	\$ 11,580,622	\$ 10,777,062	\$ 11,063,684	\$ 10,897,993
School Division's net pension liability - ending (a) - (b)	\$ 213,885	\$ 1,978,982	\$ 1,261,145	\$ 1,340,058	\$ 1,475,115	\$ 2,160,287	\$ 1,766,237	\$ 1,709,658
Plan fiduciary net position as a percentage of the total pension liability	98.52%	85.61%	90.65%	89.93%	88.70%	83.30%	86.23%	86.44%
Covered payroll	\$ 2,076,828	\$ 2,106,689	\$ 2,116,635	\$ 2,156,076	\$ 2,163,422	\$ 2,208,654	\$ 2,297,419	\$ 2,393,110
School Division's net pension liability as a percentage of covered payroll	10.30%	93.94%	59.58%	62.15%	68.18%	97.81%	76.88%	71.44%

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 Smyth, Virginia
Schedule of Employer's Share of Net Pension Liability (Asset) VRS Teacher Retirement Plan
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2021

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (6)
2021	0.26470%	\$ 20,548,918	\$ 22,956,780	89.51%	85.46%
2020	0.26650%	38,787,115	22,988,670	168.72%	71.47%
2019	0.27144%	35,723,046	22,434,009	159.24%	73.51%
2018	0.27854%	32,756,000	22,285,300	146.98%	74.81%
2017	0.28721%	35,321,000	22,470,905	157.19%	72.92%
2016	0.29649%	41,550,000	22,605,674	183.80%	68.28%
2015	0.30972%	38,983,000	23,023,786	169.32%	70.68%
2014	0.32331%	39,071,000	23,643,816	165.25%	70.88%

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

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

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2022	\$ 731,782	\$ 731,782	- \$	8,665,663	8.44%
2021	671,344	671,344	-	7,884,466	8.51%
2020	589,434	589,434	-	7,601,747	7.75%
2019	573,323	573,323	-	7,234,586	7.92%
2018	693,662	693,662	-	6,922,774	10.02%
2017	694,789	694,789	-	6,922,002	10.04%
2016	891,693	891,693	-	6,875,983	12.97%
2015	885,099	885,099	-	6,849,722	12.92%
2014	897,067	897,067	-	6,840,025	13.11%
Component Unit Library					
2022	\$ 29,166	\$ 29,166	- \$	351,836	8.29%
2021	27,257	27,257	-	320,118	8.51%
2020	28,090	28,090	-	362,367	7.75%
2019	33,917	33,917	-	459,327	7.38%
2018	44,065	44,065	-	488,528	9.02%
2017	49,913	49,913	-	427,337	11.68%
2016	67,319	67,319	-	531,326	12.67%
2015	71,942	71,942	-	567,814	12.67%
2014	67,434	67,434	-	555,966	12.13%
Component Unit School Board (nonprofessional)					
2022	\$ 191,085	\$ 191,085	- \$	2,274,190	8.40%
2021	176,132	176,132	-	2,076,828	8.48%
2020	188,862	188,862	-	2,106,689	8.96%
2019	192,187	192,187	-	2,116,635	9.08%
2018	208,889	208,889	-	2,156,076	9.69%
2017	211,186	211,186	-	2,163,422	9.76%
2016	249,040	249,040	-	2,208,654	11.28%
2015	261,267	261,267	-	2,297,419	11.37%
2014	259,497	259,497	-	2,393,110	10.84%
2013	272,884	272,884	-	2,512,741	10.86%
Component Unit School Board (professional)					
2022	\$ 4,042,304	\$ 4,042,304	- \$	24,882,873	16.25%
2021	3,746,068	3,746,068	-	22,956,780	16.32%
2020	3,545,251	3,545,251	-	22,988,670	15.42%
2019	3,475,866	3,475,866	-	22,434,009	15.49%
2018	3,601,232	3,601,232	-	22,285,300	16.16%
2017	3,268,316	3,268,316	-	22,470,905	14.54%
2016	3,165,416	3,165,416	-	22,605,674	14.00%
2015	3,339,265	3,339,265	-	23,023,786	14.50%
2014	2,756,869	2,756,869	-	23,643,816	11.66%
2013	2,764,017	2,764,017	-	23,705,120	11.66%

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

Schedule is intended to show information for 10 years. Prior to 2014, the County information reported in the County's report included participants that are not included in the County's report. Therefore, no additional data is currently available for the County or Component Unit Library. Additional years will be included as they become available.

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

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

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

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

County of Smyth, Virginia
Schedule of Changes in Total OPEB Liability and Related Ratios
Primary Government
Healthcare OPEB Plan
For the Years Ended June 30, 2018 through June 30, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 83,606	\$ 69,680	\$ 66,090	\$ 68,642	\$ 66,924
Interest	42,283	51,544	56,648	53,597	50,901
Changes in assumptions	172,977	119,314	82,141	37,612	-
Differences between expected and actual experience	(105,708)	(122,178)	(131,236)	(65,821)	-
Contributions	(24,025)	(39,135)	(33,045)	(34,792)	(16,967)
Change in proportionate share	11,260	17,178	6,206	(3,567)	-
Net change in total OPEB liability	\$ 180,393	\$ 96,403	\$ 46,804	\$ 55,671	\$ 100,858
Total OPEB liability - beginning	1,660,851	1,564,448	1,517,644	1,461,973	1,361,115
Total OPEB liability - ending	\$ 1,841,244	\$ 1,660,851	\$ 1,564,448	\$ 1,517,644	\$ 1,461,973
Covered-employee payroll	\$ 7,671,527	\$ 6,919,265	\$ 7,328,453	\$ 7,298,609	\$ 6,832,907
Primary Government's total OPEB liability (asset) as a percentage of covered-employee payroll	24.00%	24.00%	21.35%	20.79%	21.40%

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

County of Smyth, Virginia
Schedule of Changes in Total OPEB Liability and Related Ratios
Component Unit Library
Healthcare OPEB Plan
For the Years Ended June 30, 2018 through June 30, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 3,394	\$ 3,320	\$ 3,910	\$ 4,358	\$ 4,075
Interest	1,717	2,456	3,352	3,403	3,100
Changes in assumptions	7,023	5,686	4,859	2,388	-
Differences between expected and actual experience	(4,292)	(5,822)	(7,764)	(4,179)	-
Contributions	(975)	(1,865)	(1,955)	(2,209)	(1,033)
Change in proportionate share	(11,260)	(17,178)	(6,206)	3,567	-
Net change in total OPEB liability	\$ (4,393)	\$ (13,403)	\$ (3,804)	\$ 7,328	\$ 6,142
Total OPEB liability - beginning	79,149	92,552	96,356	89,028	82,886
Total OPEB liability - ending	\$ 74,756	\$ 79,149	\$ 92,552	\$ 96,356	\$ 89,028
Covered-employee payroll	\$ 311,473	\$ 329,743	\$ 433,547	\$ 463,391	\$ 416,093
Component Unit Library's total OPEB liability (asset) as a percentage of covered-employee payroll	24.00%	24.00%	21.35%	20.79%	21.40%

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

County of Smyth, Virginia
Schedule of Changes in Total OPEB Liability and Related Ratios
Component Unit School Board
Healthcare OPEB Plan
For the Years Ended June 30, 2018 through June 30, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 207,000	\$ 158,000	\$ 149,000	\$ 186,000	\$ 181,000
Interest	107,000	124,000	143,000	184,000	182,000
Changes in assumptions	372,000	234,000	172,000	(111,000)	-
Differences between expected and actual experience	(165,000)	7,000	(239,000)	(1,123,000)	-
Contributions	(119,000)	(197,000)	(265,000)	(336,000)	(299,000)
Net change in total OPEB liability	\$ 402,000	\$ 326,000	\$ (40,000)	\$ (1,200,000)	\$ 64,000
Total OPEB liability - beginning	4,225,000	3,899,000	3,939,000	5,139,000	5,075,000
Total OPEB liability - ending	\$ 4,627,000	\$ 4,225,000	\$ 3,899,000	\$ 3,939,000	\$ 5,139,000
Covered-employee payroll	\$ 24,402,000	\$ 24,402,000	\$ 23,787,000	\$ 23,787,000	\$ 24,003,000
School's total OPEB liability (asset) as a percentage of covered-employee payroll	18.96%	17.31%	16.39%	16.56%	21.41%

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

County of Smyth, Virginia
Notes to Required Supplementary Information - Healthcare OPEB Plan
For the Year Ended June 30, 2022

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

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

Methods and assumptions used to determine OPEB liability:

County and Component Unit-Library:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	1.92%
Inflation	2.50%
Healthcare Trend Rate	(6.71%) for fiscal year end 2021 and 7.39% for fiscal year end 2022 (to reflect actual experience), then 7.00% for fiscal year end 2023, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50%
Retirement Age	The average age at retirement is 62
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional improvement scale MP-2021

Component Unit-School Board:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	1.92%
Inflation	2.50%
Healthcare Trend Rate	0.00% for fiscal year end 2021 and 2.43% for fiscal year end 2022 (to reflect actual experience), then 7.00% for fiscal year end 2023, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50%
Retirement Age	The average age at retirement is 62
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional improvement scale MP-2021

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2021	0.03825%	\$ 444,965	\$ 7,890,797	5.64%	67.45%
2020	0.03684%	615,507	7,590,104	8.11%	52.64%
2019	0.03705%	602,875	7,239,182	8.33%	52.00%
2018	0.03726%	566,061	6,922,774	8.18%	51.22%
2017	0.03793%	571,215	6,922,002	8.25%	48.86%
Component Unit Library					
2021	0.00155%	\$ 18,066	\$ 320,375	5.64%	67.45%
2020	0.00176%	29,332	361,712	8.11%	52.64%
2019	0.00219%	35,665	459,618	7.76%	52.00%
2018	0.00237%	35,939	488,528	7.36%	51.22%
2017	0.00231%	34,724	427,337	8.13%	48.86%
Component Unit School Board (Non-Professional)					
2021	0.01010%	\$ 117,592	\$ 2,084,505	5.64%	67.45%
2020	0.01030%	171,389	2,116,831	8.10%	52.64%
2019	0.01091%	177,535	2,136,181	8.31%	52.00%
2018	0.01147%	174,000	2,156,076	8.07%	51.22%
2017	0.01214%	182,000	2,163,422	8.41%	48.86%
Component Unit School Board (Professional)					
2021	0.11190%	\$ 1,303,285	\$ 23,105,946	5.64%	67.45%
2020	0.11180%	1,865,592	23,028,428	8.10%	52.64%
2019	0.11514%	1,873,634	22,563,997	8.30%	52.00%
2018	0.11732%	1,782,000	22,285,300	8.00%	51.22%
2017	0.12255%	1,844,000	22,470,905	8.21%	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 Smyth, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2017 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2022	\$ 46,866	\$ 46,866	\$ -	\$ 8,678,840	0.54%
2021	42,613	42,613	-	7,890,797	0.54%
2020	39,219	39,219	-	7,590,104	0.52%
2019	37,799	37,799	-	7,239,182	0.52%
2018	36,841	36,841	-	6,922,774	0.53%
2017	36,388	36,388	-	6,922,002	0.53%
Component Unit Library					
2022	\$ 1,868	\$ 1,868	\$ -	\$ 345,900	0.54%
2021	1,730	1,730	-	320,375	0.54%
2020	1,869	1,869	-	361,712	0.52%
2019	2,236	2,236	-	459,618	0.49%
2018	2,339	2,339	-	488,528	0.48%
2017	2,212	2,212	-	427,337	0.52%
Component Unit School Board (Nonprofessional)					
2022	\$ 12,313	\$ 12,313	\$ -	\$ 2,280,116	0.54%
2021	11,256	11,256	-	2,084,505	0.54%
2020	10,997	10,997	-	2,116,831	0.52%
2019	11,108	11,108	-	2,136,181	0.52%
2018	11,345	11,345	-	2,156,076	0.53%
2017	11,647	11,647	-	2,163,422	0.54%
Component Unit School Board (Professional)					
2022	\$ 134,884	\$ 134,884	\$ -	\$ 24,978,476	0.54%
2021	124,890	124,890	-	23,105,946	0.54%
2020	119,608	119,608	-	23,028,428	0.52%
2019	117,333	117,333	-	22,563,997	0.52%
2018	116,001	116,001	-	22,285,300	0.52%
2017	117,551	117,551	-	22,470,905	0.52%

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

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

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

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2021	0.25961%	\$ 3,332,274	\$ 22,956,780	14.52%	13.15%
2020	0.26170%	3,414,442	22,988,670	14.85%	9.95%
2019	0.26764%	3,503,668	22,434,009	15.62%	8.97%
2018	0.27565%	3,500,000	22,285,300	15.71%	8.08%
2017	0.28471%	3,611,000	22,470,905	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 Smyth, Virginia
Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2017 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Component Unit-School Board (Professional)					
2022	\$ 301,036	\$ 301,036	\$ -	\$ 24,879,035	1.21%
2021	278,037	278,037	-	22,956,780	1.21%
2020	275,617	275,617	-	22,988,670	1.20%
2019	269,208	269,208	-	22,434,009	1.20%
2018	274,110	274,110	-	22,285,300	1.23%
2017	249,411	249,411	-	22,470,905	1.11%

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

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

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

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

Component Unit-School Board (Professional):

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

County of Smyth, Virginia
Schedule of Changes in the Component Unit School Board's Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2020 and 2021

	2021	2020
Total HIC OPEB Liability		
Service cost	\$ 3,355	\$ -
Interest	23,526	-
Changes in benefit terms	-	348,524
Changes of assumptions	11,739	-
Net change in total HIC OPEB liability	\$ 38,620	\$ 348,524
Total HIC OPEB Liability - beginning	348,524	-
Total HIC OPEB Liability - ending (a)	\$ 387,144	\$ 348,524
 Plan fiduciary net position		
Contributions - employer	\$ 25,130	\$ -
Net investment income	3,375	-
Benefit payments	(111)	-
Net change in plan fiduciary net position	\$ 28,394	\$ -
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	\$ 28,394	\$ -
 Component Unit School Board's net HIC OPEB liability - ending (a) - (b)	\$ 358,750	\$ 348,524
 Plan fiduciary net position as a percentage of the total HIC OPEB liability	7.33%	-
 Covered payroll	\$ 2,076,828	\$ -
 Component Unit School Board's net HIC OPEB liability as a percentage of covered payroll	17.27%	-

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

County of Smyth, Virginia
Schedule of Employer Contributions
Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2021 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2022	\$ 27,530	\$ 27,530	\$ -	\$ 2,275,166	1.21%
2021	25,130	25,130	-	2,076,828	1.21%

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

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

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

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

Non-Largest Ten Locality Employers - General Employees

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

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

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Accounts receivable, net of allowance for uncollectibles	\$ 234,003	\$ 127,603	\$ 361,606
Noncurrent assets:			
Net pension asset	\$ 7,518	\$ 4,099	\$ 11,617
Capital assets:			
Land	29,011	15,820	44,831
Utility plant in service	33,608,460	18,326,909	51,935,369
Machinery and equipment	554,073	302,140	856,213
Accumulated depreciation	(20,674,078)	(11,273,707)	(31,947,785)
Total capital assets	\$ 13,517,466	\$ 7,371,162	\$ 20,888,628
Total noncurrent assets	\$ 13,524,984	\$ 7,375,261	\$ 20,900,245
Total assets	\$ 13,758,987	\$ 7,502,864	\$ 21,261,851
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 47,042	\$ 25,652	\$ 72,694
OPEB related items	9,834	5,363	15,197
Total deferred outflows of resources	\$ 56,876	\$ 31,015	\$ 87,891
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 70,350	\$ 38,363	\$ 108,713
Customers' deposits	1,239	675	1,914
Accrued interest payable	44,100	24,048	68,148
Compensated absences - current portion	11,366	6,198	17,564
Bonds payable - current portion	399,055	217,607	616,662
Total current liabilities	\$ 526,110	\$ 286,891	\$ 813,001
Noncurrent liabilities:			
Compensated absences - net of current portion	\$ 3,788	\$ 2,066	\$ 5,854
Bonds payable - net of current portion	5,390,752	2,939,612	8,330,364
Net OPEB liabilities	50,974	27,796	78,770
Total noncurrent liabilities	\$ 5,445,514	\$ 2,969,474	\$ 8,414,988
Total liabilities	\$ 5,971,624	\$ 3,256,365	\$ 9,227,989
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 123,150	\$ 67,154	\$ 190,304
OPEB related items	10,112	5,514	15,626
Total deferred inflows of resources	\$ 133,262	\$ 72,668	\$ 205,930
NET POSITION			
Net investment in capital assets	\$ 7,727,660	\$ 4,213,942	\$ 11,941,602
Unrestricted (deficit)	(16,683)	(9,096)	(25,779)
Total net position	\$ 7,710,977	\$ 4,204,846	\$ 11,915,823

Note: Information presented herein has been allocated based on a percentage of revenues for services.

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

	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 1,421,819	\$ -	\$ 1,421,819
Sewer revenues	-	775,327	775,327
Connection fees	9,561	5,214	14,775
Penalties	8,927	4,868	13,795
Service charges	24,600	13,415	38,015
Application fees	2,799	1,526	4,325
Miscellaneous	40,020	21,823	61,843
Total operating revenues	<u>\$ 1,507,726</u>	<u>\$ 822,173</u>	<u>\$ 2,329,899</u>
OPERATING EXPENSES			
Personnel services	\$ 259,406	\$ 141,455	\$ 400,861
Water purchases	268,909	146,638	415,547
Water and wastewater service	263,581	143,732	407,313
Automotive expenses	18,184	9,916	28,100
Office supplies	13,409	7,312	20,721
Uniforms	2,506	1,366	3,872
Utilities	36,263	19,774	56,037
Permits	7,620	4,156	11,776
Postage	918	500	1,418
Telephone	3,978	2,169	6,147
Maintenance supplies	46,544	25,380	71,924
Repair and maintenance	55,401	30,210	85,611
County funded projects	7,765	4,235	12,000
Capital projects	78,899	43,024	121,923
Miscellaneous	7,396	4,033	11,429
Depreciation	950,342	518,227	1,468,569
Total operating expenses	<u>\$ 2,021,121</u>	<u>\$ 1,102,127</u>	<u>\$ 3,123,248</u>
Operating income (loss)	<u>\$ (513,395)</u>	<u>\$ (279,954)</u>	<u>\$ (793,349)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest expense	\$ (144,382)	\$ (78,733)	\$ (223,115)
Income (loss) before transfers	<u>\$ (657,777)</u>	<u>\$ (358,687)</u>	<u>\$ (1,016,464)</u>
Transfers out	\$ 173,300	\$ 94,501	\$ 267,801
Change in net position	<u>\$ (484,477)</u>	<u>\$ (264,186)</u>	<u>\$ (748,663)</u>
Total net position - beginning, as restated	8,195,454	4,469,032	12,664,486
Total net position - ending	<u>\$ 7,710,977</u>	<u>\$ 4,204,846</u>	<u>\$ 11,915,823</u>

Note: Information presented herein has been allocated based on a percentage of revenues for services.

County of Smyth, Virginia
Combining Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2022

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,532,525	\$ 835,695	\$ 2,368,220
Payments to suppliers	(793,133)	(432,500)	(1,225,633)
Payments to employees	(277,532)	(151,340)	(428,872)
Net cash provided by (used for) operating activities	<u>\$ 461,860</u>	<u>\$ 251,855</u>	<u>\$ 713,715</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	\$ 173,300	\$ 94,501	\$ 267,801
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to utility plant	\$ (104,616)	\$ (57,048)	\$ (161,664)
Principal payments on bonds	(324,677)	(177,049)	(501,726)
Interest payments	(205,867)	(112,259)	(318,126)
Net cash provided by (used for) capital and related financing activities	<u>\$ (635,160)</u>	<u>\$ (346,356)</u>	<u>\$ (981,516)</u>
Net increase (decrease) in cash and cash equivalents	\$ -	\$ -	\$ -
Cash and cash equivalents - beginning	-	-	-
Cash and cash equivalents - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (513,393)	\$ (279,956)	\$ (793,349)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 950,342	\$ 518,227	\$ 1,468,569
(Increase) decrease in accounts receivable	24,798	13,523	38,321
(Increase) decrease in net pension asset	(7,518)	(4,099)	(11,617)
(Increase) decrease in deferred outflows of resources	5,374	2,930	8,304
Increase (decrease) in accounts payable	18,239	9,946	28,185
Increase (decrease) in compensated absences	(645)	(352)	(997)
Increase (decrease) in net OPEB liabilities	(1,558)	(850)	(2,408)
Increase (decrease) in net pension liability	(129,677)	(70,714)	(200,391)
Increase (decrease) in deferred inflows of resources	115,898	63,200	179,098
Total adjustments	<u>\$ 975,253</u>	<u>\$ 531,811</u>	<u>\$ 1,507,064</u>
Net cash provided by (used for) operating activities	<u>\$ 461,860</u>	<u>\$ 251,855</u>	<u>\$ 713,715</u>

Note: Information presented herein has been allocated based on a percentage of revenues for services.

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

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

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

	School Operating Fund	School Activity Fund	Total
ASSETS			
Cash and cash equivalents	\$ 2,471,343	\$ 1,225,316	\$ 3,696,659
Investments	796,828	-	796,828
Receivables (net of allowance for uncollectibles):			
Accounts receivable	301,226	-	301,226
Due from primary government	2,808,350	-	2,808,350
Due from other governmental units	2,361,368	-	2,361,368
Inventories	79,716	-	79,716
Prepaid items	424,496	-	424,496
Total assets	<u>\$ 9,243,327</u>	<u>\$ 1,225,316</u>	<u>\$ 10,468,643</u>
LIABILITIES			
Accounts payable	\$ 271,955	\$ -	\$ 271,955
Accrued liabilities	5,198,989	-	5,198,989
Total liabilities	<u>\$ 5,470,944</u>	<u>\$ -</u>	<u>\$ 5,470,944</u>
FUND BALANCE			
Nonspendable			
Prepaid items	\$ 424,496	\$ -	\$ 424,496
Inventories	79,716	-	79,716
Committed			
Textbooks	1,773,478	-	1,773,478
School Activity Funds	-	1,225,316	1,225,316
Restricted			
School cafeterias	1,494,693	-	1,494,693
Total fund balances	<u>\$ 3,772,383</u>	<u>\$ 1,225,316</u>	<u>\$ 4,997,699</u>
Total liabilities and fund balances	<u>\$ 9,243,327</u>	<u>\$ 1,225,316</u>	<u>\$ 10,468,643</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Total fund balances per above			\$ 4,997,699
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land		\$ 844,463	
Buildings and improvements		4,708,842	
Machinery and equipment		2,017,437	
Intangible right-to-use lease assets:			
Machinery and Equipment		<u>84,401</u>	7,655,143
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items		\$ 8,173,825	
OPEB related items		<u>1,508,828</u>	9,682,653
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.			
Compensated absences		\$ (466,350)	
Lease liabilities		(83,513)	
Net OPEB liabilities		(9,738,901)	
Net pension liability		<u>(20,762,803)</u>	(31,051,567)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items		\$ (17,701,973)	
OPEB related items		<u>(1,756,705)</u>	(19,458,678)
Net position of governmental activities			<u><u>\$ (28,174,750)</u></u>

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

	School Operating Fund	School Activity Fund	Total
REVENUES			
Revenue from the use of money and property	\$ 14,010	\$ -	\$ 14,010
Charges for services	753,180	1,285,021	2,038,201
Miscellaneous	57,924	-	57,924
Recovered costs	1,244,500	-	1,244,500
Intergovernmental	53,924,570	-	53,924,570
Total revenues	<u>\$ 55,994,184</u>	<u>\$ 1,285,021</u>	<u>\$ 57,279,205</u>
EXPENDITURES			
Current:			
Education	\$ 55,077,032	\$ 2,174,302	\$ 57,251,334
Debt service:			
Principal retirement	40,475	-	40,475
Interest and other fiscal charges	389	-	389
Total expenditures	<u>\$ 55,117,896</u>	<u>\$ 2,174,302</u>	<u>\$ 57,292,198</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 876,288</u>	<u>\$ (889,281)</u>	<u>\$ (12,993)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 837,744	\$ 837,744
Transfers out	(837,744)	-	(837,744)
Leases (as lessee)	53,819	-	53,819
Total other financing sources (uses)	<u>\$ (783,925)</u>	<u>\$ 837,744</u>	<u>\$ 53,819</u>
Net change in fund balances	\$ 92,363	\$ (51,537)	\$ 40,826
Fund balances - beginning	3,680,020	1,276,853	4,956,873
Fund balances - ending	<u>\$ 3,772,383</u>	<u>\$ 1,225,316</u>	<u>\$ 4,997,699</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			\$ 40,826
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period.			
Capital outlays		\$ 1,027,295	
Depreciation and amortization expenses		<u>(1,227,927)</u>	(200,632)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Debt issued or incurred:			
Leases payable		\$ (53,819)	
Principal repayments:			
Leases payable		<u>40,475</u>	(13,344)
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		\$ 46,125	
Change in OPEB related items		88,836	
Change in pension related items		<u>4,947,923</u>	5,082,884
Change in net position of governmental activities			<u>\$ 4,909,734</u>

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

	School Operating Fund				Variance with Final Budget Positive Negative
	Budgeted Amounts		Actual		
	Original	Final			
REVENUES					
Revenue from the use of money and property	\$ 2,750	\$ 2,750	\$ 14,010	\$	11,260
Charges for services	2,070,934	2,070,934	753,180		(1,317,754)
Miscellaneous	379,775	379,775	57,924		(321,851)
Recovered costs	523,775	523,775	1,244,500		720,725
Intergovernmental	50,011,448	55,656,037	53,924,570		(1,731,467)
Total revenues	\$ 52,988,682	\$ 58,633,271	\$ 55,994,184	\$	(2,639,087)
EXPENDITURES					
Current:					
Education	\$ 52,988,682	\$ 58,633,271	\$ 55,077,032	\$	3,556,239
Debt service:					
Principal retirement	-	-	40,475		(40,475)
Interest and other fiscal charges	-	-	389		(389)
Total expenditures	\$ 52,988,682	\$ 58,633,271	\$ 55,117,896	\$	3,515,375
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 876,288	\$	876,288
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers out	\$ -	\$ -	\$ (837,744)	\$	(837,744)
Leases (as lessee)	-	-	53,819		53,819
Total other financing sources and uses	\$ -	\$ -	\$ (783,925)	\$	(783,925)
Net change in fund balances	\$ -	\$ -	\$ 92,363	\$	92,363
Fund balances - beginning	-	-	3,680,020		3,680,020
Fund balances - ending	\$ -	\$ -	\$ 3,772,383	\$	3,772,383

**DISCRETELY PRESENTED COMPONENT UNIT - ECONOMIC
DEVELOPMENT AUTHORITY**

MAJOR GOVERNMENTAL FUNDS

Economic Development Authority (EDA) - The EDA operating fund account is an enterprise fund that accounts for the County's Component-unit EDA.

County of Smyth, Virginia
Statement of Net Position - Proprietary Fund
Discretely Presented Component Unit - Economic Development Authority
June 30, 2022

	<u>EDA Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 909,475
Investments	600,352
Total current assets	<u>\$ 1,509,827</u>
Noncurrent assets:	
Capital assets:	
Land	\$ 4,683,062
Total noncurrent assets	<u>\$ 4,683,062</u>
Total assets	<u>\$ 6,192,889</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 12,162
Due to primary government	322,206
Total liabilities	<u>\$ 334,368</u>
NET POSITION	
Investment in capital assets	\$ 4,683,062
Unrestricted	1,175,459
Total net position	<u><u>\$ 5,858,521</u></u>

County of Smyth, Virginia
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2022

	<u>EDA Fund</u>
OPERATING REVENUES	
Miscellaneous	\$ 15,423
Business grant contribution from County	300,000
Total operating revenues	<u>\$ 315,423</u>
OPERATING EXPENSES	
Grant awards	\$ 125,000
Miscellaneous	140,871
Total operating expenses	<u>\$ 265,871</u>
Operating income (loss)	<u>\$ 49,552</u>
NONOPERATING REVENUES (EXPENSES)	
Gain (loss) on disposal of capital assets	<u>\$ 8,085</u>
Income before capital contributions	<u>\$ 57,637</u>
Capital contributions and construction grants	<u>\$ 286,040</u>
Change in net position	\$ 343,677
Total net position - beginning	5,514,844
Total net position - ending	<u><u>\$ 5,858,521</u></u>

County of Smyth, Virginia
Statement of Cash Flows - Proprietary Fund
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2022

	EDA Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from grant revenue	\$ 300,000
Payments for operating expenses	(267,395)
Other receipts	191,416
Net cash provided by (used for) operating activities	<u>\$ 224,021</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from the sale of assets	<u>\$ 434,125</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale (purchase) of investments	\$ (10,407)
Interest income	369
Net cash provided by (used for) investing activities	<u>\$ (10,038)</u>
Net increase (decrease) in cash and cash equivalents	\$ 648,108
Cash and cash equivalents - beginning	261,367
Cash and cash equivalents - ending	<u><u>\$ 909,475</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	<u>\$ 49,552</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Increase (decrease) in accounts payable	\$ (1,524)
Increase (decrease) in due to primary government	175,993
Total adjustments	<u>\$ 174,469</u>
Net cash provided by (used for) operating activities	<u><u>\$ 224,021</u></u>
Noncash investing, capital, and financing activities:	
Contributions of capital assets from government	<u>\$ 286,040</u>

STATISTICAL INFORMATION

Table 1

County of Smyth, Virginia
Net Position by Component
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities										
Net investment in capital assets	\$ 11,174,543	\$ 10,597,262	\$ 8,483,398	\$ 8,163,198	\$ 7,410,590	\$ 8,038,644	\$ 8,244,411	\$ 9,369,305	\$ 9,020,728	\$ 9,654,051
Restricted	4,552,026	1,588,663	1,602,271	752,619	1,480,166	1,719,619	668,635	-	-	-
Unrestricted	9,174,370	8,791,571	7,447,500	6,903,727	5,821,151	4,836,863	3,351,486	(1,973,096)	4,988,505	4,115,583
Total governmental activities net position	\$ 24,900,939	\$ 20,977,496	\$ 17,533,169	\$ 15,819,544	\$ 14,711,907	\$ 14,595,126	\$ 12,264,532	\$ 7,396,209	\$ 14,009,233	\$ 13,769,634
Business-type activities										
Net investment in capital assets	\$ 11,941,602	\$ 13,164,789	\$ 13,645,145	\$ 14,609,381	\$ 15,469,911	\$ 13,773,956	\$ 14,867,097	\$ 15,755,398	\$ 17,059,262	\$ 18,053,445
Restricted	11,617	-	-	-	-	-	-	-	-	-
Unrestricted	(37,396)	58,719	(26,163)	(10,569)	(268,008)	(175,296)	(199,122)	23,421	79,075	172,073
Total business-type activities net position	\$ 11,915,823	\$ 13,223,508	\$ 13,618,982	\$ 14,598,812	\$ 15,201,903	\$ 13,598,660	\$ 14,667,975	\$ 15,778,819	\$ 17,138,337	\$ 18,225,518
Primary government										
Net investment in capital assets	\$ 23,116,145	\$ 23,762,051	\$ 22,128,543	\$ 22,772,579	\$ 22,880,501	\$ 21,812,600	\$ 23,111,508	\$ 25,124,703	\$ 26,079,990	\$ 27,707,496
Restricted	4,563,643	1,588,663	1,602,271	752,619	1,480,166	1,719,619	668,635	-	-	-
Unrestricted	9,136,974	8,850,290	7,421,337	6,893,158	5,553,143	4,661,567	3,152,364	(1,949,675)	5,067,580	4,287,656
Total primary government net position	\$ 36,816,762	\$ 34,201,004	\$ 31,152,151	\$ 30,418,356	\$ 29,913,810	\$ 28,193,786	\$ 26,932,507	\$ 23,175,028	\$ 31,147,570	\$ 31,995,152

County of Smyth, Virginia
Change in Net Position by Component
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental activities										
General government administration	\$ 2,793,211	\$ 2,434,213	\$ 3,367,652	\$ 2,359,637	\$ 2,108,251	\$ 2,663,712	\$ 2,522,032	\$ 2,197,454	\$ 2,432,123	\$ 2,615,616
Judicial administration	2,368,944	2,487,513	2,333,043	2,167,499	2,085,710	1,638,101	1,591,793	1,825,563	1,682,907	1,493,566
Public safety	10,257,834	9,694,665	9,065,015	8,709,906	8,492,659	8,539,095	7,610,041	7,095,586	7,142,779	6,668,145
Public works	2,934,224	2,658,740	2,075,707	1,983,495	2,148,119	2,059,998	2,548,965	2,090,129	2,056,232	2,122,689
Health and welfare	9,205,485	8,917,782	7,628,329	6,743,163	6,735,510	6,328,638	6,281,076	5,267,649	5,662,739	5,601,627
Education	9,014,939	9,107,198	9,660,316	9,176,867	9,328,944	8,568,359	6,682,117	9,687,317	9,565,569	8,487,813
Parks, recreation, and cultural	839,307	711,535	709,638	729,789	770,828	764,591	1,292,528	1,028,674	1,027,887	1,007,108
Community development	962,815	2,509,137	427,542	1,029,016	368,790	327,775	334,389	1,150,411	1,476,366	1,195,480
Interest on long-term debt	961,558	871,985	896,280	962,475	1,019,376	1,572,972	1,219,313	1,457,368	1,414,721	1,505,797
Total governmental activities	\$ 39,338,317	\$ 39,392,768	\$ 36,163,522	\$ 33,861,847	\$ 33,058,187	\$ 32,463,241	\$ 30,082,254	\$ 31,800,151	\$ 32,461,323	\$ 30,697,841
Business-type activities										
Water and sewer	\$ 3,346,363	\$ 3,200,368	\$ 3,152,325	\$ 2,914,947	\$ 2,944,311	\$ 2,927,130	\$ 3,116,610	\$ 3,641,767	\$ 3,304,613	\$ 3,327,527
Total business-type activities	\$ 3,346,363	\$ 3,200,368	\$ 3,152,325	\$ 2,914,947	\$ 2,944,311	\$ 2,927,130	\$ 3,116,610	\$ 3,641,767	\$ 3,304,613	\$ 3,327,527
Total primary government expenses	\$ 42,684,680	\$ 42,593,136	\$ 39,315,847	\$ 36,776,794	\$ 36,002,498	\$ 35,390,371	\$ 33,198,864	\$ 35,441,918	\$ 35,765,936	\$ 34,025,368
Program Revenues										
Governmental activities										
Charges for services	\$ 39,759	\$ 8,824	\$ 7,882	\$ 10,380	\$ 17,828	\$ 37,877	\$ 32,444	\$ -	\$ -	\$ -
General government administration	623,587	881,222	1,030,379	1,095,915	942,952	829,133	1,096,273	280,374	195,270	176,714
Judicial administration	267,518	349,142	287,438	365,302	336,387	317,298	356,496	1,364,850	1,039,261	819,844
Public safety	872,683	836,597	910,170	854,695	821,118	1,012,486	1,025,428	994,491	916,345	967,251
Public works	-	-	-	-	-	-	-	12,873	11,531	13,602
Health and welfare	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	12,752,610	15,051,714	9,782,392	8,783,861	8,265,629	7,944,314	7,722,207	7,568,809	7,861,211	7,405,851
Capital grants and contributions	-	-	-	-	-	-	-	-	-	145,000
Total governmental activities program revenues	\$ 14,556,157	\$ 17,127,499	\$ 12,052,510	\$ 11,110,153	\$ 10,383,914	\$ 10,141,108	\$ 10,232,848	\$ 10,221,397	\$ 10,023,618	\$ 9,528,262
Business-type activities										
Charges for services	\$ 2,268,056	\$ 2,173,737	\$ 2,210,147	\$ 2,250,002	\$ 2,195,392	\$ 2,204,954	\$ 2,021,625	\$ 2,112,309	\$ 1,922,430	\$ 2,008,325
Water and sewer	-	311,496	12,194	265,885	2,530,983	104,237	59,975	171,102	-	155,463
Capital grants and contributions	\$ 2,268,056	\$ 2,485,233	\$ 2,222,341	\$ 2,515,887	\$ 4,726,375	\$ 2,309,191	\$ 2,081,600	\$ 2,283,411	\$ 1,922,430	\$ 2,163,788
Total business-type activities program revenues	\$ 16,824,213	\$ 19,612,732	\$ 14,274,851	\$ 13,626,040	\$ 15,110,289	\$ 12,450,299	\$ 12,314,448	\$ 12,504,808	\$ 11,946,048	\$ 11,692,050
Total primary government program revenues	\$ 31,380,370	\$ 36,740,231	\$ 26,327,361	\$ 24,736,193	\$ 25,494,203	\$ 22,591,407	\$ 22,547,296	\$ 22,726,205	\$ 21,969,666	\$ 21,220,312
Net (expense) revenue	\$ (2,746,363)	\$ (5,192,463)	\$ (13,153,839)	\$ (11,910,646)	\$ (10,614,289)	\$ (12,800,000)	\$ (12,504,948)	\$ (12,504,808)	\$ (13,796,272)	\$ (10,527,471)
Governmental activities	\$ (24,782,160)	\$ (22,265,269)	\$ (24,111,012)	\$ (22,751,694)	\$ (22,674,273)	\$ (22,322,133)	\$ (19,849,406)	\$ (21,578,754)	\$ (22,437,705)	\$ (21,169,579)
Business-type activities	\$ (1,078,307)	\$ (715,135)	\$ (929,984)	\$ (399,060)	\$ 1,782,064	\$ (617,939)	\$ (1,035,010)	\$ (1,358,356)	\$ (1,382,183)	\$ (1,163,739)
Total primary government net expense	\$ (25,860,467)	\$ (22,980,404)	\$ (25,040,996)	\$ (23,150,754)	\$ (20,892,209)	\$ (22,940,072)	\$ (20,884,416)	\$ (22,937,110)	\$ (23,819,888)	\$ (22,333,318)

County of Smyth, Virginia
Change in Net Position by Component
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
General property taxes	\$ 20,257,881	\$ 19,089,572	\$ 17,910,662	\$ 16,973,046	\$ 17,194,583	\$ 16,785,337	\$ 16,956,694	\$ 16,343,883	\$ 16,874,613	\$ 16,450,037
Other local taxes	4,238,306	3,925,346	3,791,344	3,540,355	3,529,183	3,444,795	3,370,056	3,880,265	3,706,500	3,739,754
Unrestricted grants and contributions	2,582,352	2,544,230	2,628,722	2,634,424	2,694,976	2,580,995	2,527,873	1,920,369	1,927,902	1,825,463
Unrestricted revenues from use of money and property	281,637	250,481	320,471	355,426	269,998	227,311	138,545	242,917	219,217	335,497
Miscellaneous	1,054,206	219,628	157,841	152,049	258,209	240,957	160,814	224,296	240,188	218,097
Transfers	(267,801)	(319,661)	49,846	204,031	161,140	451,376	(22,848)	(91,709)	(291,116)	(469,443)
Special items - underwriter's discount	-	-	-	-	-	-	-	-	-	-
Total governmental activities	\$ 28,146,581	\$ 25,709,596	\$ 24,858,886	\$ 23,859,331	\$ 24,108,089	\$ 23,730,771	\$ 23,131,134	\$ 22,520,021	\$ 22,677,304	\$ 22,099,405
Business-type activities:										
Unrestricted revenues from use of money and property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	61,843	-	-	-	-	-	-	3,566	3,886	1,756
Transfers	267,801	319,661	(49,846)	(204,031)	(161,140)	(451,376)	22,848	275,472	291,116	469,443
Total business-type activities	\$ 329,644	\$ 319,661	\$ (49,846)	\$ (204,031)	\$ (161,140)	\$ (451,376)	\$ 22,848	\$ 279,038	\$ 295,002	\$ 471,199
Total primary government	\$ 28,476,225	\$ 26,029,257	\$ 24,809,040	\$ 23,655,300	\$ 23,946,949	\$ 23,279,395	\$ 23,153,982	\$ 22,799,059	\$ 22,972,306	\$ 22,570,604
Change in Net Position										
Governmental activities	\$ 3,364,421	\$ 3,444,327	\$ 1,713,625	\$ 1,107,637	\$ 1,433,816	\$ 1,408,638	\$ 3,281,728	\$ 941,267	\$ 239,599	\$ 929,826
Business-type activities	(748,663)	(395,474)	(979,830)	(603,091)	1,620,924	(1,069,315)	(1,012,162)	(1,079,318)	(1,087,181)	(692,540)
Total primary government	\$ 2,615,758	\$ 3,048,853	\$ 733,795	\$ 504,546	\$ 3,054,740	\$ 339,323	\$ 2,269,566	\$ (138,051)	\$ (847,582)	\$ 237,286

Table 3

County of Smyth, Virginia
Fund Balance - Governmental Fund
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund										
Nonspendable	\$ 149,473	\$ 171,678	\$ 134,252	\$ 181,639	\$ 184,089	\$ 170,692	\$ 165,535	\$ 205,182	\$ 181,436	\$ 180,909
Restricted	3,557,520	1,588,663	1,602,271	752,619	1,480,166	1,719,619	7,053,698	12,560,956	21,335,807	25,697,568
Committed	275,711	227,520	314,009	718,986	945,049	1,108,674	1,241,351	47,531	71,786	62,900
Unassigned	15,770,817	13,627,947	11,101,414	9,358,844	7,893,953	6,431,674	5,158,382	3,059,388	2,914,839	3,614,881
Total general fund	\$ 19,753,521	\$ 15,615,808	\$ 13,151,946	\$ 11,012,088	\$ 10,503,257	\$ 9,430,659	\$ 13,618,966	\$ 15,873,057	\$ 24,503,868	\$ 29,556,258

Table 4

County of Smyth, Virginia
Changes in Fund Balance, Governmental Fund
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues										
General property taxes	\$ 20,236,591	\$ 19,619,232	\$ 17,930,375	\$ 17,453,207	\$ 17,124,424	\$ 16,516,355	\$ 16,947,861	\$ 16,278,485	\$ 16,532,802	\$ 15,861,854
Other local taxes	4,238,306	3,925,346	3,791,344	3,540,355	3,529,183	3,444,795	3,370,056	3,880,265	3,706,500	3,739,754
Permits, privilege fees, and licenses	65,045	61,333	111,689	85,185	129,113	113,794	135,421	95,901	161,986	124,647
Fines and forfeitures	612,313	871,402	1,019,041	1,078,773	928,528	814,522	1,082,497	1,280,930	888,941	714,666
Revenue from use of money and property	281,637	250,481	320,471	355,426	269,998	227,311	138,545	242,917	219,217	335,497
Charges for services	1,126,189	1,143,050	1,105,139	1,162,334	1,060,644	1,268,478	1,292,723	1,236,967	1,065,606	1,010,630
Recovered costs	1,450,736	1,245,807	817,164	532,836	848,829	398,251	301,480	234,006	260,219	335,169
Other	385,244	219,628	157,841	152,049	258,209	240,957	160,814	224,296	240,188	218,097
Intergovernmental	15,766,865	18,083,057	12,922,059	11,865,953	11,376,635	10,525,309	10,250,080	9,388,971	9,705,113	9,292,314
Total revenues	\$ 44,162,926	\$ 45,419,336	\$ 38,175,123	\$ 36,226,118	\$ 35,525,563	\$ 33,549,772	\$ 33,679,477	\$ 32,862,738	\$ 32,780,572	\$ 31,632,628
Expenditures										
General government administration	\$ 3,085,399	\$ 3,022,938	\$ 2,367,900	\$ 2,468,213	\$ 2,637,943	\$ 2,680,532	\$ 2,274,638	\$ 2,160,543	\$ 2,412,477	\$ 2,735,775
Judicial administration	1,940,847	1,908,480	1,857,567	1,807,747	1,683,976	1,601,951	1,554,655	1,809,226	1,690,506	1,438,614
Public safety	10,688,937	11,024,808	9,424,124	9,186,164	8,814,969	8,200,093	7,625,091	6,746,242	6,676,032	6,718,463
Public works	2,623,595	2,647,229	2,135,887	2,482,529	2,190,945	2,364,772	2,322,184	1,906,816	2,019,165	2,051,755
Health and welfare	9,367,160	8,753,992	7,608,179	7,120,994	7,027,227	6,413,303	6,359,049	5,404,748	5,679,174	5,563,404
Education	8,170,836	8,209,775	8,748,338	7,818,509	7,984,685	7,296,634	5,378,772	8,275,288	8,040,810	7,638,606
Parks, recreation, and cultural	883,061	731,111	732,090	732,090	772,090	764,563	914,558	976,479	976,479	955,046
Community development	679,053	2,506,328	254,048	235,449	258,773	329,678	339,554	1,186,002	1,176,400	1,091,483
Capital projects	426,189	-	1,423	-	-	5,857,294	5,593,129	6,946,025	3,095,262	16,269,549
Debt service:										
Principal retirement	2,862,560	2,160,612	2,108,919	2,327,376	2,010,009	2,089,810	1,933,169	1,970,201	4,190,481	1,966,989
Bond insurance cost	74,563	-	39,470	-	-	-	-	-	-	-
Interest and other fiscal charges	1,623,664	1,670,540	1,712,166	1,742,247	1,801,007	1,466,236	1,628,640	1,408,231	1,585,060	1,654,575
Total expenditures	\$ 42,425,864	\$ 42,635,813	\$ 36,990,111	\$ 35,921,318	\$ 35,181,624	\$ 39,064,866	\$ 35,923,439	\$ 38,789,801	\$ 37,541,846	\$ 48,084,259
Excess of revenues over (under) expenditures	\$ 1,737,062	\$ 2,783,523	\$ 1,185,012	\$ 304,800	\$ 343,939	\$ (5,515,094)	\$ (2,243,962)	\$ (5,927,063)	\$ (4,761,274)	\$ (16,451,631)
Other Financing Sources (Uses)										
Issuance of bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,970,000	\$ -	\$ 2,170,893
Issuance of loan payable	2,633,000	-	-	-	-	1,156,824	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	20,454,976	-	-	-	-
Issuance of bridge loan	-	-	-	-	-	2,300,000	-	-	-	-
Issuance of capital lease	-	-	905,000	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	(23,036,389)	-	(14,233,704)	-	-
Bond issuance costs	-	-	-	-	-	-	-	(108,102)	-	-
Premium on bonds	-	-	-	-	-	-	-	1,272,643	-	-
Underwriter's discount on bonds	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	12,719	-	-	-
Transfers in	(267,801)	(319,661)	49,846	204,031	161,140	451,376	-	183,763	-	-
Transfers out	-	-	-	-	-	-	(22,848)	(275,472)	(291,116)	(469,443)
Total other financing sources (uses)	\$ 2,365,199	\$ (319,661)	\$ 954,846	\$ 204,031	\$ 161,140	\$ 1,326,787	\$ (10,129)	\$ (2,190,872)	\$ (291,116)	\$ 1,701,450
Net change in fund balance	\$ 4,102,261	\$ 2,463,862	\$ 2,139,858	\$ 508,831	\$ 505,079	\$ (4,188,307)	\$ (2,254,091)	\$ (8,117,935)	\$ (5,052,390)	\$ (14,750,181)
Debt service as a percentage of noncapital expenditures	12.68%	10.59%	12.65%	13.82%	13.27%	10.91%	11.89%	10.61%	16.77%	11.38%

Table 5

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

Fiscal Year	Real Estate (1)	Personal Property (2)	Public Service Companies (3)	Total
2022	\$ 1,534,244,397	\$ 273,262,562	\$ 401,588,898	\$ 2,209,095,857
2021	1,532,313,146	209,112,178	446,724,094	2,188,149,418
2020	1,420,931,260	418,732,569	178,668,937	2,018,332,766
2019	1,411,606,660	416,103,125	159,999,308	1,987,709,093
2018	1,404,431,009	404,465,636	162,591,936	1,971,488,581
2017	1,400,794,341	388,325,907	154,952,331	1,944,072,579
2016	1,390,638,146	379,128,098	144,137,642	1,913,903,886
2015	1,398,811,514	384,132,517	136,867,929	1,919,811,960
2014	1,429,094,226	401,053,105	124,002,508	1,954,149,839
2013	1,444,667,238	360,243,649	129,520,200	1,934,431,087

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

(2) Personal property is assessed at 100% of fair market value as of January 1, 1995.

(3) Assessed by the State Corporation Commission.

Table 6

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital	Interstate Commerce
2022	\$ 0.74	\$ 2.30	\$ 1.55	\$ 0.40	\$ 1.55
2021	0.74	2.30	1.55	0.40	1.55
2020	0.74	2.30	1.55	0.40	1.55
2019	0.74	2.30	1.55	0.40	1.55
2018	0.74	2.30	1.55	0.40	1.55
2017	0.74	2.30	1.55	0.40	1.55
2016	0.74	2.30	1.55	0.40	1.55
2015	0.74	2.30	1.55	0.40	1.55
2014	0.74	2.30	1.55	0.40	1.55
2013	0.74	2.30	1.55	0.40	1.55

(1) Per \$100 of assessed value.

Table 7

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2022	\$ 21,768,672	\$ 20,582,270	94.55%	\$ 1,230,260	\$ 21,812,530	100.20%	\$ 3,526,411	16.20%
2021	21,091,719	19,954,873	94.61%	1,348,545	21,303,418	101.00%	3,868,838	18.34%
2020	19,609,448	18,470,193	94.19%	1,174,643	19,644,836	100.18%	4,073,510	20.77%
2019	19,257,511	18,080,830	93.89%	1,080,552	19,161,382	99.50%	4,268,180	22.16%
2018	19,036,228	17,522,360	92.05%	917,454	18,439,814	96.87%	4,577,264	24.05%
2017	18,780,259	17,638,468	93.92%	758,265	18,396,733	97.96%	4,379,621	23.32%
2016	18,454,479	17,359,495	94.07%	1,201,066	18,560,561	100.57%	4,093,425	22.18%
2015	18,517,112	15,175,265	81.95%	815,738	15,991,003	86.36%	4,430,581	23.93%
2014	18,532,906	15,564,710	83.98%	659,241	16,223,951	87.54%	4,126,146	22.26%
2013	18,035,837	14,839,925	82.28%	686,541	15,526,466	86.09%	3,800,525	21.07%

(1) Exclusive of penalties and interest.

Levy includes amounts collectible from the State under the PPTRA program and motor vehicle license fees
Collections in 2016 include PPTRA revenue and motor vehicle license fee collections.

Table 8

County of Smyth, Virginia
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds										Other		Business-type		Total Debt	
	Governmental			Business-type			Total		Governmental		Business-type		Total			
	General			General			General		Activities Debt		Activities		Primary			
	Obligation	Bonds	Per	Obligation	Bonds	Per	Obligation	Bonds	Other Debt	Revenue	Bonds	Government	Capita			
2022	\$ 30,012,994	\$ 3,695,176	\$ 1,085	\$ 33,708,170	\$ 1,085	\$ 6,616,800	\$ 5,251,850	\$ 1,085	\$ 45,576,820	\$ 1,467						
2021	28,571,382	3,776,708	1,041	32,348,090	1,041	8,672,477	5,777,606	1,041	46,798,173	1,507						
2020	29,887,360	3,851,670	1,086	33,739,030	1,086	9,913,154	6,296,323	1,086	49,948,507	1,608						
2019	31,198,127	3,894,259	1,130	35,092,386	1,130	10,215,831	6,807,069	1,130	52,115,286	1,678						
2018	32,675,976	3,939,926	1,179	36,615,902	1,179	11,495,508	7,318,465	1,179	55,429,875	1,784						
2017	34,211,950	1,935,674	1,122	36,147,624	1,122	13,583,009	7,824,343	1,122	57,554,976	1,787						
2016	36,668,901	1,973,759	1,200	38,642,660	1,200	10,714,862	8,331,661	1,200	57,689,183	1,791						
2015	36,267,379	5,065,234	1,283	41,332,613	1,283	11,018,539	5,395,000	1,283	57,746,152	1,793						
2014	26,608,260	5,178,026	987	31,786,286	987	25,911,563	5,675,000	987	63,372,849	1,968						
2013	27,886,530	5,287,434	1,030	33,173,964	1,030	28,823,774	5,946,000	1,030	67,943,738	2,110						

Table 9

**County of Smyth, Virginia
Population
Last Ten Fiscal Years**

Fiscal Year	Population
2022	29,477
2021	29,800
2020	31,062
2019	31,062
2018	31,062
2017	31,062
2016	32,208
2015	32,208
2014	32,208
2013	32,208

Source: United State Bureau of Census

COMPLIANCE SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

**To the Honorable Members of the Board of Supervisors
County of Smyth, Virginia
Marion, 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 Smyth, Virginia as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County of Smyth, Virginia's basic financial statements and have issued our report thereon dated December 6, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Smyth, 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 Smyth, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Smyth, Virginia's internal control.

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

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

Report on Compliance and Other Matters

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

County of Smyth, Virginia's Response to Findings

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

Purpose of This Report

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

Robinson, Jarmon, Cox, Associates

Blacksburg, Virginia
December 6, 2022



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

**To the Honorable Members of the Board of Supervisors
County of Smyth, Virginia
Marion, Virginia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on County of Smyth, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of

internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about County of Smyth, Virginia's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Robinson, Jarmon, Cox, Associates

Blacksburg, Virginia
December 6, 2022

COUNTY OF SMYTH, VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF AGRICULTURE:			
Pass through payments from:			
<i>Department of Social Services:</i>			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010121/0010122/0040121/0040122	\$ 777,801
<i>Department of Education:</i>			
Forest Service Schools and Roads Cluster:			
Schools and Roads - Grants to States	10.665	43841	82,813
Child Nutrition Cluster:			
School Breakfast Program	10.553	40253/41110	\$ 712,363
<i>Department of Education:</i>			
National School Lunch Program	10.555	40254/41108	\$ 1,904,825
COVID-19 - National School Lunch Program	10.555	86557	4,144
Fresh Fruit and Vegetable Program	10.582	40252	114,193
<i>State Department of Agriculture:</i>			
Food Distribution-Schools (Note C)	10.555	40264	261,764 2,170,733
Pandemic Electronic Benefit Transfer Administrative Costs	10.649	86556	3,063
Child and Adult Care Food Program	10.558	70028/70027/86555	69,127
Total Department of Agriculture			\$ 3,930,093
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass through payments from:			
<i>Department of Social Services:</i>			
Temporary Assistance for Needy Families	93.558	0400121/0400122	\$ 427,310
Guardianship Assistance	93.090	1110121/1110122	445
Community-Based Child Abuse Prevention Grants	93.590	9560121	996
MaryLee Allen Promoting Safe and Stable Families	93.556	0950121/0905221	\$ 6,668
COVID-19 - MaryLee Allen Promoting Safe and Stable Families	93.556	0500122	4,574
Title IV-E Kinship Navigator Program	93.471	unavailable	11,242
Title IV-E Prevention Program	93.472	1140122	53,404
Refugee and Entrant Assistance - State/ Replacement Designee Administered Programs	93.566	0500122	12,380
Low Income Home Energy Assistance	93.568	0600421/0600422	2,036
Social Services Block Grant	93.667	1000121/1000122	74,964
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150121	516,081
COVID-19 - John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150121	\$ 5,465
Elder Abuse Prevention Interventions Program	93.747	8000221	15,929
Children's Health Insurance Program	93.767	0540121/0540122	21,394
Medicaid Cluster:			
Medical Assistance Program	93.778	1200121/1200122	3,005
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121	4,212
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760121/0760122	407,777
Foster Care - Title IV E	93.658	1100121/1100122	1,011
Adoption Assistance	93.659	1120121/1120122	93,797
Adoption and Legal Guardianship Incentive Payments	93.603	1130119	440,435
Total Department of Health and Human Services			447,955
			\$ 1,960
			\$ 2,520,404
DEPARTMENT OF HOMELAND SECURITY:			
Pass through payments from:			
<i>Department of Emergency Management:</i>			
Emergency Management Performance Grants	97.042	unknown	\$ 15,000
DEPARTMENT OF TRANSPORTATION:			
Pass through payments from:			
<i>Department of Motor Vehicles:</i>			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	FSC-2022-59305-9305	\$ 3,222
National Priority Safety Programs	20.616	unknown	4,390
Highway Planning and Construction Cluster:			\$ 7,612
Highway Planning and Construction	20.205	unknown	34,249
Total Department of Transportation			\$ 41,861
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Pass through payments from:			
<i>Office of Community Planning and Development</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	HCD50790	\$ 146,682
DEPARTMENT OF TREASURY:			
Direct payments:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	not applicable	\$ 1,432,520
Pass through payments from:			
<i>Department of Housing and Community Development:</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	unknown	172,866
<i>Compensation Board:</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	unknown	96,885
<i>Department of Education:</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	45277	116,935
			\$ 1,819,206
DEPARTMENT OF JUSTICE:			
Pass through payments from:			
<i>Office of Victims of Crime</i>			
Crime Victim Assistance	16.575	20V2GX0048	\$ 63,583

COUNTY OF SMYTH, VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF EDUCATION:			
Pass through payments from:			
Department of Education:			
Career and Technical Education -- Basic Grants to States	84.048	60031	\$ 122,329
Supporting Effective Instruction State Grants	84.367	61480	187,453
English Language Acquisition State Grants	84.365	86783	4,204
Title I Grants to Local Educational Agencies	84.010	42901	1,336,600
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	43071/40287	\$ 1,393,463
Special Education - Preschool Grants	84.173	62521/40286	72,705
COVID-19 - Education Stabilization Fund - Governors (Outlying Areas) (ESF-Governor)	84.425H	60177	\$ 268,048
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	50193/50195/60041	3,596,829
Twenty-First Century Community Learning Centers	84.287	60565	120,741
Rural Education	84.358	43481	141,592
Student Support and Academic Enrichment Program	84.424	60281	164,966
Total Department of Education			\$ 7,408,930
Total Expenditures of Federal Awards			\$ 15,945,759

Notes to Schedule of Expenditures of Federal Awards

Note A--Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Smyth, Virginia under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of the Office of Management and Budgets Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the County of Smyth, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Smyth, Virginia.

Note B--Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB's Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.
(2) Pass-through entity indentifying number are presented where available.
(3) The County did not elect the 10% de minimis indirect cost rate because they only request direct costs for reimbursement.

Note C--Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note D--Outstanding Balance of Federal Loans

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

Note E--Subrecipients

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

Note F--Donated Items

The County did not receive any donated items during the year.

Note G--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 - Intergovernmental	\$ 15,766,865
Less: Revenue from the Commonwealth	(9,843,831)
Less: Payment in Lieu of Taxes	(223,529)
Less: QSCB interest subsidy	(431,903)

Component Unit School Board:

School Operating Fund - Intergovernmental	53,924,570
Less: Revenue from local governments	(8,097,937)
Less: Revenue from the Commonwealth	(35,148,476)

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 15,945,759

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

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

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

 Material weakness(es) identified? Yes

 Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

 Material weakness(es) identified? No

 Significant deficiency(ies) identified? None reported

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

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

Identification of major programs:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
21.027	Coronavirus State and Local Fiscal Recovery Funds
84.027	Special Education Cluster (IDEA)
84.425	Education Stabilization Fund
93.778	Medical Assistance Program

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

Auditee qualified as low-risk auditee? No

Summary Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022 (Continued)

Section II - Financial Statement Findings

2022-001	Material Weakness
Criteria:	Identification of a material adjustment to the financial statements that was not detected by the entity's internal controls indicates that a material weakness may exist.
Condition:	Material adjustments were proposed as a result of audit procedures performed for the County's and School Board's trial balances.
Cause:	The closing process did not accurately find and correct adjustments needed for financial
Effect:	There is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected by the entity's internal controls over financial
Recommendation:	The County and School Board should review the auditors' proposed audit adjustments for the fiscal year and develop a plan to ensure the trial balances and related schedules are accurately presented for audit.
Management's Response:	The County and School Board will review the auditors' proposed audit adjustments for the fiscal year and will develop a plan of action to ensure that all adjusting entries are made prior to final audit fieldwork next year.

Section III - Federal Award Findings and Questioned Costs

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

County of Smyth, Virginia

Schedule of Prior Audit Findings
For the Year Ended June 30, 2022

2021-001

Condition:	Material adjustments were proposed as a result of audit procedures performed for the County's and School Board's trial balances.
Recommendation:	The County and School Board should review the auditors' proposed audit adjustments for the fiscal year and develop a plan to ensure the trial balances and related schedules are accurately presented for audit.
Current Status:	Finding 2021-001 was repeated in the current year as 2022-001.