

FINANCIAL STATEMENTS

FISCAL YEAR ENDED

JUNE 30, 2023



COUNTY OF CARROLL, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

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FINANCIAL REPORT
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INTRODUCTORY SECTION

COUNTY OF CARROLL, VIRGINIA

BOARD OF SUPERVISORS

Tracy Moore, Chair
Rex Hill
Ronnie Collins

Joey Dickson, Vice Chair
Robert L. "Robbie" McGraw
Joseph Early

SCHOOL BOARD

William "Bill" Sturgill, Vice Chair
Phillip Berrier

Brian Spencer, Chair

Ralph "Bob" Martin
Jennifer Sowers

SOCIAL SERVICES BOARD

Susan Clark, Chair
Roger Cooley
Janice Crotts

Lisa Gardner
Jody Early
Fred Bobbitt

OTHER OFFICIALS

Clerk of the Circuit Court	Gerald R. Goad
Commonwealth's Attorney	Roger D. Brooks
Commissioner of the Revenue.....	Fran A Zimmerman
Treasurer	Bonita M. Williams
Sheriff	Kevin A. Kemp
Superintendent of Schools	Dr. Mark Burnette
County Administrator	Michael Watson
County Attorney	Steven V. Durbin

FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Carroll, Virginia, as of and for the year ended June 30, 2023, and the respective changes in financial position, 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 Carroll, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 26 to the financial statements, in 2023, the County adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. 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.

Responsibilities of Management for the Financial Statements (Continued)

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 Carroll, 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 Carroll, 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 Carroll, Virginia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the 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.

Required Supplementary Information (Continued)

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2024, on our consideration of County of Carroll, 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.

Other Reporting Required by *Government Auditing Standards* (Continued)

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 Carroll, 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 Carroll, Virginia's internal control over financial reporting and compliance.

Robinson, Finner, Cox Associates

Blacksburg, Virginia
January 19, 2024

Basic Financial Statements

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

	Primary Government	Component Units		
	Governmental Activities	School Board	Public Service Authority	Economic Development Authority
ASSETS				
Cash and cash equivalents	\$ 29,767,250	\$ 6,466,749	\$ 1,164,310	\$ 1,183,439
Cash held at schools	-	854,142	-	-
Investments	4,185,715	-	-	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	23,553,829	-	-	-
Interest receivable	-	-	-	134,788
Accounts receivable	417,346	587,329	462,662	5,655
Other local taxes receivable	315,101	-	-	-
Opioid settlement	401,827	-	-	-
Note receivable	134,543	-	315,935	2,270,012
Lease receivable	-	-	-	271,276
Due from primary government	-	-	-	27,000
Due from component units	2,516,190	-	-	-
Due from other governmental units	1,816,426	2,949,439	-	-
Prepaid items	165,881	453,053	38,425	184
Net pension asset	-	436,028	-	-
Lease purchase receivable	-	-	-	9,733,853
Assets held for resale:				
Industrial sites	-	-	-	979,308
Restricted assets:				
Cash and cash equivalents	-	1,941,341	871,842	308,938
Investments	-	7,939,948	-	-
Capital assets (net of accumulated depreciation/amortization):				
Land	3,253,102	1,343,900	264,837	96,500
Lease land rights	65,550	-	-	-
Buildings and improvements	19,902,253	26,017,624	-	643,058
Improvements other than buildings	-	85,428	-	-
Machinery and equipment	3,705,936	2,825,345	420,751	-
Lease machinery and equipment	14,584	-	-	-
Subscription asset	300,108	-	-	-
Infrastructure	-	-	33,655,059	-
Construction in progress	1,699,376	3,424,953	-	63,464
Total assets	<u>\$ 92,215,017</u>	<u>\$ 55,325,279</u>	<u>\$ 37,193,821</u>	<u>\$ 15,717,475</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 1,740,254	\$ 6,392,426	\$ 90,245	\$ -
OPEB related items	107,048	1,408,449	-	-
Total deferred outflows of resources	<u>\$ 1,847,302</u>	<u>\$ 7,800,875</u>	<u>\$ 90,245</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ 410,911	\$ 1,461,907	\$ 147,278	\$ 8,268
Retainage Payable	-	129,050	-	-
Salaries payable	917,985	2,481,698	-	-
Accrued interest payable	80,258	-	52,404	81,074
Customer deposits payable	-	-	129,235	-
Due to other governmental units	46,841	-	-	-
Due to primary government	-	2,398,864	117,725	-
Due to component unit	27,000	-	-	-
Unearned revenue	-	10,538,956	-	-
Long-term liabilities:				
Due within one year	2,555,202	724,104	842,525	676,351
Due in more than one year	18,686,081	32,313,126	20,741,062	9,396,397
Total liabilities	<u>\$ 22,724,278</u>	<u>\$ 50,047,705</u>	<u>\$ 22,030,229</u>	<u>\$ 10,162,090</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 16,445,039	\$ -	\$ -	\$ -
Pension related items	1,624,595	6,283,869	182,087	-
OPEB related items	130,391	2,653,178	-	-
Lease related item	-	-	-	240,121
Total deferred inflows of resources	<u>\$ 18,200,025</u>	<u>\$ 8,937,047</u>	<u>\$ 182,087</u>	<u>\$ 240,121</u>
NET POSITION				
Net investment in capital assets	\$ 13,980,186	\$ 33,697,250	\$ 13,367,186	\$ 475,813
Restricted:				
Asset forfeiture	71,030	-	-	-
Opioid settlement	532,985	-	-	-
School cafeterias	-	1,941,341	-	-
School activity fund	-	854,142	-	-
Net pension asset	-	436,028	-	-
Debt service and bond covenants	-	-	742,607	308,938
Unrestricted	38,553,815	(32,787,359)	961,957	4,530,513
Total net position	<u>\$ 53,138,016</u>	<u>\$ 4,141,402</u>	<u>\$ 15,071,750</u>	<u>\$ 5,315,264</u>

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

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

					Net (Expense) Revenue and Changes in Net Position			
Program Revenues					Primary Government	Component Units		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	School Board	Public Service Authority	Economic Development Authority
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 2,676,308	\$ -	\$ 870,909	\$ -	\$ (1,805,399)			
Judicial administration	1,427,265	16,713	1,045,949	-	(364,603)			
Public safety	10,326,176	2,568,107	4,191,517	-	(3,566,552)			
Public works	1,361,436	29,465	48,609	-	(1,283,362)			
Health and welfare	8,653,157	26,178	6,714,750	-	(1,912,229)			
Education	21,935,982	-	-	-	(21,935,982)			
Parks, recreation, and cultural	1,149,634	226,347	109,981	50,000	(763,306)			
Community development	2,340,695	19,721	45,000	-	(2,275,974)			
Interest on long-term debt	983,275	-	639,160	-	(344,115)			
Total governmental activities	\$ 50,853,928	\$ 2,886,531	\$ 13,665,875	\$ 50,000	\$ (34,251,522)			
Total primary government	\$ 50,853,928	\$ 2,886,531	\$ 13,665,875	\$ 50,000	\$ (34,251,522)			
COMPONENT UNITS:								
School Board	\$ 47,610,239	\$ 2,343,838	\$ 44,086,357	\$ -		\$ (1,180,044)		
Public Service Authority	5,138,940	3,638,883	500	-		(1,499,557)		
Economic Development Authority	616,570	220,967	-	-		(395,603)		
Total component units	\$ 53,365,749	\$ 6,203,688	\$ 44,086,857	\$ -		\$ (1,180,044)		
General revenues:								
General property taxes					\$ 25,751,345	\$ -	\$ -	\$ -
Local sales and use taxes					2,897,830	-	-	-
Consumer's utility tax					760,172	-	-	-
Motor vehicle taxes					93,959	-	-	-
Restaurant food taxes					676,601	-	-	-
Hotel and motel room taxes					534,990			
Other local taxes					339,032	-	-	-
Unrestricted revenues from use of money and property					309,734	72,986	17,426	188,641
Miscellaneous					190,950	252,468	111,975	-
Payments from Primary Government					-	21,264,474	1,273,000	144,000
Grants and contributions not restricted to specific programs					1,995,232	-	-	-
Lease purchase revenue					-	-	-	139,599
Total general revenues					\$ 33,549,845	\$ 21,589,928	\$ 1,402,401	\$ 472,240
Change in net position					\$ (701,677)	\$ 20,409,884	\$ (97,156)	\$ 76,637
Net position - beginning					53,839,693	(16,268,482)	15,168,906	5,238,627
Net position - ending					\$ 53,138,016	\$ 4,141,402	\$ 15,071,750	\$ 5,315,264

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

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

	<u>General</u>	County <u>CIP</u>	School <u>Construction</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 23,217,795	\$ 6,549,455	\$ -	\$ 29,767,250
Investments	4,185,715	-	-	4,185,715
Receivables (net of allowance for uncollectibles):				
Taxes receivable	23,553,829	-	-	23,553,829
Accounts receivable	417,346	-	-	417,346
Other local taxes receivable	315,101	-	-	315,101
Opioid settlement	401,827	-	-	401,827
Note receivable	134,543	-	-	134,543
Due from component unit	2,516,190	-	-	2,516,190
Due from other governmental units	1,816,426	-	-	1,816,426
Prepaid items	96,581	69,300	-	165,881
Total assets	<u>\$ 56,655,353</u>	<u>\$ 6,618,755</u>	<u>\$ -</u>	<u>\$ 63,274,108</u>
LIABILITIES				
Liabilities:				
Accounts payable	\$ 390,564	\$ 20,347	\$ -	\$ 410,911
Salaries payable	917,985	-	-	917,985
Due to other governmental units	46,841	-	-	46,841
Due to component unit	27,000	-	-	27,000
Total liabilities	<u>\$ 1,382,390</u>	<u>\$ 20,347</u>	<u>\$ -</u>	<u>\$ 1,402,737</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 22,259,061	\$ -	\$ -	\$ 22,259,061
Deferred revenue - opioid settlement	401,827	-	-	401,827
Total deferred inflows of resources	<u>\$ 22,660,888</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,660,888</u>
FUND BALANCES				
Fund balances:				
Nonspendable:				
Prepaid items	\$ 96,581	\$ 69,300	\$ -	\$ 165,881
Note receivable	134,543	-	-	134,543
Restricted:				
Asset forfeiture	71,030	-	-	71,030
Opioid settlement	131,158	-	-	131,158
Committed:				
Narcotics funds	54,189	-	-	54,189
Law Library	15,984	-	-	15,984
Redistributed ARPA Revenue	3,418,840	-	-	3,418,840
Construction	-	6,529,108	-	6,529,108
Assigned:				
Sheriff funds	60,809	-	-	60,809
County CIP	2,725,000	-	-	2,725,000
School Accrual Carry-over	2,398,864	-	-	2,398,864
Unassigned	23,505,077	-	-	23,505,077
Total fund balances	<u>\$ 32,612,075</u>	<u>\$ 6,598,408</u>	<u>\$ -</u>	<u>\$ 39,210,483</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 56,655,353</u>	<u>\$ 6,618,755</u>	<u>\$ -</u>	<u>\$ 63,274,108</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	39,210,483
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$	3,253,102	
Lease land rights		65,550	
Buildings and improvements		19,902,253	
Machinery and equipment		3,705,936	
Lease machinery and equipment		14,584	
Subscription asset		300,108	
Construction in progress		1,699,376	28,940,909

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

Unavailable revenue - property taxes	\$	5,814,022	
Unavailable revenue - opioid settlement		401,827	6,215,849

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

Pension related items	\$	1,740,254	
OPEB related items		107,048	1,847,302

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	\$	(5,000,000)	
Lease liabilities		(83,998)	
Subscription liabilities		(186,550)	
Loans payable		(422,550)	
Lease revenue bonds		(9,311,300)	
Unamortized discounts		43,675	
Accrued interest payable		(80,258)	
Compensated absences		(955,505)	
Net pension liability		(4,927,203)	
Net OPEB liability		(397,852)	(21,321,541)

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

Pension related items	\$	(1,624,595)	
OPEB related items		(130,391)	(1,754,986)

Net position of governmental activities	\$	53,138,016	
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The accompanying notes to the financial statements are an integral part of this statement.

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

	<u>General</u>	<u>County CIP</u>	<u>School Construction</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 24,917,446	\$ -	\$ -	\$ 24,917,446
Other local taxes	5,302,584	-	-	5,302,584
Permits, privilege fees, and regulatory licenses	162,904	-	-	162,904
Fines and forfeitures	1,073,504	-	-	1,073,504
Revenue from the use of money and property	335,912	-	-	335,912
Charges for services	1,623,945	-	-	1,623,945
Miscellaneous	286,324	-	-	286,324
Recovered costs	2,465,283	196,822	-	2,662,105
Intergovernmental:				
Commonwealth	8,765,686	-	-	8,765,686
Federal	6,945,421	-	-	6,945,421
Total revenues	<u>\$ 51,879,009</u>	<u>\$ 196,822</u>	<u>\$ -</u>	<u>\$ 52,075,831</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,918,890	\$ 112,096	\$ -	\$ 3,030,986
Judicial administration	1,594,005	-	-	1,594,005
Public safety	10,332,062	57,753	-	10,389,815
Public works	2,361,056	71,835	-	2,432,891
Health and welfare	8,809,977	-	-	8,809,977
Education	9,926,736	-	14,027	9,940,763
Parks, recreation, and cultural	1,327,820	489,640	-	1,817,460
Community development	2,493,128	-	-	2,493,128
Nondepartmental	307,148	-	-	307,148
Debt service:				
Principal retirement	2,963,895	-	-	2,963,895
Interest and other fiscal charges	1,015,985	-	-	1,015,985
Total expenditures	<u>\$ 44,050,702</u>	<u>\$ 731,324</u>	<u>\$ 14,027</u>	<u>\$ 44,796,053</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 7,828,307</u>	<u>\$ (534,502)</u>	<u>\$ (14,027)</u>	<u>\$ 7,279,778</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 3,752,771	\$ -	\$ 3,752,771
Transfers out	(3,752,771)	-	-	(3,752,771)
Issuance of SBITA	229,735	-	-	229,735
Total other financing sources (uses)	<u>\$ (3,523,036)</u>	<u>\$ 3,752,771</u>	<u>\$ -</u>	<u>\$ 229,735</u>
Net change in fund balances	\$ 4,305,271	\$ 3,218,269	\$ (14,027)	\$ 7,509,513
Fund balances - beginning	28,306,804	3,380,139	14,027	31,700,970
Fund balances - ending	<u>\$ 32,612,075</u>	<u>\$ 6,598,408</u>	<u>\$ -</u>	<u>\$ 39,210,483</u>

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

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

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

Net change in fund balances - total governmental funds	\$	7,509,513
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the detail of items supporting this adjustment:

Capital outlays	\$ 1,573,805	
School reversion of capital assets	(11,386,643)	
Depreciation/amortization expense	(1,958,270)	(11,771,108)

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

Property taxes	\$ 833,899	
Opioid settlement	(95,374)	738,525

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

Issuance of Long-term Debt

Issuance of SBITA	\$ (229,735)	
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Principal Payments

General obligation bonds	2,360,000	
Lease revenue bonds	436,800	
Leases liabilities	47,723	
Subscription liabilities	43,185	
Loans payable	76,187	2,734,160

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	\$ (105,616)	
Change in accrued interest payable	33,189	
Amortization of bond premium	6,834	
Amortization of bond discount	(7,313)	
Change in pension related items	114,291	
Change in OPEB related items	45,848	87,233

Change in net position of governmental activities	\$	(701,677)
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The accompanying notes to the financial statements are an integral part of this statement.

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

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 201,680
Total assets	<u>\$ 201,680</u>
NET POSITION	
Restricted:	
Amounts held for social services clients	\$ 121,926
Amounts held for performance bonds	35,000
Amounts held for School Board employees	39,281
Amounts held for County employees	5,473
Total net position	<u>\$ 201,680</u>

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

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

	<u>Custodial Funds</u>
ADDITIONS	
Interest income	\$ 6
Special welfare collections	114,148
Performance bond payment	30,000
Employee FSA contributions	76,515
Total additions	<u>\$ 220,669</u>
DEDUCTIONS	
Special welfare payments	\$ 46,273
Performance bond withdrawal	52,443
FSA distributions	72,369
Total deductions	<u>\$ 171,085</u>
Net increase (decrease) in fiduciary net position	\$ 49,584
Net position, beginning of year	<u>152,096</u>
Net position, end of year	<u><u>\$ 201,680</u></u>

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

COUNTY OF CARROLL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1-Summary of Significant Accounting Policies:

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

Blended component units - 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 component units are reported in a separate column to emphasize that they are legally separate from the County.

The Carroll County School Board operates the elementary and secondary public schools in the County. School Board members are elected by popular vote. 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 Carroll County Public Service Authority provides water and sewer service to County residents. The Public Service Authority is fiscally dependent upon the County because the County significantly funds Authority operations. In addition, the County Board appoints the Public Service Authority's Board. A copy of the Public Service Authority's report can be obtained from the Public Service Authority.

The Carroll County Economic Development Authority promotes industrial development in the County. The Authority is fiscally dependent upon the County. In addition, the Authority's Board is appointed by the County Board of Supervisors. A copy of the Economic Development Authority's report can be obtained from the Economic Development Authority.

Related Organizations - The County Board appoints board members to outside organizations, but the County's accountability for these organizations do not extend beyond making the appointments.

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

A. Financial Reporting Entity (continued)

Jointly Governed Organizations:

The County along with the Counties of Wythe, Bland, Grayson, Smyth and the City of Galax participate in supporting the Mt. Rogers Community Services Board. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2023, the County contributed \$130,500 to the Community Services Board.

The County along with the City of Galax participates in supporting the Galax-Carroll Regional Library. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2023, the County contributed \$337,129 to the Library.

The County along with the County of Grayson and the City of Galax participate in supporting the Carroll-Grayson-Galax Regional Solid Waste Authority through user charges. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions.

The County along with the County of Grayson and the City of Galax participate in supporting the Twin Counties E-911 Program. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. Payments to the program totaled \$450,597 for the fiscal year ended June 30, 2023.

The County along with the Counties of Bland, Floyd, Giles, Grayson, and Wythe and the City of Radford participate in supporting the New River Valley Regional Jail Authority. The monthly payment made by the County to the Regional Jail is based on the number of prisoners housed for the County. For the year ended June 30, 2023, the County paid \$1,994,142 for the confinement of prisoners.

The County, long with the County of Grayson and City of Galax, participate in The Wired Road Authority. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. The primary purpose of the Authority is to develop and construct broadband infrastructure in the participating localities and then lease that infrastructure to third parties. The organization's activities are to be primarily supported by lease revenue.

The County, long with the County of Grayson and City of Galax participate in The Twin County Airport Commission. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. The Commission is charged with operating the Twin County Regional Airport. During the current year, the County contributed \$62,960 to the Commission.

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

A. Financial Reporting Entity (continued)

Jointly Governed Organizations: (continued)

Blue Ridge Crossroads Economic Development Authority (BRCEDA) is the regional industrial facilities authority that represents the Counties of Carroll and Grayson and the City of Galax. Each jurisdiction appoints two members and an alternate member. A moral obligation for debt service is currently in place for a regional project known as Wildwood. Contributions to BRCEDA during the current year were \$157,800. It is the hope of BRCEDA that this park project will be a catalyst for economic development in the region.

B. Government-wide and fund financial statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

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 the legally separate *component units* for which the primary government is financially accountable.

The Statement of Net Position is designed to display financial position of the primary government (governmental and business-type activities) and its discretely presented component 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.

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 is 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*.

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

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

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

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

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

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

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

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

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

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

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

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

The County reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. Certain funds have been merged with the general fund for financial reporting purposes only.

The *County CIP Fund* is the County's only major capital projects fund. It accounts for and reports financial resources to be used for the acquisition or construction of major capital facilities of the County.

Additionally, the County reports the following fund types:

The *School Construction Fund* is the County's only nonmajor capital projects fund. It accounts for and reports financial resources to be used for the acquisition or construction of major capital facilities of the school board.

Fiduciary funds (Trust and Custodial Funds) account for assets held by the government in a trustee capacity or as custodian for individuals, private organizations, other governmental units, or other funds. The Special Welfare, Performance Bond Escrow, County Flexible Spending Arrangement and School Board Flexible Spending Arrangement Funds are reported as custodial funds.

The School Board reports the following major funds:

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

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

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

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

Additionally, the School Board reports the following fund types:

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

1. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

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.

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

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

3. Receivables and Payables

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

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

4. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on June 20th and December 5th. Personal property taxes are due and collectible annually on December 5th. The County bills and collects its own property taxes.

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,209,798 at June 30, 2023 and is comprised solely of property taxes.

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. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

8. Capital Assets

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

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

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

Assets	Years
Capital assets	
Buildings	40
Building improvements	20-40
Improvements other than buildings	20
Structures, lines, and accessories	20-40
Machinery and equipment	4-30
Lease land rights	5-25
Lease machinery and equipment	4-30
Subscription assets	3-5

9. 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 only has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

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

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

9. Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources 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 two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes and opioid settlement receivable is reported in the governmental funds balance sheet. These amounts are comprised of uncollected property taxes due prior to June 30 and amounts prepaid on installments due after year-end and are deferred and recognized as an inflow of resources in the period that the amounts become available. Under the accrual basis, amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, leases, and opioid settlement are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

10. Pensions

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

11. Other Postemployment Benefits (OPEB)

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

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

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

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

12. 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. 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.

13. 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.

14. Net Position

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

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

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

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

14. Net Position (continued)

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

15. Fund Balance

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

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

The Board of Supervisors is the County's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is an action by the Board of Supervisors.

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

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

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

15. Fund Balance (continued)

The County has designated unassigned fund balance into four categories. Unassigned for fiscal stability/liquidity purposes fund balance represents the funds designated for fiscal cash liquidity purposes (i.e. fiscal reserve) that will provide for sufficient cash flow to minimize the potential of short term tax anticipation borrowing. This amount shall be equal to but not less than 16.7% of the combined budgeted expenditures of the County General fund and the Carroll County School Board Operating Fund, net of the County's local share contribution to the School Board. In the event that unforeseen and unusual circumstances cause this category to fall below 16.7%, a plan must be approved to replenish amounts over the next three subsequent fiscal years prior to any obligation of funds. Unassigned for revenue stabilization represents funds designated for unforeseen, emergency expenditures or unplanned/unforeseen declines in revenues. This amount shall be equal to but not less than 3% of the combined budgeted expenditures of the County General fund and the Carroll County School Board Operating Fund, net of the County's local share contribution to the School Board. Unassigned for capital improvement/reserve fund represents funds designated for capital improvements. This amount shall be approximately 2.0% of the combined budgeted expenditures of the County General Fund and the Carroll County School Board Operating Fund, net of the County's local share contribution to the School Board. The County may use these funds for one-time capital improvement needs or to offset targeted debt service peaks in a given year as part of a comprehensive multi-year plan of finance for capital needs. Unassigned fund balance-no specification represents the funds available for increasing committed fund balances, assigning fund balances, increasing the unassigned balances as noted above, purchase of capital items, or for use as beginning cash balance in support of the annual budget.

The County considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unassigned, assigned, or committed fund balances are available, unless prohibited by legal documents or contracts. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available, the County considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.

16. Leases

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

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

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

16. Leases (Continued)

Lessee

The County recognized 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.

Subscriptions

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

Key Estimates and Judgements

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

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

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

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

16. Leases (Continued)

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

Note 2-Stewardship, Compliance, and Accountability:

- A. Budgetary information

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 2-Stewardship, Compliance, and Accountability: (continued)

B. Expenditures in excess of appropriations

For the fiscal year ended June 30, 2023, there were no functions with expenditures in excess of appropriations.

C. Deficit fund balance

At June 30, 2023, there were no funds with deficit fund balance.

Note 3-Deposits and Investments:

Deposits with banks are covered by the Federal Deposit Insurance Corporations (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.

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

Credit Risk of Debt Securities:

The County's policy to reduce credit risk is as follows: Limit investment to the safest types of securities; Pre-qualify the financial institutions, broker/dealers, intermediaries and advisers with which the County will do business; Diversifying the investment portfolio so the potential losses on individual securities will be minimized. The County's rated debt investments as of June 30, 2023 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

County's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
LGIP	\$ 12,125,663

Concentration of Credit Risk:

At June 30, 2023, the County did not have any investments requiring concentration of credit risk disclosures that exceeded 5% of total investments.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 3-Deposits and Investments: (Continued)**External Investment Pools:

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

Interest Rate Risk:

The County's policy to minimize interest rate risk is as follows: Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing funds needed to meet operating expenses and capital project needs primarily in the shorter-term securities, money market mutual funds or similar investment pools.

	Investment Maturities (in years)	
	Fair Value	Less than 1 year
LGIP	\$ 12,125,663	\$ 12,125,663

Note 4-Note Receivable:

On June 29, 2014, the County issued a note receivable to the Carroll County Economic Development Authority (formerly the Carroll County Industrial Development Authority) for \$1,000,000 for economic development activities. Repayment terms called for monthly payments in the amount of \$10,606, payable over 10 years at 5% per annum. As of June 30, 2023, the balance was \$134,543.

Note 5-Due from Other Governmental Units:

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

	Primary Government	Component Unit School Board
<u>Local Governments:</u>		
Carroll-Grayson-Galax Solid Waste Authority	\$ 106,765	\$ -
SBDC	48,229	-
<u>Commonwealth of Virginia:</u>		
Local sales tax	566,402	-
State sales tax	-	801,370
Categorical aid-shared expenses	247,927	-
Noncategorical aid	184,327	-
Virginia public assistance funds	117,332	-
Comprehensive services act	282,933	-
<u>Federal Government:</u>		
Virginia public assistance funds	181,348	-
Other categorical aid	81,163	-
School grants	-	2,148,069
Totals	\$ 1,816,426	\$ 2,949,439

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 6-Interfund Transfers and Balances:**

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 3,752,771
CIP Fund	3,752,771	-
School Operating Fund	53,343	333,716
School Activity Fund	333,716	53,343
Total	<u>\$ 4,139,830</u>	<u>\$ 4,139,830</u>

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

Note 7-Interfund/Component-Unit Obligations:

<u>Fund</u>	<u>Due to Primary Government/ Component Unit</u>	<u>Due from Primary Government/ Component Unit</u>
Primary Government:		
General Fund	\$ 27,000	\$ 2,516,190
Component Unit - School Board:		
School Operating Fund	2,398,864	-
Component Unit - Public Service Authority:		
PSA	117,326	-
Component Unit - Economic Development Authority:		
EDA	-	27,000
Totals	<u>\$ 2,543,190</u>	<u>\$ 2,543,190</u>

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COUNTY OF CARROLL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8-Long-Term Obligations:

Primary Government - Governmental Activities Indebtedness:

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

	Balance July 1, 2022	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2023
Direct Borrowings and Placements				
General obligation bonds	\$ 7,360,000	\$ -	\$ (2,360,000)	\$ 5,000,000
Unamortized bond premium	6,834	-	(6,834)	-
Unamortized bond discount	(50,988)	7,313	-	(43,675)
Finance purchases	498,737	-	(76,187)	422,550
Lease revenue bonds	9,748,100	-	(436,800)	9,311,300
Total Direct Borrowings and Placements	\$ 17,562,683	\$ 7,313	\$ (2,879,821)	\$ 14,690,175
Lease liabilities	131,721	-	(47,723)	83,998
Subscription liabilities	-	229,735	(43,185)	186,550
Compensated absences	849,889	743,033	(637,417)	955,505
Net OPEB liability	362,031	277,155	(241,334)	397,852
Net pension liability	2,887,109	3,859,153	(1,819,059)	4,927,203
Total	\$ 21,793,433	\$ 5,116,389	\$ (5,668,539)	\$ 21,241,283

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

Year Ending June 30,	Direct Borrowings and Placements		Lease Liabilities		Subscription Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,782,814	\$ 955,592	\$ 18,547	\$ 2,712	\$ 44,525	\$ 5,783
2025	1,800,013	939,043	6,904	1,959	45,904	4,403
2026	1,798,576	922,029	5,782	1,756	47,327	2,980
2027	1,774,045	905,786	6,181	1,583	48,794	1,513
2028	540,454	214,532	6,599	1,398	-	-
2029-2033	2,963,809	810,331	39,985	3,744	-	-
2034-2038	2,493,139	357,237	-	-	-	-
2039-2043	1,581,000	105,703	-	-	-	-
Totals	\$ 14,733,850	\$ 5,210,253	\$ 83,998	\$ 13,152	\$ 186,550	\$ 14,679

COUNTY OF CARROLL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8-Long-Term Obligations: (continued)

Primary Government - Governmental Activities Indebtedness: (continued)

Details of long-term indebtedness:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
<u>Direct Borrowings and Placements</u>						
<u>General Obligation Bonds*</u>						
VPSA (QSCB) general obligation bond	4.50%	2011	2027	\$ 15,000,000	\$ 5,000,000	\$ 1,250,000
Total General Obligation Bonds					\$ 5,000,000	\$ 1,250,000
<u>Lease Revenue Bonds</u>						
County Complex Revenue Bond	3.42%	2017	2036	\$ 5,200,000	\$ 4,060,300	\$ 252,300
Public Facilities Series 2022	2.62%	2022	2043	5,444,000	5,251,000	202,000
Total Lease Revenue Bonds					\$ 9,311,300	\$ 454,300
<u>Finance Purchases</u>						
Bus Lease	3.13%	2016	2027	\$ 490,023	\$ 152,530	\$ 55,082
Fire Truck Lease	2.75%	2018	2034	375,000	270,020	23,432
Total Finance Purchases					\$ 422,550	\$ 78,514
Subtotal Direct Borrowings and Placements					\$ 14,733,850	\$ 1,782,814
Less:						
Unamortized Discount					(43,675)	(7,313)
Total Direct Borrowings and Placements					\$ 14,690,175	\$ 1,775,501
<u>Lease Liabilities</u>						
Leases - Land	3.00%	2009	2032	\$ 114,010	\$ 68,982	\$ 5,035
Leases - Machinery and Equipment	9.21% - 10.28%	2018 - 2020	2023 - 2025	12,436 - 57,260	15,016	13,512
Total Leases					\$ 83,998	\$ 18,547
<u>Subscription Liabilities</u>						
Subscription - Financial Software	3.10%	2023	2027	\$ 229,735	\$ 186,550	\$ 44,525
Total Leases					\$ 186,550	\$ 44,525
<u>Other Long-term Obligations</u>						
Compensated absences					955,505	716,629
Net OPEB liability					397,852	-
Net pension liability					4,927,203	-
Total Other Long-term Obligations					\$ 6,280,560	\$ 716,629
Total Long-term Obligations					\$ 21,241,283	\$ 2,555,202

*VPSA (Virginia Public School Authority), QSCB (ARRA-Qualified School Construction Bond)

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8-Long-Term Obligations: (continued)Primary Government - Governmental Activities Indebtedness: (continued)

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

Collateral for leases and finance purchases is the underlying assets. Default provisions for leases include repossession of the asset.

The 2011 issuance of the ARRA funded Qualified School Construction Bond contains a face interest rate of 4.50%. However, it contains a federal tax credit resulting in federal revenue to offset the entire interest payment. Therefore, the effective interest rate is 0.00%. However, for fiscal year 2023, the sequester reduction rate was 5.70%.

For financial reporting purposes the lease purchase agreements are treated as revenue bonds of the County as title to the property has passed to the County. The Economic Development Authority acts as a conduit for these obligations and does not retain the asset or related liability.

Note 9-Long-term Obligations-Component Unit School Board:Discretely Presented Component Unit-School Board-Indebtedness:

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

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Net OPEB liabilities	\$ 8,811,201	\$ 1,974,656	\$ (2,248,067)	\$ 8,537,790
Compensated absences	1,024,331	709,389	(768,248)	965,472
Net pension liability	19,080,917	18,522,794	(14,069,743)	23,533,968
Total	<u>\$ 28,916,449</u>	<u>\$ 21,206,839</u>	<u>\$ (17,086,058)</u>	<u>\$ 33,037,230</u>

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
Other Obligations:		
Net OPEB liabilities	\$ 8,537,790	\$ -
Compensated absences	965,472	724,104
Net pension liability	23,533,968	-
Total Long-Term Obligations	<u>\$ 33,037,230</u>	<u>\$ 724,104</u>

Note 10-Pension Plans:

Plan Description

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

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

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 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 retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

Note 10-Pension Plans: (continued)

Benefit Structures (Continued)

- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 10-Pension Plans: (continued)

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2023 was 15.35% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,167,973 and \$938,885 for the years ended June 30, 2023 and June 30, 2022, respectively.

The Component Unit Public Service Authority's (PSA) contractually required employer contribution rate for the year ended June 30, 2023 was 15.35% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit PSA were \$60,947 and \$45,719 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability

At June 30, 2023, the County reported a liability of \$4,927,203 for its proportionate share of the net pension liability. The County's net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. In order to allocate the net pension liability to all employers included in the plan, the County is required to determine its proportionate share of the net pension liability.

Contributions as of June 30, 2022 were used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2022 and 2021, the County's proportions were 89.8169% and 88.6775%, respectively.

At June 30, 2023, the Authority reported a liability of \$239,929 for its proportionate share of the net pension liability. The Authority's net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, rolled forward to the measurement date of June 30, 2022. The Authority's proportionate share of the same was calculated using creditable compensation as of June 30, 2022 and 2021 as a basis for allocation. At June 30, 2022 and 2021, the Authority's proportions were 4.3736% and 5.0741%, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 10-Pension Plans: (continued)***Actuarial Assumptions - General Employees***

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

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

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 10-Pension Plans: (continued)***Actuarial Assumptions - General Employees (continued)***

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

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

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

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 10-Pension Plans: (continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

All Others (Non-10 Largest) - 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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 10-Pension Plans: (continued)*****Long-Term Expected Rate of Return***

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 10-Pension Plans: (continued)*****Discount Rate***

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2022, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the County's and Component Unit PSA's proportionate shares of the net pension liability using the discount rate of 6.75%, as well as what the County's and Component Unit PSA's 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		
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the County Retirement Plan Net Pension Liability	\$ 10,069,972	\$ 4,927,203	\$ 729,050
Component Unit Public Service Authority's proportionate share of the County Retirement Plan Net Pension Liability	\$ 490,354	\$ 239,929	\$ (35,500)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 10-Pension Plans: (continued)*****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended June 30, 2023, the County and Component Unit PSA recognized pension expense of \$1,053,682 and \$3,659 respectively. 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, 2023, the County and Component Unit PSA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit- Public Service Authority	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 54,137	\$ 631,907	\$ 3,679	\$ 33,027
Change in proportionate share	70,404	-	-	82,252
Change in assumptions	447,740	-	25,619	-
Net difference between projected and actual earnings on pension plan investments	-	992,688	-	66,808
Employer contributions subsequent to the measurement date	1,167,973	-	60,947	-
Total	\$ 1,740,254	\$ 1,624,595	\$ 90,245	\$ 182,087

\$1,167,973 and \$60,947 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit PSA's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit Public Service Authority
2024	\$ (299,720)	\$ (68,524)
2025	(517,589)	(56,880)
2026	(710,289)	(50,531)
2027	475,284	23,146
Thereafter	-	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 10-Pension Plans: (continued)*****Pension Plan Data***

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

Component Unit School Board (nonprofessional)

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

Employees Covered by Benefit Terms

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

	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	97
Inactive members:	
Vested inactive members	12
Non-vested inactive members	15
Inactive members active elsewhere in VRS	24
Total inactive members	51
Active members	85
Total covered employees	233

Contributions

The Component Unit School Board's (nonprofessional) contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2023 was 5.29% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$96,464 and \$97,823 for the years ended June 30, 2023 and June 30, 2022, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 10-Pension Plans: (continued)****Component Unit School Board (nonprofessional) (continued)*****Net Pension Liability (Asset)***

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

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (asset) (a) - (b)
Balances at June 30, 2021	\$ 11,627,886	\$ 12,739,206	\$ (1,111,320)
Changes for the year:			
Service cost	\$ 180,139	\$ -	\$ 180,139
Interest	774,080	-	774,080
Differences between expected and actual experience	(104,576)	-	(104,576)
Contributions - employer	-	94,752	(94,752)
Contributions - employee	-	94,142	(94,142)
Net investment income	-	(6,792)	6,792
Benefit payments, including refunds of employee contributions	(680,349)	(680,349)	-
Administrative expenses	-	(8,038)	8,038
Other changes	-	287	(287)
Net changes	\$ 169,294	\$ (505,998)	\$ 675,292
Balances at June 30, 2022	\$ 11,797,180	\$ 12,233,208	\$ (436,028)

Note 10-Pension Plans: (continued)**Component Unit School Board (nonprofessional) (continued)*****Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate***

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

	Rate		
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 880,227	\$ (436,028)	\$ (1,529,100)

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

For the year ended June 30, 2023, the Component Unit School Board (nonprofessional) recognized pension expense of \$(6,054). At June 30, 2023, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (nonprofessional)	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 7,353	\$ 58,709
Changes of assumptions	78,398	-
Net difference between projected and actual earnings on pension plan investments	-	379,603
Employer contributions subsequent to the measurement date	96,464	-
Total	<u>\$ 182,215</u>	<u>\$ 438,312</u>

Note 10-Pension Plans: (continued)**Component Unit School Board (nonprofessional) (continued)*****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

\$96,464 reported as deferred outflows of resources related to pensions resulting from the Component Unit School Board's (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability (asset) in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Component Unit School Board (nonprofessional)</u>
2024	\$ (105,050)
2025	(164,762)
2026	(252,717)
2027	169,968
Thereafter	-

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

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system).

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward retirement. Each School Division's contractually required contribution rate for the year ended June 30, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were \$3,857,648 and \$3,672,227 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$44.4 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 10-Pension Plans: (continued)****Component Unit School Board (professional) (continued)*****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2023, the school division reported a liability of \$23,533,968 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion was 0.24719% as compared to 0.24579% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized pension expense of \$666,182. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience \$	-	\$ 1,622,760
Net difference between projected and actual earnings on pension plan investments	-	3,068,337
Change of assumptions	2,218,779	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	133,784	1,154,460
Employer contributions subsequent to the measurement date	<u>3,857,648</u>	<u>-</u>
Total	<u>\$ 6,210,211</u>	<u>\$ 5,845,557</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 10-Pension Plans: (continued)****Component Unit School Board (professional) (continued)*****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

\$3,857,648 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Component Unit School Board (professional)</u>
2024	\$ (1,355,218)
2025	(1,370,539)
2026	(2,184,939)
2027	1,417,702
Thereafter	-

Actuarial Assumptions

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

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

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Note 10-Pension Plans: (continued)

Component Unit School Board (professional) (continued)

Actuarial Assumptions (Continued)

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 10-Pension Plans: (continued)****Component Unit School Board (professional) (continued)*****Net Pension Liability***

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

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

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

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

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			
		(5.75%)	(6.75%)	(7.75%)	
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$	42,033,468	\$	23,533,968	\$ 8,471,306

Note 10-Pension Plans: (continued)

Component Unit School Board (professional) (continued)

Pension Plan Fiduciary Net Position

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

Note 11-Component Unit School Board Other Postemployment Benefits - Health Insurance:

Plan Description

The Schools administer a single-employer defined benefit healthcare plan, the Carroll County Public Schools Other Postemployment Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the Schools’ pension plans. The plan does not issue a publicly available financial report.

Plan Membership

At July 1, 2022 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	511
Total retirees with coverage	<u>16</u>
Total	<u>527</u>

Benefits Provided

Postemployment benefits are provided to eligible retirees and includes Medical. The benefits that are provided for active employees are the same for eligible retirees, spouses, and dependents of eligible retirees. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. In addition, the School Board provides a fixed basic death benefit for all retirees.

Contributions

The School Board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2023 was \$75,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 11-Component Unit School Board Other Postemployment Benefits - Health Insurance:
(continued)

Total OPEB Liability

The Schools' total OPEB liability was measured as of July 1, 2022. The total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry age actuarial cost method
Salary Increases	2.50%
Healthcare Trend Rate	6.75% for fiscal year end 2023, decreasing 0.25% per year to an ultimate rate of 5.00%
Discount Rate	3.69%
Retirement Age	The average age at retirement is 62

Mortality rates for healthy inactive members were based on the RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.

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

Discount Rate

The discount rate has been set equal to 3.69% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date.

Changes in Total OPEB Liability

		Component Unit School Board Total OPEB Liability
Balances at July 1, 2021	\$	4,086,000
Changes for the year:		
Service cost		197,000
Interest		82,000
Difference between expected and actual experience		116,000
Assumption changes		(584,000)
Contributions - employer		(75,000)
Net changes	\$	(264,000)
Balances at June 30, 2022	\$	<u>3,822,000</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 11-Component Unit School Board Other Postemployment Benefits - Health Insurance:**
(continued)**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following amounts present the Total OPEB liability of the Schools, as well as what the Schools' Total OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (2.69%) or one-percentage point higher (4.69%) than the current discount rate:

Rate		
1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
\$ 4,155,000	\$ 3,822,000	\$ 3,515,000

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

The following presents the Total OPEB liability of the Schools, as well as what the Schools' Total OPEB liability would be if it were calculated using healthcare cost trend rates that are one-percentage point lower (5.75%) or one-percentage point higher (7.75%) than the current healthcare cost trend rates:

Rate		
1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
\$ 3,424,000	\$ 3,822,000	\$ 4,282,000

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

For the year ended June 30, 2023, the Schools will recognize OPEB expense in the amount of \$(273,000).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 94,000	\$ 1,345,000
Change of assumptions	419,000	510,000
Employer contributions subsequent to the measurement date	75,000	-
Total	\$ 588,000	\$ 1,855,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 11-Component Unit School Board Other Postemployment Benefits - Health Insurance:**
(continued)**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

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

<u>Year ended June 30</u>	<u>Component Unit School Board</u>
2024	\$ (559,000)
2025	(382,000)
2026	(285,000)
2027	(88,000)
2028	(28,000)
Thereafter	-

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

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan):***Plan Description***

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

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

The specific information for GLI Plan 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 12-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 \$8,984 as of June 30, 2023.

Contributions

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

Contributions to the GLI Program from the County were \$42,714 and \$38,813 for the years ended June 30, 2023 and June 30, 2022, respectively.

Contributions to the GLI Program from the Component Unit-School Board (nonprofessional) were \$11,525 and \$11,177 for the years ended June 30, 2023 and June 30, 2022, respectively.

Contributions to the GLI Program from the Component Unit-School Board (professional) were \$128,532 and \$121,923 for the years ended June 30, 2023 and June 30, 2022, respectively.

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

At June 30, 2023, the County reported a liability of \$397,852 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2023, the Component Unit-School Board (nonprofessional) reported a liability of \$114,630 for its proportionate share of the Net GLI OPEB Liability.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)*****GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (continued)***

At June 30, 2023, the Component Unit-School Board (professional) reported a liability of \$1,249,852 for its proportionate share of the Net GLI OPEB Liability.

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

At June 30, 2022, the County's proportion was 0.0367% as compared to 0.0350% at June 30, 2021.

At June 30, 2022, the Component Unit-School Board (nonprofessional) proportion was 0.0095% as compared to 0.0098% at June 30, 2021.

At June 30, 2022, the Component Unit-School Board (professional) proportion was 0.1038% as compared to 0.1033% at June 30, 2021.

For the year ended June 30, 2023, the County recognized GLI OPEB expense of \$121. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2023, the Component-Unit School Board (nonprofessional) recognized GLI OPEB expense of \$(7,309). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2023, the Component-Unit School Board (professional) recognized GLI OPEB expense of \$17,666. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Primary Government		Component-Unit School Board (Nonprofessional)		Component-Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 31,505	\$ 15,961	\$ 9,077	\$ 4,599	\$ 98,973	\$ 50,141
Net difference between projected and actual earnings on GLI OPEB plan investments	-	24,860	-	7,163	-	78,097
Change in assumptions	14,839	38,753	4,276	11,165	46,618	121,741
Changes in proportion	17,990	50,817	-	15,490	10,319	84,250
Employer contributions subsequent to the measurement date	42,714	-	11,525	-	128,532	-
Total	\$ 107,048	\$ 130,391	\$ 24,878	\$ 38,417	\$ 284,442	\$ 334,229

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)*****GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (continued)***

\$42,714, \$11,525, and \$128,532 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's, Component-Unit School Board (Nonprofessional), and Component-Unit School Board (Professional), respectively, contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit- School Board (Nonprofessional)</u>	<u>Component Unit- School Board (Professional)</u>
2024	\$ (18,560)	\$ (9,519)	\$ (49,715)
2025	(17,549)	(5,594)	(46,179)
2026	(30,056)	(8,029)	(76,571)
2027	(458)	(441)	2,351
2028	566	(1,481)	(8,205)
Thereafter	-	-	-

Actuarial Assumptions

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

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

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

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

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

Actuarial Assumptions: (Continued)

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to beter 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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

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

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

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Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)***Long-Term Expected Rate of Return***

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

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

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

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

Discount Rate

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)*****Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate***

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the GLI Plan				
Net OPEB Liability	\$	578,921	\$ 397,852	\$ 251,523
Component Unit-School Board (Nonprofessional) proportionate share of the GLI Plan				
Net OPEB Liability	\$	166,800	\$ 114,630	\$ 72,469
Component Unit-School Board (Professional) proportionate share of the GLI Plan				
Net OPEB Liability	\$	1,818,681	\$ 1,249,852	\$ 790,160

Group Life Insurance Plan Fiduciary Net Position

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

Note 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, 2023**Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)*****Employees Covered by Benefit Terms***

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

	Component Unit - School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	53
Inactive members:	
Vested inactive members	2
Total inactive members	55
Active members	85
Total covered employees	140

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Component Unit - School Board's (Nonprofessional) contractually required employer contribution rate for the year ended June 30, 2023 was 2.48% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Component Unit - School board (Nonprofessional) to the HIC Plan were \$52,928 and \$50,938 for the year ended June 30, 2023 and June 30, 2022, respectively.

Net HIC OPEB Liability

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-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

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

Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)**Mortality Rates - Non-Largest Ten Locality Employers - General Employees (continued)**

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

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

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:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)*****Changes in Net HIC OPEB Liability - Component Unit-School Board (Nonprofessional)******Long-Term Expected Rate of Return (continued)***

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

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

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

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)****Changes in Net HIC OPEB Liability - Component Unit-School Board (Nonprofessional)****Discount Rate (continued)**

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 314,916	\$ 1,960	\$ 312,956
Changes for the year:			
Service cost	\$ 2,991	\$ -	\$ 2,991
Interest	20,538	-	20,538
Differences between expected and actual experience	(5,790)	-	(5,790)
Assumption changes	52,762	-	52,762
Contributions - employer	-	50,938	(50,938)
Net investment income	-	(637)	637
Benefit payments	(27,275)	(27,275)	-
Administrative expenses	-	(60)	60
Other changes	-	5,975	(5,975)
Net changes	\$ 43,226	\$ 28,941	\$ 14,285
Balances at June 30, 2022	\$ 358,142	\$ 30,901	\$ 327,241

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Component Unit School Board (Nonprofessional) Net HIC OPEB Liability	\$ 359,016	\$ 327,241	\$ 299,593

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**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, 2023, the Component Unit-School Board (Nonprofessional) recognized HIC Plan OPEB expense of \$5,707. At June 30, 2023, the Component Unit-School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the Component Unit-School Board's (Nonprofessional) HIC Plan from the following sources:

	Component-Unit School Board (Non-professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 47	\$ 88,744
Net difference between projected and actual earnings on HIC OPEB plan investments	28	-
Change in assumptions	55,111	-
Employer contributions subsequent to the measurement date	52,928	-
Total	\$ 108,114	\$ 88,744

\$52,928 reported as deferred outflows of resources related to the HIC OPEB resulting from the Component Unit-School Board's (Nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	Component Unit-School Board (Non-professional)
2024	\$ (17,381)
2025	(26,431)
2026	9,899
2027	355
Thereafter	-

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

HIC Plan Data

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

Note 14-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 Plan 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.

Note 14-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 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, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$287,952 and \$273,033 for the years ended June 30, 2023 and June 30, 2022, respectively.

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

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

At June 30, 2023, the school division reported a liability of \$3,024,067 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2022 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The school division's proportion of the Net VRS Teacher Employee HIC Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion of the VRS Teacher Employee HIC Program was 0.24211% as compared to 0.24116% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$194,431. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportionate share and difference between actual and expected contributions.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 14-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)*****Teacher Employee HIC Plan OPEB Liabilities, Teacher Employee HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB: (Continued)***

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 123,266
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	3,035
Change in assumptions	88,348	7,722
Change in proportionate share and differences between actual and expected contributions	26,715	202,765
Employer contributions subsequent to the measurement date	<u>287,952</u>	<u>-</u>
Total	<u>\$ 403,015</u>	<u>\$ 336,788</u>

\$287,952 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Component Unit- School Board (Professional)</u>
2024	\$ (52,476)
2025	(54,843)
2026	(53,989)
2027	(26,481)
2028	(22,895)
Thereafter	(11,041)

Note 14-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Actuarial Assumptions

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

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 14-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)****Actuarial Assumptions: (Continued)**

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. 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, 2022, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,470,891
Plan Fiduciary Net Position		221,845
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<u>1,249,046</u>

Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	15.08%
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The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Note 14-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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>7.83%</u>

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 14-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, 2022, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 3,408,158	\$ 3,024,067	\$ 2,698,482

Teacher Employee HIC OPEB Fiduciary Net Position

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

COUNTY OF CARROLL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 15-Summary of Pension Related Items

	Primary Government				Component Unit PSA				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans (Note 10):												
County	\$ 1,740,254	\$ 1,624,595	\$ 4,927,203	\$ 1,053,682	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Service Authority	-	-	-	-	90,245	182,087	239,929	3,659	-	-	-	-
School Board Nonprofessional	-	-	-	-	-	-	-	-	182,215	438,312	(436,028)	(6,054)
School Board Professional	-	-	-	-	-	-	-	-	6,210,211	5,845,557	23,533,968	666,182
Totals	\$ 1,740,254	\$ 1,624,595	\$ 4,927,203	\$ 1,053,682	\$ 90,245	\$ 182,087	\$ 239,929	\$ 3,659	\$ 6,392,426	\$ 6,283,869	\$ 23,097,940	\$ 660,128

Note 16-Summary of OPEB Related Items

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
School Stand-Alone Plan (Note 11)	\$ -	\$ -	\$ -	\$ -	\$ 588,000	\$ 1,855,000	\$ 3,822,000	\$ (273,000)
VRS OPEB Plans:								
Group Life Insurance Plan (Note 12):								
County		107,048	130,391	397,852	-	-	-	-
School Board Nonprofessional		-	-	-	24,878	38,417	114,630	(7,309)
School Board Professional		-	-	-	284,442	334,229	1,249,852	17,666
School Board (nonprofessional) Health Insurance Credit Plan (Note 13)		-	-	-	108,114	88,744	327,241	5,707
Teacher Health Insurance Credit Plan (Note 14)		-	-	-	403,015	336,788	3,024,067	198,431
Totals	\$ 107,048	\$ 130,391	\$ 397,852	\$ 121	\$ 1,408,449	\$ 2,653,178	\$ 8,537,790	\$ (58,505)

Note 17 - Line of Duty Act (LODA) (OPEB Benefits):

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2023 was \$62,297.

COUNTY OF CARROLL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 18-Capital Assets:

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

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 3,228,102	\$ 25,000	\$ -	\$ 3,253,102
Construction in progress	1,197,336	502,040	-	1,699,376
Total capital assets not being depreciated	<u>\$ 4,425,438</u>	<u>\$ 527,040</u>	<u>\$ -</u>	<u>\$ 4,952,478</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 57,414,723	\$ 65,100	\$ (20,661,818)	\$ 36,818,005
Machinery and equipment	14,040,665	681,393	(146,470)	14,575,588
Lease land	78,024	-	-	78,024
Lease machinery and equipment	98,917	-	(33,231)	65,686
Subscription assets	-	300,272	-	300,272
Total capital assets being depreciated	<u>\$ 71,632,329</u>	<u>\$ 1,046,765</u>	<u>\$ (20,841,519)</u>	<u>\$ 51,837,575</u>
Accumulated depreciation:				
Buildings and improvements	\$ (25,116,574)	\$ (1,074,353)	\$ 9,275,175	\$ (16,915,752)
Machinery and equipment	(10,180,031)	(836,091)	146,470	(10,869,652)
Lease land	(6,237)	(6,237)	-	(12,474)
Lease machinery and equipment	(42,908)	(41,425)	33,231	(51,102)
Subscription assets	-	(164)	-	(164)
Total accumulated depreciation	<u>\$ (35,345,750)</u>	<u>\$ (1,958,270)</u>	<u>\$ 9,454,876</u>	<u>\$ (27,849,144)</u>
Total capital assets being depreciated, net	<u>\$ 36,286,579</u>	<u>\$ (911,505)</u>	<u>\$ (11,386,643)</u>	<u>\$ 23,988,431</u>
Governmental activities capital assets, net	<u>\$ 40,712,017</u>	<u>\$ (384,465)</u>	<u>\$ (11,386,643)</u>	<u>\$ 28,940,909</u>

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

Governmental activities:	
General government administration	\$ 200,412
Judicial administration	5,467
Public safety	638,538
Public works	347,889
Health and welfare	13,733
Education	690,453
Parks, recreation, and cultural	45,265
Community development	16,513
Total depreciation/amortization governmental activities	<u>\$ 1,958,270</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 18-Capital Assets: (Continued)**

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

Discretely Presented Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,343,900	\$ -	\$ -	\$ 1,343,900
Construction in progress	3,165,659	3,527,615	(3,268,321)	3,424,953
Total capital assets not being depreciated	<u>\$ 4,509,559</u>	<u>\$ 3,527,615</u>	<u>\$ (3,268,321)</u>	<u>\$ 4,768,853</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 31,299,440	\$ 23,993,005	\$ -	\$ 55,292,445
Improvement other than buildings	153,754	-	-	153,754
Machinery and equipment	8,991,137	1,067,975	(185,641)	9,873,471
Total capital assets being depreciated	<u>\$ 40,444,331</u>	<u>\$ 25,060,980</u>	<u>\$ (185,641)</u>	<u>\$ 65,319,670</u>
Accumulated depreciation:				
Buildings and improvements	\$ (18,685,559)	\$ (10,589,262)	\$ -	\$ (29,274,821)
Improvement other than buildings	(60,638)	(7,688)	-	(68,326)
Machinery and equipment	(6,396,443)	(833,097)	181,414	(7,048,126)
Total accumulated depreciation	<u>\$ (25,142,640)</u>	<u>\$ (11,430,047)</u>	<u>\$ 181,414</u>	<u>\$ (36,391,273)</u>
Total capital assets being depreciated, net	<u>\$ 15,301,691</u>	<u>\$ 13,630,933</u>	<u>\$ (4,227)</u>	<u>\$ 28,928,397</u>
Governmental activities capital assets, net	<u>\$ 19,811,250</u>	<u>\$ 17,158,548</u>	<u>\$ (3,272,548)</u>	<u>\$ 33,697,250</u>

Note 19-Risk Management:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 20-Contingent Liabilities:**

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

Note 21-Surety Bonds:

Primary Government:

<u>Fidelity & Deposit Company of Maryland-Surety:</u>	
Gerald R. Goad, Clerk of the Circuit Court	\$ 1,525,000
Bonita Williams, Treasurer	400,000
Fran Zimmerman, Commissioner of the Revenue	3,000
Kevin A. Kemp, Sheriff	30,000

Note 22-Payroll Expenses:

All full-time employees of the Component Unit - Public Service Authority are paid through the County and the Authority reimburses the County for these expenses. Part-time employees are paid by the Public Service Authority along with any overtime pay that the Public Service Authority Board approves.

Note 23-Deferred/Unavailable Revenue:

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

	<u>Government-wide Statements</u>	<u>Balance Sheet</u>
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Unavailable/deferred revenue		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 5,814,022
Tax assessments due after June 30	15,254,749	15,254,749
Prepaid property taxes due after June 30 but paid in advance by taxpayers	<u>1,190,290</u>	<u>1,190,290</u>
Total unavailable/deferred revenue	<u>\$ 16,445,039</u>	<u>\$ 22,259,061</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 24-Litigation:

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

Note 25-Self Health Insurance:

During fiscal year 2023, the Carroll County School Board established a limited risk management program for health insurance for School Board employees. Premiums are paid into the health plan fund from the School Board and are available to pay claims, and administrative costs of the program. During the fiscal year 2023, a total of \$3,624,878 was paid in benefits and administrative costs. The risk assumed by the School Board is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type. Incurred but not reported claims of \$356,000 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions. Changes in the claims liability during fiscal year 2023 were as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Fiscal Year</u>
2022-23	\$ -	\$ 3,980,878	\$ (3,624,878)	\$ 356,000

Note 26-Adoption of Accounting Principles:

The County implemented provisions of Governmental Accounting Standards Board Statement No. 96, Subscription-Based IT Arrangements (SBITAs) during the fiscal year ended June 30, 2023. Statement No. 96, SBITAs requires recognition of certain subscription assets and liabilities for certain contracts that convey control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. No restatement of beginning net position was required as a result of this implementation.

Note 27-Commitments and Contingencies:

The School Board has obligated funds for the project described below as of June 30, 2023:

<u>Project</u>	<u>Amount of Contract</u>	<u>Amount of Contract Outstanding</u>	<u>Accounts Payable</u>	<u>Retainage Payable</u>
Component Unit-School Board:				
HVAC replacement - CCMS	\$ 294,631	\$ 232,876	\$ 15,250	\$ -
HVAC replacement - CCMS	742,000	556,571	168,558	9,272
Renovation - CCHS	430,374	150,882	279,492	-
Renovation - CCHS - gym addition	7,077,475	4,681,821	829,230	119,778

Note 28-Upcoming Pronouncements:

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.

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

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

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

Required Supplementary Information

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

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>(Negative)</u>
REVENUES				
General property taxes	\$ 22,968,500	\$ 22,968,500	\$ 24,917,446	\$ 1,948,946
Other local taxes	4,725,000	4,835,275	5,302,584	467,309
Permits, privilege fees, and regulatory licenses	106,500	106,500	162,904	56,404
Fines and forfeitures	925,863	1,046,863	1,073,504	26,641
Revenue from the use of money and property	187,900	187,900	335,912	148,012
Charges for services	1,681,375	1,681,375	1,623,945	(57,430)
Miscellaneous	112,650	113,166	286,324	173,158
Recovered costs	2,178,004	2,529,028	2,465,283	(63,745)
Intergovernmental:				
Commonwealth	9,993,106	10,255,286	8,765,686	(1,489,600)
Federal	3,159,567	3,282,651	6,945,421	3,662,770
Total revenues	<u>\$ 46,038,465</u>	<u>\$ 47,006,544</u>	<u>\$ 51,879,009</u>	<u>\$ 4,872,465</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,858,561	\$ 3,282,574	\$ 2,918,890	\$ 363,684
Judicial administration	1,756,592	1,841,290	1,594,005	247,285
Public safety	10,949,291	11,586,000	10,332,062	1,253,938
Public works	2,478,139	2,518,748	2,361,056	157,692
Health and welfare	9,753,415	9,761,315	8,809,977	951,338
Education	10,494,123	10,513,123	9,926,736	586,387
Parks, recreation, and cultural	1,396,606	1,402,122	1,327,820	74,302
Community development	1,559,961	3,738,086	2,493,128	1,244,958
Nondepartmental	-	285,500	307,148	(21,648)
Debt service:				
Principal retirement	2,799,684	2,799,684	2,963,895	(164,211)
Interest and other fiscal charges	1,017,093	1,017,093	1,015,985	1,108
Total expenditures	<u>\$ 45,063,465</u>	<u>\$ 48,745,535</u>	<u>\$ 44,050,702</u>	<u>\$ 4,694,833</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 975,000</u>	<u>\$ (1,738,991)</u>	<u>\$ 7,828,307</u>	<u>\$ 9,567,298</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (975,000)	\$ (3,752,771)	\$ (3,752,771)	\$ -
Issuance of SBITA	-	-	229,735	229,735
Total other financing sources (uses)	<u>\$ (975,000)</u>	<u>\$ (3,752,771)</u>	<u>\$ (3,523,036)</u>	<u>\$ 229,735</u>
Net change in fund balances	\$ -	\$ (5,491,762)	\$ 4,305,271	\$ 9,797,033
Fund balances - beginning	-	5,491,762	28,306,804	22,815,042
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,612,075</u>	<u>\$ 32,612,075</u>

County of Carroll, Virginia
Schedule of Employer's Proportionate Share of the Net Pension Liability
For the Measurement Dates of June 30, 2014 through June 30, 2022

Date (1)	Proportion of the Net Pension Liability (NPL) (2)	Proportionate Share of the NPL (3)	Covered Payroll (4)	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
Primary Government - County Retirement Plan					
2022	89.8169% \$	4,927,203 \$	7,178,189	68.64%	87.45%
2021	88.6775%	2,887,109	6,414,137	45.01%	92.33%
2020	88.1158%	7,900,060	6,766,101	116.76%	77.93%
2019	87.1068%	6,009,532	6,985,410	86.03%	82.42%
2018	86.9945%	4,586,342	6,835,376	67.10%	85.46%
2017	86.2947%	5,086,211	6,436,392	79.02%	83.27%
2016	86.2946%	6,694,678	6,380,074	104.93%	77.51%
2015	86.5376%	5,285,062	6,286,487	84.07%	81.30%
2014	86.5376%	4,226,206	6,057,711	69.77%	83.61%
Component Unit Public Service Authority					
2022	4.3736% \$	239,929 \$	349,539	68.64%	87.45%
2021	5.0741%	165,196	367,015	45.01%	92.33%
2020	5.9886%	536,910	459,951	116.73%	77.93%
2019	7.3889%	509,765	593,273	85.92%	82.49%
2018	7.5591%	398,515	598,505	66.59%	85.46%
2017	8.2637%	487,063	654,293	74.44%	83.27%
2016	8.2637%	641,092	630,530	101.68%	122.99%
2015	8.2813%	505,758	621,183	81.42%	434.88%
2014	8.2813%	417,602	598,577	69.77%	510.11%
Component Unit School Board (professional)					
2022	0.2472% \$	23,533,968 \$	22,564,671	104.30%	82.61%
2021	0.2458%	19,080,917	21,327,825	89.46%	85.46%
2020	0.2525%	36,752,658	21,812,692	168.49%	71.47%
2019	0.2544%	33,475,221	21,095,339	158.69%	73.51%
2018	0.2664%	31,333,000	21,324,377	146.94%	74.81%
2017	0.2743%	33,728,000	21,481,554	157.01%	72.92%
2016	0.2663%	37,312,000	20,292,867	183.87%	68.28%
2015	0.2721%	34,245,000	20,216,777	169.39%	70.68%
2014	0.2746%	33,182,000	20,079,764	165.25%	70.88%

Schedule is intended to show information for 10 years. Prior to 2014, the PSA's information was consolidated in the County's totals and presented in the County report. Therefore, sufficient information to allocate the prior year balances is not available. Additional years will be included as they become available.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 180,139	\$ 211,135	\$ 207,924	\$ 209,826	\$ 221,654	\$ 266,275	\$ 270,954	\$ 272,694	\$ 282,837
Interest	774,080	713,752	706,699	710,318	712,918	711,451	685,916	678,210	650,702
Differences between expected and actual experience	(104,576)	40,033	(158,321)	(226,345)	(335,847)	(194,378)	24,401	(276,046)	-
Changes of assumptions	-	426,836	-	267,717	-	(120,248)	-	-	-
Benefit payments	(680,349)	(675,935)	(627,713)	(650,875)	(620,860)	(639,723)	(569,530)	(559,995)	(521,158)
Refund of contributions	-	-	-	-	-	(23,716)	-	-	-
Net change in total pension liability	\$ 169,294	\$ 715,821	\$ 128,589	\$ 310,641	\$ (22,135)	\$ (339)	\$ 411,741	\$ 114,863	\$ 412,381
Total pension liability - beginning	11,627,886	10,912,065	10,783,476	10,472,835	10,494,970	10,495,309	10,083,568	9,968,705	9,556,324
Total pension liability - ending (a)	<u>\$ 11,797,180</u>	<u>\$ 11,627,886</u>	<u>\$ 10,912,065</u>	<u>\$ 10,783,476</u>	<u>\$ 10,472,835</u>	<u>\$ 10,494,970</u>	<u>\$ 10,495,309</u>	<u>\$ 10,083,568</u>	<u>\$ 9,968,705</u>
Plan fiduciary net position									
Contributions - employer	\$ 94,752	\$ 95,270	\$ 114,129	\$ 113,830	\$ 150,251	\$ 156,370	\$ 240,176	\$ 239,595	\$ 259,093
Contributions - employee	94,142	93,362	96,800	95,557	97,709	102,599	122,474	122,507	123,499
Net investment income	(6,792)	2,800,948	200,951	679,146	735,374	1,119,816	160,748	418,458	1,264,799
Benefit payments	(680,349)	(675,935)	(627,713)	(650,875)	(620,860)	(639,723)	(569,530)	(559,995)	(521,158)
Refund of contributions	-	-	-	-	-	(23,716)	-	-	-
Administrator charges	(8,038)	(7,248)	(7,083)	(7,034)	(6,533)	(6,738)	(5,902)	(5,839)	(6,876)
Other	287	261	(238)	(425)	(647)	(984)	(69)	(88)	67
Net change in plan fiduciary net position	\$ (505,998)	\$ 2,306,658	\$ (223,154)	\$ 230,199	\$ 355,294	\$ 707,624	\$ (52,103)	\$ 214,638	\$ 1,119,424
Plan fiduciary net position - beginning	12,739,206	10,432,548	10,655,702	10,425,503	10,070,209	9,362,585	9,414,688	9,200,050	8,080,626
Plan fiduciary net position - ending (b)	<u>\$ 12,233,208</u>	<u>\$ 12,739,206</u>	<u>\$ 10,432,548</u>	<u>\$ 10,655,702</u>	<u>\$ 10,425,503</u>	<u>\$ 10,070,209</u>	<u>\$ 9,362,585</u>	<u>\$ 9,414,688</u>	<u>\$ 9,200,050</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (436,028)	\$ (1,111,320)	\$ 479,517	\$ 127,774	\$ 47,332	\$ 424,761	\$ 1,132,724	\$ 668,880	\$ 768,655
Plan fiduciary net position as a percentage of the total pension liability	103.70%	109.56%	95.61%	98.82%	99.55%	95.95%	89.21%	93.37%	92.29%
Covered payroll	\$ 2,053,944	\$ 2,000,063	\$ 2,051,945	\$ 2,014,862	\$ 2,039,840	\$ 2,093,296	\$ 2,483,064	\$ 2,463,253	\$ 2,469,959
School Division's net pension liability (asset) as a percentage of covered payroll	-21.23%	-55.56%	23.37%	6.34%	2.32%	20.29%	45.62%	27.15%	31.12%

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

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2023	\$ 1,167,973	\$ 1,167,973	\$ -	\$ 7,899,507	14.79%
2022	938,885	938,885	-	7,178,189	13.08%
2021	729,439	729,439	-	6,414,137	11.37%
2020	653,879	653,879	-	6,766,101	9.66%
2019	679,392	679,392	-	6,985,410	9.73%
2018	749,414	749,414	-	6,835,376	10.96%
2017	742,577	742,577	-	6,436,392	11.54%
2016	770,617	770,617	-	6,380,074	12.08%
2015	762,325	762,325	-	6,286,487	12.13%
Component Unit Public Service Authority					
2023	\$ 60,947	\$ 60,947	\$ -	\$ 412,206	14.79%
2022	45,719	45,719	-	349,539	13.08%
2021	41,738	41,738	-	367,015	11.37%
2020	44,439	44,439	-	459,951	9.66%
2019	57,630	57,630	-	593,273	9.71%
2018	65,117	65,117	-	598,505	10.88%
2017	71,110	71,110	-	654,293	10.87%
2016	76,159	76,159	-	630,530	12.08%
2015	75,339	75,339	-	621,183	12.13%
Component Unit School Board (nonprofessional)					
2023	\$ 96,464	\$ 96,464	\$ -	\$ 2,134,182	4.52%
2022	97,823	97,823	-	2,053,944	4.76%
2021	105,962	105,962	-	2,000,063	5.30%
2020	114,668	114,668	-	2,051,945	5.59%
2019	113,832	113,832	-	2,014,862	5.65%
2018	150,253	150,253	-	2,039,840	7.37%
2017	160,137	160,137	-	2,093,296	7.65%
2016	241,165	241,165	-	2,483,064	9.71%
2015	239,595	239,595	-	2,463,253	9.73%
2014	259,099	259,099	-	2,469,959	10.49%
Component Unit School Board (professional)					
2023	\$ 3,857,648	\$ 3,857,648	\$ -	\$ 23,979,706	16.09%
2022	3,672,227	3,672,227	-	22,564,671	16.27%
2021	3,477,251	3,477,251	-	21,327,825	16.30%
2020	3,356,000	3,356,000	-	21,812,692	15.39%
2019	3,257,343	3,257,343	-	21,095,339	15.44%
2018	3,445,000	3,445,000	-	21,324,377	16.16%
2017	3,136,000	3,136,000	-	21,481,554	14.60%
2016	2,844,000	2,844,000	-	20,292,867	14.01%
2015	2,933,000	2,933,000	-	20,216,777	14.51%
2014	2,341,300	2,341,300	-	20,079,764	11.66%

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

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

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

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

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

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

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

County of Carroll, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Component Unit - School Board
For the Measurement Dates July 1, 2017 through July 1, 2022

	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	\$ 197,000	\$ 175,000	\$ 242,000	\$ 232,000	\$ 224,000	\$ 219,000
Interest	82,000	97,000	149,000	164,000	202,000	190,000
Differences between expected and actual experience	116,000	(363,000)	(1,361,000)	(377,000)	(1,397,000)	-
Assumption changes	(584,000)	353,000	230,000	188,000	-	-
Employer contributions	-	43,000	3,000	-	-	-
Benefit payments	(75,000)	-	-	-	-	(126,000)
Other changes	-	-	-	-	(176,000)	-
Net change in total OPEB liability	\$ (264,000)	\$ 305,000	\$ (737,000)	\$ 207,000	\$ (1,147,000)	\$ 283,000
Total OPEB liability - beginning	4,086,000	3,781,000	4,518,000	4,311,000	5,458,000	5,175,000
Total OPEB liability - ending	\$ 3,822,000	\$ 4,086,000	\$ 3,781,000	\$ 4,518,000	\$ 4,311,000	\$ 5,458,000
 Covered-employee payroll	 \$ 23,861,000	 \$ 21,532,000	 \$ 21,532,000	 \$ 21,669,000	 \$ 21,669,000	 \$ 23,677,000
 Component Unit School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	 16.02%	 18.98%	 17.56%	 20.85%	 19.89%	 23.05%

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

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

Valuation Date: 7/1/2022
Measurement Date: 7/1/2022

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age actuarial cost method
Salary Increases	2.50%
Healthcare Trend Rate	6.75% for fiscal year end 2023, decreasing 0.25% per year to an ultimate rate of 5.00%
Discount Rate	3.69%
Retirement Age	The average age at retirement is 62
Mortality Rates	RP-2014 Mortality Table, fully generational with base layer 2006, projected using two-dimensional mortality improvement scale MP-2021

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2022	0.0367% \$	397,852 \$	7,121,652	5.59%	67.21%
2021	0.0350%	362,031	6,420,317	5.64%	67.45%
2020	0.0374%	549,849	6,781,524	8.11%	52.64%
2019	0.0410%	581,018	6,999,464	8.30%	52.00%
2018	0.0417%	550,675	6,898,061	7.98%	51.22%
2017	0.0417%	541,068	6,633,359	8.16%	48.86%
Component Unit School Board (nonprofessional)					
2022	0.0095% \$	114,630 \$	2,069,816	5.54%	67.21%
2021	0.0098%	113,982	2,021,808	5.64%	67.45%
2020	0.0100%	166,550	2,054,395	8.11%	52.64%
2019	0.0103%	167,283	2,016,295	8.30%	52.00%
2018	0.0108%	164,000	2,050,489	8.00%	51.22%
2017	0.0115%	172,000	2,113,450	8.14%	48.86%
Component Unit School Board (professional)					
2022	0.1038% \$	1,249,852 \$	22,578,251	5.54%	67.21%
2021	0.1033%	1,202,808	21,329,930	5.64%	67.45%
2020	0.1062%	1,771,637	21,848,331	8.11%	52.64%
2019	0.1078%	1,753,705	21,127,457	8.30%	52.00%
2018	0.1123%	1,706,000	21,360,927	7.99%	51.22%
2017	0.1169%	1,759,000	21,562,338	8.16%	48.86%

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2023	\$ 42,714	\$ 42,714	\$ -	\$ 7,909,960	0.54%
2022	38,813	38,813	-	7,121,652	0.54%
2021	34,669	34,669	-	6,420,317	0.54%
2020	35,264	35,264	-	6,781,524	0.52%
2019	36,394	36,394	-	6,999,464	0.52%
2018	35,870	35,870	-	6,898,061	0.52%
2017	34,492	34,492	-	6,633,359	0.52%
Component Unit School Board (nonprofessional)					
2023	\$ 11,525	\$ 11,525	\$ -	\$ 2,134,182	0.54%
2022	11,177	11,177	-	2,069,816	0.54%
2021	10,918	10,918	-	2,021,808	0.54%
2020	10,683	10,683	-	2,054,395	0.52%
2019	10,485	10,485	-	2,016,295	0.52%
2018	10,663	10,663	-	2,050,489	0.52%
2017	10,990	10,990	-	2,113,450	0.52%
2016	11,942	11,942	-	2,487,819	0.48%
2015	11,830	11,830	-	2,464,516	0.48%
2014	11,868	11,868	-	2,472,414	0.48%
Component Unit School Board (professional)					
2023	\$ 128,532	\$ 128,532	\$ -	\$ 23,802,149	0.54%
2022	121,923	121,923	-	22,578,251	0.54%
2021	115,182	115,182	-	21,329,930	0.54%
2020	113,611	113,611	-	21,848,331	0.52%
2019	109,834	109,834	-	21,127,457	0.52%
2018	111,096	111,096	-	21,360,927	0.52%
2017	112,124	112,124	-	21,562,338	0.52%
2016	97,624	97,624	-	20,338,243	0.48%
2015	97,389	97,389	-	20,289,461	0.48%
2014	96,929	96,929	-	20,193,471	0.48%

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

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

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

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Carroll, Virginia
Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios
Component Unit - School Board (nonprofessional)
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2022

	2022	2021	2020	2019	2018	2017
Total HIC OPEB Liability						
Service cost	\$ 2,991	\$ 4,170	\$ 7,499	\$ 7,116	\$ 8,000	\$ 12,000
Interest	20,538	30,343	14,119	14,429	14,000	13,000
Changes of benefit terms	-	-	6,983	-	-	-
Differences between expected and actual experience	(5,790)	(162,760)	(14,596)	19,019	(28,000)	-
Changes of assumptions	52,762	6,551	57,324	15,698	-	(29,000)
Benefit payments	(27,275)	(25,838)	(24,561)	(23,028)	(23,000)	(21,000)
Other changes	-	-	-	448	(4,000)	(1,000)
Net change in total HIC OPEB liability	\$ 43,226	\$ (147,534)	\$ 46,768	\$ 33,682	\$ (33,000)	\$ (26,000)
Total HIC OPEB Liability - beginning	314,916	462,450	415,682	382,000	415,000	441,000
Total HIC OPEB Liability - ending (a)	\$ 358,142	\$ 314,916	\$ 462,450	\$ 415,682	\$ 382,000	\$ 415,000
Plan fiduciary net position						
Contributions - employer	\$ 50,938	\$ 49,602	\$ 25,650	\$ 25,185	\$ 20,000	\$ 21,000
Net investment income	(637)	62	-	-	-	-
Benefit payments	(27,275)	(25,838)	(24,561)	(23,028)	(23,000)	(21,000)
Administrative expense	(60)	-	-	-	-	-
Other	5,975	(8)	-	896	-	(1,000)
Net change in plan fiduciary net position	\$ 28,941	\$ 23,818	\$ 1,089	\$ 3,053	\$ (3,000)	\$ (1,000)
Plan fiduciary net position - beginning	1,960	(21,858)	(22,947)	(26,000)	(23,000)	(22,000)
Plan fiduciary net position - ending (b)	\$ 30,901	\$ 1,960	\$ (21,858)	\$ (22,947)	\$ (26,000)	\$ (23,000)
Employer's net HIC OPEB liability - ending (a) - (b)	\$ 327,241	\$ 312,956	\$ 484,308	\$ 438,629	\$ 408,000	\$ 438,000
Plan fiduciary net position as a percentage of the total HIC OPEB liability	8.63%	0.62%	-4.73%	-5.52%	-6.81%	-5.54%
Covered payroll	\$ 2,053,944	\$ 2,000,063	\$ 2,051,945	\$ 2,014,862	\$ 2,039,840	\$ 2,093,296
Employer's net HIC OPEB liability as a percentage of covered payroll	15.93%	15.65%	23.60%	21.77%	20.00%	20.92%

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Component Unit - School Board (nonprofessional)					
2023	\$ 52,928	\$ 52,928	\$ -	\$ 2,134,182	2.48%
2022	50,938	50,938	-	2,053,944	2.48%
2021	49,602	49,602	-	2,000,063	2.48%
2020	25,649	25,649	-	2,051,945	1.25%
2019	25,185	25,185	-	2,014,862	1.25%
2018	20,000	20,000	-	2,039,840	0.98%
2017	21,000	21,000	-	2,093,296	1.00%
2016	20,858	20,858	-	2,483,064	0.84%
2015	20,691	20,691	-	2,463,253	0.84%
2014	12,597	12,597	-	2,469,959	0.51%

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

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

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

Non-Largest Ten Locality Employers - General Employees

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

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2022	0.2421%	\$ 3,024,067	\$ 22,564,671	13.40%	15.08%
2021	0.2412%	3,095,455	21,327,825	14.51%	13.15%
2020	0.2488%	3,245,767	21,812,692	14.88%	9.95%
2019	0.2515%	3,292,380	21,095,339	15.61%	8.97%
2018	0.2637%	3,348,000	21,324,808	15.70%	8.08%
2017	0.2722%	3,453,000	21,483,066	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 Carroll, Virginia
Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	\$ 287,952	\$ 287,952	\$ -	\$ 23,797,706	1.21%
2022	273,033	273,033	-	22,564,671	1.21%
2021	258,067	258,067	-	21,327,825	1.21%
2020	261,752	261,752	-	21,812,692	1.20%
2019	253,077	253,077	-	21,095,339	1.20%
2018	262,289	262,289	-	21,324,808	1.23%
2017	238,462	238,462	-	21,483,066	1.11%
2016	215,188	215,188	-	20,300,779	1.06%
2015	214,427	214,427	-	20,228,959	1.06%
2014	222,889	222,889	-	20,080,130	1.11%

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

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

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

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

Other Supplementary Information

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

	County CIP Fund					
	Budgeted Amounts				Variance with Final Budget Positive (Negative)	
	Original	Final	Actual			
REVENUES						
Recovered costs	\$ -	\$ -	\$ 196,822	\$	196,822	
Total revenues	\$ -	\$ -	\$ 196,822	\$	196,822	
EXPENDITURES						
Current:						
General government administration	\$ -	\$ 1,298,400	\$ 112,096	\$	1,186,304	
Public safety	-	759,530	57,753		701,777	
Public works	-	535,500	71,835		463,665	
Education	-	300,000	-		300,000	
Parks, recreation, and cultural	-	926,875	489,640		437,235	
Total expenditures	\$ -	\$ 3,820,305	\$ 731,324	\$	3,088,981	
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (3,820,305)	\$ (534,502)	\$	(2,892,159)	
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ -	\$ -	\$ 3,752,771	\$	3,752,771	
Total other financing sources (uses)	\$ -	\$ -	\$ 3,752,771	\$	3,752,771	
Net change in fund balances	\$ -	\$ (3,820,305)	\$ 3,218,269	\$	860,612	
Fund balances - beginning	-	3,820,305	3,380,139		(440,166)	
Fund balances - ending	\$ -	\$ -	\$ 6,598,408	\$	420,446	

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

	Custodial Funds				
	Special Welfare <u>Fund</u>	Performance Bond <u>Escrow</u>	School Board <u>FSA</u>	County <u>FSA</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 121,926	\$ 35,000	\$ 39,281	\$ 5,473	\$ 201,680
Total assets	\$ 121,926	\$ 35,000	\$ 39,281	\$ 5,473	\$ 201,680
NET POSITION					
Restricted:					
Amounts held for social services clients	\$ 121,926	\$ -	\$ -	\$ -	\$ 121,926
Amounts held for performance bonds	-	35,000	-	-	35,000
Amounts held for School Board employees	-	-	39,281	-	39,281
Amounts held for County employees	-	-	-	5,473	5,473
Total net position	\$ 121,926	\$ 35,000	\$ 39,281	\$ 5,473	\$ 201,680

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

	Custodial Funds				<u>Total</u>
	<u>Special Welfare Fund</u>	<u>Performance Bond Escrow</u>	<u>School Board FSA</u>	<u>County FSA</u>	
ADDITIONS					
Interest income	\$ -	\$ -	\$ 4	\$ 2.00	\$ 6
Special welfare collections	114,148	-	-	-	114,148
Performance bond payment	-	30,000	-	-	30,000
Employee FSA contributions	-	-	58,115	18,400	76,515
Total additions	<u>\$ 114,148</u>	<u>\$ 30,000</u>	<u>\$ 58,119</u>	<u>\$ 18,402</u>	<u>\$ 220,669</u>
DEDUCTIONS					
Special welfare payments	\$ 46,273	\$ -	\$ -	\$ -	\$ 46,273
Performance bond withdrawal	-	52,443	-	-	52,443
Loss on investments	-	-	-	-	-
FSA distributions	-	-	54,649	17,720	72,369
Total deductions	<u>\$ 46,273</u>	<u>\$ 52,443.00</u>	<u>\$ 54,649</u>	<u>\$ 17,720</u>	<u>\$ 171,085</u>
Net increase (decrease) in fiduciary net position	\$ 67,875	\$ (22,443)	\$ 3,470	\$ 682	\$ 49,584
Net position, beginning of year	54,051	57,443	35,811	4,791	152,096
Net position, end of year	<u>\$ 121,926</u>	<u>\$ 35,000</u>	<u>\$ 39,281</u>	<u>\$ 5,473</u>	<u>\$ 201,680</u>

County of Carroll, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2023

	School Operating Fund	School Activity Fund	Total School Funds
ASSETS			
Cash and cash equivalents	\$ 5,042,019	\$ -	\$ 5,042,019
Cash held at schools	-	854,142	854,142
Receivables (net of allowance) for uncollectibles:			
Accounts receivable	587,329	-	587,329
Due from other governmental units	2,949,439	-	2,949,439
Prepaid items	453,053	-	453,053
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	1,941,341	-	1,941,341
Investments	7,939,948	-	7,939,948
Total assets	<u>\$ 18,913,129</u>	<u>\$ 854,142</u>	<u>\$ 19,767,271</u>
LIABILITIES			
Accounts payable	\$ 1,461,907	\$ -	\$ 1,461,907
Accrued liabilities	2,125,698	-	2,125,698
Retainage payable	129,050	-	129,050
Due to primary government	2,398,864	-	2,398,864
Unearned revenue	10,538,956	-	10,538,956
Total liabilities	<u>\$ 16,654,475</u>	<u>\$ -</u>	<u>\$ 16,654,475</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	\$ 453,053	\$ -	\$ 453,053
Restricted:			
Cafeteria operations	1,941,341	-	1,941,341
School activity fund	-	854,142	854,142
Electric bus grant	40,768	-	40,768
Committed:			
Textbook purchases	262,518	-	262,518
Construction	14,027	-	14,027
Unassigned:	(453,053)	-	(453,053)
Total fund balances	<u>\$ 2,258,654</u>	<u>\$ 854,142</u>	<u>\$ 3,112,796</u>
Total liabilities and fund balances	<u>\$ 18,913,129</u>	<u>\$ 854,142</u>	<u>\$ 19,767,271</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Total fund balances per above			\$ 3,112,796
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land		\$ 1,343,900	
Buildings and improvements		26,017,624	
Improvement other than buildings		85,428	
Machinery and equipment		2,825,345	
Construction in progress		<u>3,424,953</u>	33,697,250
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
Net pension asset			436,028
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.			
Pension related items		\$ 6,392,426	
OPEB related items		<u>1,408,449</u>	7,800,875
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.			
			1,068,730
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Net OPEB liabilities		\$ (8,537,790)	
Compensated absences		(965,472)	
Net pension liability		<u>(23,533,968)</u>	(33,037,230)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items		\$ (6,283,869)	
OPEB related items		<u>(2,653,178)</u>	(8,937,047)
Net position of governmental activities			<u>\$ 4,141,402</u>

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

	School Operating Fund	School Activity Fund*	Total School Funds
REVENUES			
Revenue from the use of money and property	\$ 72,935	\$ -	\$ 72,935
Charges for services	1,183,581	1,160,257	2,343,838
Miscellaneous	252,468	-	252,468
Recovered costs	810,023	-	810,023
Intergovernmental:			
Local government	9,877,831	-	9,877,831
Commonwealth	32,001,467	-	32,001,467
Federal	10,927,731	-	10,927,731
Total revenues	<u>\$ 55,126,036</u>	<u>\$ 1,160,257</u>	<u>\$ 56,286,293</u>
EXPENDITURES			
Current:			
Education	\$ 54,612,789	\$ 1,378,631	\$ 55,991,420
Total expenditures	<u>\$ 54,612,789</u>	<u>\$ 1,378,631</u>	<u>\$ 55,991,420</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 513,247</u>	<u>\$ (218,374)</u>	<u>\$ 294,873</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 53,343	\$ 333,716	\$ 387,059
Transfers out	(333,716)	(53,343)	(387,059)
Total other financing sources (uses)	<u>\$ (280,373)</u>	<u>\$ 280,373</u>	<u>\$ -</u>
Net change in fund balances	\$ 232,874	\$ 61,999	\$ 294,873
Fund balances - beginning	2,025,780	792,143	2,817,923
Fund balances - ending	<u>\$ 2,258,654</u>	<u>\$ 854,142</u>	<u>\$ 3,112,796</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			\$ 294,873
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the detail of items supporting this adjustment:			
Capital asset additions		\$ 4,658,456	
Depreciation expense		(2,154,872)	
Reversion of capital assets back to School Board		<u>11,386,643</u>	13,890,227
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.			
Loss on disposal of asset			(4,227)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
State non-employer contribution to the pension plan		\$ 1,093,497	
State non-employer contribution to the OPEB plan		<u>63,662</u>	1,157,159
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		\$ 58,859	
Change in pension related items		3,290,914	
Change in OPEB related items		<u>653,349</u>	4,003,122
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.			
			1,068,730
Change in net position of governmental activities			<u>\$ 20,409,884</u>

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

County of Carroll, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2023

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 32,000	\$ 32,000	\$ 72,935	\$ 40,935
Charges for services	828,500	828,500	1,183,581	355,081
Miscellaneous	161,250	689,370	252,468	(436,902)
Recovered costs	342,273	342,273	810,023	467,750
Intergovernmental:				
Local government	10,450,000	10,450,000	9,877,831	(572,169)
Commonwealth	31,145,178	31,438,632	32,001,467	562,835
Federal	16,494,634	17,028,208	10,927,731	(6,100,477)
Total revenues	<u>\$ 59,453,835</u>	<u>\$ 60,808,983</u>	<u>\$ 55,126,036</u>	<u>\$ (5,682,947)</u>
EXPENDITURES				
Current:				
Education	\$ 59,453,835	\$ 61,057,594	\$ 54,612,789	\$ 6,444,805
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (248,611)</u>	<u>\$ 513,247</u>	<u>\$ 761,858</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 53,343	\$ 53,343
Transfers out	-	-	(333,716)	(333,716)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (280,373)</u>	<u>\$ (280,373)</u>
Net change in fund balances	\$ -	\$ (248,611)	\$ 232,874	\$ 481,485
Fund balances - beginning	-	248,611	2,025,780	1,777,169
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,258,654</u>	<u>\$ 2,258,654</u>

County of Carroll, Virginia
Statement of Net Position
Internal Service Funds
June 30, 2023

	Self- Insurance <u>Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,424,730
LIABILITIES	
Current liabilities:	
Claims and judgments	\$ 356,000
NET POSITION	
Unrestricted	\$ 1,068,730
Total net position	\$ 1,068,730

County of Carroll, Virginia
Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2023

	Self- Insurance <u>Fund</u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 4,693,557
OPERATING EXPENSES	
Insurance claims and expenses	\$ 3,624,878
Operating income (loss)	1,068,679
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	\$ 51
Change in net position	1,068,730
Total net position - beginning	-
Total net position - ending	\$ 1,068,730

County of Carroll, Virginia
Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2023

	Self- Insurance <u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 4,693,557
Payments for premiums	(3,268,878)
Net cash provided by (used for) operating activities	<u>\$ 1,424,679</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	<u>\$ 51</u>
Net increase (decrease) in cash and cash equivalents	\$ 1,424,730
Cash and cash equivalents - beginning	-
Cash and cash equivalents - ending	<u><u>\$ 1,424,730</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	<u>\$ 1,068,679</u>
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Increase (decrease) in claims payable	356,000
Net cash provided by (used for) operating activities	<u><u>\$ 1,424,679</u></u>

Supporting Schedules

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 14,555,000	\$ 14,555,000	\$ 14,752,831	\$ 197,831
Real and personal public service corporation taxes	920,000	920,000	831,130	(88,870)
Personal property taxes	5,589,500	5,589,500	6,780,339	1,190,839
Mobile home taxes	74,000	74,000	83,148	9,148
Machinery and tools taxes	1,110,000	1,110,000	1,492,375	382,375
Merchant's capital taxes	220,000	220,000	222,343	2,343
Penalties	500,000	500,000	316,002	(183,998)
Interest	-	-	439,278	439,278
Total general property taxes	<u>\$ 22,968,500</u>	<u>\$ 22,968,500</u>	<u>\$ 24,917,446</u>	<u>\$ 1,948,946</u>
Other local taxes:				
Local sales and use taxes	\$ 2,250,000	\$ 2,360,275	\$ 2,897,830	\$ 537,555
Consumers' utility taxes- electric	685,000	685,000	705,452	20,452
Consumers' utility taxes- telephone	40,000	40,000	54,720	14,720
Consumption taxes	90,000	90,000	98,490	8,490
Recordation taxes	192,500	192,500	224,222	31,722
Motor vehicle licenses	720,000	720,000	93,959	(626,041)
Bank stock taxes	17,500	17,500	16,320	(1,180)
Hotel and motel room taxes	260,000	260,000	534,990	274,990
Restaurant food taxes	470,000	470,000	676,601	206,601
Total other local taxes	<u>\$ 4,725,000</u>	<u>\$ 4,835,275</u>	<u>\$ 5,302,584</u>	<u>\$ 467,309</u>
Permits, privilege fees, and regulatory licenses:				
Building permits	\$ 90,000	\$ 90,000	\$ 135,049	\$ 45,049
Animal licenses	9,500	9,500	8,373	(1,127)
Other permits and licenses	7,000	7,000	19,482	12,482
Total permits, privilege fees, and regulatory licenses	<u>\$ 106,500</u>	<u>\$ 106,500</u>	<u>\$ 162,904</u>	<u>\$ 56,404</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 925,863	\$ 1,046,863	\$ 1,073,504	\$ 26,641
Total fines and forfeitures	<u>\$ 925,863</u>	<u>\$ 1,046,863</u>	<u>\$ 1,073,504</u>	<u>\$ 26,641</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 162,000	\$ 162,000	\$ 309,734	\$ 147,734
Revenue from use of property	25,900	25,900	26,178	278
Total revenue from use of money and property	<u>\$ 187,900</u>	<u>\$ 187,900</u>	<u>\$ 335,912</u>	<u>\$ 148,012</u>
Charges for services:				
Charges for EMS	\$ 1,150,000	\$ 1,150,000	\$ 1,043,202	\$ (106,798)
Charges for farmer's market	250,000	250,000	193,904	(56,096)
Charges for courthouse security	220,000	220,000	279,225	59,225
Charges for parks and recreation	7,000	7,000	19,965	12,965
Charges for sanitation and waste removal	500	500	1,680	1,180
Charges for courthouse maintenance	25,000	25,000	27,785	2,785
Charges for cannery	11,500	11,500	12,478	978

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for circuit court copies	\$ 7,000	\$ 7,000	\$ 7,603	\$ 603
Charges for commonwealth's attorney	5,000	5,000	6,016	1,016
Charges for law enforcement and traffic control	5,175	5,175	28,754	23,579
Charges for law library	-	-	3,094	3,094
Other charges for services	200	200	239	39
Total charges for services	\$ 1,681,375	\$ 1,681,375	\$ 1,623,945	\$ (57,430)
Miscellaneous:				
Miscellaneous	\$ 112,650	\$ 113,166	\$ 173,058	\$ 59,892
Opioid settlement funds	-	-	113,266	113,266
Total miscellaneous revenue	\$ 112,650	\$ 113,166	\$ 286,324	\$ 173,158
Recovered costs:				
Solid Waste Authority	\$ 632,646	\$ 634,646	\$ 641,709	\$ 7,063
BRECEDA	165,394	165,394	134,890	(30,504)
Public Service Authority	756,464	756,464	715,203	(41,261)
Industrial Development Authority	50,000	50,000	-	(50,000)
City of Galax-shared expenses	265,000	265,000	265,000	-
Social services	158,000	158,000	74,902	(83,098)
School resource officer	50,000	50,000	200,498	150,498
Other recovered costs	100,500	449,524	433,081	(16,443)
Total recovered costs	\$ 2,178,004	\$ 2,529,028	\$ 2,465,283	\$ (63,745)
Total revenue from local sources	\$ 32,885,792	\$ 33,468,607	\$ 36,167,902	\$ 2,699,295
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	\$ 30,000	\$ 30,000	\$ 124,787	\$ 94,787
Motor vehicle rental taxes	6,500	6,500	7,117	617
Telecommunications taxes	725,000	725,000	701,805	(23,195)
Rolling stock taxes	1,000	1,000	853	(147)
State recordation taxes	55,000	55,000	73,772	18,772
Personal property tax relief funds	1,051,552	1,051,552	1,051,552	-
Games of skill	10,000	10,000	-	(10,000)
Total noncategorical aid	\$ 1,879,052	\$ 1,879,052	\$ 1,959,886	\$ 80,834
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 611,968	\$ 611,968	\$ 510,616	\$ (101,352)
Sheriff	1,704,031	1,704,031	1,626,438	(77,593)
Commissioner of revenue	147,327	147,327	176,152	28,825
Treasurer	140,320	140,320	137,883	(2,437)

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Shared expenses: (Continued)				
Registrar/electoral board	\$ 43,050	\$ 43,050	\$ 74,731	\$ 31,681
Clerk of the Circuit Court	393,955	393,955	409,085	15,130
Total shared expenses	<u>\$ 3,040,651</u>	<u>\$ 3,040,651</u>	<u>\$ 2,934,905</u>	<u>\$ (105,746)</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 2,783,367	\$ 2,783,367	\$ 2,097,285	\$ (686,082)
Comprehensive Services Act	1,999,636	1,999,636	1,515,426	(484,210)
Animal friendly plates	400	805	427	(378)
Fire program	111,000	111,000	105,402	(5,598)
Litter control grant	10,000	15,525	15,525	-
Emergency and medical services grant	29,000	29,000	-	(29,000)
Records preservation grant	-	-	32,490	32,490
School Resource Officer	50,000	175,000	-	(175,000)
Victim witness	90,000	90,000	28,129	(61,871)
Asset forfeiture	-	-	16,076	16,076
Agriculture and consumer service grant	-	-	50,000	50,000
Arts grant	-	-	500	500
Other categorical aid	-	131,250	9,635	(121,615)
Total other categorical aid	<u>\$ 5,073,403</u>	<u>\$ 5,335,583</u>	<u>\$ 3,870,895</u>	<u>\$ (1,464,688)</u>
Total categorical aid	<u>\$ 8,114,054</u>	<u>\$ 8,376,234</u>	<u>\$ 6,805,800</u>	<u>\$ (1,570,434)</u>
Total revenue from the Commonwealth	<u>\$ 9,993,106</u>	<u>\$ 10,255,286</u>	<u>\$ 8,765,686</u>	<u>\$ (1,489,600)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	<u>\$ 22,000</u>	<u>\$ 22,000</u>	<u>\$ 35,346</u>	<u>\$ 13,346</u>
Categorical aid:				
Public assistance and welfare administration	\$ 2,783,367	\$ 2,783,367	\$ 3,102,039	\$ 318,672
QSCB interest	318,000	318,000	639,160	321,160
Victim witness	-	-	65,629	65,629
Emergency management preparedness grants	-	-	7,229	7,229
Federal justice assistance grants	1,200	1,200	-	(1,200)
High intensity drug trafficking grant	35,000	35,000	24,657	(10,343)
Coronavirus state and local fiscal recovery funds	-	123,084	3,071,361	2,948,277
Total categorical aid	<u>\$ 3,137,567</u>	<u>\$ 3,260,651</u>	<u>\$ 6,910,075</u>	<u>\$ 3,649,424</u>
Total revenue from the federal government	<u>\$ 3,159,567</u>	<u>\$ 3,282,651</u>	<u>\$ 6,945,421</u>	<u>\$ 3,662,770</u>
Total General Fund	<u>\$ 46,038,465</u>	<u>\$ 47,006,544</u>	<u>\$ 51,879,009</u>	<u>\$ 4,872,465</u>

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
County CIP Fund:				
Revenue from local sources:				
Recovered costs:				
Other recovered costs	\$ -	\$ -	\$ 196,822	\$ 196,822
Total recovered costs	\$ -	\$ -	\$ 196,822	\$ 196,822
Total revenue from local sources	\$ -	\$ -	\$ 196,822	\$ 196,822
Total County CIP Fund	\$ -	\$ -	\$ 196,822	\$ 196,822
Total Primary Government	\$ 46,038,465	\$ 47,006,544	\$ 52,075,831	\$ 5,069,287
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 40,768	\$ 40,768
Revenue from the use of property	32,000	32,000	32,167	167
Total revenue from use of money and property	\$ 32,000	\$ 32,000	\$ 72,935	\$ 40,935
Charges for services:				
Tuition from summer school				
Fees from pupils	\$ 15,000	\$ 15,000	\$ 16,755	\$ 1,755
Tuition from other localities	1,000	1,000	-	(1,000)
Cafeteria sales	-	-	-	-
Transportation of pupils	5,000	5,000	3,193	(1,807)
Other payments from other localities	807,500	807,500	1,163,633	356,133
Total charges for services	\$ 828,500	\$ 828,500	\$ 1,183,581	\$ 355,081
Miscellaneous:				
E-rate	\$ 120,000	\$ 120,000	\$ 75,840	\$ (44,160)
Other miscellaneous	41,250	569,370	176,628	(392,742)
Total miscellaneous	\$ 161,250	\$ 689,370	\$ 252,468	\$ (436,902)
Recovered costs:				
Insurance recoveries and rebates	\$ 342,273	\$ 342,273	\$ 810,023	\$ 467,750
Total recovered costs	\$ 342,273	\$ 342,273	\$ 810,023	\$ 467,750
Total revenue from local sources	\$ 1,364,023	\$ 1,892,143	\$ 2,319,007	\$ 426,864
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Carroll, Virginia	\$ 10,450,000	\$ 10,450,000	\$ 9,877,831	\$ (572,169)
Total revenues from local governments	\$ 10,450,000	\$ 10,450,000	\$ 9,877,831	\$ (572,169)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 4,578,518	\$ 4,578,518	\$ 5,242,195	\$ 663,677
Basic school aid	13,558,352	13,558,352	13,049,624	(508,728)
Remedial summer education	139,910	139,910	203,466	63,556
Regular foster care	30,190	30,190	27,094	(3,096)

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Gifted and talented	\$ 133,170	\$ 133,170	\$ 132,535	\$ (635)
Remedial education	585,949	585,949	583,152	(2,797)
Alternative education	206,498	206,498	203,219	(3,279)
Special education	1,481,821	1,481,821	1,474,749	(7,072)
Textbook payment	320,529	320,529	318,999	(1,530)
Vocational standards of quality payments	532,681	532,681	530,139	(2,542)
Vocational education - equipment	38,812	38,812	-	(38,812)
Social security fringe benefits	832,919	832,919	845,812	12,893
Retirement fringe benefits	1,944,285	1,944,285	1,971,152	26,867
Group life insurance instructional	58,111	58,111	60,243	2,132
State lottery payments	974,923	974,923	973,505	(1,418)
Homebound education	20,416	20,416	15,032	(5,384)
School nutrition	69,049	69,049	54,331	(14,718)
Special education - foster children	-	-	17,671	17,671
Special education - regional	157,591	157,591	170,412	12,821
Salary supplement	927,188	927,188	856,596	(70,592)
At risk payments	1,679,432	1,679,432	1,967,256	287,824
Early reading intervention	212,890	212,890	155,573	(57,317)
Standards of Learning algebra readiness	77,547	77,547	74,826	(2,721)
Primary class size	571,954	571,954	526,671	(45,283)
Breakfast after the Bell Initiative	26,567	26,567	14,613	(11,954)
Mentor teacher program	1,155	1,155	1,011	(144)
ISAEP	16,465	16,465	16,405	(60)
Jobs for VA grads	50,000	60,000	60,000	-
CTE industry credentials	19,500	19,500	37,628	18,128
JROTC	336,000	336,000	310,000	(26,000)
English as a second language	154,512	154,512	146,731	(7,781)
Project graduation	8,255	8,255	8,255	-
Virginia preschool initiative	610,541	610,541	781,493	170,952
Hold harmless for rebench	607,752	607,752	610,938	3,186
Compensation supplement	178,296	178,296	295,727	117,431
Other state funds	2,500	184,964	178,886	(6,078)
Total categorical aid	\$ 31,145,178	\$ 31,438,632	\$ 32,001,467	\$ 562,835
Total revenue from the Commonwealth	\$ 31,145,178	\$ 31,438,632	\$ 32,001,467	\$ 562,835
Revenue from the federal government:				
Categorical aid:				
Forest reserve	\$ 6,890	\$ 6,890	\$ 8,757	\$ 1,867
Title I	1,109,420	1,109,420	1,271,316	161,896
Title VI-B, flow-through	1,065,072	1,065,072	1,050,834	(14,238)
Title VI-B, preschool	28,665	28,665	42,659	13,994
Title VI-B, rural and low income	-	-	9,698	9,698

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid: (Continued)				
Vocational education	\$ 84,754	\$ 84,754	\$ 70,382	\$ (14,372)
Teacher quality	185,228	185,228	164,995	(20,233)
SNP equipment	-	25,695	53,093	27,398
Migrant education	59,523	59,523	49,748	(9,775)
School breakfast program	658,509	658,509	819,071	160,562
National school lunch program	1,607,760	1,607,760	2,311,442	703,682
Other school nutrition funds	-	24,450	24,213	(237)
Summer feeding program	-	-	1,109	1,109
Title III	15,017	15,017	26,042	11,025
Title IV, Part A	84,203	84,203	120,053	35,850
ESSER	11,589,593	11,589,593	4,043,066	(7,546,527)
ARPA funds	-	357,775	732,464	374,689
Other federal funds	-	125,654	128,789	3,135
Total categorical aid	\$ 16,494,634	\$ 17,028,208	\$ 10,927,731	\$ (6,100,477)
Total revenue from the federal government	\$ 16,494,634	\$ 17,028,208	\$ 10,927,731	\$ (6,100,477)
Total School Operating Fund	\$ 59,453,835	\$ 60,808,983	\$ 55,126,036	\$ (5,682,947)

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

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 383,389	\$ 383,389	\$ 309,206	\$ 74,183
General and financial administration:				
County administrator	\$ 383,352	\$ 397,365	\$ 387,678	\$ 9,687
Central purchasing	700	700	2,104	(1,404)
County attorney	75,000	85,000	90,315	(5,315)
Commissioner of revenue	490,684	490,684	439,681	51,003
Treasurer	509,586	509,586	428,614	80,972
Finance	302,761	702,761	600,889	101,872
Management information systems	346,440	346,440	330,937	15,503
Mapping	19,860	19,860	8,784	11,076
Human resources	9,294	9,294	8,074	1,220
Total general and financial administration	\$ 2,137,677	\$ 2,561,690	\$ 2,297,076	\$ 264,614
Board of elections:				
Electoral board and officials	\$ 141,792	\$ 141,792	\$ 138,420	\$ 3,372
Registrar	195,703	195,703	174,188	21,515
Total board of elections	\$ 337,495	\$ 337,495	\$ 312,608	\$ 24,887
Total general government administration	\$ 2,858,561	\$ 3,282,574	\$ 2,918,890	\$ 363,684
Judicial administration:				
Courts:				
Circuit court	\$ 74,202	\$ 74,202	\$ 77,160	\$ (2,958)
General district court	15,865	17,665	17,700	(35)
Juvenile court	9,500	10,700	11,312	(612)
Special magistrates	3,365	3,365	3,476	(111)
Victim witness	99,298	99,298	97,678	1,620
Clerk of the circuit court	617,148	617,148	607,823	9,325
Law library	1,000	1,000	267	733
Town E-Summons	-	81,698	62,586	19,112
Total courts	\$ 820,378	\$ 905,076	\$ 878,002	\$ 27,074
Commonwealth's attorney:				
Commonwealth's attorney	\$ 936,214	\$ 936,214	\$ 716,003	\$ 220,211
Total judicial administration	\$ 1,756,592	\$ 1,841,290	\$ 1,594,005	\$ 247,285
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,885,319	\$ 3,114,510	\$ 3,041,702	\$ 72,808
Courtroom Security	426,266	426,266	400,741	25,525
Total law enforcement and traffic control	\$ 3,311,585	\$ 3,540,776	\$ 3,442,443	\$ 98,333

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

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Volunteer fire departments	\$ 507,815	\$ 526,515	\$ 477,510	\$ 49,005
Rescue squads	383,657	395,645	313,856	81,789
Carroll EMS	2,137,762	2,279,687	2,060,395	219,292
Total fire and rescue services	<u>\$ 3,029,234</u>	<u>\$ 3,201,847</u>	<u>\$ 2,851,761</u>	<u>\$ 350,086</u>
Correction and detention:				
Payments to New River Regional Jail	\$ 2,300,000	\$ 2,300,000	\$ 1,994,142	\$ 305,858
Juvenile probation and detention	241,900	242,400	111,306	131,094
Total correction and detention	<u>\$ 2,541,900</u>	<u>\$ 2,542,400</u>	<u>\$ 2,105,448</u>	<u>\$ 436,952</u>
Inspections:				
Building	\$ 195,189	\$ 195,189	\$ 183,454	\$ 11,735
Other protection:				
Animal warden	\$ 131,040	\$ 196,445	\$ 158,100	\$ 38,345
Emergency services	287,309	335,309	265,576	69,733
E-911	450,597	450,597	450,597	-
Day reporting program	75,341	75,341	68,658	6,683
Highway safety	927,096	1,048,096	806,025	242,071
Total other protection	<u>\$ 1,871,383</u>	<u>\$ 2,105,788</u>	<u>\$ 1,748,956</u>	<u>\$ 356,832</u>
Total public safety	<u>\$ 10,949,291</u>	<u>\$ 11,586,000</u>	<u>\$ 10,332,062</u>	<u>\$ 1,253,938</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 629,346	\$ 631,346	\$ 638,844	\$ (7,498)
Public Service Authority	756,464	756,464	715,452	41,012
Litter control	10,000	15,525	12,956	2,569
Coronavirus relief - distributions to Public Service Authority	-	33,084	33,084	-
Total sanitation and waste removal	<u>\$ 1,395,810</u>	<u>\$ 1,436,419</u>	<u>\$ 1,400,336</u>	<u>\$ 36,083</u>
Maintenance of general buildings and grounds:				
Governmental complex	\$ 390,550	\$ 390,550	\$ 314,672	\$ 75,878
Cannery	28,364	28,364	14,597	13,767
Maintenance force	493,915	493,915	484,979	8,936
Maintenance of other properties	169,500	169,500	146,472	23,028
Total maintenance of general buildings and grounds	<u>\$ 1,082,329</u>	<u>\$ 1,082,329</u>	<u>\$ 960,720</u>	<u>\$ 121,609</u>
Total public works	<u>\$ 2,478,139</u>	<u>\$ 2,518,748</u>	<u>\$ 2,361,056</u>	<u>\$ 157,692</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 258,982	\$ 261,882	\$ 260,378	\$ 1,504

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

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare: (Continued)				
Mental health and mental retardation:				
Community services board	\$ 130,500	\$ 130,500	\$ 130,500	\$ -
Welfare:				
Public assistance and welfare administration	\$ 9,304,217	\$ 9,304,217	\$ 8,356,807	\$ 947,410
Senior citizens center	59,716	64,716	62,292	2,424
Total welfare	\$ 9,363,933	\$ 9,368,933	\$ 8,419,099	\$ 949,834
Total health and welfare	\$ 9,753,415	\$ 9,761,315	\$ 8,809,977	\$ 951,338
Education:				
Other instructional costs:				
Contributions to Community College	\$ 44,123	\$ 44,123	\$ 44,123	\$ -
Contribution to County School Board	10,200,000	10,200,000	9,613,804	586,196
School Board utilities	-	19,000	18,809	191
Purchase of school buses	250,000	250,000	250,000	-
Total education	\$ 10,494,123	\$ 10,513,123	\$ 9,926,736	\$ 586,387
Parks, recreation, and cultural:				
Parks and recreation:				
Recreational	\$ 357,328	\$ 357,328	\$ 344,793	\$ 12,535
Farmer's Market	\$ 603,757	\$ 603,757	\$ 541,527	\$ 62,230
County Fair	103,000	104,516	104,281	235
Total parks and recreation	\$ 1,064,085	\$ 1,065,601	\$ 990,601	\$ 75,000
Library:				
Contribution to Carroll-Galax Regional Library	\$ 332,521	\$ 336,521	\$ 337,219	\$ (698)
Total parks, recreation, and cultural	\$ 1,396,606	\$ 1,402,122	\$ 1,327,820	\$ 74,302
Community development:				
Planning and community development:				
Planning commission	\$ 144,881	\$ 144,881	\$ 136,627	\$ 8,254
Economic development	218,476	1,218,476	167,445	1,051,031
Business development	309,052	314,052	299,399	14,653
Tourism	178,827	268,827	156,529	112,298
Contribution to Carroll Industrial Development Authority	25,000	359,250	298,000	61,250
Contribution to Public Service Authority	525,000	1,273,000	1,273,000	-
Contribution to Twin County Airport	85,960	85,960	85,960	-
Total planning and community development	\$ 1,487,196	\$ 3,664,446	\$ 2,416,960	\$ 1,247,486
Environmental management:				
Contribution to soil and water district	\$ 7,500	\$ 7,500	\$ 7,500	\$ -
Cooperative extension program:				
Extension office	\$ 65,265	\$ 66,140	\$ 68,668	\$ (2,528)

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

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development: (Continued)				
Cooperative extension program:				
Total community development	\$ 1,559,961	\$ 3,738,086	\$ 2,493,128	\$ 1,244,958
Nondepartmental:				
Contingencies	\$ -	\$ 285,500	\$ 307,148	\$ (21,648)
Total nondepartmental	\$ -	\$ 285,500	\$ 307,148	\$ (21,648)
Debt service:				
Principal retirement	\$ 2,799,684	\$ 2,799,684	\$ 2,963,895	\$ (164,211)
Interest and other fiscal charges	1,017,093	1,017,093	1,015,985	1,108
Total debt service	\$ 3,816,777	\$ 3,816,777	\$ 3,979,880	\$ (163,103)
Total General Fund	\$ 45,063,465	\$ 48,745,535	\$ 44,050,702	\$ 4,694,833
Capital Projects Fund:				
School Construction Fund:				
Education:				
Other instructional costs:				
Contribution to County School Board	\$ -	\$ -	\$ 14,027	\$ (14,027)
Total School Construction Fund	\$ -	\$ -	\$ 14,027	\$ (14,027)
County CIP Fund:				
General government administration:	\$ -	\$ 1,298,400	\$ 112,096	\$ 1,186,304
Public safety	-	759,530	57,753	701,777
Public works	-	535,500	71,835	463,665
Education	-	300,000	-	300,000
Parks, recreation, and cultural:	-	926,875	489,640	437,235
Total County CIP Fund	\$ -	\$ 3,820,305	\$ 731,324	\$ 3,088,981
Total Primary Government	\$ 45,063,465	\$ 52,565,840	\$ 44,796,053	\$ 7,769,787
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Administration of schools:				
Administration, attendance and health	\$ 1,923,691	\$ 2,414,491	\$ 2,016,298	\$ 398,193
Instruction costs:				
Instruction	\$ 36,688,055	\$ 37,294,441	\$ 38,203,983	\$ (909,542)
Operating costs:				
Pupil transportation	\$ 3,133,350	\$ 3,533,350	\$ 2,516,883	\$ 1,016,467
Operation and maintenance of school plant	5,072,744	5,129,172	7,199,617	(2,070,445)

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

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board : (Continued)				
Special revenue funds: (Continued)				
School Operating Fund: (Continued)				
Education: (Continued)				
Operating costs: (Continued)				
Food services and other non-instructional costs	\$ 2,361,885	\$ 2,412,030	\$ 2,180,116	\$ 231,914
Facilities	10,274,110	10,274,110	2,495,892	7,778,218
Total operating costs	<u>\$ 20,842,089</u>	<u>\$ 21,348,662</u>	<u>\$ 14,392,508</u>	<u>\$ 6,956,154</u>
Total School Operating Fund	<u>\$ 59,453,835</u>	<u>\$ 61,057,594</u>	<u>\$ 54,612,789</u>	<u>\$ 6,444,805</u>

Other Statistical Section

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (1)	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Gas Utilities	Total
2022-23	\$ 2,676,308	\$ 1,427,265	\$ 10,326,176	\$ 1,361,436	\$ 8,653,157	\$ 21,935,982	\$ 1,149,634	\$ 2,340,695	\$ 983,275	\$ -	\$ 50,853,928
2021-22	3,162,821	1,209,495	8,463,381	1,079,424	8,784,225	15,139,848	496,485	1,312,249	1,178,791	-	40,826,719
2020-21	2,289,316	1,257,756	10,940,758	1,512,193	8,729,925	20,579,644	872,394	1,494,809	1,153,658	-	48,830,453
2019-20	2,567,477	1,213,555	9,789,497	1,147,056	8,804,195	12,511,100	1,138,528	1,521,365	1,239,444	-	39,932,217
2018-19	2,280,229	1,247,142	9,493,344	1,407,677	7,880,057	12,845,681	1,577,633	1,442,217	1,350,968	-	39,524,948
2017-18	2,580,579	1,034,603	9,850,165	1,428,594	6,823,675	13,540,065	1,350,707	1,507,984	1,427,439	-	39,543,811
2016-17	2,567,121	1,005,935	9,090,573	1,485,311	6,039,186	13,443,189	1,399,180	1,574,700	1,535,786	-	38,140,981
2015-16	2,620,043	977,670	9,096,396	1,319,668	5,860,929	13,265,166	852,516	1,794,103	1,653,289	109,257	37,549,037
2014-15	2,160,757	910,625	8,251,074	1,391,661	5,415,823	13,291,086	811,369	1,293,877	1,160,247	386,978	35,073,497
2013-14	2,314,221	968,302	8,397,574	1,616,367	5,074,792	13,954,909	1,178,753	2,568,641	1,008,885	343,869	37,426,313

(1) For fiscal year 2020-21, capital assets in the amount of \$7,344,451 (net book value) reverted back to the Component Unit - School Board

Table 2

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

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES							Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Revenue from Use of Property and Money	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Gain on Disposal of Capital Asset		
2022-23	\$ 2,886,531	\$ 13,665,875	\$ 50,000	\$ 25,751,345	\$ 4,767,594	\$ 309,734	\$ 190,950	\$ 1,995,232	\$ -	\$ 49,617,261	
2021-22	2,825,412	13,764,640	-	24,140,685	5,570,790	67,287	671,553	2,032,753	-	49,073,120	
2020-21	2,784,063	15,447,925	101,699	23,942,518	5,212,645	58,709	119,632	2,031,397	-	49,698,588	
2019-20 (1)	2,986,997	10,192,681	-	29,919,818	4,685,781	70,665	248,064	2,062,200	-	50,166,206	
2018-19	3,965,558	9,534,242	100,000	21,504,558	4,446,707	67,896	226,016	2,101,245	-	41,946,222	
2017-18	3,874,439	8,693,825	-	21,549,755	4,394,821	70,791	142,990	2,165,247	-	40,891,868	
2016-17	3,503,001	7,738,471	-	20,955,919	4,298,627	114,861	320,193	2,173,636	-	39,104,708	
2015-16	2,682,745	7,663,546	500,400	20,002,849	4,240,575	73,852	228,482	2,188,053		37,580,502	
2014-15	3,239,583	6,644,265	25,000	18,833,801	4,028,765	73,235	348,630	2,218,368	-	35,411,647	
2013-14	2,912,339	6,478,610	-	19,208,363	3,972,989	28,290	313,093	2,239,412	46,389	35,199,485	

(1) For fiscal year 2020, the County went to twice-year collections for real estate property taxes.

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Capital Projects (3)	Debt Service	Total
2022-23	\$ 2,918,890	\$ 1,594,005	\$ 10,332,062	\$ 2,361,056	\$ 8,809,977	\$ 56,040,325	\$ 1,327,820	\$ 2,493,128	\$ 307,148	\$ -	\$ 3,979,880	\$ 90,164,291
2021-22	2,535,825	1,407,513	10,318,301	2,042,257	9,173,348	53,241,085	1,112,251	1,506,170	-	-	4,250,171	85,586,921
2020-21	2,610,084	1,337,577	11,654,184	2,215,374	8,816,470	46,484,806	822,553	1,664,321	-	-	4,813,706	80,419,075
2019-20	2,518,046	1,322,176	9,465,079	2,092,736	8,993,001	45,496,305	1,107,413	1,623,921	-	-	5,026,716	77,645,393
2018-19	2,399,059	1,293,347	10,200,017	2,451,249	8,143,696	45,064,392	1,298,381	1,593,613	-	-	5,141,130	77,584,884
2017-18	2,594,994	1,308,469	9,630,563	2,479,152	6,978,821	44,565,865	1,363,454	1,609,205	-	-	10,315,508	80,846,031
2016-17	2,899,621	1,261,171	8,890,135	2,499,126	6,143,152	43,766,570	1,384,100	1,716,409	-	-	5,290,451	73,850,735
2015-16	2,775,409	1,246,123	9,145,079	2,534,232	6,053,026	43,035,846	1,183,511	1,939,046	-	222,000	5,663,430	73,797,702
2014-15	2,769,189	1,268,976	8,204,703	2,637,210	5,544,042	41,956,209	1,103,510	2,221,814	-	-	4,082,215	69,787,868
2013-14	2,354,836	1,231,350	7,662,543	2,625,281	5,350,134	41,837,633	1,151,267	6,323,395	-	926,859	3,907,166	73,370,464

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

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

(3) Expenditures posted to capital projects department in General Fund.

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2022-23	\$ 24,917,446	\$ 5,302,584	\$ 162,904	\$ 1,073,504	\$ 408,847	\$ 3,967,783	\$ 538,792	\$ 3,275,306	\$ 58,640,305	\$ 98,287,471
2021-22	23,909,213	5,570,790	184,896	945,041	130,828	4,240,978	242,200	2,896,282	56,041,089	94,161,317
2020-21	24,236,738	5,212,645	183,270	892,657	86,069	2,397,784	271,487	2,705,475	52,006,226	87,992,351
2019-20 (3)	28,997,823	4,685,781	133,625	849,360	109,913	3,123,489	407,435	2,470,093	45,446,334	86,223,853
2018-19	21,411,096	4,446,707	99,809	1,444,000	110,166	3,561,524	378,723	3,171,495	43,272,568	77,896,088
2017-18	21,534,993	4,394,821	100,714	1,461,067	109,982	2,993,777	286,173	3,256,496	41,249,671	75,387,694
2016-17	20,527,734	4,298,627	102,721	1,218,703	151,005	2,922,834	794,857	3,121,436	39,891,611	73,029,528
2015-16	19,809,119	4,240,575	130,250	1,009,917	106,225	2,093,922	373,656	3,464,564	39,462,068	70,690,296
2014-15	19,020,352	4,028,765	101,352	1,376,217	106,735	2,180,195	550,751	4,246,706	37,448,874	69,059,947
2013-14	19,017,610	3,972,989	116,399	1,103,263	63,640	2,360,739	577,957	6,678,982	36,249,264	70,140,843

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

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

(3) For fiscal year 2020, the County went to twice-year collections for real estate property taxes.

Table 5

County of Carroll, 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 (1,2)	Percent of Delinquent Taxes to Tax Levy
2022-23	\$ 25,867,221	\$ 23,957,777	92.62%	\$ 1,245,460	\$ 25,203,237	97.43%	\$ 8,859,555	34.25%
2021-22	24,706,912	23,077,405	93.40%	1,132,197	24,209,602	97.99%	6,187,261	25.04%
2020-21	24,489,550	23,018,221	93.99%	1,439,482	24,457,703	99.87%	6,233,800	25.45%
2019-20 (3)	30,377,311	27,891,896	91.82%	1,522,449	29,414,345	96.83%	5,759,293	18.96%
2018-19	22,244,137	20,846,566	93.72%	1,030,236	21,876,802	98.35%	5,366,792	24.13%
2017-18	21,830,013	20,577,677	94.26%	1,366,803	21,944,480	100.52%	5,165,172	23.66%
2016-17	21,738,710	19,919,233	91.63%	1,172,082	21,091,315	97.02%	5,490,004	25.25%
2015-16	20,961,120	19,500,727	93.03%	918,697	20,419,424	97.42%	5,321,466	25.39%
2014-15	20,252,227	18,746,563	92.57%	941,768	19,688,331	97.22%	4,721,641	23.31%
2013-14	20,053,028	18,498,334	92.25%	1,183,665	19,681,999	98.15%	4,700,070	23.44%

(1) Exclusive of penalties and interest.

(2) Does not include land redemption.

(3) For fiscal year 2020, the County went to twice-year collections for real estate property taxes.

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools (3)	Merchant's Capital (3)	Farm Equipment (4)	Public Service Corporations (2)	Total
2022-23	\$ 2,414,650,130	\$ 417,241,720	\$ 60,131,835	\$ 32,389,465	\$ -	\$ 132,505,903	3,056,919,053
2021-22	2,395,388,314	327,009,750	55,607,740	30,998,375	-	143,109,248	2,952,113,427
2020-21	2,273,499,481	303,857,365	56,020,095	33,601,985	-	137,843,332	2,804,822,258
2019-20 (5)	3,241,667,267	297,040,170	55,356,480	33,517,105	-	137,102,552	3,764,683,574
2018-19	2,151,278,637	286,290,823	49,228,375	33,695,852	-	134,970,964	2,655,464,651
2017-18	2,144,702,296	269,900,405	51,231,145	31,299,875	-	129,718,424	2,626,852,145
2016-17	2,177,124,027	269,848,776	53,794,835	29,157,025	-	125,696,739	2,655,621,402
2015-16	2,171,983,967	260,253,329	52,156,600	29,892,051	-	118,794,393	2,633,080,340
2014-15	2,160,547,151	256,700,342	50,745,280	9,065,040	18,120,000	111,939,519	2,607,117,332
2013-14	2,144,065,417	247,561,253	50,667,085	8,741,339	17,702,676	107,848,891	2,576,586,661

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

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

(3) Prior to 2015 taxes, the County assessed merchant's capital tax at 30%. The 2015 taxes were assessed at 100%.

(4) In fiscal year 2012, the County established a new class of personal property for farm equipment. In fiscal year 2016, the County stopped assessing farm equipment.

(5) For fiscal year 2020, the County went to twice-year collections for real estate property taxes.

Table 7

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

Fiscal Year	Real Estate (5)	Personal Property (6)	Machinery and Tools (2)	Merchant's Capital (4)	Farm Equipment (3)
2022-23	\$ 0.590	\$ 2.30	\$ 2.00	\$ 0.69	\$ -
2021-22	0.640	2.30	2.00	0.69	-
2020-21	0.640	2.30	2.00	0.69	-
2019-20	0.730	1.95	1.75	0.69	-
2018-19	0.695	1.95	1.75	0.69	-
2017-18	0.695	1.95	1.75	0.69	-
2016-17	0.660	1.95	1.75	0.69	-
2015-16	0.660	1.95	1.75	0.69	-
2014-15	0.680	1.60	1.30	2.30	0.80
2013-14	0.680	1.60	1.30	2.30	0.80

(1) Per \$100 of assessed value.

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

(3) In fiscal year 2012, the County established a new class of personal property for farm equipment.
 In fiscal year 2017, the County did not tax farm equipment.

(4) Starting in fiscal year 2016, the County started assessing merchant's capital at 100%. Prior to this, it was assessed at 30%.

(5) Rate reflects amounts due in June of fiscal year.

(6) For fiscal year 2023, property qualifying for PPTR was taxed at \$2.15.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2022-23	29,155	\$ 3,056,919	\$ 12,759,846	\$ 12,759,846	0.42%	438
2021-22	29,155	2,952,113	10,207,325	10,207,325	0.35%	350
2020-21	29,155	2,804,822	10,044,097	10,044,097	0.36%	345
2019-20	30,042	3,764,684	13,269,007	13,269,007	0.35%	442
2018-19	30,042	2,655,465	16,646,646	16,646,646	0.63%	554
2017-18	30,042	2,626,852	20,027,084	20,027,084	0.76%	667
2016-17	30,042	2,655,621	23,410,114	23,410,114	0.88%	779
2015-16	30,042	2,633,080	26,810,748	26,810,748	1.02%	892
2014-15	30,042	2,607,117	30,499,900	30,499,900	1.17%	1,015
2013-14	30,042	2,576,587	32,691,483	32,691,483	1.27%	1,088

(1) Bureau of the Census.

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

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

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2022-23	\$ 2,963,895	\$ 1,015,985	\$ 3,979,880	\$ 90,164,291	4.41%
2021-22	3,192,019	1,058,152	4,250,171	85,586,921	4.97%
2020-21	3,612,154	1,201,552	4,813,706	80,419,075	5.99%
2019-20	3,732,460	1,294,256	5,026,716	77,645,393	6.47%
2018-19	3,716,577	1,424,553	5,141,130	77,584,884	6.63%
2017-18 (2)	3,656,248	1,534,260	5,190,508	80,846,031	6.42%
2016-17	3,648,030	1,642,421	5,290,451	73,850,735	7.16%
2015-16	3,915,936	1,747,494	5,663,430	73,797,702	7.67%
2014-15	2,987,109	1,095,106	4,082,215	69,787,868	5.85%
2013-14	2,779,993	1,127,173	3,907,166	73,370,464	5.33%

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

(2) Principal excludes refunding amount of \$5,125,000.

Compliance

**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 Carroll, 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Carroll, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County of Carroll, Virginia's basic financial statements, and have issued our report thereon dated January 19, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Robinson, Fawcett, & Associates

Blacksburg, Virginia
January 19, 2024



**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 Carroll, Virginia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

Basis for Opinion on Each Major Federal Program

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

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

Report on Internal Control over Compliance (Continued)

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

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

Polina, Fawcett, & Associates

Blacksburg, Virginia
January 19, 2024

County of Carroll, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	
Department of Health and Human Services:				
Pass Through Payments:				
Virginia Department of Social Services:				
Guardianship Assistance	93.090	1110122, 1110123	\$	121
Title IV-E Prevention Program	93.472	1140122, 1140123 0950121, 0950122,		6,210
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950221		29,121
Temporary Assistance for Needy Families	93.558	0400122, 0400123		334,934
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500122, 0500123		1,457
Low-Income Home Energy Assistance	93.568	0600422, 0600423		66,533
Child Care and Development Fund Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760122, 0760123		75,360
Child Care and Development Funds				
Chafee Education and Training Vouchers Program	93.599	9160122		3,724
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121, 0900122		529
Foster Care - Title IV-E	93.658	1100122, 1100123		466,821
Adoption Assistance	93.659	1120122, 1120123		911,675
Social Services Block Grant	93.667	1000122, 1000123		326,644
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150121, 9150122		11,021
Elder Abuse Prevention Interventions Program	93.747	8000321		1,598
Children's Health Insurance Program	93.767	0540122, 0540123		2,491
Medicaid Cluster:				
Medical Assistance Program	93.778	1200122, 1200123		293,087
Virginia Department of Education:				
COVID-19 Public Health Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	40,297		125,654
Total Department of Health and Human Services			\$	2,656,980
Department of Homeland Security:				
Pass Through Payments:				
Virginia Department of Emergency Management: Emergency Management Performance Grants	97.042	EMPG'21-120355	\$	7,229
Department of Agriculture:				
Pass Through Payments:				
Virginia Department of Education: Child and Adult Care Food Program	10.558	70027, 70028	\$	18,899
Child Nutrition Cluster:				
Virginia Department of Agriculture and Consumer Services: Food Distribution (Note 3)	10.555	Not available	\$	204,872
Virginia Department of Education: National School Lunch Program	10.555	40254, 41106, 41108	2,087,671	2,292,543
School Breakfast Program	10.553	40253, 41110		819,071
Virginia Department of Agriculture and Consumer Services: Food Distribution (Note 3)	10.559	Not available	\$	1,109
Virginia Department of Education:				
Child Nutrition Discretionary Grants Limited Availability	10.579	86804		53,093
COVID-19 Pandemic EBT Administrative Costs	10.649	86556		3,135
Fresh Fruit and Vegetable Program	10.582	40252		24,213
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to States	10.665	43841		8,757
Department of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010122, 0010123, 0040121, 0040122		569,624
Total Department of Agriculture			\$	3,790,444
Department of Justice:				
Pass Through Payments:				
Virginia Department of Criminal Justice: Crime Victim Assistance	16.575	CJ599001	\$	65,629
Executive Office of the President:				
Pass Through Payments:				
Financial Commission for Appalachia HIDTA: High Intensity Drug Trafficking Areas Program	95.001	Not available	\$	24,657
Department of Education:				
Pass Through Payments:				
Virginia Department of Education:				
Title I: Grants to Local Educational Agencies	84.010	42901	\$	1,271,316
Migrant Education - State Grant Program	84.011	42910		39,520
Special Education Cluster:				
Special Education - Grants to States	84.027	40287, 43071	\$	1,050,834
Special Education - Preschool Grants	84.173	40286, 62521	42,659	1,093,493
Career and Technical Education: Basic Grants to States	84.048	60031		70,382
Rural Education	84.358	43481		9,698
English Language Acquisition State Grants	84.365	60512		26,042
Migrant Education - Coordination Program	84.144	61399		10,228
Student Support and Academic Enrichment Program	84.424	60019		120,053
Supporting Effective Instruction State Grant	84.367	61480		164,995
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	40285, 50195, 86529	\$	1,005,774
COVID-19 Governor's Emergency Education Relief Fund	84.425C	45278	13,682	
COVID-19 ARP Elementary and Secondary School Emergency Relief Fund	84.425U	86529	3,023,610	\$
Total Department of Education			\$	6,848,793

County of Carroll, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Treasury:			
Pass Through Payments:			
Virginia Department of Housing and Community Development:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds - Utility Relief	21.027	varies	\$ 33,084
Virginia Department of Education:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	60054	732,464
Virginia Department of Social Services:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	9122222	1,089
Direct Payments:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	3,038,277
			<u>3,804,914</u>
Total Department of Treasury			\$ 3,804,914
Total Expenditures of Federal Awards			<u>\$ 17,198,646</u>

Notes to Schedule of Expenditures of Federal Awards

Note 1 -- Basis of Presentation

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

Note 2 -- Summary of Significant Accounting Policies

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

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

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

Note 4 -- Subrecipients

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

Note 4 -- Loans and Loan Guarantees:

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

Note 5 -- Relationship to the Financial Statements:

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

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund	\$ 6,945,421
Less: QSCB subsidy	(639,160)
Less: Payment in lieu of taxes	<u>(35,346)</u>
Total primary government	\$ 6,270,915
Component Unit School Board:	
School Operating Fund	\$ 10,927,731
Total Component Unit School Board	\$ 10,927,731
Total expenditures of federal awards per the basic financial statements	<u>\$ 17,198,646</u>

County of Carroll, Virginia

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

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:
Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of 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>
10.553/10.555/10.559	Child Nutrition Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds
84.010	Title I Grants to Local Educational Agencies
84.027/84.173	Special Education Cluster (IDEA)
84.425	Education Stabilization Fund

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

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None