FINANCIAL STATEMENTS

COUNTY OF BUCHANAN, VIRGINIA

FISCAL YEAR ENDED
JUNE 30, 2023

COUNTY OF BUCHANAN, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

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COUNTY OF BUCHANAN, VIRGINIA

BOARD OF SUPERVISORS

Tim Hess, Chairman

Trey Adkins	James Branham
Jeff Cooper	Craig Stiltner
Drew Keene	Garry Roger Rife

COUNTY SCHOOL BOARD

Jack Compton, Chairman

Ray Blankenship	Robbie Cline
Bucky Blankenship	Angie McClanahan
Michael Thompson	David Thornsbury

Tonya Cox, Clerk

OTHER OFFICIALS

Judge of the Circuit Court .... Patrick Johnson
Clerk of the Circuit Court .... Beverly Tiller
Judge of the General District Court .... Henry Barringer
Judge of the Juvenile & Domestic Relations Court .... Michael Bush
Commonwealth's Attorney .... Gerald Arrington
Commissioner of the Revenue .... Anna Ruth Horn
Treasurer .... Keith Boyd
Sheriff .... John McClanahan
Superintendent of Schools .... Sherry Fletcher
Director of Social Services .... Marcella Watson
County Administrator .... Robert Craig Horn
County Attorney .... Lee Moise

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants
CPAs | CONSULTANTS

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Disclaimer of Opinion and Unmodified 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 Buchanan, 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.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Discretely Presented Component Unit-School Board	Unmodified
Discretely Presented Component Unit-PSA	Unmodified
Discretely Presented Component Unit-IDA	Disclaimer
General Fund	Unmodified
Coal Road Fund	Unmodified
Disaster Relief Fund	Unmodified
Internal Service Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Disclaimer of Opinion on the Discretely Presented Component Unit - Industrial Development Authority (IDA)

Because of the significance of the matter discussed in the Basis for Disclaimer and Unmodified Opinions section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Discretely Presented Component Unit Industrial Development Authority (IDA). Accordingly, we do not express an opinion on those financial statements.

Unmodified Opinions on Governmental Activities, Discretely Presented Component Units (School Board and PSA), Each Major Fund, and Aggregate Remaining Fund Information

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 (School Board and PSA), each major fund, and the aggregate remaining fund information of the County of Buchanan, Virginia, as of and for the year ended June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Disclaimer and Unmodified 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 the County of Buchanan, 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 disclaimer and unmodified audit opinions.

Matter Giving Rise to Disclaimer of Opinion on the Discretely Presented Component Unit – IDA

The financial statements of the Industrial Development Authority of the County of Buchanan, VA (IDA) were not available for inclusion in these financial statements and therefore have been omitted. In addition, we were not engaged to audit the IDA financial statements as part of our audit of the County's basic financial statements. The amounts by which this omission would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses of the discretely presented component unit-IDA have not been determined.

Restatement of Beginning Balances

As described in Note 25 to the financial statements, in 2023, the County restated beginning balances to correct deferred revenue balances and to recognize a prior year interfund liability/asset at year end. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Buchanan, 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 the County of Buchanan, 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 the County of Buchanan, Virginia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2023, on our consideration of the County of Buchanan, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County of Buchanan, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Buchanan, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 1, 2023

Basic Financial Statements

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

	Primary Government	Component Units	
	Governmental Activities	School Board	Public Service Authority
ASSETS			
Cash and cash equivalents	$ 43,044,255	$ 8,590,422	$ 1,389,294
Investments	-	-	1,125,376
Receivables (net of allowance for uncollectibles):			
Taxes receivable	23,122,292	-	-
Accounts receivable	3,114,665	349,433	685,277
Due from other governmental units	3,547,688	3,995,131	1,140,734
Inventories	-	49,859	-
Prepaid items	39,108	165,566	165,307
Restricted assets:			
Cash and cash equivalents	22,118,739	-	303,616
Capital assets, not being depreciated/amortized	2,311,358	2,364,692	5,657,304
Capital assets, net of accumulated depreciation/amortization	25,911,048	8,481,990	83,015,352
Total assets	$ 123,209,153	$ 23,997,093	$ 93,482,260
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	$ 3,032,828	$ 4,351,275	$ 543,009
OPEB related items	1,046,575	485,427	20,861
Total deferred outflows of resources	$ 4,079,403	$ 4,836,702	$ 563,870
LIABILITIES			
Accounts payable	$ 2,376,785	$ 205,972	$ 986,747
Accrued wages	-	2,818,867	100,081
Customers' deposits	-	-	238,420
Accrued interest payable	18,734	-	12,951
Unearned revenue	870,236	-	-
Long-term liabilities:			
Due within one year	1,151,279	662,888	904,684
Due in more than one year	19,879,444	24,625,558	10,489,095
Total liabilities	$ 24,296,478	$ 28,313,285	$ 12,731,978
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	$ 19,702,904	$ -	$ -
Pension related items	1,447,368	5,438,246	242,143
OPEB related items	997,953	701,678	23,882
Total deferred inflows of resources	$ 22,148,225	$ 6,139,924	$ 266,025
NET POSITION			
Net investment in capital assets	$ 23,813,984	$ 10,846,682	$ 79,263,357
Restricted	23,125,547	1,895,501	-
Unrestricted (deficit)	33,904,322	(18,361,597)	1,784,770
Total net position (deficit)	$ 80,843,853	$ (5,619,414)	$ 81,048,127

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

Exhibit 2

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

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					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
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	$ 2,991,845	$ 6,422	$ 444,881	$ -	$ (2,540,542)	$ -	$ -
Judicial administration	2,061,232	31,666	857,607	-	(1,171,959)	-	-
Public safety	10,548,707	128,482	5,352,919	-	(5,067,306)	-	-
Public works	10,986,467	857,618	13,401	-	(10,115,448)	-	-
Health and welfare	19,010,084	-	9,826,674	-	(9,183,410)	-	-
Education	7,706,585	-	-	-	(7,706,585)	-	-
Parks, recreation, and cultural	2,102,237	254,648	167,201	-	(1,680,388)	-	-
Community development	8,173,437	-	8,003,000	157,500	(12,937)	-	-
Nondepartmental	6,792	-	-	-	(6,792)	-	-
Interest on long-term debt	63,472	-	-	-	(63,472)	-	-
Total governmental activities	$ 63,650,858	$ 1,278,836	$ 24,665,683	$ 157,500	$ (37,548,839)	$ -	$ -
Total primary government	$ 63,650,858	$ 1,278,836	$ 24,665,683	$ 157,500	$ (37,548,839)	$ -	$ -
COMPONENT UNITS:							
School Board	$ 36,758,972	$ 1,461,660	$ 35,949,069	$ -	$ -	$ 651,757	$ -
Public Service Authority	12,750,146	7,343,630	-	3,052,013	-	-	(2,354,503)
Total component units	$ 49,509,118	$ 8,805,290	$ 35,949,069	$ 3,052,013	$ -	$ 651,757	$ (2,354,503)
General revenues:							
General property taxes					$ 17,830,913	$ -	$ -
Other local taxes:							
Local sales and use taxes					2,107,477	-	-
Consumers' utility taxes					361,462	-	-
Mineral license tax					12,167,236	-	-
Methane gas tax					995,214	-	-
Coal road taxes					12,167,234	-	-
Other local taxes					458,028	-	-
Unrestricted revenues from use of money and property					502,808	33,816	14,040
Miscellaneous					821,460	190,305	-
Contributions from Buchanan County					-	7,540,879	1,605,064
Grants and contributions not restricted to specific programs					2,422,775	-	-
Total general revenues					$ 49,834,607	$ 7,765,000	$ 1,619,104
Change in net position					$ 12,285,768	$ 8,416,757	$ (735,399)
Net position (deficit) - beginning, as restated					68,558,085	(14,036,171)	81,783,526
Net position (deficit) - ending					$ 80,843,853	$ (5,619,414)	$ 81,048,127

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

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

	General	Coal Road	Disaster Relief	Total
ASSETS				
Cash and cash equivalents	$ 36,489,580	$ -	$ 953,921	$ 37,443,501
Receivables (net of allowance for uncollectibles):				
Taxes receivable	23,122,292	-	-	23,122,292
Accounts receivable	2,226,877	887,788	-	3,114,665
Due from other funds	1,456,617	100,000	-	1,556,617
Due from other governmental units	3,547,688	-	-	3,547,688
Prepaid items	39,108	-	-	39,108
Restricted assets:				
Cash and cash equivalents	126,452	21,992,287	-	22,118,739
Total assets	$ 67,008,614	$ 22,980,075	$ 953,921	$ 90,942,610
LIABILITIES				
Accounts payable	$ 823,035	$ 839,816	$ -	$ 1,662,851
Unearned revenue	870,236	-	-	870,236
Due to other funds	-	-	100,000	100,000
Total liabilities	$ 1,693,271	$ 839,816	$ 100,000	$ 2,633,087
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	$ 22,874,340	$ -	$ -	$ 22,874,340
Unavailable revenue - opioid settlement receivable	858,836	-	-	858,836
Total deferred inflows of resources	$ 23,733,176	$ -	$ -	$ 23,733,176
FUND BALANCES				
Nonspendable				
Prepaids items	$ 39,108	$ -	$ -	$ 39,108
Restricted (Note 16)	126,452	22,140,259	-	22,266,711
Assigned (Note 16)	1,917,352	-	853,921	2,771,273
Unassigned	39,499,255	-	-	39,499,255
Total fund balances	$ 41,582,167	$ 22,140,259	$ 853,921	$ 64,576,347
Total liabilities, deferred inflows of resources, and fund balances	$ 67,008,614	$ 22,980,075	$ 953,921	$ 90,942,610

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

Exhibit 4

County of Buchanan, 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		$ 64,576,347
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets not being depreciated/amortized	$ 2,311,358	
Capital assets being depreciated/amortized	48,968,893	
Accumulated depreciation/amortization	(23,057,845)	28,222,406
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable revenues - property taxes	$ 3,171,436	
Unavailable revenues - opioid settlement receivable	858,836	4,030,272
Internal service funds are used by management to charge the costs of certain activities, such as healht insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position		3,430,203
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	$ 3,032,828	
OPEB related items	1,046,575	4,079,403
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 and finance purchases	$ (2,822,464)	
Accrued interest payable	(18,734)	
Compensated absences	(687,041)	
Lease liabilities	(1,585,958)	
Net OPEB liabilities	(2,653,089)	
Net pension liability	(13,282,171)	(21,049,457)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	$ (1,447,368)	
OPEB related items	(997,953)	(2,445,321)
Net position of governmental activities		$ 80,843,853

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

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

	General	Coal Road	Disaster Relief	Total
REVENUES				
General property taxes	$ 17,559,992	$ -	$ -	$ 17,559,992
Other local taxes	16,089,417	12,167,234	-	28,256,651
Permits, privilege fees, and regulatory licenses	100,628	-	-	100,628
Fines and forfeitures	21,879	-	-	21,879
Revenue from the use of money and property	289,226	213,582	-	502,808
Charges for services	1,156,329	-	-	1,156,329
Miscellaneous	1,012,397	-	-	1,012,397
Recovered costs	753,549	-	-	753,549
Intergovernmental	27,088,458	157,500	-	27,245,958
Total revenues	$ 64,071,875	$ 12,538,316	$ -	$ 76,610,191
EXPENDITURES				
Current:				
General government administration	$ 3,221,501	$ -	$ -	$ 3,221,501
Judicial administration	2,086,447	-	-	2,086,447
Public safety	11,211,942	-	-	11,211,942
Public works	6,903,973	4,620,821	-	11,524,794
Health and welfare	19,262,789	-	3,677	19,266,466
Education	7,463,874	-	-	7,463,874
Parks, recreation, and cultural	1,900,732	-	-	1,900,732
Community development	3,287,515	4,846,348	-	8,133,863
Nondepartmental	6,792	-	-	6,792
Capital projects	364,650	-	-	364,650
Debt service:				
Principal retirement	639,576	-	-	639,576
Interest and other fiscal charges	96,911	-	-	96,911
Total expenditures	$ 56,446,702	$ 9,467,169	$ 3,677	$ 65,917,548
Excess (deficiency) of revenues over (under) expenditures	$ 7,625,173	$ 3,071,147	$ (3,677)	$ 10,692,643
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 350,000	$ -	$ 280,000	$ 630,000
Transfers out	-	(630,000)	-	(630,000)
Issuance of lease liability	172,825	-	-	172,825
Total other financing sources (uses)	$ 522,825	$ (630,000)	$ 280,000	$ 172,825
Net change in fund balances	$ 8,147,998	$ 2,441,147	$ 276,323	$ 10,865,468
Fund balances - beginning, as restated	33,434,169	19,699,112	577,598	53,710,879
Fund balances - ending	$ 41,582,167	$ 22,140,259	$ 853,921	$ 64,576,347

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

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

Amounts reported for governmental activities in the statement of activities are different because:				
Net change in fund balances - total governmental funds			$	10,865,468
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 amount by which the depreciation/amortization exceeded capital outlays in the current period.				
Capital outlays	$	2,149,041		
Transfer of asset from School Board				
Depreciation/amortization expenses		(2,032,255)		116,786
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.				
Disposal of capital assets at net book value	$	(23,803)		(23,803)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.				
Property taxes	$	270,921		
Change in receivable related to opioid settlement		(190,937)		79,984
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 debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.				
Debt issued or incurred:				
Issuance of capital lease	$	(172,825)		
Principal repayments:				
Finance purchases and lease liabilities		639,576	$	466,751
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 absenses	$	(100,217)		
Change in pension related items		83,864		
Change in OPEB related items		(73,517)		
Change in accrued interest payable		33,439		(56,431)
Internal service funds are used by management to charge the costs of certain activities, such as healht insurance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.				837,013
Change in net position of governmental activities			$	12,285,768

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

Exhibit 7

County of Buchanan, Virginia
Statement of Net Position
Proprietary Fund
June 30, 2023

		Internal Service Fund
ASSETS		
Current assets:		
Cash and cash equivalents	$	5,600,754
Total assets	$	5,600,754
LIABILITIES		
Current liabilities:		
Accounts payable	$	713,934
Due to other funds		1,456,617
Total liabilities	$	2,170,551
NET POSITION		
Restricted for health insurance claims	$	3,430,203
Total net position	$	3,430,203

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

Exhibit 8

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

	Internal Service Fund
OPERATING REVENUES	
Charges for services:	
Insurance premiums	$ 10,905,434
Total operating revenues	$ 10,905,434
OPERATING EXPENSES	
Insurance claims and expenses	$ 10,082,124
Total operating expenses	$ 10,082,124
Operating income (loss)	$ 823,310
NONOPERATING REVENUES (EXPENSES)	
Investment income	$ 13,703
Total nonoperating revenues (expenses)	$ 13,703
Change in net position	$ 837,013
Net position - beginning, as restated	2,593,190
Net position - ending	$ 3,430,203

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

County of Buchanan, Virginia
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2023

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	$ 11,390,815
Payments for health claims and fees	(10,240,915)
Net cash provided by (used for) operating activities	$ 1,149,900
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	$ 13,703
Net cash provided by (used for) investing activities	$ 13,703
Net increase (decrease) in cash and cash equivalents	$ 1,163,603
Cash and cash equivalents - beginning	4,437,151
Cash and cash equivalents - ending	$ 5,600,754
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	$ 823,310
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
(Increase) decrease in intergovernmental receivables	$ 485,381
Increase (decrease) in health claims payable	(158,791)
Total adjustments	$ 326,590
Net cash provided by (used for) operating activities	$ 1,149,900

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

Exhibit 10

County of Buchanan, Virginia
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2023

	Custodial Fund Special Welfare Fund
ASSETS	
Cash and cash equivalents	$ 91,119
Total assets	$ 91,119
NET POSITION	
Restricted	
Special welfare	$ 91,119
Total net position	$ 91,119

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

Exhibit 11

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

		Custodial Fund
		Special Welfare Fund
ADDITIONS		
Gifts and donations	$	93,913
Revenue from the use of money		169
Total additions	$	94,082
Deductions		
Special Welfare Payments	$	119,711
Total deductions	$	119,711
Net increase (decrease) in fiduciary net position	$	(25,629)
Net position, beginning of year	$	116,748
Net position, end of year	$	91,119

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

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity:

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

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

The Buchanan County Public Service Authority ("PSA") provides water and sewer service to the County. The Public Service Authority board members are appointed by the Board of Supervisors. In addition, the County provides operational support. The complete financial report for the Authority may be obtained directly from the Authority.

The financial data for the following component unit is not included in the component unit columns in the financial statements:

The Buchanan County Industrial Development Authority ("IDA") encourages and provides financing for industrial development in the County. The Industrial Development Authority board members are appointed by the Board of Supervisors. The Industrial Development Authority is fiscally dependent upon the County because the County provides significant funding and approves all debt issuances. In addition, the IDA does not have separate taxing powers. Complete financial statements for the Industrial Development Authority may be obtained at the County's administrative offices in the Buchanan County Courthouse, Grundy, Virginia 24614.

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

A. Financial Reporting Entity: (Continued)

Related Organizations – The County has no related organizations.

Jointly Governed Organizations - The County participates in the Cumberland Mountain Regional Community Services Board. Contributions for the year ended June 30, 2023 were $20,000.

B. Government-wide and fund financial statements:

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

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

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

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

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

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

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

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

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

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

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

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies.

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

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

All other revenue items are considered to be measurable and available only when the government receives cash.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. The general fund includes the activities of numerous funds merged for financial reporting purposes only. Fund balances of merged funds are either designated or restricted in the balance sheet.

The *coal road fund* is a major special revenue fund, which accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for the specified purpose of improvements to roads used in conjunction with coal mining.

The *disaster relief fund* is a major special revenue fund, which accounts for and reports the proceeds of specific revenue sources from the state and federal governments that are restricted or committed to expenditure for the specified purpose of natural disasters.

Additionally, the government reports the following fund types:

Internal service funds accounts for and reports the financing of goods and services provided by one department or agency to other departments or agencies of the County government. The self-insured health insurance plan is accounted for and reported in this fund.

Fiduciary funds account for assets held by the government in a trustee capacity or custodian for individuals, private organizations, other governmental units, or other funds. Custodial funds include the Special Welfare fund.

The School Board reports the following major fund types:

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

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

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's internal service fund are charges to employees for insurance premiums. Operating expenses for the internal service fund include insurance claims and expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

1. Cash and cash equivalents

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

2. Investments

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

3. Receivables and payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "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."

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

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

4. Property taxes

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

5. Allowance for uncollectible accounts

   The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately $5,332,255 at June 30, 2023 and is comprised solely of delinquent 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. Capital assets

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

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

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

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

7. Capital assets (Continued)

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

Assets	Years
Buildings	40
Building improvements	20 - 40
Structures, lines, and accessories	20 - 40
Machinery and equipment	5 - 12
Right-to-use lease buildings	10
Right-to-use lease machinery and equipment	4 - 5

8. Compensated absences

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

9. 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.

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

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

10. Pensions

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

11. 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, Teacher HIC, and LODA 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.

12. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The County 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.

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 receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30th, taxes levied during the fiscal year but due after June 30th, and prepaid taxes, which are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

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

12. Deferred outflows/inflows of resources (Continued)

Under the accrual basis, taxes levied during the fiscal year but due after June 30th and amounts prepaid are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

13. Fund balance

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

- Nonspendable fund balance – amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance – amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the City Council/Board of Supervisors/Town Council 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 Council/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.

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

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

13. Fund balance (Continued)

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

The County establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment, which does not lapse at year end, is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

14. Net Position

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

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

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

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

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

15. Leases

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

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

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

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

The County monitors changes in circumstances that would require a remeasurement or modification of its lease. The County will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease 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 March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.

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 Special Revenue Funds. The School Operating Fund is integrated only at the level of legal adoption.

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.

8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of expenditures over appropriations:

Expenditures exceeded appropriations for several departments within the general fund, but not in total for the fund.

C. Deficit fund balance:

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

Note 3-Deposits and Investments:

Deposits:

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"), Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. At year end, deposits totaling $7,532,915 were not held in accordance with the Act and therefore were not fully collateralized in accordance with the Act. Remaining deposits were considered fully collateralized.

Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard & 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). The County did not have any investments at the end of the year.

Note 4-Due from Other Governmental Units:

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

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
Local sales tax	$ 353,071	$ -
State sales tax	-	531,125
Categorical aid	581,723	173,166
Non-categorical aid	907,828	-
Comprehensive Services Act	318,032	-
Virginia public assistance funds	243,684	-
Federal Government:		
Virginia public assistance funds	382,705	-
Categorical aid	760,645	3,290,840
Totals	$ 3,547,688	$ 3,995,131

Note 5-Interfund Transfers and Balance:

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.

	Transfers in	Transfers out
Primary Government		
General Fund	$ 350,000	$ -
Coal Road Fund	-	630,000
Disaster Relief Fund	280,000	-
Total Primary Government	$ 630,000	$ 630,000
Component unit-School Board		
School Operating Fund	$ 70,429	$ -
School Activity Fund	-	70,429
Total Component unit-School Board	$ 70,429	$ 70,429

Cash transfers to the Disaster Relief Fund have been necessary in the past to cover expenses of the Fund. It was also necessary for the General Fund to provide an interfund loan to the Self Insurance Fund to provide additional cash-flow. Amounts due will be returned to the Coal Road Fund and General Fund as resources are available.

	Due From	Due To
Coal Road Fund	$ 100,000	$ -
Disaster Relief Fund	-	100,000
General Fund	1,456,617	-
Self Insurance Fund	-	1,456,617
Total	$ 1,556,617	$ 1,556,617

Note 6-Component-Unit Contributions and Obligations:

Primary government contributions to component units for the year ended June 30, 2023, consisted of the following:

Component Unit:	
School Board	$ 7,298,642
Public Service Authority	4,172,829
Total	$ 11,471,471

Note 7-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:				
Financed purchases	$ 3,170,890	$ -	$ (348,426)	$ 2,822,464
Lease liabilities	1,704,283	172,825	(291,150)	1,585,958
Compensated absences	586,824	540,335	(440,118)	687,041
Net OPEB liabilities	2,981,494	1,947,445	(2,275,850)	2,653,089
Net pension liability	9,448,426	5,673,032	(1,839,287)	13,282,171
Total	$ 17,891,917	$ 8,333,637	$ (5,194,831)	$ 21,030,723

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

Year Ending	Direct Borrowings and Placements		Lease Liabilities	
June 30,	Principal	Interest	Principal	Interest
2024	$ 311,199	$ 84,933	$ 324,799	$ 50,184
2025	333,239	74,777	282,931	32,901
2026	355,967	63,910	199,239	22,407
2027	379,656	52,311	192,502	15,314
2028	402,146	39,963	192,123	7,723
2029-2031	1,040,257	42,619	394,364	5,628
Totals	$ 2,822,464	$ 358,513	$ 1,585,958	$ 134,157

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Note 7-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements:						
Financed purchases	3.18%	11/3/14	2031	$ 4,844,746	$ 2,822,464	$ 311,199
Total Direct Borrowings and Placements					$ 2,822,464	$ 311,199
Lease Liabilities:						
Vehicle [1]	8.88%	9/1/19	2025	$ 18,302	$ 7,346	$ 6,249
Vehicle [1]	10.02%	2/1/20	2025	18,219	8,857	5,430
Vehicle [1]	8.57%	11/1/19	2025	18,084	7,857	5,808
Vehicle [1]	8.91%	4/1/20	2025	18,952	9,630	5,319
Vehicle [1]	9.43%	6/1/20	2025	20,327	10,881	5,432
Vehicle [1]	10.06%	9/1/19	2025	17,067	6,925	5,886
Vehicle [1]	8.89%	9/1/19	2025	17,336	6,959	5,920
Vehicle [1]	8.28%	6/1/20	2025	21,884	11,592	5,819
Vehicle [1]	8.28%	7/1/20	2025	22,277	12,055	5,779
Vehicle [1]	8.28%	3/1/20	2025	20,689	10,182	5,940
Vehicle [1]	6.99%	11/1/20	2026	23,759	13,680	5,592
Vehicle [1]	7.49%	9/1/20	2026	23,004	12,851	5,674
Vehicle [1]	8.41%	10/1/19	2025	18,657	7,783	6,160
Vehicle [1]	8.63%	2/1/20	2025	20,324	9,756	6,006
Vehicle [1]	8.41%	10/1/19	2025	18,657	7,783	6,160
Vehicle [1]	7.49%	9/1/20	2026	23,004	12,851	5,674
Vehicle [1]	8.52%	12/1/19	2025	19,497	8,775	6,084
Vehicle [1]	8.62%	1/1/20	2025	19,917	9,273	6,048
Vehicle [1]	8.28%	6/1/20	2025	21,884	11,592	5,819
Vehicle [1]	7.00%	2/1/21	2026	24,923	15,019	5,495
Vehicle [1]	6.99%	11/1/20	2026	23,759	13,680	5,592
Vehicle [1]	7.77%	5/1/20	2025	21,442	11,050	5,832
Vehicle [1]	8.57%	11/1/19	2025	19,092	8,294	6,131
Vehicle [1]	7.00%	2/1/21	2026	24,923	15,019	5,495
Vehicle [1]	8.62%	1/1/20	2025	19,917	9,273	6,048
Vehicle [1]	10.02%	2/1/20	2025	18,219	8,857	5,430
Building [1]	1.10%	1/1/21	2031	1,442,612	1,151,298	148,077
Vehicle	14.12%	5/1/23	2028	34,565	33,368	5,180
Vehicle	14.12%	5/1/23	2028	34,565	33,368	5,180
Vehicle	14.12%	5/1/23	2028	34,565	33,368	5,180
Vehicle	14.12%	5/1/23	2028	34,565	33,368	5,180
Vehicle	14.12%	5/1/23	2028	34,565	33,368	5,180
Total Lease Liabilities					$ 1,585,958	$ 324,799
Other Obligations						
Compensated absences	N/A	N/A	N/A	N/A	$ 687,041	$ 515,281
Net OPEB liabilities	N/A	N/A	N/A	N/A	2,653,089	-
Net pension liability	N/A	N/A	N/A	N/A	13,282,171	-
Total Other Obligations					$ 16,622,301	$ 515,281
Total Long-Term Obligations					$ 21,030,723	$ 1,151,279

[1] The lease issue date and amount of original issue are from the onset of the lease agreement. The amounts included in the GASB Statement No. 87 implementation are as of July 1, 2021, the date of implementation. Original information is included for informational purposes only.

Note 8-Long-Term Obligations-Component Unit:

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
Compensated absences	$ 880,539	$ 663,716	$ (660,404)	$ 883,851
Net OPEB liabilities	3,868,602	1,051,932	(1,424,826)	3,495,708
Net pension liability	19,358,439	12,790,507	(11,240,059)	20,908,887
Total	$ 24,107,580	$ 14,506,155	$ (13,325,289)	$ 25,288,446

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
Other Obligations:		
Compensated absences	$ 883,851	$ 662,888
Net OPEB liabilities	3,495,708	-
Net pension liability	20,908,887	-
Total Long-Term Obligations	$ 25,288,446	$ 662,888

Note 9-Pension Plans:

Plan Description

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

Note 9-Pension Plans: (Continued)

Benefit Structures

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

a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

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

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

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Note 9-Pension Plans: (Continued)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

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

	Primary Government (Including PSA)	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	239	165
Inactive members:		
Vested inactive members	39	7
Non-vested inactive members	56	12
Inactive members active elsewhere in VRS	63	16
Total inactive members	158	35
Active members	252	87
Total covered employees	649	287

Note 9-Pension Plans: (Continued)

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2023 was 17.76% 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 $1,822,291 and $1,387,986 for the years ended June 30, 2023 and June 30, 2022, respectively.

The Component Unit Public Service Authority contractually required employer contribution rate for the year ended June 30, 2023 was 17.76% 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 Public Service Authority were $339,183 and $224,075 for the years ended June 30, 2023 and June 30, 2022, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2023 was 30.95% 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 $753,960 and $647,632 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability

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

<u>Note 9-Pension Plans</u>: (Continued)

Actuarial Assumptions – General Employees

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

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

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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Note 9-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 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% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

All Others (Non-10 Largest) – Hazardous Duty: 45% of deaths are assumed to be service related
Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

Note 9-Pension Plans: (Continued)

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

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

Note 9-Pension Plans: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	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, provided a median return of 7.11%, including expected inflation of 2.50%.

Note 9-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, Component Unit Public Service Authority, 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 FY 2012 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 was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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Note 9-Pension Plans: (Continued)

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	$ 58,205,527	$ 48,757,101	$ 9,448,426
Changes for the year:			
Service cost	$ 860,532	$ -	$ 860,532
Interest	3,876,243	-	3,876,243
Differences between expected and actual experience	867,844	-	867,844
Contributions - employer	-	1,383,906	(1,383,906)
Contributions - employee	-	454,269	(454,269)
Net investment income	-	(37,847)	37,847
Benefit payments, including refunds of employee contributions	(3,280,482)	(3,280,480)	(2)
Administrative expenses	-	(30,566)	30,566
Other changes	-	1,110	(1,110)
Net changes	$ 2,324,137	$ (1,509,608)	$ 3,833,745
Balances at June 30, 2022	$ 60,529,664	$ 47,247,493	$ 13,282,171

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Note 9-Pension Plans: (Continued)

Changes in Net Pension Liability (Continued)

	Component Unit Public Service Authority		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	$ 9,595,939	$ 8,038,245	$ 1,557,694
Changes for the year:			
Service cost	$ 141,872	$ -	$ 141,872
Interest	639,049	-	639,049
Differences between expected and actual experience	143,075	-	143,075
Contributions - employer	-	228,155	(228,155)
Contributions - employee	-	74,892	(74,892)
Net investment income	-	(6,239)	6,239
Benefit payments, including refunds of employee contributions	(540,830)	(540,830)	-
Administrative expenses	-	(5,039)	5,039
Other changes	-	183	(183)
Net changes	$ 383,166	$ (248,878)	$ 632,044
Balances at June 30, 2022	$ 9,979,105	$ 7,789,367	$ 2,189,738

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Note 9-Pension Plans: (Continued)

Changes in Net Pension Liability (Continued)

	Component Unit School Board (Nonprofessional) Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	$ 19,511,266	$ 12,215,904	$ 7,295,362
Changes for the year:			
Service cost	$ 163,116	$ -	$ 163,116
Interest	1,281,267	-	1,281,267
Differences between expected and actual experience	(967,851)	-	(967,851)
Contributions - employer	-	647,631	(647,631)
Contributions - employee	-	98,177	(98,177)
Net investment income	-	(3,867)	3,867
Benefit payments, including refunds of employee contributions	(1,385,286)	(1,385,286)	-
Administrative expenses	-	(7,694)	7,694
Other changes	-	272	(272)
Net changes	$ (908,754)	$ (650,767)	$ (257,987)
Balances at June 30, 2022	$ 18,602,512	$ 11,565,137	$ 7,037,375

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Note 9-Pension Plans: (Continued)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County			
Net Pension Liability	$ 21,366,337	$ 13,282,171	$ 6,701,873
Component Unit Public Service Authority			
Net Pension Liability	3,522,520	2,189,738	1,104,891
Component Unit School Board (Nonprofessional)			
Net Pension Liability	8,867,532	7,037,375	5,498,252

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Note 9-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, Component Unit Public Service Authority, and Component Unit School Board (nonprofessional) recognized pension expense of $1,734,348, $252,182, and $150,815, respectively. At June 30, 2023, the County, Component Unit Public Service Authority, and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit Public Service Authority		Component Unit School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 621,448	$ 20,542	$ 102,182	$ 3,387	$ -	$ 471,517
Changes in assumptions	589,089	-	97,119	-	-	-
Changes in proportion and differences between employer contribuions and proprotionate share of contributions	-	4,525	4,525	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,422,301	-	238,756	-	363,033
Employer contributions subsequent to the measurement date	1,822,291	-	339,183	-	753,960	-
Total	$ 3,032,828	$ 1,447,368	$ 543,009	$ 242,143	$ 753,960	$ 834,550

$1,822,291, $339,183, and $753,960 reported as deferred outflows of resources related to pensions resulting from the County's, Component Unit Public Service Authority's, and Component Unit School Board's (Nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 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	Component Unit School Board (Nonprofessional)
2024	$ 287,263	$ 27,261	$ (606,448)
2025	(225,287)	(16,316)	(144,125)
2026	(954,664)	(157,389)	(245,297)
2027	655,857	108,127	161,320

Note 9-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 (Professional):

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 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 division were $2,289,204 and $2,164,477 for the years ended June 30, 2023 and June 30, 2022, respectively.

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

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

At June 30, 2023, the school division reported a liability of $13,871,512 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 0.14570% as compared to 0.15539% at June 30, 2021.

Note 9-Pension Plans: (Continued)

Component Unit School Board (Professional): (Continued)

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

For the year ended June 30, 2023, the school division recognized pension expense of $(290,608). 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:

	Component Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 956,496
Change in assumptions	1,307,804	-
Net difference between projected and actual earnings on pension plan investments	-	1,808,555
Changes in proportion and differences between employer contributions and proportionate share of contributions	307	1,838,645
Employer contributions subsequent to the measurement date	2,289,204	-
Total	$ 3,597,315	$ 4,603,696

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Note 9-Pension Plans: (Continued)

Component Unit School Board (Professional): (Continued)

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

$2,289,204 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30		Component Unit School Board (professional)
2024	$	(1,202,776)
2025		(1,158,723)
2026		(1,539,098)
2027		605,012

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 9-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 Teacher Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Teacher 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 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 9-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)	$ 9,520,598
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 Divisions Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

		Rate	
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	$ 24,775,583	$ 13,871,512	$ 4,993,201

Note 9-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.retire.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.

Aggregate Pension Information

The following is a summary of deferred outflows, deferred inflows, net pension liabilities (asset), and pension expense for the year ended June 30, 2023.

	Primary Government				Component Unit Public Service Authority			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	$ 3,032,828	$ 1,447,368	$ 13,282,171	$ 1,734,348	$ 543,009	$ 242,143	$ 2,189,738	$ 252,182

	Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:				
School Board Nonprofessional	$ 753,960	$ 834,550	$ 7,037,375	$ 150,815
School Board Professional	3,597,315	4,603,696	13,871,512	(290,608)
Totals	$ 4,351,275	$ 5,438,246	$ 20,908,887	$ (139,793)

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Note 10-Deferred/Unavailable and Unearned Revenue:

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

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Deferred/Unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	$ -	$ 3,171,436
2nd half assessment-property tax	19,652,111	19,652,111
Prepaid property taxes due after June 30 but paid in advance by taxpayers	50,793	50,793
Unavailable revenue - opioid settlement	-	858,836
Unearned Revenue		
Unspent ARPA funds received during the current fiscal year	870,236	870,236
Total unavailable/deferred revenue	$ 20,573,140	$ 24,603,412

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Note 11-Capital Assets:

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

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activites:				
Capital assets, not being depreciated/amortized:				
Land	$ 2,311,358	$ -	$ -	$ 2,311,358
Total capital assets not being depreciated/amortized	$ 2,311,358	$ -	$ -	$ 2,311,358
Capital assets, being depreciated/amortized:				
Buildings	$ 33,791,621	$ 78,790	$ -	$ 33,870,411
Machinery and equipment	11,221,704	1,897,426	(170,200)	12,948,930
Right-to-use lease buildings	1,442,612	-	-	1,442,612
Right-to-use lease machinery and equipment	534,115	172,825	-	706,940
Total capital assets, being depreciated amortized	$ 46,990,052	$ 2,149,041	$ (170,200)	$ 48,968,893
Accumulated depreciation/amortization:				
Buildings	$ (11,404,949)	$ (1,091,660)	$ -	$ (12,496,609)
Machinery and equipment	(9,472,245)	(640,121)	146,397	(9,965,969)
Right-to-use lease buildings	(151,701)	(151,701)	-	(303,402)
Right-to-use lease machinery and equipment	(143,092)	(148,773)	-	(291,865)
Total accumulated depreciation/amortization	$ (21,171,987)	$ (2,032,255)	$ 146,397	$ (23,057,845)
Total capital assets being depreciated/amortized, net	$ 25,818,065	$ 116,786	$ (23,803)	$ 25,911,048
Govermental activities capital assets, net	$ 28,129,423	$ 116,786	$ (23,803)	$ 28,222,406

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Note 11-Capital Assets: (Continued)

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

Governmental activities:	
General government administration	$ 745,551
Judicial administration	20,112
Public safety	271,837
Public works	261,939
Health and welfare	208,664
Education	242,237
Parks, recreation, and cultural	280,903
Community development	1,012
Total depreciation/amortization expense-governmental activities	$ 2,032,255

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activites:				
Capital assets, not being depreciated:				
Land	$ 2,364,692	$ -	$ -	$ 2,364,692
Construction in progress	381,444	358,640	(740,084)	-
Total capital assets not being depreciated	$ 2,746,136	$ 358,640	$ (740,084)	$ 2,364,692
Capital assets, being depreciated:				
Buildings	$ 47,358,332	$ 859,584	$ -	$ 48,217,916
Machinery and equipment	6,651,203	2,334,198	-	8,985,401
Total capital assets, being depreciated	$ 54,009,535	$ 3,193,782	$ -	$ 57,203,317
Accumulated depreciation:				
Buildings	$ (42,538,066)	$ (657,427)	$ -	$ (43,195,493)
Machinery and equipment	(5,099,252)	(426,582)	-	(5,525,834)
Total accumulated depreciation	$ (47,637,318)	$ (1,084,009)	$ -	$ (48,721,327)
Total capital assets being depreciated, net	$ 6,372,217	$ 2,109,773	$ -	$ 8,481,990
Govermental activities capital assets, net	$ 9,118,353	$ 2,468,413	$ (740,084)	$ 10,846,682

Note 13-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 School Board participate with other organizations in a public entity risk pool for their coverage of general liability, crime, and auto insurance with the Virginia Association of Counties Risk Pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County and School Board pay the Pool 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 the 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.

Note 14-Contingencies and Commitments:

Federal programs in which the County and its component units participate were audited in accordance with the provisions Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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.

On August 4th, 2005 a local private school filed suit against Buchanan County alleging that its real estate had been erroneously assessed for the 2000 tax year. If the claim is successful, the County could be required to refund some portion of the taxes paid for that year. In addition, claims for subsequent years could be filed. The County maintains that the assessment is correct; and, no action has been taken in this case for several years. Currently, the amount of a refund, if any, cannot be reasonable estimated and the County has not recorded a liability in the accompanying financial statements for same.

At year end, the County was owed approximately $2.4 million in tax revenue and related penalties from companies that have filed for bankruptcy protection. The collectability of these taxes is in question and accordingly, the County has increased their allowance for doubtful accounts in the accompanying financial statements in consideration of same.

In recent years, two flash floods have caused extensive damage in the County. In both cases, a Federal Disaster was declared allowing the County to apply for and receive federal funds to assist in the restoration process. Revenue will be recognized in the financial statements as reimbursable expenses are incurred for allowable projects.

The County sustained significant damage to a road in 2021 and is currently pursuing a claim with the Virginia Department of Energy (VDOE) to provide AML funds for restoration. The amount of AML funding (if any) cannot be reasonably estimated at this point. Accordingly, the financial statements have not been adjusted to reflect any possible receipts from the VDOE.

Note 14-Contingencies and Commitments: (Continued)

A gas company has filed a case seeking tax refunds totaling $182,871 for tax years 2019 through 2022. Currently, the amount of a refund, if any, cannot be reasonable estimated and the County has not recorded a liability in the accompanying financial statements for same.

Note 15-Surety Bonds:

Primary Government:

Virginia Association of Counties Group Self Insurance Risk Pool - Surety:	
All public officials	$250,000 per occurrence

Travelers Casualty and Surety Company of America:	
Treasurer	$ 400,000
Clerk of the Court	450,000
Commissioner of the Revenue	3,000
Sheriff	30,000

Component Unit – School Board:

Virginia Association of Counties (VACO) Risk Management Program	
Melanie Hibbits, Superintendent of Schools	
Carolyn Dillow, Clerk of the School Board	$ 250,000
Heath Harrison, Chairman, School Board	per
Carolyn Dillow, Textbook/Payable Clerk	occurrence
All School Board employees	

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Note 16- Restricted Net Position and Restricted/Assigned Fund Balances:

	Governmental Activities	Governmental Funds: General Fund	Governmental Funds: Coal Road
Restricted:			
Coal road expenditures	$ 21,992,287	$ -	$ 21,992,287
Law enforcement activites	126,452	126,452	-
Total restricted	$ 22,118,739	$ 126,452	$ 21,992,287

	Governmental Funds: General Fund	Governmental Funds: Disaster Relief
Assigned:		
Dog tax funds	$ 77,364	$ -
Airport	59,620	-
Construction	77,438	-
Water treatment plant facility	1,702,930	-
Disaster relief	-	853,921
Total assigned	$ 1,917,352	$ 853,921

Note 17-Other Postemployment Benefits (OPEB) – Health Insurance:

Primary Government – Department of Social Services:

Plan Description

In addition to the pension benefits described in Note 9, The County of Buchanan Department of Social Services (DSS) administers a single-employer healthcare plan ("the Plan"). The Plan provides for participation by eligible retirees and their dependents in the health insurance programs available to employees of the DSS. The Plan was closed to all future entrants as of June 30, 2014. The Plan does not issue a publicly available financial report.

Benefits Provided

The Plan will provide retiring employees and their dependents the option to continue health insurance offered by the DSS. To be eligible, the employee must meet the age and service criteria for immediate retirement benefits under VRS and must be 55 years of age or older. In addition, the retiree must have served at least five (5) years of employment with the DSS. The retiree may retain coverage through DSS for a period of 10 years or until they become eligible for Medicare, whichever occurs first. The benefits, employee contributions, and the employer contributions are governed by the DSS and can be amended through DSS Board action.

Note 17-Other Postemployment Benefits (OPEB) – Health Insurance: (Continued)

Primary Government – Department of Social Services: (Continued)

Plan Membership

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

Retirees employees	3
Spouses	3
Total	6

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the DSS Board. The amount paid by the DSS for OPEB as the benefits came due during the year ended June 30, 2023 was $49,601.

Total OPEB Liability

The DSS's total OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2023, actuarial valuation was determined using the alternative measurement method and used the following actuarial assumptions (as provided by the GASBHelp Tool), applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Salary Increases	2.00%
Discount Rate	3.65%

The mortality rates were calculated using the Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years; this assumption does not include a margin for future improvements in longevity.

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

Discount Rate

The discount rate was based on the 20-year tax exempt municipal bond yield.

Note 17-Other Postemployment Benefits (OPEB) – Health Insurance: (Continued)

Primary Government – Department of Social Services: (Continued)

Changes in Total OPEB Liability

		Primary Government (DSS) Total OPEB Liability
Balances at June 30, 2022	$	328,062
Changes for the year:		
Interest		10,743
Effect of economic/demographic gains or losses		(13,002)
Effect of assumption changes or inputs		(844)
Employer contributions		(49,601)
Net changes		(52,704)
Balances at June 30, 2023	$	275,358

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

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

	Rate	
1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
$ 283,208	$ 275,358	$ 267,893

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Note 17-Other Postemployment Benefits (OPEB) – Health Insurance: (Continued)

Primary Government – Department of Social Services: (Continued)

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

The following presents the total OPEB liability of the DSS, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (3.70% for medical, 4.20% for pharmacy, 2.50% for dental, and 2.00% for vision decreasing ultimate rate of 3.20% for medical and pharmacy and 2.00% for dental and vision) or one percentage point higher (5.70% for medical, 6.20% for pharmacy, 4.50% for dental, and 4.00% for vision decreasing ultimate rate of 5.20% for medical and pharmacy and 4.00% for dental and vision) than the current healthcare cost trend rates:

	Rates	
1% Decrease	Healthcare Cost Trend	1% Increase
(3.70% for medical, 4.20% for pharmacy, 2.50% for dental, and 2.00% for vision decreasing to 3.20% for medical and pharmacy and 2.00% for dental and vision)	(4.70% for medical, 5.20% for pharmacy, 3.50% for dental, and 3.00% for vision decreasing to 4.20% for medical and pharmacy and 3.00% for dental and vision)	(5.70% for medical, 6.20% for pharmacy, 4.50% for dental, and 4.00% for vision decreasing to 5.20% for medical and pharmacy and 4.00% for dental and vision)
$ 266,157	$ 275,358	$ 284,879

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

For the year ended June 30, 2023, the DSS recognized OPEB expense in the amount of $(3,103). At June 30, 2023, the DSS reported no deferred outflows of resources and deferred inflows of resources related to OPEB.

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

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Note 17-Other Postemployment Benefits (OPEB) – Health Insurance: (Continued)

Component Unit School Board:

Plan Description

In addition to the pension benefits described in Note 9, the School Board administers a single-employer healthcare plan ("the Plan"). The Plan provides for participation by eligible retirees and their dependents in the health insurance programs available to employees. The Plan does not issue a publicly available financial report.

Benefits Provided

To be eligible, the employee must meet the age and service criteria for full-time retirement benefits under VRS, which requires that the employee be age 50 with 30 years of service. The employee may continue coverage until they become eligible for Medicare. The benefits, employee contributions, and the employer contributions are governed by the School Board and can be amended through School Board action.

Plan Membership

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

Total retirees with coverage	17
Total	17

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2023 was $144,473.

Total OPEB Liability

The School Board's total OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2023.

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Note 17-Other Postemployment Benefits (OPEB) – Health Insurance: (Continued)

Component Unit School Board: (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	The discount rate is 4.13% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2023, compared to the prior discount rate of 4.09.

The mortality rate were based on Virginia Retirement System Retiree Mortality Experience Study.

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

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the S&P Municipal Bond 20 Year High Grade Rate Index. The final equivalent single discount rate used for this year's valuation is 4.13% as of the end of the fiscal year.

Changes in Total OPEB Liability

		Component Unit School Board Total OPEB Liability
Balances at June 30, 2022	$	515,641
Changes for the year:		
Interest		15,181
Difference between expected and actual experience		(43,096)
Changes in assumptions		980
Benefit payments		(144,473)
Net changes		(171,408)
Balances at June 30, 2023	$	344,233

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Note 17-Other Postemployment Benefits (OPEB) – Health Insurance: (Continued)

Component Unit School Board: (Continued)

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13%) or one percentage point higher (5.13%) than the current discount rate:

	Rate	
1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
$ 350,430	$ 344,233	$ 338,299

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

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.25% decreasing to an ultimate rate of 4.20%) or one percentage point higher (7.25% decreasing to an ultimate rate of 6.20%) than the current healthcare cost trend rates:

	Rates	
1% Decrease (5.25% decreasing to 4.20%)	Healthcare Cost Trend (6.25% decreasing to 5.20%)	1% Increase (7.25% decreasing to 6.20%)
$ 340,006	$ 344,233	$ 348,569

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

For the year ended June 30, 2023, the School Board recognized OPEB expense in the amount of $(26,935). At June 30, 2023, the School Board reported no deferred outflows of resources and deferred inflows of resources related to OPEB.

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

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Note 18-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 program, it is not included as part of the GLI Plan OPEB.

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living calculation. The minimum benefit adjusted for COLA was $8,984 as of June 30, 2023.

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Note 18-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 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 Primary Government were $57,269 and $51,969 for the years ended June 30, 2023 and June 30, 2022, respectively.

Contributions to the GLI Program from the Component Unit Public Service Authority were $10,659 and $8,390 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 $13,631 and $11,616 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 $77,767 and $72,618 for the years ended June 30, 2023 and June 30, 2022, respectively.

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

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

At June 30, 2023, the Primary Government reported a liability of $531,209 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program 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 participating employer's proportion was 0.04413% as compared to 0.04439% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of $(2,018). 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.

Note 18-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 Public Service Authority reported a liability of $87,577 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program 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 participating employer's proportion was 0.00727% as compared to 0.00721% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of $(333). 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 Component Unit School Board (Nonprofessional) reported a liability of $119,085 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program 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 participating employer's proportion was 0.00990% as compared to 0.00970% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of $(3,774). 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 Component Unit School Board (Professional) reported a liability of $744,372 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program 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 participating employer's proportion was 0.06180% as compared to 0.06550% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of $(26,434). 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.

Note 18-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 employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component Unit Public Service Authority		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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 42,065	$ 21,311	$ 6,935	$ 3,513	$ 9,430	$ 4,777	$ 58,945	$ 29,862
Net difference between projected and actual earnings on GLI OPEB program investments	-	33,193	-	5,472	-	7,441	-	46,512
Change in assumptions	19,813	51,742	3,267	8,530	4,442	11,599	27,764	72,505
Changes in proportionate share	-	38,619	-	6,367	2,081	13,007	-	118,025
Employer contributions subsequent to the measurement date	57,269	-	10,659	-	13,631	-	77,767	-
Total	$ 119,147	$ 144,865	$ 20,861	$ 23,882	$ 29,584	$ 36,824	$ 164,476	$ 266,904

$57,269, $10,659, $13,631, and $77,767 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit Public Service Authority	Component Unit School Board (Nonprofessional)	Component Unit School Board (Professional)
2024	$ (23,623)	$ (3,894)	$ (7,934)	$ (56,082)
2025	(18,461)	(3,043)	(4,965)	(43,177)
2026	(34,524)	(5,692)	(7,357)	(58,914)
2027	(2,029)	(335)	(121)	(7,821)
2028	(4,350)	(716)	(494)	(14,201)

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Note 18-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

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

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

Mortality Rates – Teachers

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

Post-Retirement:
Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males et 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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Note 18-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers (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

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

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Note 18-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 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

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 Health 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

Note 18-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

NET GLI OPEB Liability

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

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

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

Note 18-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%.

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Note 18-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Discount Rate

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

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

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

		Rate	
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Primary Government's proportionate share of the GLI Plan Net OPEB Liability	$ 772,972	$ 531,209	$ 335,831
Component Unit Public Service Authority proportionate share of the GLI Plan Net OPEB Liability	$ 127,434	$ 87,577	$ 55,366
Component Unit School Board (Nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	$ 173,283	$ 119,085	$ 75,286
Component Unit School Board (Professional) proportionate share of the GLI Plan Net OPEB Liability	$ 1,083,149	$ 744,372	$ 470,595

Note 18-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

GLI Program Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 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 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

Note 19-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 the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were $172,756 and $161,732 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 OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB

At June 30, 2023, the school division reported a liability of $1,791,258 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2022 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC 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 OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 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 Health Insurance Credit Program was 0.14341% as compared to 0.15278% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee HIC OPEB expense of $59,063. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportionate share and difference between actual and expected contributions.

Note 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 73,014
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	1,798
Change in assumptions	52,332	4,574
Change in proportionate share	-	301,569
Employer contributions subsequent to the measurement date	172,756	-
Total	$ 225,088	$ 380,955

$172,756 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:

Year Ended June 30	
2024	$ (89,557)
2025	(80,198)
2026	(59,867)
2027	(39,928)
2028	(32,122)
Thereafter	(26,951)

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Note 19-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	3.50% – 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality Rates – Teachers

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

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

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

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

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

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Note 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers: (Continued)

The actuarial assumptions used in the June 30, 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 are 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)	$	1,249,046
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		15.08%

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

Note 19-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	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 VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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Note 19-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 Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

		Rate	
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	$ 2,018,768	$ 1,791,258	$ 1,598,403

Teacher Employee HIC OPEB Fiduciary Net Position

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

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Note 20-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.

Note 20-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:

	Number
Inactive members or their beneficiaries currently receiving benefits	117
Inactive members:	
Vested inactive members	1
Total inactive members	118
Active members	87
Total covered employees	205

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The school division's contractually required employer contribution rate for the year ended June 30, 2023 was 2.35% 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 school division to the HIC Plan were $58,570 and $38,716 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net HIC OPEB Liability

The school division's 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.

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Note 20-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.

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Note 20-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
Line of Duty Disability	No change
Discount Rate	No change

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Note 20-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

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

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

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Note 20-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

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

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2021	$ 555,990	$ 40,413	$ 515,577
Changes for the year:			
Service cost	$ 2,515	$ -	$ 2,515
Interest	36,700	-	36,700
Differences between expected and actual experience	(26,933)	-	(26,933)
Assumption changes	7,855	-	7,855
Contributions - employer	-	38,717	(38,717)
Net investment income	-	(202)	202
Benefit payments	(29,589)	(29,589)	-
Administrative expenses	-	(84)	84
Other changes	-	523	(523)
Net changes	$ (9,452)	$ 9,365	$ (18,817)
Balances at June 30, 2022	$ 546,538	$ 49,778	$ 496,760

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Note 20-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School Division's Net HIC OPEB Liability	$ 537,738	$ 496,760	$ 460,984

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 school division recognized HIC Plan OPEB expense of $31,146. At June 30, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to the school division's HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 16,995
Net difference between projected and actual earnings on HIC OPEB plan investments	770	-
Change in assumptions	6,939	-
Employer contributions subsequent to the measurement date	58,570	-
Total	$ 66,279	$ 16,995

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Note 20-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

$58,570 reported as deferred outflows of resources related to the HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 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		
2024	$	(5,016)
2025		(4,960)
2026		41
2027		649

HIC Plan Data

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

Note 21-Line of Duty Act (LODA) Program:

Plan Description

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System). Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

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

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Note 21-Line of Duty Act (LODA) Program: (Continued)

Eligible Employees

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the LODA Program. As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program

Benefit Amounts

The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: $100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after; $25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date; or an additional $20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

The LODA program also provides health insurance benefits. The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2023 was $681.84 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were $63,411 and $67,198 for the years ended June 30, 2023 and June 30, 2022, respectively.

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Note 21-Line of Duty Act (LODA) Program: (Continued)

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

At June 30, 2023, the entity reported a liability of $1,846,522 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2022 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2022, the entity's proportion was 0.48790% as compared to 0.48450% at June 30, 2021.

For the year ended June 30, 2023, the entity recognized LODA OPEB expense of $263,665. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 141,863	$ 345,111
Net difference between projected and actual earnings on LODA OPEB plan investments	-	7,897
Change in assumptions	514,944	455,438
Change in proportionate share	207,210	44,642
Employer contributions subsequent to the measurement date	63,411	-
Total	$ 927,428	$ 853,088

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Note 21-Line of Duty Act (LODA) Program: (Continued)

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

$63,411 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA 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 LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

Year Ended June 30		
2024	$	15,335
2025		15,504
2026		15,683
2027		26,912
2028		15,803
Thereafter		(78,308)

Actuarial Assumptions

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

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Note 21-Line of Duty Act (LODA) Program: (Continued)

Actuarial Assumptions: (Continued)

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.00%-4.75%
Ages 65 and older	5.25%-4.75%
Year of ultimate trend rate:	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	3.69%, including inflation*

*Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return.

Mortality Rates – Non-Largest Ten Locality Employers with Public Safety 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

Note 21-Line of Duty Act (LODA) Program: (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Non-Largest Ten Locality Employers with Public Safety 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. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Net LODA OPEB Liability

The net OPEB liability (NOL) for the LODA Program represents the program'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 LODA Program is as follows (amounts expressed in thousands):

	LODA Program
Total LODA OPEB Liability	$ 385,669
Plan Fiduciary Net Position	7,214
LODA Net OPEB Liability (Asset)	$ 378,455
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.87%

The total LODA 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 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 21-Line of Duty Act (LODA) Program: (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.69% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2022.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.69%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they 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 participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

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

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.69%, as well as what the covered employer's proportionate share of the net LODA 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 rate:

	Discount Rate		
	1% Decrease (2.69%)	Current (3.69%)	1% Increase (4.69%)
County's proportionate share of the LODA Net OPEB Liability	$ 2,107,787	$ 1,846,522	$ 1,632,776

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Note 21-Line of Duty Act (LODA) Program: (Continued)

Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the LODA Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using the health care trend rate of 7.00% decreasing to 4.75%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.00% decreasing to 3.75%)	Current (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
County's proportionate share of the LODA Net OPEB Liability	$ 1,556,096	$ 1,846,522	$ 2,211,051

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program 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 22-Aggregate Other Postemployment Benefits Information:

The following is a summary of deferred outflows, deferred inflows, net other postemployment benefits liabilities, and other postemployment benefits expense for the year ended June 30, 2023.

	Primary Government				Component Unit Public Service Authority				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense
DSS Stand-Alone Plan	$ -	$ -	$ 275,358	$ (3,103)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School Stand-Alone Plan	-	-	-	-	-	-	-	-	-	-	344,233	(26,935)
VRS OPEB Plans:												
Group Life Insurance Program												
County	119,147	144,865	531,209	(2,018)	20,861	23,882	87,577	(333)	-	-	-	-
School Board Nonprofessional	-	-	-	-	-	-	-	-	29,584	36,824	119,085	(3,774)
School Board Professional	-	-	-	-	-	-	-	-	164,476	266,904	744,372	(26,434)
Teacher Health Insurance Credit Program	-	-	-	-	-	-	-	-	225,088	380,955	1,791,258	59,063
Political Subdivision Retiree HIC Plan (School Board nonprofessional)	-	-	-	-	-	-	-	-	66,279	16,995	496,760	31,146
Line of Duty Act	927,428	853,088	1,846,522	263,665	-	-	-	-	-	-	-	-
Totals	$ 1,046,575	$ 997,953	$ 2,653,089	$ 258,544	$ 20,861	$ 23,882	$ 87,577	$ (333)	$ 485,427	$ 701,678	$ 3,495,708	$ 33,066

Note 23-Self Health Insurance:

The County (including component units) established a limited risk management program for health insurance. Premiums are paid into the health plan fund from the County and component units and are available to pay claims, and administrative costs of the program. During the fiscal year 2023, a total of $10,558,484 was paid in benefits and administrative costs. The risk assumed by the County 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 $713,934 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 for the current and the two prior fiscal years are as follows:

Fiscal Year	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Fiscal Year
2022-23	$ 872,725	$ 10,082,124	$ (10,240,915)	$ 713,934
2021-22	681,067	9,371,234	(9,179,576)	872,725
2020-21	1,139,277	9,186,921	(9,645,131)	681,067
2019-20	1,268,009	11,317,874	(11,446,606)	1,139,277

Note 24-Concentration Risk:

Historically, the County General Fund has relied on taxes generated by the Coal and Gas Industries. Direct taxes remitted from same include mineral license, methane gas and machinery and tools taxes as presented below by fiscal year.

	Fiscal Year Ending June 30,									
General Fund Revenues	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Machinery and Tools Taxes	$ 4,053,995	$ 4,234,926	$ 5,073,183	$ 4,354,311	$ 5,270,520	$ 6,215,897	$ 5,255,072	$ 5,697,213	$ 7,338,716	$ 7,051,923
Mineral License	12,167,236	13,844,790	4,519,790	4,561,580	8,374,742	7,888,531	7,702,654	4,338,710	6,779,747	8,206,375
Methane Gas	995,214	1,058,572	364,222	305,747	667,740	669,453	625,074	419,947	818,968	1,061,164
Total	$17,216,445	$19,138,288	$ 9,957,195	$ 9,221,638	$ 14,313,002	$ 14,773,881	$ 13,582,800	$ 10,455,870	$ 14,937,431	$ 16,319,462

Any significant decline in these revenues could adversely affect the County's ability to maintain current budget initiatives. The significant fluctuation in revenue above is largely related to changes in market prices and delivered volumes of natural gas and coal, two variables over which the County has no influence. In addition, the County anticipates that other revenue sources would be negatively impacted by a shrinking coal and gas economy.

Note 25-Restatement:

The prior year financial statements have been restated as follows:

	Primary Government
Net Position, as previously reported	$ 67,508,312
Reduction in prior year deferred revenue	1,049,773
Net Position, as restated	$ 68,558,085

	General Fund	Internal Service Fund
Fund Balance/Net Position, as previosuly reported	$ 33,919,550	$ 2,107,809
Correction of interfund liability	(485,381)	485,381
Fund Balance/Net Position, as corrected	$ 33,434,169	$ 2,593,190

Note 26-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 Buchanan, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
General property taxes	$ 17,148,507	$ 17,148,507	$ 17,559,992	$ 411,485
Other local taxes	11,793,060	11,793,060	16,089,417	4,296,357
Permits, privilege fees, and regulatory licenses	37,350	37,350	100,628	63,278
Fines and forfeitures	3,700.00	3,700.00	21,879	18,179
Revenue from the use of money and property	51,035	56,035	289,226	233,191
Charges for services	999,113	1,054,631	1,156,329	101,698
Miscellaneous	1,316,091	1,388,464	1,012,397	(376,067)
Recovered costs	511,393	618,381	753,549	135,168
Intergovernmental	19,945,966	32,973,990	27,088,458	(5,885,532)
Total revenues	$ 51,806,215	$ 65,074,118	$ 64,071,875	$ (1,002,243)
EXPENDITURES				
Current:				
General government administration	$ 4,852,201	$ 3,402,994	$ 3,221,501	$ 181,493
Judicial administration	2,199,198	2,286,731	2,086,447	200,284
Public safety	9,518,104	12,903,665	11,211,942	1,691,723
Public works	7,059,294	7,594,222	6,903,973	690,249
Health and welfare	12,626,797	24,839,673	19,262,789	5,576,884
Education	7,513,028	7,513,028	7,463,874	49,154
Parks, recreation, and cultural	1,481,903	2,310,184	1,900,732	409,452
Community development	5,767,135	7,489,839	3,287,515	4,202,324
Nondepartmental	601,750	601,750	6,792	594,958
Capital projects	9,055,574	7,742,570	364,650	7,377,920
Debt service:				
Principal retirement	653,129	653,129	639,576	13,553
Interest and other fiscal charges	96,976	96,976	96,911	65
Total expenditures	$ 61,425,089	$ 77,434,761	$ 56,446,702	$ 20,988,059
Excess (deficiency) of revenues over (under) expenditures	$ (9,618,874)	$ (12,360,643)	$ 7,625,173	$ 19,985,816
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 326,048	$ 1,738,487	$ 350,000	$ (1,388,487)
Transfers out	-	(77,844)	-	77,844
Issuance of lease	-	-	172,825	172,825
Total other financing sources (uses)	$ 326,048	$ 1,660,643	$ 522,825	$ (1,137,818)
Net change in fund balances	$ (9,292,826)	$ (10,700,000)	$ 8,147,998	$ 18,847,998
Fund balances - beginning, as restated	9,292,826	10,700,000	33,434,169	22,734,169
Fund balances - ending	$ -	$ -	$ 41,582,167	$ 41,582,167

County of Buchanan, Virginia
Special Revenue Fund - Coal Road Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Other local taxes	$ 8,487,535	$ 8,487,535	$ 12,167,234	$ 3,679,699
Revenue from the use of money and property	55,000	55,000	213,582	158,582
Miscellaneous	550,000	550,000	-	(550,000)
Intergovernmental	-	-	157,500	157,500
Total revenues	$ 9,092,535	$ 9,092,535	$ 12,538,316	$ 3,445,781
EXPENDITURES				
Current:				
Public works	$ 13,463,675	$ 14,637,809	$ 4,620,821	$ 10,016,988
Community development	3,000,000	3,000,000	4,846,348	(1,846,348)
Total expenditures	$ 16,463,675	$ 17,637,809	$ 9,467,169	$ 8,170,640
Excess (deficiency) of revenues over (under) expenditures	$ (7,371,140)	$ (8,545,274)	$ 3,071,147	$ 11,616,421
OTHER FINANCING SOURCES (USES)				
Transfers out	$ (630,000)	$ (630,000)	$ (630,000)	$ -
Total other financing sources (uses)	$ (630,000)	$ (630,000)	$ (630,000)	$ -
Net change in fund balances	$ (8,001,140)	$ (9,175,274)	$ 2,441,147	$ 11,616,421
Fund balances - beginning	8,001,140	9,175,274	19,699,112	10,523,838
Fund balances - ending	$ -	$ -	$ 22,140,259	$ 22,140,259

County of Buchanan, Virginia
Special Revenue Fund - Disaster Relief Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
EXPENDITURES				
Current:				
Health and welfare	$ 60,000	$ 350,000	$ 3,677	$ 346,323
Total expenditures	$ 60,000	$ 350,000	$ 3,677	$ 346,323
Excess (deficiency) of revenues over (under) expenditures	$ (60,000)	$ (350,000)	$ (3,677)	$ 346,323
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 350,000	$ 350,000	$ 280,000	$ (70,000)
Total other financing sources (uses)	$ 350,000	$ 350,000	$ 280,000	$ (70,000)
Net change in fund balances	$ 290,000	$ -	$ 276,323	$ 276,323
Fund balances - beginning	-	-	577,598	577,598
Fund balances - ending	$ 290,000	$ -	$ 853,921	$ 853,921

County of Buchanan, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government - Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	$ 860,532	$ 917,639	$ 915,528	$ 877,706	$ 858,187	$ 902,161	$ 897,687	$ 890,472	$ 893,679
Interest	3,876,243	3,624,854	3,518,770	3,338,585	3,230,567	3,138,369	2,969,931	2,885,434	2,763,194
Changes of assumptions	-	1,587,545	-	1,529,321	-	(213,522)	-	-	-
Differences between expected and actual experience	867,844	(55,360)	373,269	751,782	(438,278)	(380,889)	1,074,430	(639,454)	-
Impact in change of proportion	-	(276,854)	556,355	230,865	117,625	(418,631)	29,231	-	-
Benefit payments	(3,280,482)	(3,141,368)	(2,776,871)	(2,458,897)	(2,217,558)	(2,275,697)	(1,958,614)	(1,958,543)	(1,862,638)
Net change in total pension liability	$ 2,324,137	$ 2,656,456	$ 2,587,051	$ 4,269,362	$ 1,550,543	$ 751,791	$ 3,012,665	$ 1,177,909	$ 1,794,235
Total pension liability - beginning	58,205,527	55,549,071	52,962,020	48,692,658	47,142,115	46,390,324	43,377,659	42,199,750	40,405,515
Total pension liability - ending (a)	$ 60,529,664	$ 58,205,527	$ 55,549,071	$ 52,962,020	$ 48,692,658	$ 47,142,115	$ 46,390,324	$ 43,377,659	$ 42,199,750
Plan fiduciary net position									
Impact in change of proportion	$ -	$ (197,746)	$ 416,240	$ 179,200	$ 89,185	$ (296,522)	$ 21,935	$ -	$ -
Contributions - employer	1,383,906	1,326,087	1,215,397	1,167,023	1,123,139	1,105,840	1,237,155	1,210,444	1,146,351
Contributions - employee	454,269	449,184	465,236	458,834	448,173	438,299	460,784	464,747	453,657
Net investment income	(37,847)	10,670,436	759,971	2,508,622	2,633,982	3,939,533	566,735	1,432,891	4,310,695
Benefit payments	(3,280,480)	(3,141,368)	(2,776,871)	(2,458,897)	(2,217,558)	(2,275,697)	(1,958,614)	(1,958,543)	(1,862,638)
Administrator charges	(30,566)	(27,147)	(26,263)	(25,056)	(22,782)	(23,005)	(20,095)	(19,600)	(23,245)
Other	1,110	1,000	(894)	(1,581)	(2,346)	(3,493)	(240)	(303)	227
Net change in plan fiduciary net position	$ (1,509,608)	$ 9,080,446	$ 52,816	$ 1,828,145	$ 2,051,793	$ 2,884,955	$ 307,660	$ 1,129,636	$ 4,025,047
Plan fiduciary net position - beginning	48,757,101	39,676,655	39,623,839	37,795,694	35,743,901	32,858,946	32,551,286	31,421,650	27,396,603
Plan fiduciary net position - ending (b)	$ 47,247,493	$ 48,757,101	$ 39,676,655	$ 39,623,839	$ 37,795,694	$ 35,743,901	$ 32,858,946	$ 32,551,286	$ 31,421,650
County's net pension liability - ending (a) - (b)	$ 13,282,171	$ 9,448,426	$ 15,872,416	$ 13,338,181	$ 10,896,964	$ 11,398,214	$ 13,531,378	$ 10,826,373	$ 10,778,100
Plan fiduciary net position as a percentage of the total pension liability	78.06%	83.77%	74.81%	74.81%	77.62%	75.82%	70.83%	75.04%	74.46%
Covered payroll	$ 9,594,371	$ 9,139,550	$ 9,695,905	$ 9,173,848	$ 8,927,964	$ 8,775,714	$ 9,202,667	$ 8,958,100	$ 9,080,106
County's net pension liability as a percentage of covered payroll	138.44%	103.38%	163.70%	145.39%	122.05%	129.88%	147.04%	120.86%	118.70%

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.

Exhibit 16

County of Buchanan, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Component Unit Public Service Authority - Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	$ 141,872	$ 151,285	$ 145,621	$ 150,292	$ 151,716	$ 162,139	$ 151,778	$ 151,259	$ 151,804
Interest	639,049	597,604	559,687	571,676	571,120	564,035	502,145	490,132	469,368
Changes of assumptions	-	261,727	-	261,870	-	(38,375)	-	-	-
Differences between expected and actual experience	143,075	(9,127)	59,371	128,730	(77,482)	(68,454)	181,661	(108,620)	-
Impact in change of proportion	-	276,854	(556,355)	(230,865)	(117,625)	418,631	(29,231)	-	-
Benefit payments	(540,830)	(517,895)	(441,682)	(421,044)	(392,034)	(408,994)	(331,155)	(332,686)	(316,396)
Net change in total pension liability	$ 383,166	$ 760,448	$ (233,358)	$ 460,659	$ 135,695	$ 628,982	$ 475,198	$ 200,085	$ 304,776
Total pension liability - beginning	9,595,939	8,835,491	9,068,849	8,608,190	8,472,495	7,843,513	7,368,315	7,168,230	6,863,454
Total pension liability - ending (a)	$ 9,979,105	$ 9,595,939	$ 8,835,491	$ 9,068,849	$ 8,608,190	$ 8,472,495	$ 7,843,513	$ 7,368,315	$ 7,168,230
Plan fiduciary net position									
Impact in change of proportion	$ -	$ 197,746	$ (416,240)	$ (179,200)	$ (89,185)	$ 296,522	$ (21,935)	$ -	$ -
Contributions - employer	228,155	218,623	193,318	199,833	198,555	198,744	209,174	205,611	194,724
Contributions - employee	74,892	74,054	73,999	78,568	79,231	78,772	77,908	78,944	77,060
Net investment income	(6,239)	1,759,161	120,879	429,559	465,652	708,022	95,821	243,397	732,233
Benefit payments	(540,830)	(517,895)	(441,682)	(421,044)	(392,034)	(408,994)	(331,155)	(332,686)	(316,396)
Administrator charges	(5,039)	(4,475)	(4,177)	(4,290)	(4,027)	(4,134)	(3,397)	(3,329)	(3,948)
Other	183	165	(143)	(271)	(415)	(628)	(41)	(52)	38
Net change in plan fiduciary net position	$ (248,878)	$ 1,727,379	$ (474,046)	$ 103,155	$ 257,777	$ 868,304	$ 26,375	$ 191,885	$ 683,711
Plan fiduciary net position - beginning	8,038,245	6,310,866	6,784,912	6,681,757	6,423,980	5,555,676	5,529,301	5,337,416	4,653,705
Plan fiduciary net position - ending (b)	$ 7,789,367	$ 8,038,245	$ 6,310,866	$ 6,784,912	$ 6,681,757	$ 6,423,980	$ 5,555,676	$ 5,529,301	$ 5,337,416
Authority's net pension liability - ending (a) - (b)	$ 2,189,738	$ 1,557,694	$ 2,524,625	$ 2,283,937	$ 1,926,433	$ 2,048,515	$ 2,287,837	$ 1,839,014	$ 1,830,814
Plan fiduciary net position as a percentage of the total pension liability	78.06%	83.77%	74.81%	74.81%	77.62%	75.82%	70.83%	75.04%	74.46%
Covered payroll	$ 1,548,904	$ 1,483,831	$ 1,542,206	$ 1,570,867	$ 1,637,446	$ 1,586,319	$ 1,564,773	$ 1,546,539	$ 1,542,386
Authority's net pension liability as a percentage of covered payroll	141.37%	104.98%	163.70%	145.39%	117.65%	129.14%	146.21%	118.91%	118.70%

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.

Exhibit 17

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	$ 163,116	$ 169,903	$ 184,742	$ 186,992	$ 193,391	$ 210,896	$ 210,213	$ 205,782	$ 237,215
Interest	1,281,267	1,239,814	1,229,603	1,233,710	1,236,632	1,243,970	1,201,949	1,221,718	1,214,556
Changes of assumptions	-	380,416	-	415,202	-	102,069	-	-	-
Differences between expected and actual experience	(967,851)	98,784	190,484	160,635	(43,491)	(258,786)	594,881	(293,727)	-
Benefit payments	(1,385,286)	(1,490,524)	(1,416,594)	(1,392,665)	(1,463,882)	(1,342,066)	(1,471,428)	(1,360,929)	(1,337,990)
Net change in total pension liability	$ (908,754)	$ 398,393	$ 188,235	$ 603,874	$ (77,350)	$ (43,917)	$ 535,615	$ (227,156)	$ 113,781
Total pension liability - beginning	19,511,266	19,112,873	18,924,638	18,320,764	18,398,114	18,442,031	17,906,416	18,133,572	18,019,791
Total pension liability - ending (a)	$ 18,602,512	$ 19,511,266	$ 19,112,873	$ 18,924,638	$ 18,320,764	$ 18,398,114	$ 18,442,031	$ 17,906,416	$ 18,133,572
Plan fiduciary net position									
Contributions - employer	$ 647,631	$ 608,176	$ 580,509	$ 557,391	$ 489,198	$ 483,742	$ 495,623	$ 511,145	$ 486,675
Contributions - employee	98,177	93,599	100,363	96,884	104,230	98,616	108,112	112,065	115,377
Net investment income	(3,867)	2,702,125	201,521	691,366	781,506	1,228,869	170,940	502,728	1,602,403
Benefit payments	(1,385,286)	(1,490,524)	(1,416,594)	(1,392,665)	(1,463,882)	(1,342,066)	(1,471,428)	(1,360,929)	(1,337,990)
Administrator charges	(7,694)	(7,283)	(7,343)	(7,440)	(7,308)	(7,654)	(7,278)	(7,507)	(9,208)
Other	272	248	(232)	(433)	(677)	(1,075)	(77)	(105)	85
Net change in plan fiduciary net position	$ (650,767)	$ 1,906,341	$ (541,776)	$ (54,897)	$ (96,933)	$ 460,432	$ (704,108)	$ (242,603)	$ 857,342
Plan fiduciary net position - beginning	12,215,904	10,309,563	10,851,339	10,906,236	11,003,169	10,542,737	11,246,845	11,489,448	10,632,106
Plan fiduciary net position - ending (b)	$ 11,565,137	$ 12,215,904	$ 10,309,563	$ 10,851,339	$ 10,906,236	$ 11,003,169	$ 10,542,737	$ 11,246,845	$ 11,489,448
School division's net pension liability - ending (a) - (b)	$ 7,037,375	$ 7,295,362	$ 8,803,310	$ 8,073,299	$ 7,414,528	$ 7,394,945	$ 7,899,294	$ 6,659,571	$ 6,644,124
Plan fiduciary net position as a percentage of the total pension liability	62.17%	62.61%	53.94%	57.34%	59.53%	59.81%	57.17%	62.81%	63.36%
Covered payroll	$ 2,172,229	$ 1,973,439	$ 2,014,398	$ 1,996,302	$ 2,022,315	$ 2,109,030	$ 2,195,652	$ 2,176,214	$ 2,221,244
School Division's net pension liability as a percentage of covered payroll	323.97%	369.68%	437.02%	404.41%	366.64%	350.63%	359.77%	306.02%	299.12%

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.

Exhibit 18

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.14570%	0.15539%	0.15820%	0.16395%	0.17193%	0.17972%	0.19189%	0.20183%	0.20613%
Employer's Proportionate Share of the Net Pension Liability (Asset)	$ 13,871,512	$ 12,063,077	$ 23,023,710	$ 21,576,752	$ 20,219,000	$ 22,102,000	$ 26,891,000	$ 25,403,000	$ 24,910,000
Employer's Covered Payroll	13,366,268	13,345,497	14,019,086	13,600,148	13,767,550	14,045,869	14,599,875	14,585,895	14,950,792
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	103.78%	90.39%	164.23%	158.65%	146.86%	157.36%	184.19%	174.16%	166.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%	85.46%	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

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

Exhibit 19

County of Buchanan, 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	$ 1,822,291	$ 1,822,291	$ -	$ 10,576,558	17.23%
2022	1,387,986	1,387,986	-	9,594,371	14.47%
2021	1,327,898	1,327,898	-	9,139,550	14.53%
2020	1,215,397	1,215,397	-	9,695,905	12.54%
2019	1,167,023	1,167,023	-	9,173,848	12.72%
2018	1,123,139	1,123,139	-	8,927,964	12.58%
2017	1,105,840	1,105,840	-	8,775,714	12.60%
2016	1,237,155	1,237,155	-	9,202,667	13.44%
2015	1,210,444	1,210,444	-	8,958,100	13.51%
Component Unit Public Service Authority					
2023	$ 339,183	$ 339,183	$ -	$ 1,968,613	17.23%
2022	224,075	224,075	-	1,548,904	14.47%
2021	215,588	215,588	-	1,483,831	14.53%
2020	193,318	193,318	-	1,542,206	12.54%
2019	199,833	199,833	-	1,570,867	12.72%
2018	198,555	198,555	-	1,637,446	12.13%
2017	198,744	198,744	-	1,586,319	12.53%
2016	209,174	209,174	-	1,564,773	13.37%
2015	205,611	205,611	-	1,546,539	13.29%
Component Unit School Board (Nonprofessional)					
2023	$ 753,960	$ 753,960	$ -	$ 2,492,322	30.25%
2022	647,632	647,632	-	2,172,229	29.81%
2021	608,177	608,177	-	1,973,439	30.82%
2020	580,509	580,509	-	2,014,398	28.82%
2019	557,391	557,391	-	1,996,302	27.92%
2018	489,198	489,198	-	2,022,315	24.19%
2017	483,742	483,742	-	2,109,030	22.94%
2016	495,623	495,623	-	2,195,652	22.57%
2015	511,145	511,145	-	2,176,214	23.49%
2014	486,675	486,675	-	2,221,244	21.91%
Component Unit School Board (Professional)					
2023	$ 2,289,204	$ 2,289,204	$ -	$ 14,277,356	16.03%
2022	2,164,477	2,164,477	-	13,366,268	16.19%
2021	2,193,326	2,193,326	-	13,345,497	16.43%
2020	2,099,366	2,099,366	-	14,019,086	14.98%
2019	2,102,526	2,102,526	-	13,600,148	15.46%
2018	2,232,097	2,232,097	-	13,767,550	16.21%
2017	2,047,817	2,047,817	-	14,045,869	14.58%
2016	2,041,487	2,041,487	-	14,599,875	13.98%
2015	2,169,000	2,169,000	-	14,585,895	14.87%
2014	1,743,262	1,743,262	-	14,950,789	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.

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

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

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

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

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

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

Component Unit School Board - Professional Employees:

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

Exhibit 21

County of Buchanan, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Primary Government DSS - Health Coverage
For the Measurement Dates of June 30, 2018 through June 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	$ -	$ -	$ -	$ 75,833	$ 75,833	$ 75,833
Interest	10,743	10,444	11,881	20,814	22,836	33,086
Effect of economic/demographic gains or losses	(13,002)	(125,088)	(11,451)	(43,708)	(91,852)	(221,536)
Effect of assumptions changes or inputs	(844)	(15,010)	878	27,310	-	3,598
Employer contributions	(49,601)	(51,154)	(59,744)	(63,066)	(66,090)	(65,183)
Net change in total OPEB liability	$ (52,704)	$ (180,808)	$ (58,436)	$ 17,183	$ (59,273)	$ (174,202)
Total OPEB liability - beginning	328,062	508,870	567,306	550,123	609,396	783,598
Total OPEB liability - ending	$ 275,358	$ 328,062	$ 508,870	$ 567,306	$ 550,123	$ 609,396
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
County's total OPEB liability (asset) as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A

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

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

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Interest	$ 15,181	$ 13,363	$ 22,891	$ 67,720	$ 93,141	$ 116,062
Changes in assumptions	(43,096)	(20,218)	(1,107)	13,538	169,743	-
Differences between expected and actual experience	980	(90,463)	(78,804)	(1,256,857)	(810,240)	-
Benefit payments	(144,473)	(190,599)	(391,061)	(363,778)	(672,405)	(906,436)
Net change in total OPEB liability	$ (171,408)	$ (287,917)	$ (448,081)	$ (1,539,377)	$ (1,219,761)	$ (790,374)
Total OPEB liability - beginning	515,641	803,558	1,251,639	2,791,016	4,010,777	4,801,151
Total OPEB liability - ending	$ 344,233	$ 515,641	$ 803,558	$ 1,251,639	$ 2,791,016	$ 4,010,777
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A

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

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

Primary Government

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

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.65%
Inflation	2.00%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 4.70% for medical, 5.20% for pharmacy, 3.50% for dental, and 3.00% for vision and gradually declines to 4.30% for medical and pharmacy and 3.00% for dental and vision.
Salary Increase Rates	2.00%
Retirement Age	The average age at retirement is 65
Mortality Rates	The mortality rates were calculated using the Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years; this assumption does not include a margin for future improvements in longevity.

Component Unit School Board

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

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	The discount rate is 4.13% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2023, compared to the prior discount rate of 4.09%.
Inflation	Not applicable
Healthcare Trend Rate	The long term health care cost trend rate was updated to 6.25% grading to 5.20% over 2 years and following the 2022 Getzen model thereafter until reaching an ultimate rate of 3.94% in 2075.
Salary Increase Rates	Not applicable
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rate were based on Virginia Retirement System Retiree Mortality Experience Study.

Exhibit 24

County of Buchanan, Virginia
Schedule of Employer's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 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	0.04413%	$ 531,209	$ 9,623,904	5.52%	67.21%
2021	0.04439%	516,651	9,161,393	5.64%	67.45%
2020	0.04649%	778,080	9,663,199	8.05%	52.64%
2019	0.04723%	760,536	9,209,477	8.26%	52.00%
2018	0.04734%	719,757	8,975,795	8.02%	51.22%
2017	0.04788%	720,508	8,775,714	8.21%	48.86%
Component Unit Public Service Authority					
2022	0.00727%	$ 87,577	$ 1,553,672	5.64%	67.21%
2021	0.00721%	83,880	1,487,378	5.64%	67.45%
2020	0.00755%	123,759	1,537,004	8.05%	52.64%
2019	0.00751%	130,229	1,576,967	8.26%	52.00%
2018	0.00837%	127,243	1,589,615	8.00%	51.22%
2017	0.00860%	129,492	1,586,319	8.16%	48.86%
Component Unit School Board (Nonprofessional)					
2022	0.00990%	$ 119,085	$ 2,151,025	5.54%	67.21%
2021	0.00970%	113,167	1,987,914	5.69%	67.45%
2020	0.01029%	171,723	2,122,166	8.09%	52.64%
2019	0.01028%	167,283	2,001,802	8.36%	52.00%
2018	0.01073%	163,000	2,022,315	8.06%	51.22%
2017	0.01168%	176,000	2,154,615	8.17%	48.86%
Component Unit School Board (Professional)					
2022	0.06180%	$ 744,372	$ 13,447,703	5.54%	67.21%
2021	0.06550%	763,180	13,345,497	5.72%	67.45%
2020	0.06669%	1,112,946	13,726,175	8.11%	52.64%
2019	0.06957%	1,132,089	13,648,735	8.29%	52.00%
2018	0.07289%	1,107,000	13,767,550	8.04%	51.22%
2017	0.07699%	1,158,000	14,045,869	8.24%	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.

Exhibit 25

County of Buchanan, 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	$ 57,269	$ 57,269	$ -	$ 10,605,370	0.54%
2022	51,969	51,969	-	9,623,904	0.54%
2021	49,472	49,472	-	9,161,393	0.54%
2020	50,074	50,074	-	9,663,199	0.52%
2019	47,890	47,890	-	9,209,477	0.52%
2018	46,758	46,758	-	8,975,795	0.52%
2017	45,917	45,917	-	8,775,714	0.52%
Component Unit Public Service Authority					
2023	$ 10,659	$ 10,659	$ -	$ 1,973,889	0.54%
2022	8,390	8,390	-	1,553,672	0.54%
2021	8,032	8,032	-	1,487,378	0.54%
2020	7,965	7,965	-	1,537,004	0.52%
2019	8,200	8,200	-	1,576,967	0.52%
2018	8,266	8,266	-	1,589,615	0.52%
2017	8,252	8,252	-	1,586,319	0.52%
Component Unit School Board (nonprofessional)					
2023	$ 13,631	$ 13,631	$ -	$ 2,524,259	0.54%
2022	11,616	11,616	-	2,151,025	0.54%
2021	10,834	10,834	-	1,987,914	0.54%
2020	11,008	11,008	-	2,122,166	0.52%
2019	10,409	10,409	-	2,001,802	0.52%
2018	10,610	10,610	-	2,022,315	0.52%
2017	11,204	11,204	-	2,154,615	0.52%
2016	11,051	11,051	-	2,195,652	0.50%
2015	11,048	11,048	-	2,176,214	0.51%
2014	10,763	10,763	-	2,221,244	0.48%
Component Unit School Board (professional)					
2023	$ 77,767	$ 77,767	$ -	$ 14,401,296	0.54%
2022	72,618	72,618	-	13,447,703	0.54%
2021	73,057	73,057	-	13,345,497	0.55%
2020	71,376	71,376	-	13,726,175	0.52%
2019	70,975	70,975	-	13,648,735	0.52%
2018	72,112	72,112	-	13,767,550	0.52%
2017	73,850	73,850	-	14,045,869	0.53%
2016	70,557	70,557	-	14,599,875	0.48%
2015	72,406	72,406	-	14,585,895	0.50%
2014	73,220	73,220	-	14,950,789	0.49%

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 Buchanan, 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

Exhibit 27

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2022	0.14341%	$ 1,791,258	$ 13,366,268	13.40%	15.08%
2021	0.15278%	1,961,037	13,345,497	14.69%	13.15%
2020	0.15600%	2,035,045	13,675,791	14.88%	9.95%
2019	0.16208%	2,121,785	13,600,138	15.60%	8.97%
2018	0.17021%	2,161,000	13,767,550	15.70%	8.08%
2017	0.17829%	2,262,000	14,045,869	16.10%	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 Buchanan, Virginia
Schedule of Employer Contributions
Teacher 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	$ 172,756	$ 172,756	$ -	$ 14,277,355	1.21%
2022	161,732	161,732	-	13,366,268	1.21%
2021	163,435	163,435	-	13,345,497	1.22%
2020	164,109	164,109	-	13,675,791	1.20%
2019	163,201	163,201	-	13,600,138	1.20%
2018	169,341	169,341	-	13,767,550	1.23%
2017	156,180	156,180	-	14,045,869	1.11%
2016	155,088	155,088	-	14,599,875	1.06%
2015	159,066	159,066	-	14,585,895	1.09%
2014	167,322	167,322	-	14,950,789	1.12%

County of Buchanan, Virginia
Notes to Required Supplementary Information
Teacher 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

County of Buchanan, Virginia
Schedule of Changes in the School Division's Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan - Component Unit School Board Non Professional
For the Measurement Dates of June 30, 2020 through June 30, 2022

	2022	2021	2020
Total HIC OPEB Liability			
Service cost	$ 2,515	$ 3,137	$ -
Interest	36,700	34,527	-
Changes in benefit terms		-	511,503
Differences between expected and actual experience	(26,933)	-	-
Changes of assumptions	7,855	6,823	-
Benefit payments	(29,589)	-	-
Net change in total HIC OPEB liability	$ (9,452)	$ 44,487	$ 511,503
Total HIC OPEB Liability - beginning	555,990	511,503	-
Total HIC OPEB Liability - ending (a)	$ 546,538	$ 555,990	$ 511,503
Plan fiduciary net position			
Contributions - employer	$ 38,717	$ 36,298	$ -
Net investment income	(202)	4,274	-
Benefit payments	(29,589)	-	-
Administrator charges	(84)	(159)	-
Other	523	-	-
Net change in plan fiduciary net position	$ 9,365	$ 40,413	$ -
Plan fiduciary net position - beginning	40,413	-	-
Plan fiduciary net position - ending (b)	$ 49,778	$ 40,413	$ -
School Board's net HIC OPEB liability - ending (a) - (b)	$ 496,760	$ 515,577	$ 511,503
Plan fiduciary net position as a percentage of the total HIC OPEB liability	9.11%	7.27%	-
Covered payroll	$ 2,127,229	$ 1,973,439	$ -
School Board's net HIC OPEB liability as a percentage of covered payroll	23.35%	26.13%	0.00%

Schedule is intended to show information for 10 years. 2020 was the first year the School Division participated in the Teacher Non-Professional Health Insurance Credit (HIC) Plan.

Exhibit 31

County of Buchanan, Virginia
Schedule of Employer Contributions
Health Insurance Credit (HIC) Plan - Component Unit School Board Non Professional
For the Years Ended June 30, 2021 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	$ 58,570	$ 58,570	$ -	$ 2,492,340	2.35%
2022	38,716	38,716	-	2,127,229	1.82%
2021	36,298	36,298	-	1,973,439	1.84%

Schedule is intended to show information for 10 years. 2021 was the first year the School Division participated in the Teacher Non-Professional Health Insurance Credit (HIC) Plan.

County of Buchanan, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan - Component Unit School Board Non Professional
For the Year Ended June 30, 2022

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

Changes of assumptions – The actuarial assumptions used in the June 30, 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

Exhibit 33

County of Buchanan, Virginia
Schedule of Employer's Share of Net LODA OPEB Liability
Line of Duty Act (LODA) Program
For the Measurement Dates of June 30, 2017 through June 30, 2022

Date (1)	Employer's Proportion of the Net LODA OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) (3)	Covered-Employee Payroll * (4)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
2022	0.48790%	$ 1,846,522	$ N/A	N/A	1.87%
2021	0.48450%	2,136,781	N/A	N/A	1.68%
2020	0.43364%	1,816,151	N/A	N/A	1.02%
2019	0.42332%	1,518,814	N/A	N/A	0.79%
2018	0.42879%	1,344,000	N/A	N/A	0.60%
2017	0.40376%	1,061,000	N/A	N/A	1.30%

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan.

Schedule is intended to show information for 10 years. Since 2017 is the first year for this presentation, only four years of data are available. However, additional years will be included as they become available.

County of Buchanan, Virginia
Schedule of Employer Contributions
Line of Duty Act (LODA) Program
For the Years Ended June 30, 2016 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered-Employee Payroll * (4)	Contributions as a % of Covered - Employee Payroll (5)
2023	$ 63,411	$ 63,411	$ -	$ N/A	N/A
2022	67,198	67,198	-	N/A	N/A
2021	66,710	66,710	-	N/A	N/A
2020	58,931	58,931	-	N/A	N/A
2019	56,814	56,814	-	N/A	N/A
2018	45,673	45,673	-	N/A	N/A
2017	43,545	43,545	-	N/A	N/A
2016	43,064	43,064	-	N/A	N/A

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan.

Schedule is intended to show inforamtion for 10 years. 2016 was the first year information was available for the Line of Duty Act Program (LODA).

County of Buchanan, Virginia
Notes to Required Supplementary Information
Line of Duty Act (LODA) Program
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 results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Employees in the Non-Largest Ten Locality Employers with Public Safety 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

Other Supplementary Information

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

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

County of Buchanan, Virginia
Combining 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	$ 7,707,384	$ 883,038	$ 8,590,422
Receivables (net of allowance for uncollectibles):			
Accounts receivable	349,433	-	349,433
Due from other governmental units	3,995,131	-	3,995,131
Inventories	49,859	-	49,859
Prepaid items	165,566	-	165,566
Total assets	$ 12,267,373	$ 883,038	$ 13,150,411
LIABILITIES			
Accounts payable	$ 205,972	$ -	$ 205,972
Accrued liabilities	2,818,867	-	2,818,867
Total liabilities	$ 3,024,839	$ -	$ 3,024,839
FUND BALANCES			
Nonspendable			
Prepaid items	$ 165,566	$ -	$ 165,566
Inventories	49,859	-	49,859
Restricted			
School activity fund	-	883,038	883,038
Cafeteria Funds	1,012,463	-	1,012,463
Unassigned	8,014,646	-	8,014,646
Total fund balances	$ 9,242,534	$ 883,038	$ 10,125,572
Total liabilities and fund balances	$ 12,267,373	$ 883,038	$ 13,150,411

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

Total fund balances per above		$ 10,125,572
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets not being depreciated	$ 2,364,692	
Capital assets being depreciated	57,203,317	
Accumulated depreciation	(48,721,327)	10,846,682
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	$ 4,351,275	
OPEB related items	485,427	4,836,702
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	$ (883,851)	
Net OPEB liabilities	(3,495,708)	
Net pension liability	(20,908,887)	(25,288,446)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	$ (5,438,246)	
OPEB related items	(701,678)	(6,139,924)
Net position of governmental activities		$ (5,619,414)

County of Buchanan, Virginia
Combining 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	$ 33,816	$ -	$ 33,816
Charges for services	100,148	1,361,512	1,461,660
Miscellaneous	190,305	-	190,305
Recovered costs	3,623,710	-	3,623,710
Intergovernmental	42,525,404	-	42,525,404
Total revenues	$ 46,473,383	$ 1,361,512	$ 47,834,895
EXPENDITURES			
Current:			
Education	$ 44,222,245	$ 1,216,705	$ 45,438,950
Total expenditures	$ 44,222,245	$ 1,216,705	$ 45,438,950
Excess (deficiency) of revenues over (under) expenditures	$ 2,251,138	$ 144,807	$ 2,395,945
OTHER FINANCING SOURCES (USES)			
Transfers in	$ 70,429	$ -	$ 70,429
Transfers out	-	(70,429)	(70,429)
Total other financing sources and uses	$ 70,429	$ (70,429)	$ -
Net change in fund balances	$ 2,321,567	$ 74,378	$ 2,395,945
Fund balances - beginning	6,920,967	808,660	7,729,627
Fund balances - ending	$ 9,242,534	$ 883,038	$ 10,125,572

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		$ 2,395,945
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. This is the amount by which the depreciation/amortization exceeded capital outlays in the current period.		
Capital outlays and transfers of assets from the primary government	$ 2,812,338	
Depreciation expenses	(1,084,009)	1,728,329
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 absenses	$ (3,312)	
Change in OPEB related items	468,304	
Change in pension related items	3,827,491	4,292,483
Change in net position of governmental activities		$ 8,416,757

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

Exhibit 38

County of Buchanan, 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			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ 15,200	$ 15,200	$ 33,816	$ 18,616
Charges for services	215,000	215,000	100,148	(114,852)
Miscellaneous	77,000	147,100	190,305	43,205
Recovered costs	230,156	230,156	3,623,710	3,393,554
Intergovernmental	46,636,711	46,636,711	42,525,404	(4,111,307)
Total revenues	$ 47,174,067	$ 47,244,167	$ 46,473,383	$ (770,784)
EXPENDITURES				
Current:				
Education	$ 48,685,355	$ 48,755,455	$ 44,222,245	$ 4,533,210
Total expenditures	$ 48,685,355	$ 48,755,455	$ 44,222,245	$ 4,533,210
Excess (deficiency) of revenues over (under) expenditures	$ (1,511,288)	$ (1,511,288)	$ 2,251,138	$ 3,762,426
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ 70,429	$ 70,429
Total other financing sources and uses	$ -	$ -	$ 70,429	$ 70,429
Net change in fund balances	$ (1,511,288)	$ (1,511,288)	$ 2,321,567	$ 3,832,855
Fund balances - beginning, as restated	1,511,288	1,511,288	6,920,967	5,409,679
Fund balances - ending	$ -	$ -	$ 9,242,534	$ 9,242,534

Other Statistical Information

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2022-23	$ 2,991,845	$ 2,061,232	$ 10,548,707	$ 10,986,467	$ 19,010,084	$ 7,706,585	$ 2,102,237	$ 8,173,437	$ 63,472	$ 63,644,066
2021-22	3,206,561	1,565,925	9,461,927	7,307,403	10,975,437	9,449,696	1,632,602	7,312,553	166,417	51,078,521
2020-21	3,475,376	1,994,612	7,319,311	7,340,440	10,134,985	9,093,688	1,354,406	7,694,121	172,678	48,579,617
2019-20	3,660,425	2,549,082	9,893,717	10,800,960	7,626,179	10,280,438	1,845,678	4,788,535	193,481	51,638,495
2018-19	2,581,905	1,893,928	8,058,861	8,533,817	9,667,910	10,530,383	1,770,594	5,583,567	249,007	48,869,972
2017-18	2,871,192	1,692,257	7,715,877	7,393,821	9,477,356	10,356,398	1,564,225	4,692,533	269,365	46,033,024
2016-17	3,070,027	2,613,986	9,033,466	8,606,781	7,349,145	10,190,731	1,596,030	5,874,705	328,480	48,663,351
2015-16	2,882,937	1,734,853	7,865,210	11,243,516	9,912,486	10,548,453	1,755,004	10,541,739	375,812	56,860,010
2014-15	2,343,344	1,577,370	6,350,151	10,788,125	9,321,766	21,471,935	1,868,048	11,109,178	384,825	65,214,742
2013-14	3,004,076	1,634,452	6,855,341	10,418,098	9,669,758	11,666,828	1,104,072	13,053,565	378,338	57,784,528

Table 2

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

	PROGRAM REVENUES			GENERAL REVENUES					
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Revenues from the Use of Money and Property	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total
2022-23	$ 1,278,836	$ 24,665,683	$ 157,500	$ 17,830,913	$ 28,256,651	$ 502,808	$ 821,460	$ 2,422,775	$ 75,936,626
2021-22	1,415,136	14,933,989	127,118	16,206,581	31,464,193	125,970	833,638	2,421,405	67,528,030
2020-21	1,152,139	15,330,113	1,042,190	17,908,789	11,997,653	149,061	122,791	2,447,064	50,149,800
2019-20	1,090,688	11,974,461	800,416	16,527,282	11,933,948	268,935	288,770	2,554,728	45,439,228
2018-19	1,262,339	11,589,316	2,191,111	17,786,677	19,882,059	315,443	367,173	2,574,137	55,968,255
2017-18	1,005,498	10,525,142	1,653,724	19,441,376	19,011,171	252,807	66,610	2,617,629	54,573,957
2016-17	690,248	10,730,178	1,099,261	18,876,886	18,423,372	86,226	224,748	2,643,253	52,774,172
2015-16	726,683	10,192,525	4,747,962	18,651,861	11,530,695	112,839	540,611	2,671,849	49,175,025
2014-15	813,583	9,889,135	5,033,833	21,530,748	16,917,529	121,344	346,200	2,707,232	57,359,604
2013-14	1,029,968	10,028,632	5,342,473	20,134,556	20,130,214	82,263	232,331	2,766,625	59,747,062

Table 3

County of Buchanan, 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	Capital projects	Debt Service	Total
2022-23	$ 3,221,501	$ 2,086,447	$ 11,211,942	$ 11,524,794	$ 19,266,466	$ 45,604,182	$ 1,900,732	$ 8,133,863	$ 364,650	$ 736,487	$ 104,051,064
2021-22	2,848,475	1,741,079	9,351,928	7,598,406	11,280,470	38,904,945	1,435,655	7,266,532	99,740	776,152	81,303,382
2020-21	3,241,908	1,899,122	7,631,307	7,463,723	11,079,393	35,602,316	1,156,848	7,674,485	235,289	1,429,144	77,413,535
2019-20	2,808,139	1,898,114	8,690,160	9,361,038	10,534,786	34,610,809	1,432,751	4,647,467	2,345,892	1,575,502	77,904,658
2018-19	2,610,519	1,811,832	7,451,406	8,375,182	9,897,569	33,992,850	1,532,627	5,559,543	9,253,194	1,598,286	82,083,008
2017-18	3,459,019	1,721,885	7,397,298	7,296,790	9,723,573	33,326,262	1,397,552	4,698,221	2,403,477	1,608,248	73,032,325
2016-17	2,575,583	1,614,247	7,171,794	8,939,812	10,320,972	33,226,967	1,289,690	5,831,045	422,463	1,751,958	73,144,531
2015-16	2,674,089	1,677,499	8,523,901	10,497,468	9,748,726	36,443,553	1,467,776	10,555,201	-	1,661,302	83,249,515
2014-15	3,138,807	1,685,128	7,443,502	11,800,510	10,159,334	36,625,617	1,310,737	11,103,905	-	1,633,640	84,901,180
2013-14	2,983,450	1,627,515	6,710,279	10,936,376	9,719,488	34,415,959	1,326,676	13,044,551	-	1,383,814	82,148,108

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit - School Board.
(2) Excludes contribution from Primary Government to Discretely Presented Component Unit - School Board.

Table 4

County of Buchanan, 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	$ 17,559,992	$ 28,256,651	$ 100,628	$ 21,879	$ 536,624	$ 2,617,989	$ 1,202,702	$ 4,377,259	$ 62,472,720	$ 117,146,444
2021-22	17,052,169	31,464,193	53,572	5,111	135,849	2,362,582	1,076,540	502,907	49,528,320	102,181,243
2020-21	17,345,484	11,997,653	38,479	4,816	161,320	1,671,535	190,420	805,609	46,072,761	78,288,077
2019-20	16,393,692	11,933,948	69,765	1,404	288,962	1,229,249	395,198	781,715	39,201,134	70,295,067
2018-19	17,460,715	19,882,059	78,790	2,109	343,211	1,545,116	472,381	749,580	40,119,172	80,653,133
2017-18	19,323,892	19,011,171	93,039	2,155	275,143	1,282,673	173,371	1,239,140	37,589,750	78,990,334
2016-17	18,686,187	18,423,372	41,992	2,083	100,283	1,112,777	396,611	706,050	37,589,331	77,058,686
2015-16	18,713,474	11,530,695	59,045	2,153	129,607	989,825	727,546	933,289	38,977,136	72,062,770
2014-15	21,393,564	16,917,529	39,820	18,930	134,118	1,184,376	3,195,791	991,814	39,301,304	83,177,246
2013-14	20,346,636	20,130,214	57,013	9,693	88,547	1,798,500	2,893,713	859,327	40,066,029	86,249,672

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit - School Board.
(2) Excludes contribution from Primary Government to Discretely Presented Component Unit - School Board.

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2022-23	$ 17,236,551	$ 16,468,857	95.55%	$ 750,126	17,218,983	99.90%	$ 8,161,896	47.35%
2021-22	16,535,016	15,484,795	93.65%	888,692	16,373,487	99.02%	7,867,314	47.58%
2020-21	17,841,175	16,183,472	90.71%	649,644	16,833,116	94.35%	7,844,746	43.97%
2019-20	17,490,678	15,516,189	88.71%	510,855	16,027,044	91.63%	7,295,088	41.71%
2018-19	18,093,527	15,671,816	86.62%	1,357,444	17,029,260	94.12%	6,282,435	34.72%
2017-18	18,230,412	17,170,280	94.18%	1,551,225	18,721,505	102.69%	5,258,440	28.84%
2016-17	18,455,082	17,645,743	95.61%	579,749	18,225,492	98.76%	5,953,459	32.26%
2015-16	19,591,659	17,715,307	90.42%	666,131	18,381,438	93.82%	5,955,601	30.40%
2014-15	21,310,350	20,494,128	96.17%	536,306	21,030,434	98.69%	4,832,859	22.68%
2013-14	20,199,537	19,458,083	96.33%	518,455	19,976,538	98.90%	4,759,841	23.56%

(1) Exclusive of penalties and interest.

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital	Public Utility (2) Real Estate	Public Utility (2) Personal Property	Public Utility (2) Merchants Capital	Total
2022-23	$ 2,139,789,591	$ 333,242,362	$ 213,805,459	$ 3,434,498	$ 160,548,055	$ 301,029	$ 66,871	2,851,187,865
2021-22	2,116,732,563	273,997,954	219,731,416	3,401,143	162,945,097	149,732	-	2,776,957,905
2020-21	2,201,430,196	239,046,341	314,696,951	4,329,322	161,101,777	222,832	39,195	2,920,866,614
2019-20	2,242,165,547	238,229,628	271,126,122	3,602,843	157,858,661	192,072	43,549	2,913,218,422
2018-19	2,385,377,733	239,234,836	298,762,142	3,994,288	153,870,203	115,301	-	3,081,354,503
2017-18	2,398,279,560	242,177,785	282,012,161	4,018,554	145,467,117	71,251	-	3,072,026,428
2016-17	2,497,191,694	247,050,765	268,856,403	5,453,555	134,661,922	77,923	-	3,153,292,262
2015-16	2,502,263,538	249,728,111	324,762,915	4,657,483	132,277,106	204,260	-	3,213,893,413
2014-15	2,390,731,754	268,114,506	378,230,918	4,565,989	101,845,133	70,780	-	3,143,559,080
2013-14	2,182,637,360	273,535,357	363,102,846	4,738,581	99,344,750	84,076	-	2,923,442,970

(1) Real estate is assessed at 100% of fair market value.
(2) Assessed values are established by the State Corporation Commission.

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital
2021-22	$ 0.39	$ 1.95	$ 1.95	$ 2.00
2021-22	0.39	1.95	1.95	2.00
2020-21	0.39	1.95	1.95	2.00
2019-20	0.39	1.95	1.95	2.00
2018-19	0.39	1.95	1.95	2.00
2017-18	0.39	1.95	1.95	2.00
2016-17	0.39	1.95	1.95	2.00
2015-16	0.39	1.95	1.95	2.00
2014-15	0.43	1.95	1.95	2.00
2013-14	0.43	1.95	1.95	2.00

(1) Per $100 of assessed value.

Table 8

County of Buchanan, 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	19,352	2,851,188	-	-	0.00%	-
2021-22	19,982	2,776,958	-	-	0.00%	-
2020-21	20,355	2,920,867	156,338	156,338	0.01%	8
2019-20	21,295	2,913,218	1,008,935	1,008,935	0.03%	47
2018-19	21,221	3,081,355	2,044,691	2,044,691	0.07%	96
2017-18	24,098	3,072,026	3,114,263	3,114,263	0.10%	129
2016-17	24,098	3,153,292	4,168,281	4,168,281	0.13%	173
2015-16	24,098	3,213,893	5,207,344	5,207,344	0.16%	216
2014-15	24,098	3,143,559	6,162,427	6,162,427	0.20%	256
2013-14	24,098	2,923,443	7,242,881	7,242,881	0.25%	301

(1) Center for Public Service at the University of Virginia.
(2) Real property assessed at 100% of fair market value.
(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.Excludes revenue bonds, landfill closure/post-closure care liability, leases, and compensated absences.

Table 9

County of Buchanan, 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	$ 1,279,152	$ 193,822	$ 1,472,974	$ 104,051,064	1.42%
2021-22	640,832	135,320	776,152	81,303,382	0.95%
2020-21	1,240,832	188,312	1,429,144	77,413,535	1.85%
2019-20	1,366,085	209,417	1,575,502	77,904,658	2.02%
2018-19	1,327,630	270,656	1,598,286	82,083,008	1.95%
2017-18	1,317,965	290,283	1,608,248	73,032,325	2.20%
2016-17	1,404,534	347,424	1,751,958	73,144,531	2.40%
2015-16	1,195,546	465,756	1,661,302	83,249,515	2.00%
2014-15	1,314,635	319,005	1,633,640	84,901,180	1.92%
2013-14	992,028	391,786	1,383,814	82,148,108	1.68%

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

COMPLIANCE SECTION

Robinson, Farmer, Cox Associates, PLLC

Certified Public Accountants

CPAs | Consultants

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 Buchanan, 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 activites, the discretely presented component units (School Board and PSA), each major fund, and the aggregate remaining fund information of the County of Buchanan, 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 Buchanan, Virginia's basic financial statements and have issued our report thereon dated December 1, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

County of Buchanan, Virginia's Response to Findings

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

Purpose of This Report

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 1, 2023

RFC
CPAs | Consultants

Robinson, Farmer, Cox Associates, PLLC
Certified Public Accountants

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Buchanan, 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 the County of Buchanan, Virginia's major federal programs for the year ended June 30, 2023. The County of Buchanan, 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, the County of Buchanan, Virginia's complied, in all material respects, with the 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 the County of Buchanan, 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 the County of Buchanan, 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 the County of Buchanan, 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 the County of Buchanan, 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 the County of Buchanan, 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 the County of Buchanan, 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 the County of Buchanan, 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 the County of Buchanan, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 1, 2023

County of Buchanan, 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 AGRICULTURE:						
Direct Payments:						
Child and Adult Care Food Program	10.558	Not applicable			$ 81,998	
Pass Through Payments:						
Virginia Department of Education:						
Child and Adult Care Food Program	10.558	700270000/70028			174,299	256,297
Child Nutrition Discretionary Grants Limited Availability	10.579	DOE86804				5,275
Pandemic EBT	10.649	DOE86566				3,135
Child Nutrition Cluster:						
School Breakfast Program	10.553	40253/41110			$ 595,702	
Fresh Fruit and Vegetable Program	10.582	40252			33,510	
National School Lunch Program	10.555	40254/41106/41108	$ 1,536,316			
Summer Food Service Program for Children	10.559	60302/60303		$ 69,575		
Virginia Department of Agriculture:						
Food Distribution-Schools (Note C)	10.555	Not available	193,674		1,729,990	
Food Distribution-Summer Food Service Program for Children (Note C)	10.559	Not available		4,322	73,897	
Total Child Nutrition Cluster						2,433,099
Virginia Department of Social Services:						
SNAP Cluster:						
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010122/0010123/ 040122/0040123				837,541
Total Department of Agriculture						$ 3,535,347
DEPARTMENT OF TRANSPORTATION:						
Pass Through Payments:						
Virginia Department of Motor Vehicles:						
Highway Safety Cluster:						
State and Community Highway Safety	20.600	FOP-2022-52296-22296/ BOP-2023-53323-23323			$ 16,778	
National Priority Safety Programs	20.616	FM6OT-2022-52189-22189/ FM6OT-2023-53148-23148			23,733	
Total Highway Safety Cluster						$ 40,511
Total Department of Transportation						$ 40,511
DEPARTMENT OF HEALTH AND HUMAN SERVICES:						
Direct Payment:						
Head Start Cluster:						
Head Start	93.600	Not applicable				$ 1,589,271
Pass Through Payments:						
Virginia Department of Social Services:						
Temporary Assistance for Needy Families (TANF)	93.558	0400122/0400123				448,505
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950121/0950122/0950221				38,593
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500122/0500123				2,148
Low-Income Home Energy Assistance	93.568	0600422/0600423				88,764
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150121/9150122/9152121				14,275
Children's Health Insurance Program	93.767	0540122/0540123				3,833
Social Services Block Grant	93.667	1000122/1000123				641,261
Medicaid Cluster:						
Medical Assistance Program	93.778	1200122/1200123				432,795
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121/0900122				548
CCDF Cluster:						
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760122/0760123				101,264
Foster Care - Title IV-E	93.658	1100122/1100123				634,439
Adoption Assistance	93.659	1120122/1120123				1,115,613
Title IV-E Prevention Program	93.472	1140122/1140123				7,475
Guardianship Assistance	93.090	1110122/1110123				179
Elder Abuse Prevention Interventions Program	93.747	8000221/8000321				8,561
Virginia Department of Education:						
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	40297				132,358
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	119359				94,171
Total Department of Health and Human Services						$ 5,354,053
DEPARTMENT OF HOMELAND SECURITY:						
Pass Through Payments:						
Virginia Department of Emergency Services:						
Emergency Management Performance Grants	97.042	EMP-2020-EP-00005				$ 7,500
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4628DRVAP00000001/4674DRVAP0 0000001				1,083,120
Total Department of Homeland Security						$ 1,090,620
DEPARTMENT OF JUSTICE:						
Pass Through Payments:						
Virginia Department of Criminal Justice Services:						
Crime Victim Assistance	16.575	19V2GX0054/15JOVW21GG00568S TOP				$ 69,555
Edward Byrne Memorial Justice Assistance Grant Program	16.738	18DJBX0728/2020MUBX0035/15PB JA21GG00258MUMU				26,896
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	15JOVW22GG00455STOP				13,568
Violence Against Women Formula Grants	16.588	15JOVW22GG00455STOP/ 15JOVW21GG00568STOP				46,630
Total Department of Justice						$ 156,649
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:						
Pass Through Payments:						
Virginia Department of Housing and Community Development:						
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	CDBG - GY2018				$ 3,000
Total Department of Housing and Urban Development						$ 3,000

County of Buchanan, 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 EDUCATION:				
Pass Through Payments:				
Virginia Department of Education:				
Career and Technical Education - Basic Grants to States	84.048	60031/60311005		$ 68,478
Twenty-First Century Community Learning Centers	84.287	60565		158,231
Rural Education	84.358	43481		66,932
Supporting Effective Instruction State Grants	84.367	61480		178,682
Title I Grants to Local Educational Agencies	84.010	42901		995,078
Special Education Cluster (IDEA):				
Special Education-Grants to States	84.027	43071/61110/40287	$ 709,887	
Special Education-Preschool Grants	84.173	62521/40286	52,382	
Total Special Education Cluster (IDEA)				762,269
Student Support and Academic Enrichment Program	84.424	60281		100,025
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	60173/4028579/50185/ 4028578/50195	$ 392,675	
COVID-19 American Rescue Plan-Emergency and Secondary School Emergency Relief	84.425U	50193/50183/50175	4,757,946	5,150,621
Total Department of Education				$ 7,480,316
DEPARTMENT OF TREASURY:				
Direct Payments:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not applicable	$ 1,829,524	
Pass Through Payments:				
Virginia Department of Social Services				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	9122222	4,181	
Virginia Department of Education				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	60054	257,628	
Virginia Department of Health				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	CSFRF-25	915,189	$ 3,006,522
Total Department of Treasury				$ 3,006,522
DEPARTMENT OF LABOR:				
Pass Through Payments:				
Virginia Department of Education:				
WIOA Cluster:				
WIOA Dislocated Worker Formula Grants	17.278	40280		$ 63,297
Total Department of Labor				$ 63,297
INSTITUTE OF MUSEUM AND LIBRARY SERVICES:				
Pass Through Payments:				
Library of Virginia:				
Grants to States	45.310	0000118903		$ 13,401
Total Institue of Museum and Library Services				$ 13,401
Total Expenditures of Federal Awards				$ 20,743,716

County of Buchanan, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

NOTE A--BASIS OF PRESENTATION:

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

NOTE B -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowed 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 minimi indirect cost rate because they only request direct costs for reimbursement.

NOTE C -- FOOD DONATION
Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

NOTE D -- OUTSTANDING BALANCE OF FEDERAL LOANS
The County has not received any federal funding through loans.

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

NOTE F -- RELATIONSHIP TO THE FINANCIAL STATEMENTS:
Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Primary government:	
General Fund-Intergovernmental	$ 27,088,458
Less: Revenue from the Commonwealth	(18,138,997)
Coal Road Fund-Intergovernmental	157,500
Less: Revenue from the Commonwealth	(157,500)
Component Unit Public Service Authority:	
Federal contributions in aid of construction	1,135,496
Component Unit School Board:	
School Operating Fund-Intergovernmental	42,926,762
Less: Revenue from Local Governments	(7,700,000)
Less: Revenue from the Commonwealth	(24,568,003)
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$ 20,743,716

County of Buchanan, Virginia

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

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified:	Governmental activities; discretely presented component units-School Board and PSA; each major fund and aggregate remaining fund information
Disclaimer:	Discretely presented component unit-IDA

Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major programs:

Federal Assistance Listing Number	Name of Federal Program or Cluster
21.027	COVID-19 - Coronavirus State and Local Recovery Funds
84.425	COVID-19 - Education Stabilization Fund
93.600	Head Start
93.659	Adoption Assistance
97.036	Disaster Grants - Public Assistance

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

County of Buchanan, Virginia

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

Section II - Financial Statement Findings

Finding 2023-001 (Material Weakness)	
Criteria:	Identification of material adjustments to the financial statements that were not detected by the entity's internal controls indicates that a material weakness may exist.
Condition:	The financial statements, as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP).
Cause:	Controls in place were inadequate to identify all year end adjustments that were necessary for the financial statements to be presented in accordance with current reporting standards.
Effect:	There is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected by the entity's internal controls over financial reporting.
Recommendation:	The County and School Board should review proposed audit adjustments and consider same as they close out the books for the 2022/2023 fiscal year.
Management's Response	Management will implement the procedures recommended by the Auditor above.

Section III - Federal Award Findings and Questioned Costs

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

Finding 2022-001

Finding Type:	Material weakness
Condition:	The financial statements, as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP).
Recommendation:	The County and School Board should review proposed audit adjustments and consider same as they close out the books for the 2020/2021 fiscal year.
Current Status:	The finding is reported again in the current year as item 2023-001.

Finding 2022-002

Finding Type:	Material weakness
Condition:	The bank accounts were not reconciled to the books in a timely manner.
Recommendation:	The County should consider consolidating systems or interfaces should be developed to merge data from the various systems to ease the monthly reconciliation process.
Current Status:	The finding was corrected in the current year.