

FINANCIAL STATEMENTS

FISCAL YEAR ENDED
JUNE 30, 2022



COUNTY OF CARROLL, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

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INTRODUCTORY SECTION

COUNTY OF CARROLL, VIRGINIA

BOARD OF SUPERVISORS

Tracy Moore, Chair
Rex Hill
Ronnie Collins

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

SCHOOL BOARD

William "Bill" Sturgill, Vice Chair
Phillip Berrier

Brian Spencer, Chair

Ralph "Bob" Martin
Jennifer Sowers

SOCIAL SERVICES BOARD

Susan Clark, Chair
Roger Cooley
Lynette Thomas

Robbie McCraw, Vice Chair
David Clontz
Fred Bobbitt

OTHER OFFICIALS

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

FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Change in Accounting Principle

As described in Note 25 to the financial statements, in 2022, the County adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the

methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2022, on our consideration of County of Carroll, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Carroll, Virginia's internal control over financial reporting or on compliance. That

report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Carroll, Virginia's internal control over financial reporting and compliance.

Polina, Fane, Cox Associates

Blacksburg, Virginia
December 26, 2022

Basic Financial Statements

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

	Primary Government	Component Units		
	Governmental Activities	School Board	Public Service Authority	Economic Development Authority
ASSETS				
Cash and cash equivalents	\$ 24,296,866	\$ 2,535,931	\$ 749,893	\$ 1,339,010
Cash held at schools	-	783,866	-	-
Investments	11,601	-	-	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	29,380,105	-	-	-
Interest receivable	-	-	-	140,406
Accounts receivable	323,750	242,141	511,352	3,050
Other local taxes receivable	99,292	-	-	-
Opioid settlement	515,093	-	-	-
Note receivable	251,886	-	324,197	2,295,025
Lease receivable	-	-	-	483,339
Due from component units	1,908,630	-	-	-
Due from other governmental units	1,582,528	1,500,252	-	-
Prepaid items	67,448	456,261	36,439	-
Net pension asset	-	1,111,320	-	-
Lease purchase receivable	-	-	-	10,246,838
Assets held for resale:				
Industrial sites	-	-	-	870,005
Restricted assets:				
Cash and cash equivalents	-	1,763,262	834,652	281,030
Capital assets (net of accumulated depreciation):				
Land	3,228,102	1,343,900	264,837	96,500
Buildings and improvements	32,298,149	12,613,881	-	698,746
Improvements other than buildings	-	93,116	-	-
Machinery and equipment	3,860,634	2,594,694	453,142	-
Infrastructure	-	-	34,978,908	-
Construction in progress	1,197,336	3,165,659	-	63,464
Right-to-use lease assets (net of accumulated amortization)				
Land rights	71,787	-	-	-
Machinery and equipment	56,009	-	-	-
Total assets	<u>\$ 99,149,216</u>	<u>\$ 28,204,283</u>	<u>\$ 38,153,420</u>	<u>\$ 16,517,413</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 2,232,728	\$ 7,504,821	\$ 123,721	\$ -
OPEB related items	100,062	1,434,727	-	-
Total deferred outflows of resources	<u>\$ 2,332,790</u>	<u>\$ 8,939,548</u>	<u>\$ 123,721</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ 268,036	\$ 565,174	\$ 179,774	\$ 4,408
Retainage Payable	-	77,114	-	-
Salaries payable	825,870	2,024,802	-	-
Accrued interest payable	113,447	-	55,682	90,271
Customer deposits payable	-	-	125,222	-
Due to other governmental units	43,756	-	-	-
Due to primary government	-	1,794,700	113,930	-
Unearned revenue	2,893,277	2,000	-	-
Long-term liabilities:				
Due within one year	3,557,650	768,248	820,481	651,252
Due in more than one year	18,235,783	28,148,201	21,465,567	10,071,967
Total liabilities	<u>\$ 25,937,819</u>	<u>\$ 33,380,239</u>	<u>\$ 22,760,656</u>	<u>\$ 10,817,898</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 17,227,966	\$ -	\$ -	\$ -
Pension related items	4,271,454	16,909,018	347,579	-
OPEB related items	205,074	3,123,056	-	-
Lease related item	-	-	-	460,888
Total deferred inflows of resources	<u>\$ 21,704,494</u>	<u>\$ 20,032,074</u>	<u>\$ 347,579</u>	<u>\$ 460,888</u>
NET POSITION				
Net investment in capital assets	\$ 23,017,613	\$ 19,734,136	\$ 13,944,145	\$ 404,116
Restricted:				
Asset forfeiture	76,688	-	-	-
Opioid settlement	515,093	-	-	-
School cafeterias	-	1,763,262	-	-
School activity fund	-	781,866	-	-
Net pension asset	-	1,111,320	-	-
Debt service and bond covenants	-	-	709,430	281,030
Unrestricted	30,230,299	(39,659,066)	515,331	4,553,481
Total net position	<u>\$ 53,839,693</u>	<u>\$ (16,268,482)</u>	<u>\$ 15,168,906</u>	<u>\$ 5,238,627</u>

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

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

Functions/Programs		Program Revenues				Net (Expense) Revenue and Changes in Net Position			
		Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units		
						Governmental Activities	School Board	Public Service Authority	Economic Development Authority
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	\$	3,162,821	\$	-	\$	736,815	\$	(2,426,006)	
Judicial administration		1,209,495		17,698		947,400		(244,397)	
Public safety		8,463,381		2,521,884		3,978,090		(1,963,407)	
Public works		1,079,424		23,855		326,022		(729,547)	
Health and welfare		8,784,225		25,972		7,053,129		(1,705,124)	
Education		15,139,848		-		-		(15,139,848)	
Parks, recreation, and cultural		496,485		198,037		86,659		(211,789)	
Community development		1,312,249		37,966		-		(1,274,283)	
Interest on long-term debt		1,178,791		-		636,525		(542,266)	
Total governmental activities	\$	40,826,719	\$	2,825,412	\$	13,764,640	\$	(24,236,667)	
Total primary government	\$	40,826,719	\$	2,825,412	\$	13,764,640	\$	(24,236,667)	
COMPONENT UNITS:									
School Board	\$	45,026,421	\$	2,571,475	\$	40,394,474	\$	(2,060,472)	
Public Service Authority		4,855,413		3,563,536		19,500		(1,272,377)	
Economic Development Authority		638,550		225,467		-		(413,083)	
Total component units	\$	50,520,384	\$	6,360,478	\$	40,413,974	\$	(2,060,472)	
General revenues:									
General property taxes	\$					24,140,685	\$	-	
Local sales and use taxes						2,716,384		-	
Consumer's utility tax						724,854		-	
Motor vehicle taxes						669,201		-	
Restaurant food taxes						632,279		-	
Other local taxes						828,072		-	
Unrestricted revenues from use of money and property						67,287	37,569	10,595	
Miscellaneous						671,553	67,848	105,150	
Payments from Primary Government						-	13,852,432	538,885	
Grants and contributions not restricted to specific programs						2,032,753	-	-	
Gain on disposal of capital assets						-	-	-	
Lease purchase revenue						-	-	285,047	
Total general revenues	\$					32,483,068	\$	654,630	
Change in net position	\$					8,246,401	\$	(617,747)	
Net position - beginning, as restated						45,593,292		15,786,653	
Net position - ending	\$					53,839,693	\$	15,168,906	

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

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

	<u>General</u>	<u>CIP</u>	<u>School Construction</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 20,900,325	\$ 3,382,514	\$ 14,027	\$ 24,296,866
Investments	11,601	-	-	11,601
Receivables (net of allowance for uncollectibles):				
Taxes receivable	29,380,105	-	-	29,380,105
Accounts receivable	323,750	-	-	323,750
Other local taxes receivable	99,292	-	-	99,292
Opioid settlement	515,093	-	-	515,093
Note receivable	251,886	-	-	251,886
Due from component unit	1,908,630	-	-	1,908,630
Due from other governmental units	1,582,528	-	-	1,582,528
Prepaid items	67,448	-	-	67,448
Total assets	<u>\$ 55,040,658</u>	<u>\$ 3,382,514</u>	<u>\$ 14,027</u>	<u>\$ 58,437,199</u>
LIABILITIES				
Accounts payable	\$ 265,661	\$ 2,375	\$ -	\$ 268,036
Salaries payable	825,870	-	-	825,870
Due to other governmental units	43,756	-	-	43,756
Unearned revenue - ARPA	2,893,277	-	-	2,893,277
Total liabilities	<u>\$ 4,028,564</u>	<u>\$ 2,375</u>	<u>\$ -</u>	<u>\$ 4,030,939</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 22,208,089	\$ -	\$ -	\$ 22,208,089
Deferred revenue - opioid settlement	497,201	-	-	497,201
Total deferred inflows of resources	<u>\$ 22,705,290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,705,290</u>
FUND BALANCES				
Fund balances:				
Nonspendable:				
Prepaid items	\$ 67,448	\$ -	\$ -	\$ 67,448
Note receivable	251,886	-	-	251,886
Restricted:				
Asset forfeiture	76,688	-	-	76,688
Opioid settlement	17,892	-	-	17,892
Committed:				
Narcotics funds	53,835	-	-	53,835
Law Library	12,889	-	-	12,889
School Construction	-	-	14,027	14,027
Construction	-	3,380,139	-	3,380,139
Assigned:				
Sheriff funds	59,889	-	-	59,889
Unassigned	27,766,277	-	-	27,766,277
Total fund balances	<u>\$ 28,306,804</u>	<u>\$ 3,380,139</u>	<u>\$ 14,027</u>	<u>\$ 31,700,970</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 55,040,658</u>	<u>\$ 3,382,514</u>	<u>\$ 14,027</u>	<u>\$ 58,437,199</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$	31,700,970
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land	\$	3,299,889	
Buildings and improvements		32,298,149	
Machinery and equipment		3,916,643	
Construction in progress		<u>1,197,336</u>	40,712,017
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.			
Unavailable revenue - property taxes	\$	4,980,123	
Unavailable revenue - opioid settlement		<u>497,201</u>	5,477,324
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore are not reported in the funds.			
Pension related items	\$	2,232,728	
OPEB related items		<u>100,062</u>	2,332,790
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	\$	(7,360,000)	
Lease liabilities		(131,721)	
Loans payable		(498,737)	
Lease revenue bonds		(9,748,100)	
Unamortized premiums		(6,834)	
Unamortized discounts		50,988	
Accrued interest payable		(113,447)	
Compensated absences		(849,889)	
Net pension liability		(2,887,109)	
Net OPEB liability		<u>(362,031)</u>	(21,906,880)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds			
Pension related items	\$	(4,271,454)	
OPEB related items		<u>(205,074)</u>	(4,476,528)
Net position of governmental activities			<u><u>\$ 53,839,693</u></u>

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

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

	<u>General</u>	<u>CIP</u>	<u>School Construction</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 23,909,213	\$ -	\$ -	\$ 23,909,213
Other local taxes	5,570,790	-	-	5,570,790
Permits, privilege fees, and regulatory licenses	184,896	-	-	184,896
Fines and forfeitures	945,041	-	-	945,041
Revenue from the use of money and property	93,259	-	-	93,259
Charges for services	1,669,503	-	-	1,669,503
Miscellaneous	174,352	-	-	174,352
Recovered costs	2,093,167	171,851	-	2,265,018
Intergovernmental:				
Commonwealth	8,886,231	-	-	8,886,231
Federal	6,911,162	-	-	6,911,162
Total revenues	<u>\$ 50,437,614</u>	<u>\$ 171,851</u>	<u>\$ -</u>	<u>\$ 50,609,465</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,535,825	\$ -	\$ -	\$ 2,535,825
Judicial administration	1,407,513	-	-	1,407,513
Public safety	10,318,301	-	-	10,318,301
Public works	2,042,257	-	-	2,042,257
Health and welfare	9,173,348	-	-	9,173,348
Education	10,108,232	-	-	10,108,232
Parks, recreation, and cultural	1,112,251	-	-	1,112,251
Community development	1,506,170	-	-	1,506,170
Capital projects	-	936,335	-	936,335
Debt service:				
Principal retirement	3,192,019	-	-	3,192,019
Interest and other fiscal charges	1,058,152	-	-	1,058,152
Bond issuance costs	145,298	-	-	145,298
Total expenditures	<u>\$ 42,599,366</u>	<u>\$ 936,335</u>	<u>\$ -</u>	<u>\$ 43,535,701</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 7,838,248</u>	<u>\$ (764,484)</u>	<u>\$ -</u>	<u>\$ 7,073,764</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 4,144,623	\$ -	\$ 4,144,623
Transfers out	(4,144,623)	-	-	(4,144,623)
Debt service - principal	(5,344,894)	-	-	(5,344,894)
Proceeds from refunding bonds	5,444,000	-	-	5,444,000
Total other financing sources (uses)	<u>\$ (4,045,517)</u>	<u>\$ 4,144,623</u>	<u>\$ -</u>	<u>\$ 99,106</u>
Net change in fund balances	\$ 3,792,731	\$ 3,380,139	\$ -	\$ 7,172,870
Fund balances - beginning	24,514,073	-	14,027	24,528,100
Fund balances - ending	<u>\$ 28,306,804</u>	<u>\$ 3,380,139</u>	<u>\$ 14,027</u>	<u>\$ 31,700,970</u>

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

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

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

Net change in fund balances - total governmental funds		\$ 7,172,870
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 capital outlays exceeded depreciation/amortization in the current period.		
Capital outlays	\$ 2,964,355	
School reversion of capital assets	(3,800,665)	
Depreciation/amortization expense	<u>(2,465,646)</u>	(3,301,956)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		
		(6,984)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	\$ 231,472	
Opioid settlement	<u>497,201</u>	728,673
The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.		
<u>Issuance of Long-term Debt</u>		
Issuance of lease revenue bond	\$ (5,444,000)	
<u>Principal Payments</u>		
General obligation bonds	2,360,000	
Lease revenue bonds	5,695,607	
Literary loans	362,157	
Leases payable	45,220	
Loans payable	<u>73,929</u>	3,092,913
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.		
Change in compensated absences	\$ (47,998)	
Change in accrued interest payable	18,565	
Amortization of bond premium	13,407	
Amortization of bond discount	(7,313)	
Change in pension related items	547,326	
Change in OPEB related items	<u>36,898</u>	560,885
Change in net position of governmental activities		<u><u>\$ 8,246,401</u></u>

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

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

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 152,096
Total assets	<u>\$ 152,096</u>
NET POSITION	
Restricted:	
Amounts held for social services clients	\$ 54,051
Amounts held for performance bonds	57,443
Amounts held for School Board employees	35,811
Amounts held for County employees	4,791
Total net position	<u>\$ 152,096</u>

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

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

	Custodial Funds
ADDITIONS	
Interest income	\$ 3
Special welfare collections	115,877
Performance bond payment	12,500
Employee FSA contributions	71,837
Total additions	<u>\$ 200,217</u>
DEDUCTIONS	
Special welfare payments	\$ 101,286
Performance bond withdrawal	25,235
Loss on investments	120
FSA distributions	61,904
Total deductions	<u>\$ 188,545</u>
Net increase (decrease) in fiduciary net position	\$ 11,672
Net position, beginning of year	<u>140,424</u>
Net position, end of year	<u><u>\$ 152,096</u></u>

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

COUNTY OF CARROLL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

Blended component units - None

Discretely Presented Component Units- The component unit columns in the financial statements include the financial data of the County's discretely presented component units. The component units are reported in a separate column to emphasize that they are legally separate from the County.

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

The Carroll County Public Service Authority provides water and sewer service to County residents. The Public Service Authority is fiscally dependent upon the County because the County significantly funds Authority operations. In addition, the County Board appoints the Public Service Authority's Board. A copy of the Public Service Authority's report can be obtained from the Public Service Authority.

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

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

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

A. Financial Reporting Entity (continued)

Jointly Governed Organizations:

The County along with the Counties of Wythe, Bland, Grayson, Smyth and the City of Galax participate in supporting the Mt. Rogers Community Services Board. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2022, the County contributed \$130,500 to the Community Services Board.

The County along with the City of Galax participates in supporting the Galax-Carroll Regional Library. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2022, the County contributed \$315,340 to the Library.

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

The County along with the County of Grayson and the City of Galax participate in supporting the Twin Counties E-911 Program. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. Payments to the program totaled \$410,597 for the fiscal year ended June 30, 2022.

The County along with the Counties of Bland, Floyd, Giles, Grayson, and Wythe and the City of Radford participate in supporting the New River Valley Regional Jail Authority. The monthly payment made by the County to the Regional Jail is based on the number of prisoners housed for the County. For the year ended June 30, 2022, the County paid \$1,714,101 for the confinement of prisoners.

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

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

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

A. Financial Reporting Entity (continued)

Jointly Governed Organizations: (continued)

Blue Ridge Crossroads Economic Development Authority (BRCEDA) is the regional industrial facilities authority that represents the Counties of Carroll and Grayson and the City of Galax. Each jurisdiction appoints two members and an alternate member. A moral obligation for debt service is currently in place for a regional project known as Wildwood. Contributions to BRCEDA during the current year were \$145,200. It is the hope of BRCEDA that this park project will be a catalyst for economic development in the region.

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

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

Additionally, the County reports the following fund types:

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

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

The School Board reports the following major funds:

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

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

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

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

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

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

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

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

1. Cash and Cash Equivalents

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

2. Investments

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

3. Receivables and Payables

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

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

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

D. Assets, deferred outflows/inflows of resources, liabilities, 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 June 20th and December 5th. Personal property taxes are due and collectible annually on December 5th. The County bills and collects its own property taxes. In 2022, the Board of Supervisors approved extending the due date of the first half real estate taxes from June 20th to July 27th.

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,431,052 at June 30, 2022 and is comprised solely of property taxes.

6. Use of Estimates

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

7. Prepaid Items

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

8. Capital Assets

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 1-Summary of Significant Accounting Policies: (continued)**

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

8. Capital Assets (continued)

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

Assets	Years
Capital assets	
Buildings	40
Building improvements	20-40
Improvements other than buildings	20
Structures, lines, and accessories	20-40
Machinery and equipment	4-30
Right-to-use lease assets	
Land Rights	5-25
Machinery and equipment	4-30

9. Deferred Outflows/Inflows of Resources

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

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

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

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

10. Pensions

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

11. Other Postemployment Benefits (OPEB)

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

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

12. Compensated Absences

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

13. Long-term Obligations

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

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

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

13. Long-term Obligations (continued)

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

14. Net Position

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

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

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

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

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

15. Fund Balance

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

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

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

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

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

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

15. Fund Balance (continued)

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

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

16. Leases

The County 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.

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

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

16. Leases (Continued)

Lessee

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

Key Estimates and Judgements

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

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

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to April 1st, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All non-fiduciary funds have legally adopted budgets.
2. Public hearings are conducted to obtain citizen comments.

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

A. Budgetary information (continued)

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

B. Expenditures in excess of appropriations

For the fiscal year ended June 30, 2022, there were no departments with expenditures in excess of appropriations.

C. Deficit fund balance

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

Note 3-Deposits and Investments:

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

Note 3-Deposits and Investments: (Continued)

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

Credit Risk of Debt Securities:

The County's policy to reduce credit risk is as follows: Limit investment to the safest types of securities; Pre-qualify the financial institutions, broker/dealers, intermediaries and advisers with which the County will do business; Diversifying the investment portfolio so the potential losses on individual securities will be minimized. The County's rated debt investments as of June 30, 2022 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

County's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
LGIP	\$ 11,601

Concentration of Credit Risk:

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

External Investment Pools:

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

Interest Rate Risk:

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

Investment Maturities (in years)		
	<u>Fair Value</u>	<u>Less than 1 year</u>
LGIP	\$ 11,601	\$ 11,601

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 4-Note Receivable:**

On June 29, 2014 the County issued a note receivable to the Carroll County Economic Development Authority (formerly the Carroll County Industrial Development Authority) for \$1,000,000 for economic development activities. Repayment terms called for monthly payments in the amount of \$10,606, payable over 10 years at 5% per annum. As of June 30, 2022, the balance was \$251,886.

Note 5-Due from Other Governmental Units:

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
<u>Local Governments:</u>		
Carroll-Grayson-Galax Solid Waste Authority	\$ 126,877	\$ -
SBDC	61,132	-
<u>Commonwealth of Virginia:</u>		
Local sales tax	529,094	-
State sales tax	-	883,523
Categorical aid-shared expenses	239,659	-
Noncategorical aid	158,987	-
Virginia public assistance funds	139,427	-
Comprehensive services act	97,157	-
<u>Federal Government:</u>		
Virginia public assistance funds	199,805	-
Other categorical aid	30,390	-
School grants	-	616,729
	<u>\$ 1,582,528</u>	<u>\$ 1,500,252</u>
Totals		

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 6-Interfund Transfers and Balances:**

Interfund transfers for the year ended June 30, 2022, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 4,144,623
CIP Fund	4,144,623	-
School Operating Fund	50,739	120,559
School Activity Fund	120,559	50,739
Total	<u>\$ 4,315,921</u>	<u>\$ 4,315,921</u>

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

Note 7-Interfund/Component-Unit Obligations:

<u>Fund</u>	<u>Due to Primary Government/ Component Unit</u>	<u>Due from Primary Government/ Component Unit</u>
Primary Government:		
General Fund	\$ -	\$ 1,908,630
Component Unit - School Board:		
School Operating Fund	1,794,700	-
Component Unit - Public Service Authority:		
PSA	113,930	-
Totals	<u>\$ 1,908,630</u>	<u>\$ 1,908,630</u>

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COUNTY OF CARROLL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-Long-Term Obligations:

Primary Government - Governmental Activities Indebtedness:

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

	Balance July 1, 2021	GASB 87 Implementation	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2022
Direct Borrowings and Placements					
General obligation bonds	\$ 9,720,000	\$ -	\$ -	\$ (2,360,000)	\$ 7,360,000
Unamortized bond premium	20,241	-	-	(13,407)	6,834
Unamortized bond discount	(58,301)	-	7,313	-	(50,988)
Literary loans	362,157	-	-	(362,157)	-
Finance purchases	572,666	-	-	(73,929)	498,737
Lease revenue bonds	9,999,707	-	5,444,000	(5,695,607)	9,748,100
Total Direct Borrowings and Placements	\$ 20,616,470	\$ -	\$ 5,451,313	\$ (8,505,100)	\$ 17,562,683
Lease liabilities	-	176,941	-	(45,220)	131,721
Compensated absences	801,891	-	649,416	(601,418)	849,889
Net OPEB liability	549,849	-	131,838	(319,656)	362,031
Net pension liability	7,900,060	-	4,341,327	(9,354,278)	2,887,109
Total	\$ 29,868,270	\$ 176,941	\$ 10,573,894	\$ (18,825,672)	\$ 21,793,433

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

Year Ending June 30,	Direct Borrowings and Placements		Lease Liabilities	
	Principal	Interest	Principal	Interest
2023	\$ 2,872,987	\$ 1,002,853	\$ 47,724	\$ 6,010
2024	1,782,814	955,592	18,547	2,712
2025	1,800,013	939,043	6,904	1,959
2026	1,798,576	922,029	5,782	1,756
2027	1,774,045	905,786	6,181	1,583
2028-2032	2,875,058	899,619	37,583	4,872
2033-2037	2,830,344	437,233	9,000	270
2038-2042	1,540,000	146,588	-	-
2043-2047	333,000	4,362	-	-
Totals	\$ 17,606,837	\$ 6,213,105	\$ 131,721	\$ 19,162

COUNTY OF CARROLL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-Long-Term Obligations: (continued)

Primary Government - Governmental Activities Indebtedness: (continued)

Details of long-term indebtedness:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
<u>Direct Borrowings and Placements</u>						
<u>General Obligation Bonds*</u>						
VPSA general obligation bond	4.10%-5.10%	2003	2023	\$ 21,115,000	\$ 1,110,000	\$ 1,110,000
VPSA (QSCB) general obligation bond	4.50%	2011	2027	15,000,000	6,250,000	1,250,000
Total General Obligation Bonds					<u>\$ 7,360,000</u>	<u>\$ 2,360,000</u>
<u>Lease Revenue Bonds</u>						
County Complex Revenue Bond	3.42%	2017	2036	\$ 5,200,000	\$ 4,304,100	\$ 243,800
Public Facilities Series 2022	2.62%	2022	2043	5,444,000	5,444,000	193,000
Total Lease Revenue Bonds					<u>\$ 9,748,100</u>	<u>\$ 436,800</u>
<u>Finance Purchases</u>						
Bus Lease	3.13%	2016	2027	\$ 490,023	\$ 205,920	\$ 53,389
Fire Truck Lease	2.75%	2018	2034	375,000	292,817	22,798
Total Finance Purchases					<u>\$ 498,737</u>	<u>\$ 76,187</u>
Subtotal Direct Borrowings and Placements					<u>\$ 17,606,837</u>	<u>\$ 2,872,987</u>
Plus:						
Unamortized Premium					6,834	6,834
Unamortized Discount					(50,988)	(7,312)
Total Direct Borrowings and Placements					<u>\$ 17,562,683</u>	<u>\$ 2,872,509</u>
<u>Leases</u>						
Leases - Land	3.00%	2009	2032	\$ 114,010	\$ 73,669	\$ 4,688
Leases - Machinery and Equipment	9.21% - 10.28%	2018 - 2020	2023 - 2025	12,436 - 57,260	58,052	43,036
Total Leases					<u>\$ 131,721</u>	<u>\$ 47,724</u>
<u>Other Long-term Obligations</u>						
Compensated absences					849,889	637,417
Net OPEB liability					362,031	-
Net pension liability					2,887,109	-
Total Other Long-term Obligations					<u>\$ 4,099,029</u>	<u>\$ 637,417</u>
Total Long-term Obligations					<u>\$ 21,793,433</u>	<u>\$ 3,557,650</u>

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

The 2011 issuance of the ARRA funded Qualified School Construction Bond contains a face interest rate of 4.50%. However, it contains a federal tax credit resulting in federal revenue to offset the entire interest payment. Therefore, the effective interest rate is 0.00%. However, for fiscal year 2022, the sequester reduction rate was 5.70%.

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

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

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

	Balance July 1, 2021	Increases	Decreases	Balance 6/30/2022
Net OPEB liabilities	\$ 9,449,262	\$ 1,750,681	\$ (2,388,742)	\$ 8,811,201
Compensated absences	1,074,424	755,725	(805,818)	1,024,331
Net pension liability (1)	36,752,658	7,079,436	(24,751,177)	19,080,917
Total	<u>\$ 47,276,344</u>	<u>\$ 9,585,842</u>	<u>\$ (27,945,737)</u>	<u>\$ 28,916,449</u>

(1) Beginning balance excludes School Board (nonprofessional) net pension liability which resulted in an ending balance net pension asset.

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
Other Obligations:		
Net OPEB liabilities	\$ 8,811,201	\$ -
Compensated absences	1,024,331	768,248
Net pension liability	19,080,917	-
Total Long-Term Obligations	<u>\$ 28,916,449</u>	<u>\$ 768,248</u>

Note 10-Pension Plans:

Plan Description

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

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

Benefit Structures

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

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

Note 10-Pension Plans: (continued)

Benefit Structures (Continued)

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

Average Final Compensation and Service Retirement Multiplier

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 10-Pension Plans: (continued)

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2022 was 13.60% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$938,885 and \$729,439 for the years ended June 30, 2022 and June 30, 2021, respectively.

The Component Unit Public Service Authority's (PSA) contractually required employer contribution rate for the year ended June 30, 2022 was 13.60% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit PSA were \$45,719 and \$41,738 for the years ended June 30, 2022 and June 30, 2021, respectively.

Net Pension Liability

At June 30, 2022, the County reported a liability of \$2,887,109 for its proportionate share of the net pension liability. The County's net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. In order to allocate the net pension liability to all employers included in the plan, the County is required to determine its proportionate share of the net pension liability.

Contributions as of June 30, 2021 were used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2021 and 2020, the County's proportions were 88.6775% and 88.1158%, respectively.

At June 30, 2022, the Authority reported a liability of \$165,196 for its proportionate share of the net pension liability. The Authority's net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020, rolled forward to the measurement date of June 30, 2021. The Authority's proportionate share of the same was calculated using creditable compensation as of June 30, 2021 and 2020 as a basis for allocation. At June 30, 2021 and 2020, the Authority's proportions were 5.0741% and 5.9886%, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 10-Pension Plans: (continued)*****Actuarial Assumptions - General Employees***

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

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

Mortality rates:

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

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 10-Pension Plans: (continued)*****Actuarial Assumptions - General Employees (continued)***

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

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

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

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 10-Pension Plans: (continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 10-Pension Plans: (continued)*****Long-Term Expected Rate of Return***

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 10-Pension Plans: (continued)*****Discount Rate***

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

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the County Retirement Plan Net Pension Liability	\$ 7,769,797	\$ 2,887,109	\$ (1,132,230)
Component Unit Public Service Authority's proportionate share of the County Retirement Plan Net Pension Liability	\$ 444,586	\$ 165,196	\$ (64,786)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 10-Pension Plans: (continued)*****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended June 30, 2022, the County and Component Unit PSA recognized pension expense of \$389,359 and \$(34,474) respectively. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	Primary Government		Component Unit- Public Service Authority	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 219,187	\$ 491,020	\$ 16,050	\$ 28,096
Change in proportionate share	74,055	-	-	112,039
Change in assumptions	1,000,601	-	61,952	-
Net difference between projected and actual earnings on pension plan investments	-	3,780,434	-	207,444
Employer contributions subsequent to the measurement date	938,885	-	45,719	-
Total	<u>\$ 2,232,728</u>	<u>\$ 4,271,454</u>	<u>\$ 123,721</u>	<u>\$ 347,579</u>

\$938,885 and \$45,719 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit PSA's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit Public Service Authority
2023	\$ (363,509)	\$ (59,198)
2024	(623,943)	(78,159)
2025	(841,812)	(66,514)
2026	(1,148,347)	(65,706)
Thereafter	-	-

Note 10-Pension Plans: (continued)***Pension Plan Data***

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

Component Unit School Board (nonprofessional)

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

Employees Covered by Benefit Terms

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

	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	94
Inactive members:	
Vested inactive members	9
Non-vested inactive members	16
Inactive members active elsewhere in VRS	22
Total inactive members	47
Active members	90
Total covered employees	231

Contributions

The Component Unit School Board's (nonprofessional) contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2022 was 5.37% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$97,823 and \$105,962 for the years ended June 30, 2022 and June 30, 2021, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 10-Pension Plans: (continued)****Component Unit School Board (nonprofessional) (continued)****Net Pension Liability (Asset)**

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

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (asset) (a) - (b)
Balances at June 30, 2020	\$ 10,912,065	\$ 10,432,548	\$ 479,517
Changes for the year:			
Service cost	\$ 211,135	\$ -	\$ 211,135
Interest	713,752	-	713,752
Change in assumptions	426,836	-	426,836
Differences between expected and actual experience	40,033	-	40,033
Contributions - employer	-	95,270	(95,270)
Contributions - employee	-	93,362	(93,362)
Net investment income	-	2,800,948	(2,800,948)
Benefit payments, including refunds of employee contributions	(675,935)	(675,935)	-
Administrative expenses	-	(7,248)	7,248
Other changes	-	261	(261)
Net changes	\$ 715,821	\$ 2,306,658	\$ (1,590,837)
Balances at June 30, 2021	\$ 11,627,886	\$ 12,739,206	\$ (1,111,320)

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 152,496	\$ (1,111,320)	\$ (2,177,949)

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

For the year ended June 30, 2022, the Component Unit School Board (nonprofessional) recognized pension expense of \$(135,515). At June 30, 2022, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,693	\$ 21,837
Changes of assumptions	252,617	-
Net difference between projected and actual earnings on pension plan investments	-	1,383,132
Employer contributions subsequent to the measurement date	97,823	-
Total	\$ 374,133	\$ 1,404,969

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

\$97,823 reported as deferred outflows of resources related to pensions resulting from the Component Unit School Board's (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability (asset) in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Component Unit School Board (nonprofessional)</u>
2023	\$ (154,935)
2024	(229,151)
2025	(321,888)
2026	(422,685)
Thereafter	-

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

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

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward retirement. Each School Division's contractually required contribution rate for the year ended June 30, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were \$3,672,227 and \$3,477,251 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 10-Pension Plans: (continued)****Component Unit School Board (professional) (continued)*****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2022, the school division reported a liability of \$19,080,917 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was 0.24579% as compared to 0.25250% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized pension expense of \$(249,622). Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,625,198
Net difference between projected and actual earnings on pension plan investments	-	12,024,283
Change of assumptions	3,342,927	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	115,534	1,854,568
Employer contributions subsequent to the measurement date	<u>3,672,227</u>	<u>-</u>
Total	<u>\$ 7,130,688</u>	<u>\$ 15,504,049</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 10-Pension Plans: (continued)****Component Unit School Board (professional) (continued)*****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

\$3,672,227 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Component Unit School Board (professional)</u>
2023	\$ (2,977,291)
2024	(2,744,466)
2025	(2,758,214)
2026	(3,567,090)
Thereafter	1,473

Actuarial Assumptions

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

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

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Note 10-Pension Plans: (continued)

Component Unit School Board (professional) (continued)

Actuarial Assumptions (Continued)

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

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

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

Note 10-Pension Plans: (continued)**Component Unit School Board (professional) (continued)*****Net Pension Liability***

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

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

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

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

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

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

	<u>(5.75%)</u>	<u>Rate (6.75%)</u>	<u>(7.75%)</u>
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 36,825,136	\$ 19,080,917	\$ 4,483,926

Note 10-Pension Plans: (continued)

Component Unit School Board (professional) (continued)

Pension Plan Fiduciary Net Position

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

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

Plan Description

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

Plan Membership

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

Total active employees with coverage	479
Total retirees with coverage	<u>12</u>
Total	<u><u>491</u></u>

Benefits Provided

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

Contributions

The School Board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2022 was \$43,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Total OPEB Liability

The Schools' total OPEB liability was measured as of July 1, 2021. The total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

Actuarial Cost Method	Entry age actuarial cost method
Salary Increases	2.50%
Healthcare Trend Rate	0.00% for fiscal year end 2021 (to reflect actual experience), then 7.00% for fiscal year end 2022, decreasing 0.25% per year to an ultimate rate of 5.00%
Discount Rate	1.92%
Retirement Age	The average age at retirement is 62

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

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

Discount Rate

The discount rate has been set equal to 1.92% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date.

Changes in Total OPEB Liability

		Component Unit School Board Total OPEB Liability
Balances at July 1, 2021	\$	3,781,000
Changes for the year:		
Service cost		175,000
Interest		97,000
Difference between expected and actual experience		(363,000)
Assumption changes		353,000
Contributions - employer		43,000
Net changes	\$	305,000
Balances at June 30, 2022	\$	4,086,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 11-Component Unit School Board Other Postemployment Benefits - Health Insurance:**
(continued)**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

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

Rate		
1% Decrease (0.92%)	Current Discount Rate (1.92%)	1% Increase (2.92%)
\$ 4,451,000	\$ 4,086,000	\$ 3,745,000

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

The following presents the Total OPEB liability of the Schools, as well as what the Schools' Total OPEB liability would be if it were calculated using healthcare cost trend rates that are one-percentage point lower (6.00%) or one-percentage point higher (8.00%) than the current healthcare cost trend rates:

Rate		
1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
\$ 3,573,000	\$ 4,086,000	\$ 4,691,000

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

For the year ended June 30, 2022, the Schools will recognize OPEB expense in the amount of \$(188,000).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,915,000
Change of assumptions	546,000	64,000
Employer contributions subsequent to the measurement date	43,000	-
Total	\$ 589,000	\$ 1,979,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 11-Component Unit School Board Other Postemployment Benefits - Health Insurance:**
(continued)**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

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

<u>Year ended June 30</u>	<u>Component Unit School Board</u>
2023	\$ (471,000)
2024	(471,000)
2025	(294,000)
2026	(197,000)
2027	-
Thereafter	-

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

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

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

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

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

Eligible Employees

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

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

Benefit Amounts

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

Contributions

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

Contributions to the GLI Program from the County were \$38,813 and \$34,669 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the GLI Program from the Component Unit-School Board (nonprofessional) were \$11,177 and \$10,918 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the GLI Program from the Component Unit-School Board (professional) were \$121,923 and \$115,182 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the County reported a liability of \$362,031 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2022, the Component Unit-School Board (nonprofessional) reported a liability of \$113,982 for its proportionate share of the Net GLI OPEB Liability.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)*****GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (continued)***

At June 30, 2022, the Component Unit-School Board (professional) reported a liability of \$1,202,808 for its proportionate share of the Net GLI OPEB Liability.

The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Plan for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2021, the County's proportion was 0.0350% as compared to 0.0374% at June 30, 2020.

At June 30, 2021, the Component Unit-School Board (nonprofessional) proportion was 0.0098% as compared to 0.0100% at June 30, 2020.

At June 30, 2021, the Component Unit-School Board (professional) proportion was 0.1033% as compared to 0.1062% at June 30, 2020.

For the year ended June 30, 2022, the County recognized GLI OPEB expense of \$(1,637). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2022, the Component-Unit School Board (nonprofessional) recognized GLI OPEB expense of \$(5,806). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2022, the Component-Unit School Board (professional) recognized GLI OPEB expense of \$24,299. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Primary Government		Component-Unit School Board (Nonprofessional)		Component-Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 41,291	\$ 2,758	\$ 13,000	\$ 868	\$ 137,185	\$ 9,165
Net difference between projected and actual earnings on GLI OPEB plan investments	-	86,409	-	27,205	-	287,085
Change in assumptions	19,958	49,534	6,284	15,595	66,311	164,570
Changes in proportion	-	66,373	-	22,708	14,664	118,552
Employer contributions subsequent to the measurement date	38,813	-	11,177	-	121,923	-
Total	\$ 100,062	\$ 205,074	\$ 30,461	\$ 66,376	\$ 340,083	\$ 579,372

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)*****GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (continued)***

\$38,813, \$11,177, and \$121,923 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's, Component-Unit School Board (Nonprofessional), and Component-Unit School Board (Professional), respectively, contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit- School Board (Nonprofessional)</u>	<u>Component Unit- School Board (Professional)</u>
2023	\$ (34,303)	\$ (16,091)	\$ (84,233)
2024	(29,300)	(11,366)	(76,445)
2025	(28,313)	(7,440)	(72,911)
2026	(40,033)	(9,986)	(103,102)
2027	(11,876)	(2,209)	(24,521)
Thereafter	-	-	-

Actuarial Assumptions

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

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

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

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

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

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

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

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

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

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

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

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

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

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

Discount Rate

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

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)***Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 528,940	\$ 362,031	\$ 227,244
Component Unit-School Board (Nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	\$ 166,532	\$ 113,982	\$ 71,546
Component Unit-School Board (Professional) proportionate share of the GLI Plan Net OPEB Liability	\$ 1,757,347	\$ 1,202,808	\$ 754,993

Group Life Insurance Plan Fiduciary Net Position

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

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

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

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

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.

Employees Covered by Benefit Terms

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

	Component Unit - School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	51
Inactive members:	
Vested inactive members	1
Total inactive members	52
Active members	90
Total covered employees	142

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Component Unit - School Board's (Nonprofessional) contractually required employer contribution rate for the year ended June 30, 2022 was 2.48% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Component Unit - School board (Nonprofessional) to the HIC Plan were \$50,938 and \$49,602 for the year ended June 30, 2022 and June 30, 2021, respectively.

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

Net HIC OPEB Liability

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

Actuarial Assumptions

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

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

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

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)***Long-Term Expected Rate of Return***

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

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

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

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

Discount Rate

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)*****Changes in Net HIC OPEB Liability - Component Unit-School Board (Nonprofessional)***

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 462,450	\$ (21,858)	\$ 484,308
Changes for the year:			
Service cost	\$ 4,170	\$ -	\$ 4,170
Interest	30,343	-	30,343
Differences between expected and actual experience	(162,760)	-	(162,760)
Assumption changes	6,551	-	6,551
Contributions - employer	-	49,602	(49,602)
Net investment income	-	62	(62)
Benefit payments	(25,838)	(25,838)	-
Administrative expenses	-	(8)	8
Net changes	\$ (147,534)	\$ 23,818	\$ (171,352)
Balances at June 30, 2021	\$ 314,916	\$ 1,960	\$ 312,956

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Component Unit School Board (Nonprofessional) Net HIC OPEB Liability	\$ 342,007	\$ 312,956	\$ 287,779

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

For the year ended June 30, 2022, the Component Unit-School Board (Nonprofessional) recognized HIC Plan OPEB expense of \$2,222. At June 30, 2022, the Component Unit-School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the Component Unit-School Board's (Nonprofessional) HIC Plan from the following sources:

	Component-Unit School Board (Non-professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,790	\$ 131,999
Net difference between projected and actual earnings on HIC OPEB plan investments	-	2,503
Change in assumptions	36,638	-
Employer contributions subsequent to the measurement date	50,938	-
Total	\$ 92,366	\$ 134,502

\$50,938 reported as deferred outflows of resources related to the HIC OPEB resulting from the Component Unit-School Board's (Nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	Component Unit- School Board (Non-professional)
2023	\$ (23,556)
2024	(30,160)
2025	(39,210)
2026	(148)
2027	-
Thereafter	-

HIC Plan Data

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

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

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.

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$273,033 and \$258,067 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the school division reported a liability of \$3,095,455 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2021 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net VRS Teacher Employee HIC Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion of the VRS Teacher Employee HIC Program was 0.2412% as compared to 0.24880% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$204,456. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportion.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 14-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)*****Teacher Employee HIC Plan OPEB Liabilities, Teacher Employee HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB: (Continued)***

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 54,015
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	40,776
Change in assumptions	83,676	12,440
Change in proportion	26,108	256,575
Employer contributions subsequent to the measurement date	<u>273,033</u>	<u>-</u>
Total	\$ <u><u>382,817</u></u>	\$ <u><u>363,806</u></u>

\$273,033 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Component Unit- School Board (Professional)</u>
2023	\$ (51,432)
2024	(51,895)
2025	(54,268)
2026	(53,416)
2027	(25,944)
Thereafter	(17,067)

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

Actuarial Assumptions

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

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

Mortality Rates - Teachers

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 14-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)****Actuarial Assumptions: (Continued)**

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

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

Net Teacher Employee HIC OPEB Liability

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 14-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)*****Long-Term Expected Rate of Return***

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

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

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

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

Discount Rate

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 14-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)*****Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 3,484,625	\$ 3,095,455	\$ 2,766,125

Teacher Employee HIC OPEB Fiduciary Net Position

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

Note 15-Summary of Pension Related Items

	Primary Government				Component Unit PSA				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans (Note 10):												
County	\$ 2,232,728	\$ 4,271,454	\$ 2,887,109	\$ 389,359	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Service Authority	-	-	-	-	123,721	347,579	165,196	(34,474)	-	-	-	-
School Board Nonprofessional	-	-	-	-	-	-	-	-	374,133	1,404,969	(1,111,320)	(135,515)
School Board Professional	-	-	-	-	-	-	-	-	7,130,688	15,504,049	19,080,917	(249,622)
Totals	\$ 2,232,728	\$ 4,271,454	\$ 2,887,109	\$ 389,359	\$ 123,721	\$ 347,579	\$ 165,196	\$ (34,474)	\$ 7,504,821	\$ 16,909,018	\$ 17,969,597	\$ (385,137)

Note 16-Summary of OPEB Related Items

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
School Stand-Alone Plan (Note 11)	\$ -	\$ -	\$ -	\$ -	\$ 589,000	\$ 1,979,000	\$ 4,086,000	\$ (188,000)
VRS OPEB Plans:								
Group Life Insurance Plan (Note 12):								
County		100,062	205,074	362,031	-	-	-	-
School Board Nonprofessional		-	-	-	30,461	66,376	113,982	(5,806)
School Board Professional		-	-	-	340,083	579,372	1,202,808	24,299
School Board (nonprofessional) Health Insurance Credit Plan (Note 13)		-	-	-	92,366	134,502	312,956	2,222
Teacher Health Insurance Credit Plan (Note 14)		-	-	-	382,817	363,806	3,095,455	204,456
Totals	\$ 100,062	\$ 205,074	\$ 362,031	\$ (1,637)	\$ 1,434,727	\$ 3,123,056	\$ 8,811,201	\$ 37,171

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

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2022 was \$61,725.

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COUNTY OF CARROLL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 18-Capital Assets:

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

Primary Government:

	Beginning Balance	GASB 87 Implementation	Increases	Decreases	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 2,906,402	\$ -	\$ 321,700	\$ -	\$ 3,228,102
Construction in progress	-	-	1,197,336	-	1,197,336
Total capital assets not being depreciated	<u>\$ 2,906,402</u>	<u>\$ -</u>	<u>\$ 1,519,036</u>	<u>\$ -</u>	<u>\$ 4,425,438</u>
Capital assets, being depreciated:					
Buildings and improvements	\$ 64,651,360	\$ -	\$ 6,505	\$ (7,243,142)	\$ 57,414,723
Machinery and equipment	12,801,050	-	1,438,814	(199,199)	14,040,665
Total capital assets being depreciated	<u>\$ 77,452,410</u>	<u>\$ -</u>	<u>\$ 1,445,319</u>	<u>\$ (7,442,341)</u>	<u>\$ 71,455,388</u>
Accumulated depreciation:					
Buildings and improvements	\$ (26,963,472)	\$ -	\$ (1,595,579)	\$ 3,442,477	\$ (25,116,574)
Machinery and equipment	(9,551,324)	-	(820,922)	192,215	(10,180,031)
Total accumulated depreciation	<u>\$ (36,514,796)</u>	<u>\$ -</u>	<u>\$ (2,416,501)</u>	<u>\$ 3,634,692</u>	<u>\$ (35,296,605)</u>
Total capital assets being depreciated, net	<u>\$ 40,937,614</u>	<u>\$ -</u>	<u>\$ (971,182)</u>	<u>\$ (3,807,649)</u>	<u>\$ 36,158,783</u>
Right-to-use lease assets, being amortized:					
Land rights	\$ -	\$ 78,024	\$ -	\$ -	\$ 78,024
Machinery and equipment	-	98,917	-	-	98,917
Total right-to-use lease assets, being amortized	<u>\$ -</u>	<u>\$ 176,941</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,941</u>
Accumulated amortization					
Land rights	\$ -	\$ -	\$ (6,237)	\$ -	\$ (6,237)
Machinery and equipment	-	-	(42,908)	-	(42,908)
Total accumulated amortization	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (49,145)</u>	<u>\$ -</u>	<u>\$ (49,145)</u>
Total right-to-use lease assets, being amortized:	<u>\$ -</u>	<u>\$ 176,941</u>	<u>\$ (49,145)</u>	<u>\$ -</u>	<u>\$ 127,796</u>
Governmental activities capital assets, net	<u>\$ 43,844,016</u>	<u>\$ 176,941</u>	<u>\$ 498,709</u>	<u>\$ (3,807,649)</u>	<u>\$ 40,712,017</u>

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

Governmental activities:

General government administration	\$ 180,147
Judicial administration	5,590
Public safety	652,612
Public works	342,620
Health and welfare	7,587
Education	1,230,951
Parks, recreation, and cultural	29,983
Community development	16,156

Total depreciation/amortization governmental activities \$ 2,465,646

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 18-Capital Assets: (Continued)**

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

Discretely Presented Component Unit:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,343,900	\$ -	\$ -	\$ 1,343,900
Construction in progress	-	3,165,659	-	3,165,659
Total capital assets not being depreciated	<u>\$ 1,343,900</u>	<u>\$ 3,165,659</u>	<u>\$ -</u>	<u>\$ 4,509,559</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 24,040,505	\$ 7,258,935	\$ -	\$ 31,299,440
Improvement other than buildings	153,754	-	-	153,754
Machinery and equipment	8,066,786	1,048,778	(124,427)	8,991,137
Total capital assets being depreciated	<u>\$ 32,261,045</u>	<u>\$ 8,307,713</u>	<u>\$ (124,427)</u>	<u>\$ 40,444,331</u>
Accumulated depreciation:				
Buildings and improvements	\$ (14,438,108)	\$ (4,247,451)	\$ -	\$ (18,685,559)
Improvement other than buildings	(52,930)	(7,708)	-	(60,638)
Machinery and equipment	(5,825,720)	(695,150)	124,427	(6,396,443)
Total accumulated depreciation	<u>\$ (20,316,758)</u>	<u>\$ (4,950,309)</u>	<u>\$ 124,427</u>	<u>\$ (25,142,640)</u>
Total capital assets being depreciated, net	<u>\$ 11,944,287</u>	<u>\$ 3,357,404</u>	<u>\$ -</u>	<u>\$ 15,301,691</u>
Governmental activities capital assets, net	<u>\$ 13,288,187</u>	<u>\$ 6,523,063</u>	<u>\$ -</u>	<u>\$ 19,811,250</u>

Note 19-Risk Management:

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

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

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

Note 21-Surety Bonds:

Primary Government:

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

Note 22-Payroll Expenses:

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

Note 23-Deferred/Unavailable Revenue:

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

	<u>Government-wide Statements</u>	<u>Balance Sheet</u>
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Unavailable/deferred revenue		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 4,980,123
Tax assessments due after June 30	16,906,297	16,906,297
Prepaid property taxes due after June 30 but paid in advance by taxpayers	<u>321,669</u>	<u>321,669</u>
Total unavailable/deferred revenue	\$ <u>17,227,966</u>	\$ <u>22,208,089</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 24-Litigation:

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

Note 25-Adoption of Accounting Principles:

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

	Governmental Activities
Lessee activity:	
Lease assets	<u>\$ 176,941</u>
Lease liabilities	<u>\$ 176,941</u>

Note 26-Subsequent Events:

ARPA Funding

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

ESF Funding

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

Note 27-Upcoming Pronouncements:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 27-Upcoming Pronouncements: (Continued)

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

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

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

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

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

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

Required Supplementary Information

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

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 22,518,340	\$ 22,748,340	\$ 23,909,213	\$ 1,160,873
Other local taxes	4,556,000	5,381,000	5,570,790	189,790
Permits, privilege fees, and regulatory licenses	102,305	102,305	184,896	82,591
Fines and forfeitures	909,084	909,084	945,041	35,957
Revenue from the use of money and property	158,000	158,000	93,259	(64,741)
Charges for services	1,792,480	1,792,480	1,669,503	(122,977)
Miscellaneous	138,450	148,805	174,352	25,547
Recovered costs	1,740,000	1,967,174	2,093,167	125,993
Intergovernmental:				
Commonwealth	8,712,524	9,594,648	8,886,231	(708,417)
Federal	6,039,788	6,072,282	6,911,162	838,880
Total revenues	\$ 46,666,971	\$ 48,874,118	\$ 50,437,614	\$ 1,563,496
EXPENDITURES				
Current:				
General government administration	\$ 2,961,887	\$ 2,748,546	\$ 2,535,825	\$ 212,721
Judicial administration	1,551,681	1,637,038	1,407,513	229,525
Public safety	10,297,944	11,856,969	10,318,301	1,538,668
Public works	2,171,990	2,220,113	2,042,257	177,856
Health and welfare	8,485,435	9,303,410	9,173,348	130,062
Education	10,579,655	10,229,655	10,108,232	121,423
Parks, recreation, and cultural	1,892,658	1,395,388	1,112,251	283,137
Community development	1,783,007	2,854,682	1,506,170	1,348,512
Nondepartmental	2,888,890	2,888,890	-	2,888,890
Debt service:				
Principal retirement	3,125,672	3,175,672	3,192,019	(16,347)
Interest and other fiscal charges	1,058,152	1,058,152	1,058,152	-
Bond issuance costs	-	-	145,298	(145,298)
Total expenditures	\$ 46,796,971	\$ 49,368,515	\$ 42,599,366	\$ 6,769,149
Excess (deficiency) of revenues over (under) expenditures				
	\$ (130,000)	\$ (494,397)	\$ 7,838,248	\$ 8,332,645
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ (4,144,623)	\$ (4,144,623)	\$ -
Debt service - principal	-	-	(5,344,894)	(5,344,894)
Proceeds from refunding bonds	-	-	5,444,000	5,444,000
Total other financing sources (uses)	\$ -	\$ (4,144,623)	\$ (4,045,517)	\$ 99,106
Net change in fund balances				
	\$ (130,000)	\$ (4,639,020)	\$ 3,792,731	\$ 8,431,751
Fund balances - beginning	130,000	4,639,020	24,514,073	19,875,053
Fund balances - ending	\$ -	\$ -	\$ 28,306,804	\$ 28,306,804

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

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

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

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

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

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

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

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2022	\$ 938,885	\$ 938,885	\$ -	\$ 7,178,189	13.08%
2021	729,439	729,439	-	6,414,137	11.37%
2020	653,879	653,879	-	6,766,101	9.66%
2019	679,392	679,392	-	6,985,410	9.73%
2018	749,414	749,414	-	6,835,376	10.96%
2017	742,577	742,577	-	6,436,392	11.54%
2016	770,617	770,617	-	6,380,074	12.08%
2015	762,325	762,325	-	6,286,487	12.13%
Component Unit Public Service Authority					
2022	\$ 45,719	\$ 45,719	\$ -	\$ 349,539	13.08%
2021	41,738	41,738	-	367,015	11.37%
2020	44,439	44,439	-	459,951	9.66%
2019	57,630	57,630	-	593,273	9.71%
2018	65,117	65,117	-	598,505	10.88%
2017	71,110	71,110	-	654,293	10.87%
2016	76,159	76,159	-	630,530	12.08%
2015	75,339	75,339	-	621,183	12.13%
Component Unit School Board (nonprofessional)					
2022	\$ 97,823	\$ 97,823	\$ -	\$ 2,053,944	4.76%
2021	105,962	105,962	-	2,000,063	5.30%
2020	114,668	114,668	-	2,051,945	5.59%
2019	113,832	113,832	-	2,014,862	5.65%
2018	150,253	150,253	-	2,039,840	7.37%
2017	160,137	160,137	-	2,093,296	7.65%
2016	241,165	241,165	-	2,483,064	9.71%
2015	239,595	239,595	-	2,463,253	9.73%
2014	259,099	259,099	-	2,469,959	10.49%
2013	261,420	261,420	-	2,492,084	10.49%
Component Unit School Board (professional)					
2022	\$ 3,672,227	\$ 3,672,227	\$ -	\$ 22,564,671	16.27%
2021	3,477,251	3,477,251	-	21,327,825	16.30%
2020	3,356,000	3,356,000	-	21,812,692	15.39%
2019	3,257,343	3,257,343	-	21,095,339	15.44%
2018	3,445,000	3,445,000	-	21,324,377	16.16%
2017	3,136,000	3,136,000	-	21,481,554	14.60%
2016	2,844,000	2,844,000	-	20,292,867	14.01%
2015	2,933,000	2,933,000	-	20,216,777	14.51%
2014	2,341,300	2,341,300	-	20,079,764	11.66%
2013	2,289,845	2,289,845	-	19,638,470	11.66%

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

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

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

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

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

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

County of Carroll, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Component Unit - School Board
For the Measurement Dates July 1, 2017 through July 1, 2021

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

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

County of Carroll, Virginia
Notes to Required Supplementary Information - Component Unit School Board OPEB
For the Year Ended June 30, 2022

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

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

Methods and assumptions used to determine OPEB liability:

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

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

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

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2022	\$ 38,813	\$ 38,813	\$ -	\$ 7,121,652	0.54%
2021	34,669	34,669	-	6,420,317	0.54%
2020	35,264	35,264	-	6,781,524	0.52%
2019	36,394	36,394	-	6,999,464	0.52%
2018	35,870	35,870	-	6,898,061	0.52%
2017	34,492	34,492	-	6,633,359	0.52%
Component Unit School Board (nonprofessional)					
2022	\$ 11,177	\$ 11,177	\$ -	\$ 2,069,816	0.54%
2021	10,918	10,918	-	2,021,808	0.54%
2020	10,683	10,683	-	2,054,395	0.52%
2019	10,485	10,485	-	2,016,295	0.52%
2018	10,663	10,663	-	2,050,489	0.52%
2017	10,990	10,990	-	2,113,450	0.52%
2016	11,942	11,942	-	2,487,819	0.48%
2015	11,830	11,830	-	2,464,516	0.48%
2014	11,868	11,868	-	2,472,414	0.48%
2013	11,962	11,962	-	2,492,084	0.48%
Component Unit School Board (professional)					
2022	\$ 121,923	\$ 121,923	\$ -	\$ 22,578,251	0.54%
2021	115,182	115,182	-	21,329,930	0.54%
2020	113,611	113,611	-	21,848,331	0.52%
2019	109,834	109,834	-	21,127,457	0.52%
2018	111,096	111,096	-	21,360,927	0.52%
2017	112,124	112,124	-	21,562,338	0.52%
2016	97,624	97,624	-	20,338,243	0.48%
2015	97,389	97,389	-	20,289,461	0.48%
2014	96,929	96,929	-	20,193,471	0.48%
2013	94,736	94,736	-	19,736,743	0.48%

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

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

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

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Carroll, Virginia
Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios
Component Unit - School Board (nonprofessional)
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2021

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

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Component Unit - School Board (nonprofessional)					
2022	\$ 50,938	\$ 50,938	\$ -	\$ 2,053,944	2.48%
2021	49,602	49,602	-	2,000,063	2.48%
2020	25,649	25,649	-	2,051,945	1.25%
2019	25,185	25,185	-	2,014,862	1.25%
2018	20,000	20,000	-	2,039,840	0.98%
2017	21,000	21,000	-	2,093,296	1.00%
2016	20,858	20,858	-	2,483,064	0.84%
2015	20,691	20,691	-	2,463,253	0.84%
2014	12,597	12,597	-	2,469,959	0.51%
2013	12,710	12,710	-	2,492,084	0.51%

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

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

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

Non-Largest Ten Locality Employers - General Employees

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

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2021	0.2412%	\$ 3,095,455	\$ 21,327,825	14.51%	13.15%
2020	0.2488%	3,245,767	21,812,692	14.88%	9.95%
2019	0.2515%	3,292,380	21,095,339	15.61%	8.97%
2018	0.2637%	3,348,000	21,324,808	15.70%	8.08%
2017	0.2722%	3,453,000	21,483,066	16.07%	7.04%

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2022	\$ 273,033	\$ 273,033	\$ -	\$ 22,564,671	1.21%
2021	258,067	258,067	-	21,327,825	1.21%
2020	261,752	261,752	-	21,812,692	1.20%
2019	253,077	253,077	-	21,095,339	1.20%
2018	262,289	262,289	-	21,324,808	1.23%
2017	238,462	238,462	-	21,483,066	1.11%
2016	215,188	215,188	-	20,300,779	1.06%
2015	214,427	214,427	-	20,228,959	1.06%
2014	222,889	222,889	-	20,080,130	1.11%
2013	217,988	217,988	-	19,638,599	1.11%

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

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

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

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

Other Supplementary Information

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

	County CIP Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Recovered costs	\$ -	\$ 171,851	\$ 171,851	\$ -
Total revenues	\$ -	\$ 171,851	\$ 171,851	\$ -
EXPENDITURES				
Capital projects	\$ -	\$ 1,441,851	\$ 936,335	\$ 505,516
Total expenditures	\$ -	\$ 1,441,851	\$ 936,335	\$ 505,516
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (1,270,000)	\$ (764,484)	\$ (505,516)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 4,144,623	\$ 4,144,623	\$ -
Total other financing sources (uses)	\$ -	\$ 4,144,623	\$ 4,144,623	\$ -
Net change in fund balances	\$ -	\$ 2,874,623	\$ 3,380,139	\$ (505,516)
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ 2,874,623	\$ 3,380,139	\$ (505,516)

FIDUCIARY FUNDS

Special Welfare - The Special Welfare fund accounts for those funds belonging to individuals entrusted to the local social services agency, such as foster care children.

Performance Bond Escrow - The Performance Bond Escrow fund accounts for those funds belonging to an outstanding performance bond.

County FSA - The County Flexible Spending Arrangement fund accounts for those funds belonging to the employees of the County participating in the Flexible Spending Plan.

School Board FSA - The School Board Flexible Spending Arrangement fund accounts for those funds belonging to the employees of the School participating in the Flexible Spending Plan.

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

	Custodial Funds				<u>Total</u>
	<u>Special Welfare Fund</u>	<u>Performance Bond Escrow</u>	<u>School Board FSA</u>	<u>County FSA</u>	
ASSETS					
Cash and cash equivalents	\$ 54,051	\$ 57,443	\$ 35,811	\$ 4,791	\$ 152,096
Total assets	<u>\$ 54,051</u>	<u>\$ 57,443</u>	<u>\$ 35,811</u>	<u>\$ 4,791</u>	<u>\$ 152,096</u>
NET POSITION					
Restricted:					
Amounts held for social services clients	\$ 54,051	\$ -	\$ -	\$ -	\$ 54,051
Amounts held for performance bonds	-	57,443	-	-	57,443
Amounts held for School Board employees	-	-	35,811	-	35,811
Amounts held for County employees	-	-	-	4,791	4,791
Total net position	<u>\$ 54,051</u>	<u>\$ 57,443</u>	<u>\$ 35,811</u>	<u>\$ 4,791</u>	<u>\$ 152,096</u>

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

	Custodial Funds				
	Special Welfare Fund	Performance Bond Escrow	School Board FSA	County FSA	Total
ADDITIONS					
Interest income	\$ -	\$ -	\$ 3	\$ -	\$ 3
Special welfare collections	115,877	-	-	-	115,877
Performance bond payment	-	12,500	-	-	12,500
Employee FSA contributions	-	-	55,711	16,126	71,837
Total additions	\$ 115,877	\$ 12,500	\$ 55,714	\$ 16,126	\$ 200,217
DEDUCTIONS					
Special welfare payments	\$ 101,286	\$ -	\$ -	\$ -	\$ 101,286
Performance bond withdrawal	-	25,235	-	-	25,235
Loss on investments	-	-	-	120	120
FSA distributions	-	-	50,098	11,806	61,904
Total deductions	\$ 101,286	\$ 25,235.00	\$ 50,098	\$ 11,926	\$ 188,545
Net increase (decrease) in fiduciary net position	\$ 14,591	\$ (12,735)	\$ 5,616	\$ 4,200	\$ 11,672
Net position, beginning of year	39,460	70,178	30,195	591	140,424
Net position, end of year	\$ 54,051	\$ 57,443	\$ 35,811	\$ 4,791	\$ 152,096

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

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

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

	School Operating Fund	School Activity Fund	Total School Funds
ASSETS			
Cash and cash equivalents	\$ 2,535,931	\$ -	\$ 2,535,931
Cash held at schools	-	783,866	783,866
Receivables (net of allowance)			
Accounts receivable	242,141	-	242,141
Due from other governmental units	1,500,252	-	1,500,252
Prepaid items	445,984	10,277	456,261
Restricted assets:			
Cash and cash equivalents	1,763,262	-	1,763,262
Total assets	<u>\$ 6,487,570</u>	<u>\$ 794,143</u>	<u>\$ 7,281,713</u>
LIABILITIES			
Accounts payable	\$ 565,174	\$ -	\$ 565,174
Accrued liabilities	2,024,802	-	2,024,802
Retainage payable	77,114	-	77,114
Due to primary government	1,794,700	-	1,794,700
Unearned revenue	-	2,000	2,000
Total liabilities	<u>\$ 4,461,790</u>	<u>\$ 2,000</u>	<u>\$ 4,463,790</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	\$ 445,984	\$ 10,277	\$ 456,261
Restricted:			
Cafeteria operations	1,763,262	-	1,763,262
School activity fund	-	781,866	781,866
Committed:			
Textbook purchases	262,518	-	262,518
Unassigned:	(445,984)	-	(445,984)
Total fund balances	<u>\$ 2,025,780</u>	<u>\$ 792,143</u>	<u>\$ 2,817,923</u>
Total liabilities and fund balances	<u>\$ 6,487,570</u>	<u>\$ 794,143</u>	<u>\$ 7,281,713</u>

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

Total fund balances per above \$ 2,817,923

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

Land	\$ 1,343,900	
Buildings and improvements	12,613,881	
Improvement other than buildings	93,116	
Machinery and equipment	2,594,694	
Construction in progress	<u>3,165,659</u>	19,811,250

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

Net pension asset 1,111,320

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

Pension related items	\$ 7,504,821	
OPEB related items	<u>1,434,727</u>	8,939,548

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

Net OPEB liabilities	\$ (8,811,201)	
Compensated absences	(1,024,331)	
Net pension liability	<u>(19,080,917)</u>	(28,916,449)

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

Pension related items	\$(16,909,018)	
OPEB related items	<u>(3,123,056)</u>	(20,032,074)

Net position of governmental activities \$ (16,268,482)

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

	School Operating Fund	School Activity Fund*	Total School Funds
REVENUES			
Revenue from the use of money and property	\$ 37,569	\$ -	\$ 37,569
Charges for services	1,320,143	1,251,332	2,571,475
Miscellaneous	67,848	-	67,848
Recovered costs	803,115	-	803,115
Intergovernmental:			
Local government	10,051,767	-	10,051,767
Commonwealth	29,527,254	-	29,527,254
Federal	10,716,442	-	10,716,442
Total revenues	<u>\$ 52,524,138</u>	<u>\$ 1,251,332</u>	<u>\$ 53,775,470</u>
EXPENDITURES			
Current:			
Education	\$ 51,869,120	\$ 1,315,500	\$ 53,184,620
Total expenditures	<u>\$ 51,869,120</u>	<u>\$ 1,315,500</u>	<u>\$ 53,184,620</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 655,018</u>	<u>\$ (64,168)</u>	<u>\$ 590,850</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 50,739	\$ 120,559	\$ 171,298
Transfers out	(120,559)	(50,739)	(171,298)
Total other financing sources (uses)	<u>\$ (69,820)</u>	<u>\$ 69,820</u>	<u>\$ -</u>
Net change in fund balances	\$ 585,198	\$ 5,652	\$ 590,850
Fund balances - beginning	1,440,582	786,491	2,227,073
Fund balances - ending	<u>\$ 2,025,780</u>	<u>\$ 792,143</u>	<u>\$ 2,817,923</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:			
Net change in fund balances - total governmental funds - per above			\$ 590,850
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.			
Capital asset additions		\$ 4,393,351	
Depreciation expense		(1,383,405)	
Reversion of capital assets back to School Board		<u>3,800,665</u>	6,810,611
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.			
Loss on disposal of asset			(287,548)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
State non-employer contribution to the pension plan			150,778
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.			
Change in compensated absences		\$ 50,093	
Change in pension related items		4,150,961	
Change in OPEB related items		<u>431,632</u>	4,632,686
Change in net position of governmental activities			<u>\$ 11,897,377</u>

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

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

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 32,000	\$ 32,000	\$ 37,569	\$ 5,569
Charges for services	707,700	707,700	1,320,143	612,443
Miscellaneous	181,000	181,000	67,848	(113,152)
Recovered costs	513,654	513,654	803,115	289,461
Intergovernmental:				
Local government	10,540,000	10,540,000	10,051,767	(488,233)
Commonwealth	28,833,140	29,109,904	29,527,254	417,350
Federal	9,124,171	17,457,310	10,716,442	(6,740,868)
Total revenues	\$ 49,931,665	\$ 58,541,568	\$ 52,524,138	\$ (6,017,430)
EXPENDITURES				
Current:				
Education	\$ 49,931,665	\$ 58,541,568	\$ 51,869,120	\$ 6,672,448
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 655,018	\$ 655,018
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 50,739	\$ 50,739
Transfers out	-	-	(120,559)	(120,559)
Total other financing sources (uses)	\$ -	\$ -	\$ (69,820)	\$ (69,820)
Net change in fund balances	\$ -	\$ -	\$ 585,198	\$ 585,198
Fund balances - beginning	-	-	1,440,582	1,440,582
Fund balances - ending	\$ -	\$ -	\$ 2,025,780	\$ 2,025,780

Supporting Schedules

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

Schedule 1
Page 1 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 14,394,546	\$ 14,394,546	\$ 15,282,297	\$ 887,751
Real and personal public service corporation taxes	982,594	982,594	863,207	(119,387)
Personal property taxes	5,390,000	5,390,000	5,626,990	236,990
Mobile home taxes	75,000	75,000	72,166	(2,834)
Machinery and tools taxes	950,200	950,200	1,113,540	163,340
Merchant's capital taxes	226,000	226,000	207,342	(18,658)
Penalties	150,000	280,000	294,362	14,362
Interest	350,000	450,000	449,309	(691)
Total general property taxes	<u>\$ 22,518,340</u>	<u>\$ 22,748,340</u>	<u>\$ 23,909,213</u>	<u>\$ 1,160,873</u>
Other local taxes:				
Local sales and use taxes	\$ 1,900,000	\$ 2,725,000	\$ 2,716,384	\$ (8,616)
Consumers' utility taxes- electric	680,000	680,000	695,863	15,863
Consumers' utility taxes- telephone	47,000	47,000	28,991	(18,009)
Consumption taxes	95,000	95,000	101,847	6,847
Recordation taxes	160,000	160,000	266,185	106,185
Motor vehicle licenses	852,000	852,000	669,201	(182,799)
Bank stock taxes	12,000	12,000	21,854	9,854
Hotel and motel room taxes	290,000	290,000	438,186	148,186
Restaurant food taxes	520,000	520,000	632,279	112,279
Total other local taxes	<u>\$ 4,556,000</u>	<u>\$ 5,381,000</u>	<u>\$ 5,570,790</u>	<u>\$ 189,790</u>
Permits, privilege fees, and regulatory licenses:				
Building permits	\$ 85,305	\$ 85,305	\$ 137,749	\$ 52,444
Animal licenses	10,000	10,000	9,225	(775)
Other permits and licenses	7,000	7,000	37,922	30,922
Total permits, privilege fees, and regulatory licenses	<u>\$ 102,305</u>	<u>\$ 102,305</u>	<u>\$ 184,896</u>	<u>\$ 82,591</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 909,084	\$ 909,084	\$ 945,041	\$ 35,957
Total fines and forfeitures	<u>\$ 909,084</u>	<u>\$ 909,084</u>	<u>\$ 945,041</u>	<u>\$ 35,957</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 142,000	\$ 142,000	\$ 67,287	\$ (74,713)
Revenue from use of property	16,000	16,000	25,972	9,972
Total revenue from use of money and property	<u>\$ 158,000</u>	<u>\$ 158,000</u>	<u>\$ 93,259</u>	<u>\$ (64,741)</u>
Charges for services:				
Charges for EMS	\$ 1,160,375	\$ 1,160,375	\$ 1,166,040	\$ 5,665
Charges for farmer's market	300,000	300,000	173,034	(126,966)
Charges for courthouse security	217,000	217,000	237,379	20,379
Charges for parks and recreation	33,600	33,600	14,190	(19,410)
Charges for sanitation and waste removal	1,500	1,500	162	(1,338)
Charges for courthouse maintenance	40,000	40,000	23,693	(16,307)
Charges for cannery	17,010	17,010	10,813	(6,197)
Charges for circuit court copies	7,000	7,000	8,158	1,158
Charges for commonwealth's attorney	5,000	5,000	4,778	(222)
Charges for law enforcement and traffic control	10,095	10,095	26,450	16,355
Charges for law library	-	-	4,762	4,762
Other charges for services	900	900	44	(856)
Total charges for services	<u>\$ 1,792,480</u>	<u>\$ 1,792,480</u>	<u>\$ 1,669,503</u>	<u>\$ (122,977)</u>

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 138,450	\$ 148,805	\$ 174,352	\$ 25,547
Total miscellaneous revenue	\$ 138,450	\$ 148,805	\$ 174,352	\$ 25,547
Recovered costs:				
Solid Waste Authority	\$ 556,000	\$ 556,000	\$ 584,931	\$ 28,931
BRECEDA	22,300	147,050	158,020	10,970
Public Service Authority	600,000	600,000	589,972	(10,028)
Industrial Development Authority	-	-	15,201	15,201
City of Galax-shared expenses	265,000	265,000	265,000	-
Social services	134,000	136,300	223,336	87,036
School resource officer	65,000	65,000	91,471	26,471
Other recovered costs	97,700	197,824	165,236	(32,588)
Total recovered costs	\$ 1,740,000	\$ 1,967,174	\$ 2,093,167	\$ 125,993
Total revenue from local sources	\$ 31,914,659	\$ 33,207,188	\$ 34,640,221	\$ 1,433,033
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	\$ 20,000	\$ 20,000	\$ 125,801	\$ 105,801
Motor vehicle rental taxes	-	-	8,342	8,342
Telecommunications taxes	788,792	788,792	722,782	(66,010)
Rolling stock taxes	-	-	982	982
State recordation taxes	46,739	46,739	84,895	38,156
Personal property tax relief funds	1,000,000	1,000,000	1,051,552	51,552
Games of skill	-	-	5,328	5,328
Total noncategorical aid	\$ 1,855,531	\$ 1,855,531	\$ 1,999,682	\$ 144,151
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 547,397	\$ 547,397	\$ 493,092	\$ (54,305)
Sheriff	1,533,908	1,617,875	1,511,807	(106,068)
Commissioner of revenue	139,646	139,646	165,907	26,261
Treasurer	131,996	131,996	131,376	(620)
Registrar/electoral board	41,000	41,000	71,981	30,981
Clerk of the Circuit Court	368,917	368,917	362,387	(6,530)
Total shared expenses	\$ 2,762,864	\$ 2,846,831	\$ 2,736,550	\$ (110,281)
Other categorical aid:				
Public assistance and welfare administration	\$ 1,920,391	\$ 2,678,963	\$ 2,091,418	\$ (587,545)
Comprehensive Services Act	1,891,738	1,891,738	1,861,016	(30,722)
Animal friendly plates	-	405	432	27
Fire program	99,000	105,762	110,743	4,981
Litter control grant	10,000	12,948	12,948	-
Emergency and medical services grant	29,000	29,000	30,509	1,509
Records preservation grant	-	29,470	-	(29,470)
School Resource Officer	50,000	50,000	-	(50,000)
Victim witness	94,000	94,000	27,382	(66,618)
Asset forfeiture	-	-	15,551	15,551
Total other categorical aid	\$ 4,094,129	\$ 4,892,286	\$ 4,149,999	\$ (742,287)
Total categorical aid	\$ 6,856,993	\$ 7,739,117	\$ 6,886,549	\$ (852,568)
Total revenue from the Commonwealth	\$ 8,712,524	\$ 9,594,648	\$ 8,886,231	\$ (708,417)

County of Carroll, Virginia
Schedule of Revenues - Budget and Actual
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 22,000	\$ 22,000	\$ 33,071	\$ 11,071
Categorical aid:				
Public assistance and welfare administration	\$ 2,773,898	\$ 2,773,898	\$ 3,100,695	\$ 326,797
QSCB interest	320,000	320,000	636,525	316,525
Victim witness	-	-	64,539	64,539
Emergency management preparedness grants	-	-	7,500	7,500
Federal justice assistance grants	-	1,204	-	(1,204)
High intensity drug trafficking grant	35,000	35,000	34,675	(325)
Coronavirus relief funds	-	-	25,623	25,623
Coronavirus state and local fiscal recovery funds	2,888,890	2,920,180	3,008,534	88,354
Total categorical aid	\$ 6,017,788	\$ 6,050,282	\$ 6,878,091	\$ 827,809
Total revenue from the federal government	\$ 6,039,788	\$ 6,072,282	\$ 6,911,162	\$ 838,880
Total General Fund	\$ 46,666,971	\$ 48,874,118	\$ 50,437,614	\$ 1,563,496
CIP Fund:				
Revenue from local sources:				
Recovered costs:				
Other recovered costs	\$ -	\$ 171,851	\$ 171,851	\$ -
Total recovered costs	\$ -	\$ 171,851	\$ 171,851	\$ -
Total revenue from local sources	\$ -	\$ 171,851	\$ 171,851	\$ -
Total CIP Fund	\$ -	\$ 171,851	\$ 171,851	\$ -
Total Primary Government	\$ 46,666,971	\$ 49,045,969	\$ 50,609,465	\$ 1,563,496
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 32,000	\$ 32,000	\$ 37,569	\$ 5,569
Total revenue from use of money and property	\$ 32,000	\$ 32,000	\$ 37,569	\$ 5,569
Charges for services:				
Tuition from summer school				
Fees from pupils	\$ 12,000	\$ 12,000	\$ 35,770	\$ 23,770
Tuition from other localities	4,000	4,000	5,784	1,784
Cafeteria sales	-	-	228,047	228,047
Transportation of pupils	7,500	7,500	6,616	(884)
Other payments from other localities	684,200	684,200	1,043,926	359,726
Total charges for services	\$ 707,700	\$ 707,700	\$ 1,320,143	\$ 612,443
Miscellaneous:				
E-rate	\$ 142,000	\$ 142,000	\$ 35,840	\$ (106,160)
Other miscellaneous	39,000	39,000	32,008	(6,992)
Total miscellaneous	\$ 181,000	\$ 181,000	\$ 67,848	\$ (113,152)
Recovered costs:				
Insurance recoveries and rebates	\$ 513,654	\$ 513,654	\$ 803,115	\$ 289,461
Total recovered costs	\$ 513,654	\$ 513,654	\$ 803,115	\$ 289,461
Total revenue from local sources	\$ 1,434,354	\$ 1,434,354	\$ 2,228,675	\$ 794,321

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Carroll, Virginia	\$ 10,540,000	\$ 10,540,000	\$ 10,051,767	\$ (488,233)
Total revenues from local governments	\$ 10,540,000	\$ 10,540,000	\$ 10,051,767	\$ (488,233)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 4,582,063	\$ 4,582,063	\$ 5,680,192	\$ 1,098,129
Basic school aid	12,446,860	12,446,860	11,928,730	(518,130)
Remedial summer education	43,470	43,470	245,011	201,541
Regular foster care	39,086	39,086	13,043	(26,043)
Gifted and talented	127,133	127,133	127,863	730
Remedial education	539,716	539,716	542,813	3,097
Alternative education	193,165	193,165	252,684	59,519
Special education	1,544,788	1,544,788	1,553,651	8,863
Enrollment loss	515,898	515,898	-	(515,898)
Textbook payment	257,793	257,793	205,515	(52,278)
Vocational standards of quality payments	513,330	513,330	516,275	2,945
Vocational education - equipment	28,092	28,092	11,085	(17,007)
Social security fringe benefits	786,787	786,787	791,301	4,514
Retirement fringe benefits	1,832,637	1,832,637	1,843,151	10,514
Group life insurance instructional	55,171	55,171	55,488	317
State lottery payments	969,779	969,779	1,034,206	64,427
Homebound education	20,268	20,268	3,162	(17,106)
School nutrition	48,894	48,894	65,891	16,997
Special education - foster children	-	-	12,399	12,399
Special education - regional	155,708	155,708	143,127	(12,581)
Compensation supplement	854,509	854,509	859,811	5,302
At risk payments	1,357,057	1,357,057	1,365,073	8,016
Early reading intervention	123,731	123,731	203,641	79,910
Standards of Learning algebra readiness	72,911	72,911	72,884	(27)
Primary class size	564,530	564,530	576,987	12,457
Breakfast after the Bell Initiative	-	-	11,123	11,123
Mentor teacher program	1,126	1,126	1,155	29
ISAP	16,772	16,772	16,465	(307)
Jobs for VA grads	50,000	50,000	60,000	10,000
CTE industry credentials	20,400	20,400	37,042	16,642
JROTC	336,000	336,000	336,000	-
English as a second language	122,795	122,795	132,161	9,366
Project graduation	6,506	6,506	8,130	1,624
Grow your own teacher	-	-	7,500	7,500
No loss funding	-	-	2,728	2,728
Virginia preschool initiative	566,165	566,165	710,481	144,316
Other state funds	40,000	316,764	100,486	(216,278)
Total categorical aid	\$ 28,833,140	\$ 29,109,904	\$ 29,527,254	\$ 417,350
Total revenue from the Commonwealth	\$ 28,833,140	\$ 29,109,904	\$ 29,527,254	\$ 417,350
Revenue from the federal government:				
Categorical aid:				
Forest reserve	\$ 6,890	\$ 6,890	\$ 9,837	\$ 2,947
Title I	1,139,205	1,139,205	940,636	(198,569)
Title VI-B, flow-through	1,030,766	1,030,766	1,096,167	65,401
Title VI-B, preschool	28,545	28,545	32,619	4,074
Title VI-B, rural and low income	-	-	29,143	29,143
Vocational education	84,754	84,754	70,002	(14,752)

County of Carroll, Virginia
Schedule of Revenues - Budget and Actual
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid: (Continued)				
Teacher quality	\$ 162,774	\$ 162,774	\$ 157,963	\$ (4,811)
SNP equipment	-	-	8,986	8,986
Migrant education	46,094	46,094	83,190	37,096
School breakfast program	467,856	467,856	839,263	371,407
National school lunch program	1,262,251	1,262,251	2,290,460	1,028,209
Summer feeding program	-	-	56,743	56,743
Title III	13,288	13,288	16,341	3,053
Title IV, Part A	81,150	81,150	84,203	3,053
ESSER	4,800,598	13,133,737	3,974,036	(9,159,701)
Other federal funds	-	-	1,026,853	1,026,853
Total categorical aid	\$ 9,124,171	\$ 17,457,310	\$ 10,716,442	\$ (6,740,868)
Total revenue from the federal government	\$ 9,124,171	\$ 17,457,310	\$ 10,716,442	\$ (6,740,868)
Total School Operating Fund	\$ 49,931,665	\$ 58,541,568	\$ 52,524,138	\$ (6,017,430)

County of Carroll, Virginia
Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 338,328	\$ 428,340	\$ 414,701	\$ 13,639
General and financial administration:				
County administrator	\$ 370,371	\$ 377,165	\$ 358,473	\$ 18,692
County attorney	75,000	75,000	80,433	(5,433)
Commissioner of revenue	422,094	422,094	420,363	1,731
Treasurer	469,300	483,086	424,944	58,142
Finance	286,099	286,099	276,770	9,329
Management information systems	279,032	331,611	312,977	18,634
Mapping	34,860	34,860	7,764	27,096
Total general and financial administration	\$ 1,938,991	\$ 2,012,150	\$ 1,884,160	\$ 127,990
Board of elections:				
Electoral board and officials	\$ 519,020	\$ 142,508	\$ 76,960	\$ 65,548
Registrar	165,548	165,548	160,004	5,544
Total board of elections	\$ 684,568	\$ 308,056	\$ 236,964	\$ 71,092
Total general government administration	\$ 2,961,887	\$ 2,748,546	\$ 2,535,825	\$ 212,721
Judicial administration:				
Courts:				
Circuit court	\$ 69,478	\$ 69,478	\$ 63,301	\$ 6,177
General district court	15,865	15,865	15,588	277
Juvenile court	9,500	9,500	7,881	1,619
Special magistrates	3,365	3,365	2,636	729
Victim witness	98,319	98,319	91,761	6,558
Clerk of the circuit court	581,115	628,585	536,669	91,916
Law library	1,000	1,000	231	769
Town E-Summons	-	37,640	14,566	23,074
Total courts	\$ 778,642	\$ 863,752	\$ 732,633	\$ 131,119
Commonwealth's attorney:				
Commonwealth's attorney	\$ 773,039	\$ 773,286	\$ 674,880	\$ 98,406
Total judicial administration	\$ 1,551,681	\$ 1,637,038	\$ 1,407,513	\$ 229,525
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,508,349	\$ 2,716,106	\$ 2,690,679	\$ 25,427
Courtroom Security	365,030	355,030	332,927	22,103
Total law enforcement and traffic control	\$ 2,873,379	\$ 3,071,136	\$ 3,023,606	\$ 47,530
Fire and rescue services:				
Volunteer fire departments	\$ 536,053	\$ 1,814,242	\$ 1,745,476	\$ 68,766
Rescue squads	378,695	391,386	304,387	86,999
Carroll EMS	1,931,259	1,936,529	1,682,251	254,278
Total fire and rescue services	\$ 2,846,007	\$ 4,142,157	\$ 3,732,114	\$ 410,043
Correction and detention:				
Payments to New River Regional Jail	\$ 2,500,000	\$ 2,500,000	\$ 1,714,101	\$ 785,899
Juvenile probation and detention	241,775	241,775	53,784	187,991
Total correction and detention	\$ 2,741,775	\$ 2,741,775	\$ 1,767,885	\$ 973,890

County of Carroll, Virginia
Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 164,725	\$ 164,725	\$ 162,062	\$ 2,663
Other protection:				
Animal warden	\$ 123,463	\$ 123,868	\$ 121,187	\$ 2,681
Emergency services	237,016	287,106	200,277	86,829
E-911	410,597	410,597	410,597	-
Day reporting program	37,792	37,792	19,617	18,175
Highway safety	863,190	852,190	853,188	(998)
Coronavirus relief	-	25,623	27,768	(2,145)
Total other protection	\$ 1,672,058	\$ 1,737,176	\$ 1,632,634	\$ 104,542
Total public safety	\$ 10,297,944	\$ 11,856,969	\$ 10,318,301	\$ 1,538,668
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 552,322	\$ 552,322	\$ 535,001	\$ 17,321
Public Service Authority	592,057	592,057	585,828	6,229
Litter control	10,000	12,948	14,711	(1,763)
Coronavirus relief - distributions to Public Service Authority	-	31,290	31,290	-
Total sanitation and waste removal	\$ 1,154,379	\$ 1,188,617	\$ 1,166,830	\$ 21,787
Maintenance of general buildings and grounds:				
Governmental complex	\$ 376,442	\$ 390,327	\$ 315,789	\$ 74,538
Cannery	28,489	28,489	10,544	17,945
Maintenance force	495,180	495,180	402,556	92,624
Maintenance of other properties	117,500	117,500	146,538	(29,038)
Total maintenance of general buildings and grounds	\$ 1,017,611	\$ 1,031,496	\$ 875,427	\$ 156,069
Total public works	\$ 2,171,990	\$ 2,220,113	\$ 2,042,257	\$ 177,856
Health and welfare:				
Health:				
Supplement of local health department	\$ 190,402	\$ 249,805	\$ 252,366	\$ (2,561)
Mental health and mental retardation:				
Community services board	\$ 130,500	\$ 130,500	\$ 130,500	\$ -
Welfare:				
Public assistance and welfare administration	\$ 8,104,817	\$ 8,863,389	\$ 8,735,766	\$ 127,623
Senior citizens center	59,716	59,716	54,716	5,000
Total welfare	\$ 8,164,533	\$ 8,923,105	\$ 8,790,482	\$ 132,623
Total health and welfare	\$ 8,485,435	\$ 9,303,410	\$ 9,173,348	\$ 130,062
Education:				
Other instructional costs:				
Contributions to Community College	\$ 39,655	\$ 39,655	\$ 39,655	\$ -
Contribution to County School Board	10,450,000	10,100,000	10,051,767	48,233
School Board utilities	-	-	16,810	(16,810)
Purchase of school buses	90,000	90,000	-	90,000
Total education	\$ 10,579,655	\$ 10,229,655	\$ 10,108,232	\$ 121,423
Parks, recreation, and cultural:				
Parks and recreation:				
Recreational	\$ 383,933	\$ 386,663	\$ 269,085	\$ 117,578

County of Carroll, Virginia
Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Parks, recreation, and cultural: (Continued)				
Parks and recreation: (Continued)				
Farmer's Market	\$ 1,075,008	\$ 575,008	\$ 428,486	\$ 146,522
County Fair	118,000	118,000	99,340	18,660
Total parks and recreation	<u>\$ 1,576,941</u>	<u>\$ 1,079,671</u>	<u>\$ 796,911</u>	<u>\$ 282,760</u>
Library:				
Contribution to Carroll-Galax Regional Library	\$ 315,717	\$ 315,717	\$ 315,340	\$ 377
Total parks, recreation, and cultural	<u>\$ 1,892,658</u>	<u>\$ 1,395,388</u>	<u>\$ 1,112,251</u>	<u>\$ 283,137</u>
Community development:				
Planning and community development:				
Planning commission	\$ 140,055	\$ 140,055	\$ 127,829	\$ 12,226
Economic development	384,996	1,419,621	224,391	1,195,230
Business development	273,186	290,236	284,920	5,316
Tourism	94,241	139,241	77,543	61,698
Contribution to Carroll Industrial Development Authority	225,000	200,000	132,052	67,948
Contribution to Public Service Authority	525,000	525,000	525,000	-
Contribution to Twin County Airport	62,960	62,960	62,960	-
Total planning and community development	<u>\$ 1,705,438</u>	<u>\$ 2,777,113</u>	<u>\$ 1,434,695</u>	<u>\$ 1,342,418</u>
Environmental management:				
Contribution to soil and water district	\$ 7,000	\$ 7,000	\$ 4,500	\$ 2,500
Cooperative extension program:				
Extension office	\$ 70,569	\$ 70,569	\$ 66,975	\$ 3,594
Total community development	<u>\$ 1,783,007</u>	<u>\$ 2,854,682</u>	<u>\$ 1,506,170</u>	<u>\$ 1,348,512</u>
Nondepartmental:				
Contingencies	\$ 2,888,890	\$ 2,888,890	\$ -	\$ 2,888,890
Total nondepartmental	<u>\$ 2,888,890</u>	<u>\$ 2,888,890</u>	<u>\$ -</u>	<u>\$ 2,888,890</u>
Debt service:				
Principal retirement	\$ 3,125,672	\$ 3,175,672	\$ 3,192,019	\$ (16,347)
Interest and other fiscal charges	1,058,152	1,058,152	1,058,152	-
Bond issuance costs	-	-	145,298	(145,298)
Total debt service	<u>\$ 4,183,824</u>	<u>\$ 4,233,824</u>	<u>\$ 4,395,469</u>	<u>\$ (161,645)</u>
Total General Fund	<u>\$ 46,796,971</u>	<u>\$ 49,368,515</u>	<u>\$ 42,599,366</u>	<u>\$ 6,769,149</u>
CIP Fund:				
Capital projects:				
Capital projects	\$ -	\$ 1,441,851	\$ 936,335	\$ 505,516
Total capital projects	<u>\$ -</u>	<u>\$ 1,441,851</u>	<u>\$ 936,335</u>	<u>\$ 505,516</u>
Total CIP Fund	<u>\$ -</u>	<u>\$ 1,441,851</u>	<u>\$ 936,335</u>	<u>\$ 505,516</u>
Total Primary Government	<u>\$ 46,796,971</u>	<u>\$ 50,810,366</u>	<u>\$ 43,535,701</u>	<u>\$ 7,274,665</u>

County of Carroll, Virginia
Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Administration of schools:				
Administration, attendance and health	\$ 2,117,585	\$ 2,117,585	\$ 1,829,075	\$ 288,510
Instruction costs:				
Instruction	\$ 34,226,279	\$ 36,121,968	\$ 36,591,781	\$ (469,813)
Operating costs:				
Pupil transportation	\$ 3,177,489	\$ 3,646,704	\$ 2,496,164	\$ 1,150,540
Operation and maintenance of school plant	8,384,160	14,629,159	8,345,549	6,283,610
Food services and other non-instructional costs	1,776,152	1,776,152	2,084,399	(308,247)
Facilities	250,000	250,000	522,152	(272,152)
Total operating costs	\$ 13,587,801	\$ 20,302,015	\$ 13,448,264	\$ 6,853,751
Total School Operating Fund	\$ 49,931,665	\$ 58,541,568	\$ 51,869,120	\$ 6,672,448

Other Statistical Section

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (1)	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Gas		Total
										Utilities		
2021-22	\$ 3,162,821	\$ 1,209,495	\$ 8,463,381	\$ 1,079,424	\$ 8,784,225	\$ 15,139,848	\$ 496,485	\$ 1,312,249	\$ 1,178,791	\$ -	\$	40,826,719
2020-21	2,289,316	1,257,756	10,940,758	1,512,193	8,729,925	20,579,644	872,394	1,494,809	1,153,658			48,830,453
2019-20	2,567,477	1,213,555	9,789,497	1,147,056	8,804,195	12,511,100	1,138,528	1,521,365	1,239,444	-	-	39,932,217
2018-19	2,280,229	1,247,142	9,493,344	1,407,677	7,880,057	12,845,681	1,577,633	1,442,217	1,350,968	-	-	39,524,948
2017-18	2,580,579	1,034,603	9,850,165	1,428,594	6,823,675	13,540,065	1,350,707	1,507,984	1,427,439	-	-	39,543,811
2016-17	2,567,121	1,005,935	9,090,573	1,485,311	6,039,186	13,443,189	1,399,180	1,574,700	1,535,786	-	-	38,140,981
2015-16	2,620,043	977,670	9,096,396	1,319,668	5,860,929	13,265,166	852,516	1,794,103	1,653,289	109,257	109,257	37,549,037
2014-15	2,160,757	910,625	8,251,074	1,391,661	5,415,823	13,291,086	811,369	1,293,877	1,160,247	386,978	386,978	35,073,497
2013-14	2,314,221	968,302	8,397,574	1,616,367	5,074,792	13,954,909	1,178,753	2,568,641	1,008,885	343,869	343,869	37,426,313
2012-13	2,646,748	860,938	7,608,448	2,423,430	5,029,724	12,055,049	1,198,123	2,977,741	941,166	29,931	29,931	35,771,298

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

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Revenue from Use of Property and Money	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Gain on Disposal of Capital Asset	Total
2021-22	\$ 2,825,412	\$ 13,764,640	\$ -	\$ -	\$ 24,140,685	\$ 5,570,790	\$ 67,287	\$ 671,553	\$ 2,032,753	\$ -	\$ 49,073,120
2020-21	2,784,063	15,447,925	101,699	23,942,518	5,212,645	58,709	119,632	2,031,397	2,031,397	-	49,698,588
2019-20 (1)	2,986,997	10,192,681	-	29,919,818	4,685,781	70,665	248,064	2,062,200	2,062,200	-	50,166,206
2018-19	3,965,558	9,534,242	100,000	21,504,558	4,446,707	67,896	226,016	2,101,245	2,101,245	-	41,946,222
2017-18	3,874,439	8,693,825	-	21,549,755	4,394,821	70,791	142,990	2,165,247	2,165,247	-	40,891,868
2016-17	3,503,001	7,738,471	-	20,955,919	4,298,627	114,861	320,193	2,173,636	2,173,636	-	39,104,708
2015-16	2,682,745	7,663,546	500,400	20,002,849	4,240,575	73,852	228,482	2,188,053	2,188,053	-	37,580,502
2014-15	3,239,583	6,644,265	25,000	18,833,801	4,028,765	73,235	348,630	2,218,368	2,218,368	-	35,411,647
2013-14	2,912,339	6,478,610	-	19,208,363	3,972,989	28,290	313,093	2,239,412	2,239,412	46,389	35,199,485
2012-13	2,611,738	6,075,406	179,133	19,131,036	3,818,144	33,984	374,007	2,229,764	2,229,764	-	34,453,212

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

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Capital Projects (3)	Debt Service	Total
2021-22	\$ 2,535,825	\$ 1,407,513	\$ 10,318,301	\$ 2,042,257	\$ 9,173,348	\$ 53,241,085	\$ 1,112,251	\$ 1,506,170	-	\$ -	\$ 4,250,171	\$ 85,586,921
2020-21	2,610,084	1,337,577	11,654,184	2,215,374	8,816,470	46,484,806	822,553	1,664,321	-	-	4,813,706	80,419,075
2019-20	2,518,046	1,322,176	9,465,079	2,092,736	8,993,001	45,496,305	1,107,413	1,623,921	-	-	5,026,716	77,645,393
2018-19	2,399,059	1,293,347	10,200,017	2,451,249	8,143,696	45,064,392	1,298,381	1,593,613	-	-	5,141,130	77,584,884
2017-18	2,594,994	1,308,469	9,630,563	2,479,152	6,978,821	44,565,865	1,363,454	1,609,205	-	-	10,315,508	80,846,031
2016-17	2,899,621	1,261,171	8,890,135	2,499,126	6,143,152	43,766,570	1,384,100	1,716,409	-	-	5,290,451	73,850,735
2015-16	2,775,409	1,246,123	9,145,079	2,534,232	6,053,026	43,035,846	1,183,511	1,939,046	-	222,000	5,663,430	73,797,702
2014-15	2,769,189	1,268,976	8,204,703	2,637,210	5,544,042	41,956,209	1,103,510	2,221,814	-	-	4,082,215	69,787,868
2013-14	2,354,836	1,231,350	7,662,543	2,625,281	5,350,134	41,837,633	1,151,267	6,323,395	-	926,859	3,907,166	73,370,464
2012-13	2,650,138	1,111,525	6,997,334	2,509,702	5,416,386	42,945,068	1,186,656	2,912,853	-	863,859	3,108,737	69,702,258

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

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

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

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2021-22	\$ 23,909,213	\$ 5,570,790	\$ 184,896	\$ 945,041	\$ 130,828	\$ 4,240,978	\$ 242,200	\$ 2,896,282	\$ 56,041,089	\$ 94,161,317
2020-21	24,236,738	5,212,645	183,270	892,657	86,069	2,397,784	271,487	2,705,475	52,006,226	87,992,351
2019-20 (3)	28,997,823	4,685,781	133,625	849,360	109,913	3,123,489	407,435	2,470,093	45,446,334	86,223,853
2018-19	21,411,096	4,446,707	99,809	1,444,000	110,166	3,561,524	378,723	3,171,495	43,272,568	77,896,088
2017-18	21,534,993	4,394,821	100,714	1,461,067	109,982	2,993,777	286,173	3,256,496	41,249,671	75,387,694
2016-17	20,527,734	4,298,627	102,721	1,218,703	151,005	2,922,834	794,857	3,121,436	39,891,611	73,029,528
2015-16	19,809,119	4,240,575	130,250	1,009,917	106,225	2,093,922	373,656	3,464,564	39,462,068	70,690,296
2014-15	19,020,352	4,028,765	101,352	1,376,217	106,735	2,180,195	550,751	4,246,706	37,448,874	69,059,947
2013-14	19,017,610	3,972,989	116,399	1,103,263	63,640	2,360,739	577,957	6,678,982	36,249,264	70,140,843
2012-13	18,964,978	3,818,144	107,630	1,005,568	66,221	2,430,205	501,277	2,887,919	38,529,299	68,311,241

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

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

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

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2021-22	\$ 24,706,912	\$ 23,077,405	93.40%	\$ 1,132,197	\$ 24,209,602	97.99%	\$ 6,187,261	25.04%
2020-21	24,489,550	23,018,221	93.99%	1,439,482	24,457,703	99.87%	6,233,800	25.45%
2019-20 (3)	30,377,311	27,891,896	91.82%	1,522,449	29,414,345	96.83%	5,759,293	18.96%
2018-19	22,244,137	20,846,566	93.72%	1,030,236	21,876,802	98.35%	5,366,792	24.13%
2017-18	21,830,013	20,577,677	94.26%	1,366,803	21,944,480	100.52%	5,165,172	23.66%
2016-17	21,738,710	19,919,233	91.63%	1,172,082	21,091,315	97.02%	5,490,004	25.25%
2015-16	20,961,120	19,500,727	93.03%	918,697	20,419,424	97.42%	5,321,466	25.39%
2014-15	20,252,227	18,746,563	92.57%	941,768	19,688,331	97.22%	4,721,641	23.31%
2013-14	20,053,028	18,498,334	92.25%	1,183,665	19,681,999	98.15%	4,700,070	23.44%
2012-13	19,886,065	18,480,517	92.93%	1,133,380	19,613,897	98.63%	4,249,835	21.37%

(1) Exclusive of penalties and interest.

(2) Does not include land redemption.

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

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools (3)	Merchant's Capital (3)	Farm Equipment (4)	Public Service Corporations (2)	Total
2021-22	\$ 2,395,388,314	\$ 327,009,750	\$ 55,607,740	\$ 30,998,375	\$ -	\$ 143,109,248	2,952,113,427
2020-21	2,273,499,481	303,857,365	56,020,095	33,601,985	-	137,843,332	2,804,822,258
2019-20 (5)	3,241,667,267	297,040,170	55,356,480	33,517,105	-	137,102,552	3,764,683,574
2018-19	2,151,278,637	286,290,823	49,228,375	33,695,852	-	134,970,964	2,655,464,651
2017-18	2,144,702,296	269,900,405	51,231,145	31,299,875	-	129,718,424	2,626,852,145
2016-17	2,177,124,027	269,848,776	53,794,835	29,157,025	-	125,696,739	2,655,621,402
2015-16	2,171,983,967	260,253,329	52,156,600	29,892,051	-	118,794,393	2,633,080,340
2014-15	2,160,547,151	256,700,342	50,745,280	9,065,040	18,120,000	111,939,519	2,607,117,332
2013-14	2,144,065,417	247,561,253	50,667,085	8,741,339	17,702,676	107,848,891	2,576,586,661
2012-13	2,434,652,756	248,219,837	55,680,165	9,089,115	17,921,290	103,112,644	2,868,675,807

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

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

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

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

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

Table 7

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

Fiscal Year	Real Estate	Personal Property (5)	Machinery and Tools (2)	Merchant's Capital (4)	Farm Equipment (3)
2021-22	\$ 0.640	\$ 2.30	\$ 2.00	\$ 0.69	\$ -
2020-21	0.640	2.30	2.00	0.69	-
2019-20	0.730	1.95	1.75	0.69	-
2018-19	0.695	1.95	1.75	0.69	-
2017-18	0.695	1.95	1.75	0.69	-
2016-17	0.660	1.95	1.75	0.69	-
2015-16	0.660	1.95	1.75	0.69	-
2014-15	0.680	1.60	1.30	2.30	0.80
2013-14	0.680	1.60	1.30	2.30	0.80
2012-13	0.595	1.60	1.30	2.30	0.80

(1) Per \$100 of assessed value.

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

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

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

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

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2021-22	29,155	\$ 2,952,113	\$ 12,759,846	\$ 12,759,846	0.43%	438
2020-21	29,155	2,804,822	10,044,097	10,044,097	0.36%	345
2019-20	30,042	3,764,684	13,269,007	13,269,007	0.35%	442
2018-19	30,042	2,655,465	16,646,646	16,646,646	0.63%	554
2017-18	30,042	2,626,852	20,027,084	20,027,084	0.76%	667
2016-17	30,042	2,655,621	23,410,114	23,410,114	0.88%	779
2015-16	30,042	2,633,080	26,810,748	26,810,748	1.02%	892
2014-15	30,042	2,607,117	30,499,900	30,499,900	1.17%	1,015
2013-14	30,042	2,576,587	32,691,483	32,691,483	1.27%	1,088
2012-13	30,042	2,868,676	34,885,916	34,885,916	1.22%	1,161

(1) Bureau of the Census.

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

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

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2021-22	\$ 3,192,019	\$ 1,058,152	\$ 4,250,171	\$ 85,586,921	4.97%
2020-21	3,612,154	1,201,552	4,813,706	80,419,075	5.99%
2019-20	3,732,460	1,294,256	5,026,716	77,645,393	6.47%
2018-19	3,716,577	1,424,553	5,141,130	77,584,884	6.63%
2017-18 (2)	3,656,248	1,534,260	5,190,508	80,846,031	6.42%
2016-17	3,648,030	1,642,421	5,290,451	73,850,735	7.16%
2015-16	3,915,936	1,747,494	5,663,430	73,797,702	7.67%
2014-15	2,987,109	1,095,106	4,082,215	69,787,868	5.85%
2013-14	2,779,993	1,127,173	3,907,166	73,370,464	5.33%
2012-13	2,187,124	921,613	3,108,737	69,702,258	4.46%

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

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

Compliance

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

**To the Members of the Board of Supervisors
County of Carroll, Virginia
Hillsville, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Carroll, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County of Carroll, Virginia's basic financial statements, and have issued our report thereon dated December 26, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Robinson, Fawcett, & Associates

Blacksburg, Virginia
December 26, 2022



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

**To the Members of the Board of Supervisors
County of Carroll, Virginia
Hillsville, Virginia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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, Fawcett, & Associates

Blacksburg, Virginia
December 26, 2022

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	
Department of Health and Human Services:				
Pass Through Payments:				
Virginia Department of Social Services:				
Guardianship Assistance	93.090	1110121, 1110122	\$	291
Title IV-E Prevention Program	93.472	1140122		3,800
		095120, 095121,		
MaryLee Allen Promoting Safe and Stable Families Program	93.556	095221, 0960121		37,122
Temporary Assistance for Needy Families	93.558	0400121, 0400122		298,534
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500122		1,401
Low-Income Home Energy Assistance	93.568	0600421, 0600422		53,025
Child Care and Development Fund Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760121, 0760122		64,909
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121		706
Foster Care - Title IV-E	93.658	1100121, 1100122		609,991
Adoption Assistance	93.659	1120121, 1120122		798,399
Social Services Block Grant	93.667	1000121, 1000122		372,684
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150120, 9150121		9,754
Elder Abuse Prevention Interventions Program	93.747	8000221		10,112
Children's Health Insurance Program	93.767	0540121, 0540122		2,794
Medicaid Cluster:				
Medical Assistance Program	93.778	1200121, 1200122		290,561
Total Department of Health and Human Services			\$	2,554,083
Department of Homeland Security:				
Pass Through Payments:				
Virginia Department of Emergency Management:				
Emergency Management Performance Grants	97.042	EMP-2020-EP-00005	\$	7,500
Environmental Protection Agency				
Direct Award:				
Diesel Emission Reduction Act National Grants	66.039	Not applicable	\$	140,000
Federal Communications Commission				
Direct Award:				
Emergency Connectivity Fund Program	32.009	Not available	\$	883,790
Department of Agriculture:				
Pass Through Payments:				
Virginia Department of Education:				
Child and Adult Care Food Program	10.558	70027, 70028	\$	3,740
Child Nutrition Cluster:				
Virginia Department of Agriculture and Consumer Services:				
Food Distribution (Note 3)	10.555	Not available	\$	180,567
Virginia Department of Education:				
National School Lunch Program	10.555	40254, 41108	2,106,152	2,286,719
School Breakfast Program	10.553	40253, 41110		839,264
Summer Food Service Program for Children	10.559	60302, 60303	\$	54,928
Virginia Department of Agriculture and Consumer Services:				
Food Distribution (Note 3)	10.559	Not available	1,815	56,743
Virginia Department of Education:				
Child Nutrition Discretionary Grants Limited Availability	10.579	86804		8,986
COVID-19 Pandemic EBT Administrative Costs	10.649	86556		3,063
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to States	10.665	43841		9,837
Department of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040121, 0040122		546,612
Total Department of Agriculture			\$	3,754,964
Department of Justice:				
Pass Through Payments:				
Virginia Department of Criminal Justice:				
Crime Victim Assistance	16.575	CJS86018	\$	64,539
Executive Office of the President:				
Pass Through Payments:				
Financial Commission for Appalachia HIDTA:				
High Intensity Drug Trafficking Areas Program	95.001	Not available	\$	34,675
Department of Education:				
Pass Through Payments:				
Virginia Department of Education:				
Title I: Grants to Local Educational Agencies	84.010	42901	\$	940,636
Migrant Education - State Grant Program	84.011	42910		77,627
Special Education Cluster:				
Special Education - Grants to States	84.027	40287	\$	1,096,167
Special Education - Preschool Grants	84.173	40286, 40287, 62521	32,619	1,128,786
Career and Technical Education: Basic Grants to States	84.048	60031		70,002
Rural Education	84.358	43481		29,143
English Language Acquisition State Grants	84.365	60512		16,341
Migrant Education - Coordination Program	84.144	61399		5,563
Student Support and Academic Enrichment Program	84.424	60019		84,203
Supporting Effective Instruction State Grant	84.367	61480		157,963
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	50195, 60041, 60042	\$	2,819,667
COVID-19 Governor's Emergency Education Relief Fund	84.425C	70037, 70038	29,852	
COVID-19 ARP Elementary and Secondary School Emergency Relief Fund	84.425U	50193	1,124,517	\$
Total Department of Education			\$	6,484,300

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Treasury:			
Pass Through Payments:			
Virginia Department of Accounts:			
COVID-19 - Coronavirus Relief Fund	21.019	SLT0022	\$ 25,623
Virginia Compensation Board:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds - Compensation Board	21.027	varies	83,967
Virginia Department of Housing and Community Development:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds - Utility Relief	21.027	varies	31,290
Direct Payments:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	varies	<u>\$ 2,893,277</u>
			<u>3,008,534</u>
Total Department of Treasury			\$ 3,034,157
Total Expenditures of Federal Awards			<u>\$ 16,958,008</u>

Notes to Schedule of Expenditures of Federal Awards

Note 1 -- Basis of Presentation

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

Note 2 -- Summary of Significant Accounting Policies

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

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

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

Note 4 -- Subrecipients

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

Note 4 -- Loans and Loan Guarantees:

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

Note 5 -- Relationship to the Financial Statements:

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

Intergovernmental federal revenues per the basic financial statements:

General Fund	\$ 6,911,162
Less: QSCB subsidy	(636,525)
Less: Payment in lieu of taxes	(33,071)

Total Component Unit School Board	<u>\$ 10,716,442</u>
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Total expenditures of federal awards per the basic financial statements	<u>\$ 16,958,008</u>
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County of Carroll, Virginia

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

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major programs:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds
32.009	Emergency Connectivity Fund Program
84.425	Education Stabilization Fund
93.659	Adoption Assistance

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

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

County of Carroll, Virginia

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

Section I - Summary of Auditors' Results

2021-001

Condition: The County issued hazard payments related to COVID-19 through accounts payable.

Recommendation: The County should implement controls to prevent employee wages from being paid through Accounts Payable to ensure applicable payroll taxes are withheld and paid. Further, the County should take actions to remedy the underpayment of payroll taxes.

Current Status The finding noted above was resolved in fiscal year 2022.