

COUNTY OF HIGHLAND, VIRGINIA



FINANCIAL REPORT

YEAR ENDED JUNE 30, 2024

COUNTY OF HIGHLAND, VIRGINIA
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2024

County of Highland, Virginia

Board of Supervisors

Henry Budzinski, Chairman
Harry Sponaugle, Vice-Chairman
Paul Tribble, Member

County School Board

Kenny Hodges, Chairman
Jason Wilfong, Vice-Chair
Sherry Sullenberger, Member

Welfare Board Members

Matthew Blagg, Chairman
Martha Leech, Vice-Chair
Harry Sponaugle, Member

Other Officials

Clerk of the Circuit Court.....	Judy Hupman
Commissioner of the Revenue.....	Yvonne E. Wimer
Commonwealth's Attorney	Megan Yelen
Sheriff.....	Robert W. Kelly
Treasurer	Christy J. Harper
County Attorney	Melissa Ann Dowd
Building Official/Inspector	Joshua Simmons
Cooperative Extension Agent	Kari Sponaugle
Emergency Services Director	Harley Gardner
Fire Chief	Elmer Waybright
Health Director	Dr. Allison L. Baroco
Chairman of Economic Development Authority	George Hogshead
Planning Commission Chairman.....	Casey Thaler
Recycling Coordinator.....	Richard Waybright
Registrar	Abby C. Wimer
Senior Citizen Coordinator.....	Harmony Leonard
Social Services Director	Emily Malcom
Zoning Administrator	Joshua Simmons
County Administrator	Jerri Botkin
Superintendent of Schools	Dr. Drew Maerz

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis.....	4-9
	<u>Exhibit</u> <u>Page</u>
Basic Financial Statements:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position.....	1 10
Statement of Activities	2 11-12
<i>Fund Financial Statements:</i>	
Balance Sheet—Governmental Funds	3 13
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4 14
Statement of Revenues, Expenditures, and Changes in Fund Balances— Governmental Funds	5 15-16
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	6 17
Statement of Net Position—Proprietary Funds.....	7 18
Statement of Revenues, Expenses, and Changes in Net Position— Proprietary Funds	8 19
Statement of Cash Flows—Proprietary Funds	9 20
Statement of Fiduciary Net Position—Fiduciary Fund.....	10 21
Statement of Changes in Fiduciary Net Position—Fiduciary Fund.....	11 22
Notes to Financial Statements	23-80
Required Supplementary Information:	
<i>Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:</i>	
General Fund.....	12 81
Special Revenue Fund—EMS Fund.....	13 82
Special Revenue Fund—Virginia Public Assistance Fund	14 83
Special Revenue Fund—E-911 Fund	15 84
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Primary Government – Pension Plans	16 85-86
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Component Unit School Board (nonprofessional) – Pension Plans	17 87-88

Table of Contents (Continued)

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information: (Continued)		
Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan - Pension Plans.....	18	89
Schedule of Employer Contributions – Pension Plans.....	19	90
Notes to Required Supplementary Information – Pension Plans.....	20	91
Schedule of County's Share of Net OPEB Liability – Group Life Insurance (GLI) Plan	21	92
Schedule of School Board's Share of Net OPEB Liability – Group Life Insurance (GLI) Plan	22	93
Schedule of Employer Contributions – Group Life Insurance (GLI) Plan	23	94
Notes to Required Supplementary Information – Group Life Insurance (GLI) Plan	24	95
Schedule of School Board's Share of Net OPEB Liability – Teacher Employee Health Insurance Credit (HIC) Plan	25	96
Schedule of Employer Contributions – Teacher Employee Health Insurance Credit (HIC) Plan	26	97
Notes to Required Supplementary Information – Teacher Employee Health Insurance Credit (HIC) Plan	27	98
Schedule of Changes in the School Board's Net OPEB Liability and Related Ratios – Health Insurance Credit (HIC) Plan	28	99
Schedule of Employer Contributions – Health Insurance Credit (HIC) Plan	29	100
Notes to Required Supplementary Information – Health Insurance Credit (HIC) Plan	30	101
Other Supplementary Information:		
Combining and Individual Fund Financial Statements and Schedules:		
<i>Major Capital Projects Fund:</i>		
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual.....	31	102
<i>Nonmajor Governmental Funds:</i>		
Combining Balance Sheet	32	103
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	33	104
<i>Nonmajor Special Revenue Funds:</i>		
Combining Balance Sheet	34	105
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	35	106
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	36	107

Table of Contents (Continued)

	<u>Exhibit</u>	<u>Page</u>
Other Supplementary Information: (Continued)		
<i>Nonmajor Capital Projects Funds:</i>		
Combining Balance Sheet	37	108
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	38	109
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	39	110
<i>Discretely Presented Component Unit-School Board:</i>		
Combining Balance Sheet	40	111
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	41	112
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	42	113-114
<i>Discretely Presented Component Unit- Economic Development Authority:</i>		
Statement of Net Position	43	115
Statement of Revenues, Expenses, and Changes in Net Position	44	116
Statement of Cash Flows	45	117
	<u>Schedule</u>	<u>Page</u>
<i>Supporting Schedules:</i>		
Schedule of Revenues—Budget and Actual—Governmental Funds	1	118-122
Schedule of Expenditures—Budget and Actual—Governmental Funds	2	123-126
	<u>Table</u>	<u>Page</u>
Statistical Information:		
Net Position by Component	1	127-128
Changes in Net Position	2	129-132
Governmental Activities Tax Revenues by Source	3	133
Fund Balances of Governmental Funds	4	134-135
Changes in Fund Balances of Governmental Funds	5	136-137
General Governmental Tax Revenues by Source	6	138
Assessed Value and Estimated Actual Value of Taxable Property	7	139-140
Property Tax Rates	8	141
Principal Property Taxpayers	9	142
Property Tax Levies and Collections	10	143

Table of Contents (Continued)

	<u>Table</u>	<u>Page</u>
Statistical Information: (Continued)		
Ratios of Outstanding Debt by Type	11	144
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita ...	12	145
Pledged-Revenue Coverage.....	13	146
Demographic and Economic Statistics	14	147
Full-time Equivalent County Government Employees by Function	15	148
Capital Assets Statistics by Function	16	149
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 <i>Government Auditing Standards</i>		150-151
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....		152-154
Schedule of Expenditures of Federal Awards		155-157
Schedule of Findings and Questioned Costs		158-159



INDEPENDENT AUDITORS' REPORT

**TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS
COUNTY OF HIGHLAND, VIRGINIA**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Highland, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Highland, Virginia, as of and for the year ended June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County of Highland, 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 1 to the financial statements, in 2024, the County adopted new accounting guidance, GASB Statement No. 100, *Accounting Changes and Error Corrections*. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Highland, 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 judgement 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County of Highland, 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 judgement, there are conditions or events, considered in the aggregate that raise substantial doubt about the County of Highland, 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 management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Highland, 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. This 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 statistical information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2024, on our consideration of the County of Highland, 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 Highland, 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 Highland, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Assoc.

Staunton, Virginia
December 26, 2024

Management's Discussion and Analysis

The following is a narrative overview and analysis of the financial activities of the County of Highland, Virginia for the fiscal year ended June 30, 2024.

Financial Highlights

Government-wide Financial Statements

The assets and deferred outflows of resources of the County of Highland, Virginia exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$10,964,685 (net position). Of this amount, \$7,360,721 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. The School Board's net position was \$1,788,776 of which (\$2,712,661) is unrestricted. (See Exhibit 1.)

The Government's net position increased by \$431,449, while the School Board's net position increased by 708,986. (See Exhibit 2.)

Fund Financial Statements

At the end of the current fiscal year, the unassigned fund balance for the general fund was 5,548,336, or 99.8 percent of the total general fund expenditures. (See Exhibit 3.) This amount includes taxes and accounts receivable reflected in the fiscal year 2024 budget as well as funds allocated to the School Board (fund balance re-appropriated) and County Capital Improvement Projects for fiscal year 2024.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$7,531,464, a decrease of \$89,217 in comparison with the prior year. (See Exhibit 5.)

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. These statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Local government accounting and financial reporting originally focused on funds, which were designed to enhance and demonstrate fiscal accountability. Now to be accompanied by government-wide financial statements, the objective of operational accountability will also be met. These objectives will provide financial statement users with both justifications from the government that public monies have been used to comply with public decisions and as to whether operating objectives have been met efficiently and effectively and can continue to be met in the future.

Government-wide Financial Statements

Government-wide financial statements provide financial statement users with a general overview of County finances. The statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. All current year revenue and expenses are taken into account regardless of when cash is received or paid. Both the financial overview and accrual accounting factors are used in the reporting of a private-sector business. Two financial statements are used to present this information: 1) the statement of net position and 2) the statement of activities.

The statement of net position presents all of the County's permanent accounts, or assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources is reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Other non-financial factors will also need to be considered to determine the overall financial position of the County.

The statement of activities presents information showing how the government's net position changed during the fiscal year. The statement is focused on the gross and net cost of various government functions, which are supported by general tax and other revenue. The statement of activities presents expenses before revenues, emphasizing that in government, revenues are generated for the express purpose of providing services rather than as an end in themselves.

Both government-wide financial statements separate governmental activities and business-type activities of the County. Governmental activities are principally supported by taxes and intergovernmental revenues. They include general government administration; judicial administration; public safety; public works; health and welfare; parks, recreation and cultural; and community development. Business-type activities recover all or a significant portion of their costs through user fees and charges. The County currently reports the McDowell Water System, Highland County Refuse Disposal and Recreation Commission as business-type activities.

The government-wide financial statements include, in addition to the primary government or County, three component units: 1) the Highland County School Board; 2) the McDowell Water System; and 3) the Highland County Economic Development Authority. Although the component units are legally separate entities, the County is accountable or financially accountable for them. A primary government is accountable for an organization if the primary government appoints a majority of the organization's governing body. A primary government is financially accountable if, in addition, either the government is able to impose its will on the organization or the organization is capable of imposing specific financial burdens on the primary government. For example, the primary government may approve debt issuances, rate structures and/or provide significant funding for operations of the component unit.

Fund Financial Statements

The fund financial statements will be more familiar to past financial statement users. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions, or services, reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, a reconciliation between the two methods is provided on the exhibits following the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances.

Proprietary funds

There are two types of proprietary funds: enterprise funds which are established to account for the delivery of goods and services to the general public and internal service funds which account for the delivery of goods and services to other departments or agencies of the government. Proprietary funds use accrual basis accounting, similar to private sector business.

The McDowell Water System is a blended component unit of the County of Highland. This Fund and the Highland County Refuse Disposal Fund, a major fund of the County, meet proprietary fund classification criteria. The water system and refuse disposal financial statements are shown as enterprise funds in the County's fund financial statements. The water system provides a centralized source for the provision of water services to residents of the Village of McDowell and the refuse disposal provides a centralized source for the provision of refuse disposal for County residents and landowners.

The Highland County Recreation Commission is also a component unit of the County of Highland. The Recreation Commission provides for recreation activities of the County.

The Highland County Economic Development Authority is also a component unit of the County of Highland. The Economic Development Authority (EDA) provides economic development incentives and other assistance to private businesses. EDAs are separate political subdivisions of the Commonwealth and may own property, lease property, sell property, make grants, accept gifts, and have other powers but do not have taxing power.

Internal service funds

The County of Highland has no internal service funds.

Fiduciary funds

Fiduciary funds account for assets held by the government as a trustee or agent for another organization or individual. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide financial statements because the funds are not available to support the County's own activities. A separate statement of fiduciary net position and combining statements are provided in the report.

Notes to the financial statements

The notes provide additional information that is needed to fully understand the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As previously noted, net position may serve as a useful indicator of a government's financial position. For the County of Highland, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,964,685 at the end of the fiscal year.

The County's net position is divided into three categories: 1) net investment in capital assets, 2) restricted, and 3) unrestricted.

County of Highland's Net Position

	Governmental activities		Business-type activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 10,285,159	\$ 9,991,274	\$ 435,304	\$ 652,189	\$ 10,720,463	\$ 10,643,463
Capital assets	2,182,116	1,756,301	1,022,578	854,060	3,204,694	2,610,361
Total	\$ 12,467,275	\$ 11,747,575	\$ 1,457,882	\$ 1,506,249	\$ 13,925,157	\$ 13,253,824
Deferred Outflows of Resources	\$ 312,344	\$ 261,498	\$ 7,475	\$ 9,406	\$ 319,819	\$ 270,904
Long-term liabilities	\$ 499,829	\$ 380,820	\$ 113,492	\$ 119,406	\$ 613,321	\$ 500,226
Other liabilities	302,043	257,707	2,479	24,381	304,522	282,088
Total	\$ 801,872	\$ 638,527	\$ 115,971	\$ 143,787	\$ 917,843	\$ 782,314
Deferred Inflows of Resources	\$ 2,353,665	\$ 2,192,432	\$ 8,783	\$ 16,746	\$ 2,362,448	\$ 2,209,178
Net investment in capital assets	\$ 2,182,116	\$ 1,756,301	\$ 925,464	\$ 547,697	\$ 3,107,580	\$ 2,303,998
Restricted	484,540	573,546	11,844	12,639	496,384	586,185
Unrestricted	6,957,426	6,848,267	403,295	794,786	7,360,721	7,643,053
Total net position	\$ 9,624,082	\$ 9,178,114	\$ 1,340,603	\$ 1,355,122	\$ 10,964,685	\$ 10,533,236

For the County, investment in capital assets (i.e., land, buildings, machinery, and equipment), net of related debt used to acquire those assets that is still outstanding, represents 28.34 percent of total net position. The County uses these capital assets to provide services to citizens; therefore, the assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Additionally, \$496,384, or 4.53 percent of the County's net position is restricted in its usage by external sources.

The remaining balance of unrestricted net position, which is \$7,360,721 or 67.13 percent of total net position, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the fiscal year, the County is able to report a positive balance in both categories of net position.

During the current fiscal year, the government's total net position increased by \$431,449.

Governmental Activities

Governmental activities increased the County's net position by \$445,968.

County of Highland's Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 42,801	\$ 44,279	\$ 507,262	\$ 435,944	\$ 550,063	\$ 480,223
Operating grants and contributions	2,139,722	3,587,595	14,598	14,024	2,154,320	3,601,619
Capital grants and contributions	306,560	47,704	-	-		47,704
General revenues:						
General property taxes	4,812,492	4,413,656	-	-	4,812,492	4,413,656
Other local taxes	450,945	438,905	-	-	450,945	438,905
Use of money and property	270,059	203,138	622	279	270,681	203,417
Other	95,901	66,288	-	-	95,901	66,288
Grants and contributions not restricted to specific programs	396,003	387,387	-	-	396,003	387,387
Total Revenues	<u>\$ 8,514,483</u>	<u>\$ 9,188,952</u>	<u>\$ 522,482</u>	<u>\$ 450,247</u>	<u>\$ 9,036,965</u>	<u>\$ 9,639,199</u>
Expenses:						
General government	\$ 1,740,470	\$ 1,340,827	\$ -	\$ -	\$ 1,740,470	\$ 1,340,827
Judicial administration	406,655	338,202	-	-	406,655	338,202
Public safety	1,843,479	1,387,986	-	-	1,843,479	1,387,986
Public works	23,132	19,740	-	-	23,132	19,740
Health and welfare	838,313	756,991	-	-	838,313	756,991
Education	2,772,587	3,106,509	-	-	2,772,587	3,106,509
Parks, recreational, and cultural	92,726	96,304	-	-	92,726	96,304
Community development	333,653	601,949	-	-	333,653	601,949
Recreation Commission	-	-	71,778	62,431	71,778	62,431
Refuse Disposal	-	-	428,305	381,039	428,305	381,039
McDowell Water System	-	-	54,418	53,572	54,418	53,572
Total	<u>\$ 8,051,015</u>	<u>\$ 7,648,508</u>	<u>\$ 554,501</u>	<u>\$ 497,042</u>	<u>\$ 8,605,516</u>	<u>\$ 8,145,550</u>
Increase in net position before transfers	<u>\$ 463,468</u>	<u>\$ 1,540,444</u>	<u>\$ (32,019)</u>	<u>\$ (46,795)</u>	<u>\$ 431,449</u>	<u>\$ 1,493,649</u>
Transfers	<u>\$ (17,500)</u>	<u>\$ (17,500)</u>	<u>\$ 17,500</u>	<u>\$ 17,500</u>	<u>\$ -</u>	<u>\$ -</u>
Increase/decrease in net position	<u>\$ 445,968</u>	<u>\$ 1,522,944</u>	<u>\$ (14,519)</u>	<u>\$ (29,295)</u>	<u>\$ 431,449</u>	<u>\$ 1,493,649</u>
Net position, beginning	<u>9,178,114</u>	<u>7,655,170</u>	<u>1,355,122</u>	<u>1,384,417</u>	<u>10,533,236</u>	<u>9,039,587</u>
Net position, ending	<u>\$ 9,624,082</u>	<u>\$ 9,178,114</u>	<u>\$ 1,340,603</u>	<u>\$ 1,355,122</u>	<u>\$ 10,964,685</u>	<u>\$ 10,533,236</u>

Financial Analysis of the Government's Funds

As earlier mentioned, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of financial resources. Such information is useful in assessing the County's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$7,531,464.

The general fund is the chief operating fund of the County. As of June 30, 2024, the total fund balance of the general fund was \$6,779,755, of which \$5,548,336 was unassigned. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 99.8 percent and total fund balance represents 121.9 percent of total general fund expenditures, which includes contributions to the School Board component unit of \$1,650,931.

The fund balance of the County's general fund increased by \$1,170,792 during the current fiscal year.

Proprietary funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the McDowell Water System, Highland County Refuse Disposal and Highland County Recreation Commission at the end of the year were \$403,295. Other factors concerning the finances of these funds were discussed in the County's business-type activities section of this letter.

General Fund Budgetary Highlights

Differences between the original budgeted appropriations and the final amended budget appropriations were a \$1,722,043 increase, which is 27 percent of the total original budget. Differences between the original budgeted revenues and the final amended budget revenues were \$24,400, which is 0.4 percent of the total original budget.

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets as of June 30, 2024 is 3,204,694 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, and machinery and equipment.

**County of Highland, Virginia Capital Assets for Governmental Activities
(net of depreciation)**

Additional information on the County's capital assets can be found in the notes to the financial statements.

	Governmental activities		Business-type activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 247,365	\$ 247,365	\$ 3,816	\$ 3,816	\$ 251,181	\$ 251,181
Construction in progress	165,475	-	-	-	165,475	165,475
Buildings and improvements	888,413	934,455	-	-	888,413	934,455
Machinery and equipment	880,863	574,481	-	-	880,863	574,481
Utility plant and equipment	-	-	1,018,762	648,004	1,018,762	648,004
Furniture and equipment	-	-	-	4,184	-	4,185
Total	<u>\$ 2,182,116</u>	<u>\$ 1,756,301</u>	<u>\$ 1,022,578</u>	<u>\$ 656,004</u>	<u>\$ 3,204,694</u>	<u>\$ 2,577,781</u>

Long-term debt

At the end of the fiscal year the County had the following outstanding debt:

	Governmental activities		Business-type activities		Total	
	2024	2023	2024	2023	2024	2023
Landfill closure/ post-closure liability	\$ 68,421	\$ 66,235	\$ -	\$ -	\$ 68,421	\$ 66,235
Revenue bonds	-	-	97,114	104,492	97,114	104,492
Net pension liability	90,971	-	2,310	-	93,281	-
Net OPEB liabilities	85,147	96,358	2,163	3,582	87,310	99,940
Compensated absences	255,290	218,227	11,905	11,332	267,195	229,559
Total	<u>\$ 499,829</u>	<u>\$ 380,820</u>	<u>\$ 113,492</u>	<u>\$ 119,406</u>	<u>\$ 613,321</u>	<u>\$ 500,226</u>

Legislation enacted in fiscal year ended June 30, 2002 requires that debt historically reported by the School Board be assumed by the Primary Government. The legislation affects the reporting of local school capital assets as well.

Additional information on the County's long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County is currently 2.3 percent, which is a increase from the rate of 2.0 percent a year ago. This compares favorably to the state's average unemployment rate of 2.9 percent and the national average rate of 4.2percent.
- Earnings on investments, in general, continue to remain low.
- It is expected that funding from the Commonwealth of Virginia will be further decreased for constitutional officers, ABC profits, and wine taxes, care of prisoners, library aid and education.

All of these factors were considered in preparing the County's budget for the 2024 fiscal year.

During fiscal year 2024, unassigned fund balance in the general fund increased \$1,069,132. Appropriations for County funds lapse at fiscal year end, with the exception of the Capital Projects Fund.

Requests for Information

This financial report is designed to provide readers with a general overview of the County of Highland's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Highland County Board of Supervisors, P. O. Box 130, Monterey, Virginia 24465.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2024

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
ASSETS					
Cash and cash equivalents	\$ 6,839,186	\$ 376,692	\$ 7,215,878	\$ 358,160	\$ 75,752
Receivables (net of allowance for uncollectibles):					
Taxes receivable	2,499,967	-	2,499,967	-	-
Accounts receivable	66,663	58,612	125,275	-	-
Interest receivable	100	-	100	-	-
Lease receivable	4,455	-	4,455	-	-
Due from primary government	-	-	-	12,638	-
Notes receivable	207,000	-	207,000	-	-
Due from component unit	226,496	-	226,496	-	-
Due from other governmental units	401,919	-	401,919	265,040	-
Inventories	-	-	-	8,188	-
Prepaid items	39,373	-	39,373	75,740	-
Capital assets (net of accumulated depreciation):					
Land	247,365	3,816	251,181	13,035	-
Buildings and improvements	888,413	-	888,413	3,768,724	-
Machinery and equipment	880,863	-	880,863	566,634	-
Utility plant and equipment	-	1,018,762	1,018,762	-	-
Construction in progress	165,475	-	165,475	-	-
Total assets	<u>\$ 12,467,275</u>	<u>\$ 1,457,882</u>	<u>\$ 13,925,157</u>	<u>\$ 5,068,159</u>	<u>\$ 75,752</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 282,836	\$ 6,713	\$ 289,549	\$ 676,502	\$ -
OPEB related items	29,508	762	30,270	63,557	-
Total deferred outflows of resources	<u>\$ 312,344</u>	<u>\$ 7,475</u>	<u>\$ 319,819</u>	<u>\$ 740,059</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	\$ 126,234	\$ 2,346	\$ 128,580	\$ 10,045	\$ 6,372
Reconciled overdraft	119,556	-	119,556	-	-
Accrued liabilities	-	-	-	203,081	-
Accrued interest payable	-	133	133	-	-
Due to primary government	-	-	-	226,496	-
Due to component unit	12,638	-	12,638	-	-
Unearned revenue	43,615	-	43,615	101,901	24,863
Long-term liabilities:					
Due within one year	-	7,746	7,746	-	-
Due in more than one year	499,829	105,746	605,575	3,008,028	-
Total liabilities	<u>\$ 801,872</u>	<u>\$ 115,971</u>	<u>\$ 917,843</u>	<u>\$ 3,549,551</u>	<u>\$ 31,235</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 2,198,629	\$ -	\$ 2,198,629	\$ -	\$ -
Lease related	4,568	-	4,568	-	-
Pension related items	127,350	8,195	135,545	401,233	-
OPEB related items	23,118	588	23,706	68,658	-
Total deferred inflows of resources	<u>\$ 2,353,665</u>	<u>\$ 8,783</u>	<u>\$ 2,362,448</u>	<u>\$ 469,891</u>	<u>\$ -</u>
NET POSITION					
Net investment in capital assets	\$ 2,182,116	\$ 925,464	\$ 3,107,580	\$ 4,348,393	\$ -
Restricted:					
Debt service and bond covenants	-	11,844	11,844	-	-
Recording equipment	768	-	768	-	-
Law library	8,227	-	8,227	-	-
Courthouse maintenance	5,306	-	5,306	-	-
E911	37,200	-	37,200	-	-
\$4 for life program	37,622	-	37,622	-	-
Forfeited assets	5,153	-	5,153	-	-
Emergency medical services	354,881	-	354,881	-	-
Opioid abatement	35,383	-	35,383	-	-
School activity funds	-	-	-	153,044	-
Unrestricted (deficit)	6,957,426	403,295	7,360,721	(2,712,661)	44,517
Total net position	<u>\$ 9,624,082</u>	<u>\$ 1,340,603</u>	<u>\$ 10,964,685</u>	<u>\$ 1,788,776</u>	<u>\$ 44,517</u>

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

County of Highland, Virginia

Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
General government administration	\$ 1,740,470	\$ 6,407	\$ 249,013	\$ -
Judicial administration	406,655	5,983	297,349	-
Public safety	1,843,479	30,411	895,335	306,560
Public works	23,132	-	-	-
Health and welfare	838,313	-	596,676	-
Education	2,772,587	-	-	-
Parks, recreation, and cultural	92,726	-	-	-
Community development	333,653	-	101,349	-
Total governmental activities	<u>\$ 8,051,015</u>	<u>\$ 42,801</u>	<u>\$ 2,139,722</u>	<u>\$ 306,560</u>
Business-type Activities:				
Refuse Disposal	\$ 428,305	\$ 405,963	\$ 14,598	\$ -
McDowell Water System	54,418	34,719	-	-
Recreation Commission	71,778	66,580	-	-
Total business-type activities	<u>\$ 554,501</u>	<u>\$ 507,262</u>	<u>\$ 14,598</u>	<u>\$ -</u>
Total primary government	<u>\$ 8,605,516</u>	<u>\$ 550,063</u>	<u>\$ 2,154,320</u>	<u>\$ 306,560</u>
COMPONENT UNITS:				
School Board	\$ 5,368,328	\$ 87,368	\$ 2,989,000	\$ -
Economic Development Authority	44,099	-	29,232	-
Total component units	<u>\$ 5,412,427</u>	<u>\$ 87,368</u>	<u>\$ 3,018,232</u>	<u>\$ -</u>

General revenues:

- General property taxes
- Other local taxes:
 - Local sales and use taxes
 - Consumers' utility taxes
 - Motor vehicle licenses
 - Taxes on recordation and wills
 - Hotel and motel room taxes
 - Bank stock taxes
 - Other local taxes
- Unrestricted revenues from use of money and property
- Miscellaneous
- Grants and contributions not restricted to specific programs
- Transfers
- Total general revenues and transfers
- Change in net position
- Net position - beginning
- Net position - ending

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

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority	
\$ (1,485,050)	\$ -	\$ (1,485,050)	\$ -	\$ -	
(103,323)	-	(103,323)	-	-	
(611,173)	-	(611,173)	-	-	
(23,132)	-	(23,132)	-	-	
(241,637)	-	(241,637)	-	-	
(2,772,587)	-	(2,772,587)	-	-	
(92,726)	-	(92,726)	-	-	
(232,304)	-	(232,304)	-	-	
<u>\$ (5,561,932)</u>	<u>\$ -</u>	<u>\$ (5,561,932)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (7,744)	\$ (7,744)	\$ -	\$ -	
-	(19,699)	(19,699)	-	-	
-	(5,198)	(5,198)	-	-	
<u>\$ -</u>	<u>\$ (32,641)</u>	<u>\$ (32,641)</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (5,561,932)</u>	<u>\$ (32,641)</u>	<u>\$ (5,594,573)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (2,291,960)	\$ -	
-	-	-	-	(14,867)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,291,960)</u>	<u>\$ (14,867)</u>	
\$ 4,812,492	\$ -	\$ 4,812,492	\$ -	\$ -	
214,400	-	214,400	-	-	
115,515	-	115,515	-	-	
59,759	-	59,759	-	-	
16,070	-	16,070	-	-	
25,651	-	25,651	-	-	
12,596	-	12,596	-	-	
6,954	-	6,954	-	-	
270,059	622	270,681	-	205	
95,901	-	95,901	252,795	-	
396,003	-	396,003	2,748,151	-	
(17,500)	17,500	-	-	-	
<u>\$ 6,007,900</u>	<u>\$ 18,122</u>	<u>\$ 6,026,022</u>	<u>\$ 3,000,946</u>	<u>\$ 205</u>	
\$ 445,968	\$ (14,519)	\$ 431,449	\$ 708,986	\$ (14,662)	
9,178,114	1,355,122	10,533,236	1,079,790	59,179	
<u>\$ 9,624,082</u>	<u>\$ 1,340,603</u>	<u>\$ 10,964,685</u>	<u>\$ 1,788,776</u>	<u>\$ 44,517</u>	

FUND FINANCIAL STATEMENTS

Balance Sheet
Governmental Funds
June 30, 2024

	Capital Projects		Special Revenue Funds				Other Governmental Funds	Total
	Fund			Virginia				
	County Capital			Public				
	General	Improvements	EMS	Assistance	E-911			
ASSETS								
Cash and cash equivalents	\$ 6,104,609	\$ 7,717	\$ 360,103	\$ 1,746	\$ -	\$ 365,011	\$ 6,839,186	
Receivables (net of allowance for uncollectibles):								
Taxes receivable	2,102,658	-	397,309	-	-	-	2,499,967	
Accounts receivable	66,663	-	-	-	-	-	66,663	
Interest receivable	100	-	-	-	-	-	100	
Lease receivable	4,455	-	-	-	-	-	4,455	
Notes receivable	207,000	-	-	-	-	-	207,000	
Due from other funds	52,140	-	-	-	-	-	52,140	
Due from component unit	226,496	-	-	-	-	-	226,496	
Due from other governmental units	192,541	-	-	50,499	158,879	-	401,919	
Prepaid items	348	39,025	-	-	-	-	39,373	
Total assets	<u>\$ 8,957,010</u>	<u>\$ 46,742</u>	<u>\$ 757,412</u>	<u>\$ 52,245</u>	<u>\$ 158,879</u>	<u>\$ 365,011</u>	<u>\$ 10,337,299</u>	
LIABILITIES								
Accounts payable and accrued liabilities	\$ 48,731	\$ 52,125	\$ 23,150	\$ 105	\$ 2,123	\$ -	\$ 126,234	
Reconciled overdraft	-	-	-	-	119,556	-	119,556	
Due to other funds	-	-	-	52,140	-	-	52,140	
Due to component unit	12,638	-	-	-	-	-	12,638	
Unearned revenue	43,615	-	-	-	-	-	43,615	
Total liabilities	<u>\$ 104,984</u>	<u>\$ 52,125</u>	<u>\$ 23,150</u>	<u>\$ 52,245</u>	<u>\$ 121,679</u>	<u>\$ -</u>	<u>\$ 354,183</u>	
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - property taxes	\$ 2,032,320	\$ -	\$ 379,381	\$ -	\$ -	\$ -	\$ 2,411,701	
Unavailable revenue - opioid settlement	35,383	-	-	-	-	-	35,383	
Lease related	4,568	-	-	-	-	-	4,568	
Total deferred inflows of resources	<u>\$ 2,072,271</u>	<u>\$ -</u>	<u>\$ 379,381</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,451,652</u>	
FUND BALANCES:								
Nonspendable:								
Prepaid items	\$ 348	\$ 39,025	\$ -	\$ -	\$ -	\$ -	\$ 39,373	
Notes receivable	207,000	-	-	-	-	-	207,000	
Restricted:								
Recording equipment	768	-	-	-	-	-	768	
Law library	8,227	-	-	-	-	-	8,227	
Courthouse maintenance	5,306	-	-	-	-	-	5,306	
E911	-	-	-	-	37,200	-	37,200	
\$4 for life program	37,622	-	-	-	-	-	37,622	
Forfeited assets	-	-	-	-	-	5,153	5,153	
Emergency medical services	-	-	354,881	-	-	-	354,881	
Opioid abatement	16,790	-	-	-	-	-	16,790	
Committed:								
Assessor	84,920	-	-	-	-	-	84,920	
Equipment replacement	83,005	-	-	-	-	-	83,005	
Recreation commission	10,000	-	-	-	-	-	10,000	
Auditor	4,333	-	-	-	-	-	4,333	
Emergency food & shelter	4,529	-	-	-	-	-	4,529	
Communications equipment	47,529	-	-	-	-	-	47,529	
Regional jail	68,500	-	-	-	-	-	68,500	
Comprehensive plan	15,000	-	-	-	-	-	15,000	
Bus reserve	15,000	-	-	-	-	-	15,000	
Transportation enhancement project	373,413	-	-	-	-	-	373,413	
Veteran's memorial	8,826	-	-	-	-	-	8,826	
Cupola timepiece project	853	-	-	-	-	-	853	
School expenditures	119,812	-	-	-	-	-	119,812	
Dangerous dog registry	915	-	-	-	-	-	915	
EMS Stipends	22,232	-	-	-	-	-	22,232	
Body armor	4,200	-	-	-	-	-	4,200	
Assigned:								
Fire prevention programs	92,291	-	-	-	-	-	92,291	
Special revenue funds	-	-	-	-	-	21,998	21,998	
Capital projects funds	-	-	-	-	-	337,860	337,860	
Unassigned (deficit)	5,548,336	(44,408)	-	-	-	-	5,503,928	
Total fund balances	<u>\$ 6,779,755</u>	<u>\$ (5,383)</u>	<u>\$ 354,881</u>	<u>\$ -</u>	<u>\$ 37,200</u>	<u>\$ 365,011</u>	<u>\$ 7,531,464</u>	
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,957,010</u>	<u>\$ 46,742</u>	<u>\$ 757,412</u>	<u>\$ 52,245</u>	<u>\$ 158,879</u>	<u>\$ 365,011</u>	<u>\$ 10,337,299</u>	

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

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2024

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 7,531,464
--	--------------

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

Land	\$ 247,365	
Buildings and improvements	888,413	
Machinery and equipment	880,863	
Construction in progress	<u>165,475</u>	
		2,182,116

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

Unavailable revenue - property taxes	\$ 213,072	
Unavailable revenue - opioid settlement	<u>35,383</u>	
		248,455

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

Pension related items	\$ 282,836	
OPEB related items	<u>29,508</u>	
		312,344

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

Compensated absences	\$ (255,290)	
Landfill closure/post-closure costs	(68,421)	
Net pension liability	(90,971)	
Net OPEB liabilities	<u>(85,147)</u>	
		(499,829)

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

Pension related items	\$ (127,350)	
OPEB related items	<u>(23,118)</u>	
		<u>(150,468)</u>

Net position of governmental activities	<u>\$ 9,624,082</u>
---	---------------------

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

County of Highland, Virginia

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2024

		<i>Capital Projects Funds</i>	
		School Capital Improvements	County Capital Improvements
	General		
REVENUES			
General property taxes	\$ 4,297,135	\$ -	\$ -
Other local taxes	450,945	-	-
Permits, privilege fees, and regulatory licenses	14,658	-	-
Fines and forfeitures	4,328	-	-
Revenue from the use of money and property	276,227	-	-
Charges for services	17,628	-	-
Miscellaneous	76,749	-	-
Intergovernmental:		-	-
Commonwealth	1,504,882	-	-
Federal	428,347	-	84,000
Total revenues	<u>\$ 7,070,899</u>	<u>\$ -</u>	<u>\$ 84,000</u>
EXPENDITURES			
Current:			
General government administration	\$ 1,566,921	\$ -	\$ -
Judicial administration	369,246	-	-
Public safety	1,182,566	-	-
Public works	9,929	-	-
Health and welfare	171,312	-	-
Education	1,650,931	-	-
Parks, recreation, and cultural	91,005	-	-
Community development	364,127	-	-
Nondepartmental	10,811	-	-
Capital projects	141,753	-	384,459
Total expenditures	<u>\$ 5,558,601</u>	<u>\$ -</u>	<u>\$ 384,459</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,512,298</u>	<u>\$ -</u>	<u>\$ (300,459)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ -	\$ -
Transfers out	(341,506)	-	-
Total other financing sources (uses)	<u>\$ (341,506)</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ 1,170,792	\$ -	\$ (300,459)
Fund balances - beginning, as previously presented	\$ 5,608,963	\$ 1,209,516	\$ -
Change within financial reporting entity nonmajor to major (major to nonmajor)	-	(1,209,516)	295,076
Fund balances - beginning, as adjusted	<u>\$ 5,608,963</u>	<u>\$ -</u>	<u>\$ 295,076</u>
Fund balances - ending	<u>\$ 6,779,755</u>	<u>\$ -</u>	<u>\$ (5,383)</u>

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

Exhibit 5

Special Revenue Funds				
EMS	Virginia Public Assistance	E-911	Other Governmental Funds	Total
\$ 497,239	\$ -	\$ -	\$ -	4,794,374
-	-	-	-	450,945
-	-	-	-	14,658
-	-	-	-	4,328
-	19	-	-	276,246
-	-	-	-	17,628
850	4,182	-	-	81,781
-	204,929	222,560	5,820	1,938,191
-	391,747	-	-	904,094
<u>\$ 498,089</u>	<u>\$ 600,877</u>	<u>\$ 222,560</u>	<u>\$ 5,820</u>	<u>\$ 8,482,245</u>
\$ -	\$ -	\$ -	\$ -	1,566,921
-	-	-	-	369,246
622,717	-	191,646	-	1,996,929
-	-	-	-	9,929
-	674,883	-	-	846,195
-	-	-	456,932	2,107,863
-	-	-	-	91,005
-	-	-	-	364,127
-	-	-	-	10,811
-	-	-	664,724	1,190,936
<u>\$ 622,717</u>	<u>\$ 674,883</u>	<u>\$ 191,646</u>	<u>\$ 1,121,656</u>	<u>\$ 8,553,962</u>
<u>\$ (124,628)</u>	<u>\$ (74,006)</u>	<u>\$ 30,914</u>	<u>\$ (1,115,836)</u>	<u>\$ (71,717)</u>
\$ -	\$ 74,006	\$ -	\$ 250,000	\$ 324,006
-	-	-	-	(341,506)
<u>\$ -</u>	<u>\$ 74,006</u>	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ (17,500)</u>
\$ (124,628)	\$ -	\$ 30,914	\$ (865,836)	\$ (89,217)
\$ 479,509	\$ -	\$ -	\$ 322,693	\$ 7,620,681
-	-	6,286	908,154	-
<u>\$ 479,509</u>	<u>\$ -</u>	<u>\$ 6,286</u>	<u>\$ 1,230,847</u>	<u>\$ 7,620,681</u>
<u>\$ 354,881</u>	<u>\$ -</u>	<u>\$ 37,200</u>	<u>\$ 365,011</u>	<u>\$ 7,531,464</u>

Reconciliation of Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2024

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

Net change in fund balances - total governmental funds	\$	(89,217)
--	----	----------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital outlays	\$	622,383	
Depreciation expense		<u>(187,039)</u>	
			435,344

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(9,529)
--	---------

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

Property taxes	\$	18,118	
Opioid settlement		<u>14,120</u>	
			32,238

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

Increase in accrued landfill closure and post-closure monitoring costs	\$	<u>(2,186)</u>	(2,186)
--	----	----------------	---------

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	\$	(37,063)	
Change in pension related items		109,497	
Change in OPEB related items		<u>6,884</u>	
			<u>79,318</u>

Change in net position of governmental activities	\$	<u><u>445,968</u></u>
---	----	-----------------------

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

Statement of Net Position
Proprietary Funds
June 30, 2024

	Enterprise Funds			
	McDowell Water System	Refuse Disposal	Recreation Commission	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 90,414	\$ 146,000	\$ 140,278	\$ 376,692
Accounts receivable	5,937	52,675	-	58,612
Total current assets	<u>\$ 96,351</u>	<u>\$ 198,675</u>	<u>\$ 140,278</u>	<u>\$ 435,304</u>
Noncurrent assets:				
Capital assets:				
Land	\$ 3,816	\$ -	\$ -	\$ 3,816
Utility plant and equipment	1,227,952	663,564	20,801	1,912,317
Accumulated depreciation	(697,336)	(178,673)	(17,546)	(893,555)
Net capital assets	<u>\$ 534,432</u>	<u>\$ 484,891</u>	<u>\$ 3,255</u>	<u>\$ 1,022,578</u>
Total assets	<u>\$ 630,783</u>	<u>\$ 683,566</u>	<u>\$ 143,533</u>	<u>\$ 1,457,882</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ -	\$ 6,713	\$ -	\$ 6,713
OPEB related items	-	762	-	762
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ 7,475</u>	<u>\$ -</u>	<u>\$ 7,475</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	\$ 42	\$ 148	\$ 2,156	\$ 2,346
Accrued interest payable	133	-	-	133
Revenue bonds - current portion	7,746	-	-	7,746
Total current liabilities	<u>\$ 7,921</u>	<u>\$ 148</u>	<u>\$ 2,156</u>	<u>\$ 10,225</u>
Noncurrent liabilities:				
Revenue bonds - net of current portion	\$ 89,368	\$ -	\$ -	\$ 89,368
Compensated absences	-	11,905	-	11,905
Net OPEB liabilities	-	2,163	-	2,163
Net pension liability	-	2,310	-	2,310
Total noncurrent liabilities	<u>\$ 89,368</u>	<u>\$ 16,378</u>	<u>\$ -</u>	<u>\$ 105,746</u>
Total liabilities	<u>\$ 97,289</u>	<u>\$ 16,526</u>	<u>\$ 2,156</u>	<u>\$ 115,971</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ -	\$ 8,195	\$ -	\$ 8,195
OPEB related items	-	588	-	588
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 8,783</u>	<u>\$ -</u>	<u>\$ 8,783</u>
NET POSITION				
Net investment in capital assets	\$ 437,318	\$ 484,891	\$ 3,255	\$ 925,464
Restricted:				
Debt service and bond covenants	11,844	-	-	11,844
Unrestricted	84,332	180,841	138,122	403,295
Total net position	<u>\$ 533,494</u>	<u>\$ 665,732</u>	<u>\$ 141,377</u>	<u>\$ 1,340,603</u>

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

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2024

	Enterprise Funds			
	McDowell Water System	Refuse Disposal	Recreation Commission	Total
OPERATING REVENUES				
Charges for services:				
Water revenues	\$ 34,719	\$ -	\$ -	\$ 34,719
Refuse disposal	-	372,066	-	372,066
Recycling revenues	-	15,837	-	15,837
Tire disposal	-	3,403	-	3,403
Program income	-	-	59,259	59,259
Other revenues	-	14,657	7,321	21,978
Total operating revenues	\$ 34,719	\$ 405,963	\$ 66,580	\$ 507,262
OPERATING EXPENSES				
Personnel services	\$ 12,455	\$ 158,175	\$ -	\$ 170,630
Contractual services	3,483	238,534	15,667	257,684
Depreciation	24,821	20,747	930	46,498
Supplies	-	-	47,930	47,930
Utilities	-	-	6,834	6,834
Other charges	9,210	10,849	417	20,476
Total operating expenses	\$ 49,969	\$ 428,305	\$ 71,778	\$ 550,052
Operating income (loss)	\$ (15,250)	\$ (22,342)	\$ (5,198)	\$ (42,790)
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental revenue (expense)	\$ -	\$ 14,598	\$ -	\$ 14,598
Investment income	66	-	556	622
Interest expense	(4,449)	-	-	(4,449)
Total nonoperating revenues (expenses)	\$ (4,383)	\$ 14,598	\$ 556	\$ 10,771
Income before transfers	\$ (19,633)	\$ (7,744)	\$ (4,642)	\$ (32,019)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 17,500	\$ 17,500
Total other financing sources (uses)	\$ -	\$ -	\$ 17,500	\$ 17,500
Change in net position	\$ (19,633)	\$ (7,744)	\$ 12,858	\$ (14,519)
Net position - beginning	553,127	673,476	128,519	1,355,122
Net position - ending	\$ 533,494	\$ 665,732	\$ 141,377	\$ 1,340,603

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

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2024

	Enterprise Funds			
	McDowell Water System	Refuse Disposal	Recreation Commission	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 35,880	\$ 366,677	\$ 58,356	\$ 460,913
Payments to suppliers	(12,971)	(272,243)	(61,441)	(346,655)
Payments to employees	(12,455)	(161,948)	-	(174,403)
Other receipts (payments)	-	14,657	70	14,727
Net cash provided by (used for) operating activities	\$ 10,454	\$ (52,857)	\$ (3,015)	\$ (45,418)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	\$ -	\$ -	\$ 17,500	\$ 17,500
Intergovernmental revenues	-	14,598	-	14,598
Net cash provided by (used for) noncapital financing activities	\$ -	\$ 14,598	\$ 17,500	\$ 32,098
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Additions to utility plant	\$ -	\$ (416,887)	\$ -	\$ (416,887)
Principal payments on bonds	(7,378)	-	-	(7,378)
Interest expense	(4,466)	-	-	(4,466)
Net cash provided by (used for) capital and related financing activities	\$ (11,844)	\$ (416,887)	\$ -	\$ (428,731)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	\$ 66	\$ -	\$ 556	\$ 622
Net cash provided by (used for) investing activities	\$ 66	\$ -	\$ 556	\$ 622
Net increase (decrease) in cash and cash equivalents	\$ (1,324)	\$ (455,146)	\$ 15,041	\$ (441,429)
Cash and cash equivalents - beginning	91,738	601,146	125,237	818,121
Cash and cash equivalents - ending	\$ 90,414	\$ 146,000	\$ 140,278	\$ 376,692
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (15,250)	\$ (22,342)	\$ (5,198)	\$ (42,790)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	\$ 24,821	\$ 20,747	\$ 930	\$ 46,498
(Increase) decrease in accounts receivable	1,161	(24,629)	-	(23,468)
(Increase) decrease in net pension asset	-	795	-	795
(Increase) decrease in deferred outflows of resources	-	1,931	-	1,931
Increase (decrease) in net pension liability	-	2,310	-	2,310
Increase (decrease) in net OPEB liabilities	-	(1,419)	-	(1,419)
Increase (decrease) in deferred inflows of resources	-	(7,963)	-	(7,963)
Increase (decrease) in accounts payable	(278)	(22,860)	2,156	(20,982)
Increase (decrease) in unearned revenue	-	-	(903)	(903)
Increase (decrease) in compensated absences	-	573	-	573
Total adjustments	\$ 25,704	\$ (30,515)	\$ 2,183	\$ (2,628)
Net cash provided by (used for) operating activities	\$ 10,454	\$ (52,857)	\$ (3,015)	\$ (45,418)

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

Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2024

	Custodial Funds
	Special Welfare Fund
ASSETS	
Cash and cash equivalents	\$ 15
Total assets	<u>\$ 15</u>
NET POSITION	
Restricted for:	
Restricted for social service clients	\$ 15
Total net position	<u><u>\$ 15</u></u>

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

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended June 30, 2024

	Custodial Funds
	Special Welfare Fund
Net increase (decrease) in fiduciary net position	\$ -
Net position - beginning	<u>15</u>
Net position - ending	<u><u>\$ 15</u></u>

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

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Financial Reporting Entity

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

Blended component units - The McDowell Water System has been determined to be a component unit of Highland County. The System is a legally separate organization whose Board members are appointed by the Highland County Board of Supervisors. During the year ended June 30, 2024, all members of the Board of Supervisors were also members of the three-member System Board. Since the Board of Supervisors is able to impose its will on the System, the System is a component unit of Highland County. The System does not issue separate financial statements.

The Highland County Recreation Commission is included as a component unit because the Commission's primary use of funds is to provide for recreation activities of the County, thereby benefiting the County even though it does not provide services directly to the County. The Recreation Commission does not issue separate financial statements. The Board of Supervisors appoints the board members of the Highland County Recreation Commission.

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

The Highland County School Board operates the elementary and secondary public schools in the County. School Board members are popularly elected. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The School Board does not issue separate financial statements. The County Board of Supervisors appoints the governing body of the School Board.

The Economic Development Authority of Highland County, Virginia serves to promote industry and develop trade in Highland County, Virginia. The County does not exercise direct control over the board or its annual budget. The Economic Development Authority of Highland County, Virginia does not issue separate financial statements. The Board of Supervisors appoints the board members of the Highland County Economic Development Authority.

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

B. Government-wide and fund financial statements

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

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

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

Statement of Activities – 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).

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 are reported as separate columns in the fund financial statements.

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

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

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

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

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in another fund. The general fund includes the activities of the gypsy moth, damage stamp, various grants, county reserve, CATS, fire prevention, law library, courthouse maintenance, and recordation equipment funds.

The *capital projects funds* account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The County Capital Improvements Fund is a major fund of the County.

The *special revenue funds* account for and report the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Major special revenue funds consist of the EMS, Virginia Public Assistance, and E-911 funds.

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

The government reports the following nonmajor governmental funds:

The *special revenue funds* account for and report the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Sheriff's Grants Fund is a nonmajor fund of the County.

The *capital projects funds* account for and report financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. The School Capital Improvements Fund is a nonmajor fund of the County.

The government reports the following major proprietary funds:

The *McDowell Water System Fund* accounts for the activities of the McDowell Water System, a blended component unit of the government. The System operates the water distribution system for the village of McDowell.

The *Refuse Disposal Fund* accounts for the activities of the County's refuse transfer station.

The *Recreation Commission Fund* is a blended component unit that accounts for the activities of the County's recreation activities.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water System and Refuse Disposal enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The fiduciary fund statements provide information on the Special Welfare Fund, which is classified as a custodial fund held by the County and are not held in a trust. Fiduciary funds are not reflected in the government-wide financial statement because the resources of the fiduciary fund are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

1. Cash and cash equivalents

The government's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

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.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is 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.

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

3. Property taxes

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

4. 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 \$6,214, at June 30, 2024 and is comprised solely of property taxes. This allowance represents 0.032% of the total levies for the previous six years.

5. 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.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

6. Capital assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental, business-type activities, or component unit 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.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Buildings improvements	15-50
Machinery and equipment	5-10
Vehicles	5-10
Utility plant	50

7. Compensated absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as expense in the Statement of Activities and long-term liability in the Statement of Net Position. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The County accrues salary-related payments associated with the payment of compensated absences.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

8. Long-term obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Fund balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called “fund balance”. The County’s governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts that can be spent only for 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 specified purposes 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 Board adopts another ordinance to remove or revise the limitation;
- Assigned fund balance – amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

9. Fund balance (continued)

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

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

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 20% of the actual GAAP basis expenditures and other financing sources and uses.

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

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

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

11. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has 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 multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related pension, OPEB, leases, and the opioid settlement are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

E. Pensions

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

F. 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.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

G. 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.

Lessor

The County recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

Key Estimated and Judgements

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

- The County uses the interest rate stated in lease contracts. When the interest 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 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 receivable (lessor).

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

H. Adoption of Accounting Principles

The County implemented provisions of Governmental Accounting Standards Board Statement No. 100, *Accounting Changes and Error Corrections* during the fiscal year ended June 30, 2024. Statement No. 100, *Accounting Changes and Error Corrections* enhances the presentation of various accounting changes and error corrections by requiring additional detail be presented in the financial statements, supplementary information, and note disclosures. The effects on the County's financial statements from the implementation of Statement No. 100, *Accounting Changes and Error Corrections* were to detail changes in the classification between major and nonmajor governmental funds during the year on the face of Exhibit 5, Exhibit 33, and Exhibit 35.

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024 (Continued)

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary Information

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

1. Prior to March 30, the County Treasurer and County Administrator submit to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. 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, Special Revenue Funds (except the School Fund), and the County Capital Improvements Fund. The School Fund and School Capital Projects Fund are 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. All budgetary data presented in the accompanying financial statements is the revised budget as of June 30.

B. Excess of expenditures over appropriations at June 30, 2024:

Fund	Function	Excess of Expenditures over Appropriations
General	Judicial administration	\$ 7,529
General	Capital Outlay	120,547
General	Public works	8,833
General Fund	Parks, recreation, and culture	\$ 98
General	Nondepartmental	2,546
Total General Fund		\$ 139,553
EMS Fund	Public Safety	\$ 23,226
County capital improvements fund	Capital projects	123,459
Total Primary Government		\$ 286,238

C. Deficit Fund Equity:

At June 30, 2024, the County Capital Improvements Fund had deficit fund equity in the amount of (\$5,383).

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 3—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

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

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County’s investing activities are managed under the custody of the Treasurer. The County has not adopted a policy regarding credit risk of debt securities.

The County’s rated debt investments as of June 30, 2024 were rated by Standard & Poor’s and/or an equivalent national rating organization and the ratings are presented below using the Standard & Poor’s rating scale.

County's Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality
	Rating
	AAAm
Local Government Investment Pool	\$ 4,439
Total	\$ 4,439

Interest Rate Risk

The County invests funds in low-risk investments back by U.S. government agencies.

	Fair Value	Less than 1 yr
Local Government Investment Pool	\$ 4,439	\$ 4,439

External Investment Pool

The fair value of the positions in the Local Government Investment Pool (LGIP) is the same as the value of the pool shares. As LGIP 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.

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024 (Continued)

NOTE 4—DUE FROM OTHER GOVERNMENTAL UNITS:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 48,206
Local sales taxes	36,225	-
Communication taxes	7,740	-
Public assistance and welfare administration	17,501	-
Virginia rescue squad assistance fund	9,950	-
Commonwealth attorney	7,021	-
Clerk of Circuit Court	15,584	-
Treasurer	7,875	-
Commissioner of Revenue	8,003	-
Sheriff	50,153	-
State VDEM shelter grant	14,817	-
Emergency services grants	158,879	-
Other state funding	1,660	-
School grants	-	102,000
Federal Government:		
School operating grants	-	111,462
School food service grants	-	3,372
FEMA grants	23,946	-
Edward Byrne Memorial Justice Assistance Grant Program	694	-
ARPA tourism	8,873	-
Public assistance and welfare administration	32,998	-
Total	\$ 401,919	\$ 265,040

NOTE 5—INTERFUND OBLIGATIONS:

Fund	Interfund Receivable	Interfund Payable	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:				
General Fund	\$ 52,140	\$ -	\$ 12,638	\$ 226,496
VPA Fund	-	52,140	-	-
Total	\$ 52,140	\$ 52,140	\$ 12,638	\$ 226,496
Component Unit-School Board:				
School Operating Fund	\$ -	\$ -	\$ 226,496	\$ -
School Cafeteria Fund	-	-	-	12,638
Total	\$ -	\$ -	\$ 226,496	\$ 12,638

The purpose of the interfund obligations is to report the balance of local appropriations unspent at year-end due back to the respective funds.

COUNTY OF HIGHLAND, VIRGINIA**Notes to Financial Statements
June 30, 2024 (Continued)****NOTE 6—INTERFUND TRANSFERS:**

Interfund transfers for the year ended June 30, 2024 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 341,506
Virginia Public Assistance Fund	74,006	-
Recreation Commission	17,500	-
School Capital Projects Fund	250,000	-
Total	<u>\$ 341,506</u>	<u>\$ 341,506</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—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2024 was as follows:

Governmental Activities:

	<u>Balance July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2024</u>
Capital assets not being depreciated:				
Land	\$ 247,365	\$ -	\$ -	\$ 247,365
Construction in progress	-	165,475	-	165,475
Total capital assets not being depreciated	<u>\$ 247,365</u>	<u>\$ 165,475</u>	<u>\$ -</u>	<u>\$ 412,840</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 2,023,452	\$ -	\$ (4,163)	\$ 2,019,289
Machinery and equipment	2,050,724	456,908	(24,188)	2,483,444
Total capital assets being depreciated	<u>\$ 4,074,176</u>	<u>\$ 456,908</u>	<u>\$ (28,351)</u>	<u>\$ 4,502,733</u>
Accumulated depreciation:				
Buildings and improvements	\$ (1,088,997)	\$ (46,042)	\$ 4,163	\$ (1,130,876)
Machinery and equipment	(1,476,243)	(140,997)	14,659	(1,602,581)
Total accumulated depreciation	<u>\$ (2,565,240)</u>	<u>\$ (187,039)</u>	<u>\$ 18,822</u>	<u>\$ (2,733,457)</u>
Total capital assets being depreciated, net	<u>\$ 1,508,936</u>	<u>\$ 269,869</u>	<u>\$ (9,529)</u>	<u>\$ 1,769,276</u>
Governmental activities capital assets, net	<u>\$ 1,756,301</u>	<u>\$ 435,344</u>	<u>\$ (9,529)</u>	<u>\$ 2,182,116</u>

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024 (Continued)

NOTE 7—CAPITAL ASSETS: (CONTINUED)

Business-type Activities:

McDowell Water System Fund

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets not being depreciated:				
Land	\$ 3,816	\$ -	\$ -	\$ 3,816
Total capital assets not being depreciated	\$ 3,816	\$ -	\$ -	\$ 3,816
Capital assets being depreciated:				
Utility plant and equipment	\$ 1,227,952	\$ -	\$ -	\$ 1,227,952
Accumulated depreciation	(672,515)	(24,821)	-	(697,336)
Capital assets being depreciated, net	\$ 555,437	\$ (24,821)	\$ -	\$ 530,616
McDowell water system capital assets, net	\$ 559,253	\$ (24,821)	\$ -	\$ 534,432

Refuse Disposal Fund

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets being depreciated:				
Utility plant and equipment	\$ 246,677	\$ 416,887	\$ -	\$ 663,564
Accumulated depreciation	(157,926)	(20,747)	-	(178,673)
Capital assets being depreciated, net	\$ 88,751	\$ 396,140	\$ -	\$ 484,891
Refuse disposal fund capital assets, net	\$ 88,751	\$ 396,140	\$ -	\$ 484,891

Recreation Commission Fund

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets being depreciated:				
Furniture and equipment	\$ 20,801	\$ -	\$ -	\$ 20,801
Accumulated depreciation	(16,616)	(930)	-	(17,546)
Capital assets being depreciated, net	\$ 4,185	\$ (930)	\$ -	\$ 3,255
Recreation commission fund capital assets, net	\$ 4,185	\$ (930)	\$ -	\$ 3,255

COUNTY OF HIGHLAND, VIRGINIA**Notes to Financial Statements
June 30, 2024 (Continued)****NOTE 7—CAPITAL ASSETS: (CONTINUED)**

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

Governmental Activities:	
General government administration	\$ 34,755
Judicial administration	9,797
Public safety	119,640
Public works	13,203
Health and welfare	4,836
Parks, Recreation, and Cultural	3,142
Community development	1,666
Total depreciation expense - governmental activities	<u>\$ 187,039</u>
Business-type Activities:	
McDowell Water System	\$ 24,821
Refuse disposal	20,747
Recreation Commission	930
Total depreciation expense - business-type activities	<u>\$ 46,498</u>

Component Unit: School Board

Capital asset activity for the School Board for the year ended June 30, 2024 was as follows:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets not being depreciated:				
Land	\$ 13,035	\$ -	\$ -	\$ 13,035
Construction in progress	<u>1,211,087</u>	<u>519,036</u>	<u>(1,730,123)</u>	<u>-</u>
Total capital assets not being depreciated	<u>\$ 1,224,122</u>	<u>\$ 519,036</u>	<u>\$ (1,730,123)</u>	<u>\$ 13,035</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 4,925,415	\$ 1,742,123	\$ -	\$ 6,667,538
Furniture, equipment and vehicles	<u>1,553,083</u>	<u>212,119</u>	<u>-</u>	<u>1,765,202</u>
Total capital assets being depreciated	<u>\$ 6,478,498</u>	<u>\$ 1,954,242</u>	<u>\$ -</u>	<u>\$ 8,432,740</u>
Accumulated depreciation:				
Buildings and improvements	\$ (2,715,868)	\$ (182,946)	\$ -	\$ (2,898,814)
Furniture, equipment and vehicles	<u>(1,063,302)</u>	<u>(135,266)</u>	<u>-</u>	<u>(1,198,568)</u>
Total accumulated depreciation	<u>\$ (3,779,170)</u>	<u>\$ (318,212)</u>	<u>\$ -</u>	<u>\$ (4,097,382)</u>
Total capital assets being depreciated, net	<u>\$ 2,699,328</u>	<u>\$ 1,636,030</u>	<u>\$ -</u>	<u>\$ 4,335,358</u>
School Board capital assets, net	<u>\$ 3,923,450</u>	<u>\$ 2,155,066</u>	<u>\$ (1,730,123)</u>	<u>\$ 4,348,393</u>

Depreciation expense was charged to education in the amount of \$318,212.

COUNTY OF HIGHLAND, VIRGINIA**Notes to Financial Statements
June 30, 2024 (Continued)****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, 2024:

	Balance July 1, 2023	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2024
Landfill closure/post-closure costs	\$ 66,235	\$ 2,186	\$ -	\$ 68,421
Compensated absences	218,227	200,733	163,670	255,290
Net OPEB liability	96,358	43,549	54,760	85,147
Net pension liability	(21,398) *	869,697	757,328	90,971
Total Long-Term Obligations	<u>\$ 359,422</u>	<u>\$ 1,116,165</u>	<u>\$ 975,758</u>	<u>\$ 499,829</u>

*The County reported a net pension asset for fiscal year 2023, so this item was excluded from this note disclosure. Due to the County reporting a net pension liability for fiscal year 2024, the beginning balance is shown as a negative, which represents the net pension asset as of June 30, 2023.

Details of long-term obligations:

	Total Amount	Amount Due Within One Year
Landfill closure/post-closure costs	\$ 68,421	\$ -
Compensated absences (payable from the General Fund)	\$ 255,290	\$ -
Net OPEB liability	\$ 85,147	\$ -
Net pension liability	\$ 90,971	\$ -
Total long-term obligations	<u>\$ 499,829</u>	<u>\$ -</u>

THIS SPACE LEFT BLANK INTENTIONALLY

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Business-type Activities Obligations:

The following is a summary of long-term obligation transactions of the enterprise funds for the year ended June 30, 2024:

	Balance July 1, 2023	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2024
Direct Borrowings and Placements:				
Revenue Bonds	\$ 104,492	\$ -	\$ 7,378	\$ 97,114
Other Long-Term Obligations:				
Compensated absences	\$ 11,332	\$ 573	\$ -	\$ 11,905
Net OPEB liability	3,582	1,077	2,496	2,163
Net pension liability	(795)	22,340	19,235	2,310
Total Other Long-Term Obligations	\$ 14,119	\$ 23,990	\$ 21,731	\$ 16,378
Total Long-Term Obligations	\$ 118,611	\$ 23,990	\$ 29,109	\$ 113,492

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

Year Ending June 30,	Direct Borrowings and Placements	
	Revenue Bonds	
	Principal	Interest
2025	\$ 7,746	\$ 4,098
2026	8,120	3,724
2027	8,513	3,331
2028	8,925	2,919
2029	4,382	2,575
2030	3,693	2,415
2031	3,856	2,252
2032	4,025	2,084
2033	4,203	1,905
2034	4,387	1,721
2035	4,581	1,527
2036	3,549	1,338
2037	2,457	1,227
2038	2,560	1,124
2039	2,668	1,016
2040	2,780	905
2041	2,897	787
2042	3,018	666
2043	3,145	539
2044	3,278	406
2045	3,415	269
2046	3,559	125
2047	1,357	8
Total	\$ 97,114	\$ 36,961

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Business-type Activities Obligations: (Continued)

Details of long-term obligations:

	Total Amount	Amount Due Within One Year
<u>McDowell Water System:</u>		
Direct Borrowings and Placements:		
Revenue Bonds:		
\$58,000 loan from Farmers Home Administration, \$283 payable monthly at a rate of 5%	\$ 12,544	\$ 2,829
\$40,000 loan from Farmers Home Administration, \$192 payable monthly at a rate of 5%	8,841	1,939
\$44,300 loan from Rural Development, \$202 payable monthly at a rate of 4.5%	21,801	1,479
\$71,000 loan from Rural Development, \$307 payable monthly at a rate of 4.125%	53,928	1,499
Total revenue bonds	\$ 97,114	\$ 7,746
<u>Refuse Disposal Fund:</u>		
Other Long-Term Obligations:		
Compensated Absences	\$ 11,905	\$ -
Net OPEB Liability	2,163	-
Net Pension Liability	2,310	-
Total long-term obligations	\$ 113,492	\$ 7,746

The County's outstanding revenue bonds from direct borrowings and direct placements related to business-type activities of \$97,114 contain a provision that in the event of default the entire unpaid principal and interest become immediately due and payable. The County has pledged to secure the payment and performance of the County's obligations under the bonds with the County's right, title, and interest to the revenues and receipts received by the County from the water system.

Component Unit-School Board Long-Term Obligations:

The following is a summary of long-term obligation transactions of the Component Unit School Board for the year ended June 30, 2024:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Compensated absences	\$ 57,349	\$ 48,192	\$ 43,012	\$ 62,529
Net OPEB liabilities	409,586	107,612	133,657	383,541
Net pension liability	2,568,551	1,071,754	1,078,347	2,561,958
Total Long-Term Obligations	\$ 3,035,486	\$ 1,227,558	\$ 1,255,016	\$ 3,008,028

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024 (Continued)

NOTE 9—PENSION PLANS:

Plan Description

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

Benefit Structures

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

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

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024 (Continued)

NOTE 9—PENSION PLANS: (CONTINUED)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board (Nonprofessional)
Inactive members or their beneficiaries currently receiving benefits	27	15
Inactive members:		
Vested inactive members	4	1
Non-vested inactive members	16	3
Inactive members active elsewhere in VRS	15	2
Total inactive members	35	6
Active members	38	9
Total covered employees	100	30

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024 (Continued)

NOTE 9—PENSION PLANS: (CONTINUED)

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2024 was 10.53% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$207,618 and \$166,255 for the years ended June 30, 2024 and June 30, 2023, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2024 was 26.10% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$63,092 and \$60,560 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net Pension Liability

The net pension liability (NPL) are calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's net pension liability and Component Unit School Board's (nonprofessional) net pension liability were measured as of June 30, 2023. The total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023.

THIS SPACE LEFT BLANK INTENTIONALLY

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024 (Continued)

NOTE 9—PENSION PLANS: (CONTINUED)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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

The actuarial assumptions used in the June 30, 2022 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, 2021. 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

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024 (Continued)

NOTE 9—PENSION PLANS: (CONTINUED)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2022 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, 2021. 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

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024 (Continued)

NOTE 9—PENSION PLANS: (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

* The above allocation provides a one-year expected return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

** On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024 (Continued)

NOTE 9—PENSION PLANS: (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. Through the fiscal year ending June 30, 2023, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 112% of the actuarially determined contribution rate. From July 1, 2023 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 8,310,636	\$ 8,332,829	\$ (22,193)
Changes for the year:			
Service cost	\$ 215,689	\$ -	\$ 215,689
Interest	559,348	-	559,348
Differences between expected and actual experience	111,410	-	111,410
Contributions - employer	-	166,244	(166,244)
Contributions - employee	-	78,764	(78,764)
Net investment income	-	531,096	(531,096)
Benefit payments, including refunds	(479,376)	(479,376)	-
Administrative expenses	-	(5,345)	5,345
Other changes	-	214	(214)
Net changes	\$ 407,071	\$ 291,597	\$ 115,474
Balances at June 30, 2023	\$ 8,717,707	\$ 8,624,426	\$ 93,281

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 9—PENSION PLANS: (CONTINUED)

Changes in Net Pension Liability (Continued)

	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, 2022	\$ 1,554,209	\$ 1,002,121	\$ 552,088
Changes for the year:			
Service cost	\$ 19,890	\$ -	\$ 19,890
Interest	102,294	-	102,294
Differences between expected and actual experience	(17,843)	-	(17,843)
Assumption changes	-	-	-
Contributions - employer	-	60,558	(60,558)
Contributions - employee	-	11,056	(11,056)
Net investment income	-	63,113	(63,113)
Benefit payments, including refunds	(117,271)	(117,271)	-
Administrative expenses	-	(647)	647
Other changes	-	25	(25)
Net changes	\$ (12,930)	\$ 16,834	\$ (29,764)
Balances at June 30, 2023	\$ 1,541,279	\$ 1,018,955	\$ 522,324

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County			
Net Pension Liability (Asset)	\$ 1,096,603	\$ 93,281	\$ (770,855)
Component Unit School Board (nonprofessional)			
Net Pension Liability	\$ 680,960	\$ 522,324	\$ 386,101

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024 (Continued)

NOTE 9—PENSION PLANS: (CONTINUED)

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

For the year ended June 30, 2024, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$95,065 and \$78,728, respectively. At June 30, 2024, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 72,455	\$ 10,995	\$ -	\$ 8,146
Change in assumptions	9,356	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	124,430	-	17,012
Impact of change in proportional allocation	120	120	-	-
Employer contributions subsequent to the measurement date	207,618	-	63,092	-
Total	<u>\$ 289,549</u>	<u>\$ 135,545</u>	<u>\$ 63,092</u>	<u>\$ 25,158</u>

\$207,618 and \$63,092 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2025. 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 School Board (nonprofessional)
2025	\$ (54,002)	\$ (19,741)
2026	(124,216)	(20,571)
2027	119,945	14,562
2028	4,659	592

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024 (Continued)

NOTE 9—PENSION PLANS: (CONTINUED)

Component Unit School Board (Professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employer contribution rate for the year ended June 30, 2024 was 16.62% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$337,963 and \$318,616 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$147.5 million to the VRS Teacher Retirement Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution. The school division's proportionate share is reflected in the Operating Grants and Revenues line of the financial statements.

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

At June 30, 2024, the school division reported a liability of \$2,039,634 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. 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, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion was .02018% as compared to .02118% at June 30, 2022.

For the year ended June 30, 2024, the school division recognized pension expense of \$110,734. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

COUNTY OF HIGHLAND, VIRGINIA**Notes to Financial Statements
June 30, 2024 (Continued)****NOTE 9—PENSION PLANS: (CONTINUED)****Component Unit School Board (Professional)*****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

At June 30, 2024, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 175,206	\$ 79,595
Change in assumptions	92,464	-
Net difference between projected and actual earnings on pension plan investments	-	132,617
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,777	163,863
Employer contributions subsequent to the measurement date	337,963	-
Total	\$ 613,410	\$ 376,075

\$337,963 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2025	\$ (111,562)
2026	(147,922)
2027	135,694
2028	23,162

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024 (Continued)

NOTE 9—PENSION PLANS: (CONTINUED)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2022 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, 2021. 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 Mortallity Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024 (Continued)

NOTE 9—PENSION PLANS: (CONTINUED)

Component Unit School Board (Professional) (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2023, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	57,574,609
Plan Fiduciary Net Position		47,467,405
Employers' Net Pension Liability (Asset)	\$	<u>10,107,204</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		82.45%

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

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

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

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

			Rate		
		1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)	
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$	3,615,543	\$	2,039,634	\$ 744,107

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024 (Continued)

NOTE 9—PENSION PLANS: (CONTINUED)

Primary Government and Component Unit School Board

Aggregate Pension Information

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net Pension Liabilities</u>	<u>Pension Expense</u>
VRS Pension Plans:				
Primary Government	\$ 289,549	\$ 135,545	\$ 93,281	\$ 95,065
Component Unit:				
School Board Nonprofessional	\$ 63,092	\$ 25,158	\$ 522,324	\$ 78,728
School Board Professional	613,410	376,075	2,039,634	110,734
Total School Board	\$ 676,502	\$ 401,233	\$ 2,561,958	\$ 189,462
Total VRS Pension Plans	\$ 966,051	\$ 536,778	\$ 2,655,239	\$ 284,527

NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024 (Continued)

NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Benefit Amounts (Continued)

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 \$9,254 as of June 30, 2024.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, 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. County contributions to the GLI Plan were \$11,574 and \$9,254 for the years ended June 30, 2024 and June 30, 2023, respectively. School Board contributions to the GLI Plan for professional employees were \$11,675 and \$10,919, for the years ended June 30, 2024 and June 30, 2023 respectively. School Board contributions to the GLI Plan for nonprofessional employees were \$1,357 and \$1,281, for the years ended June 30, 2024 and June 30, 2023 respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution.

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

At June 30, 2024, the County reported a liability of \$87,310 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 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, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was 0.00728% as compared to 0.00830% at June 30, 2022.

At June 30, 2024, the School Board reported liability of \$12,113 for nonprofessional employees and \$103,021 for professional employees for its proportionate share of the Net GLI OPEB Liability. At June 30, 2023 and June 30, 2022, the participating employer's proportion for nonprofessional employees was 0.00101%, and 0.00100%, respectively. At June 30, 2023, the participating employer's proportion for School Board professional employees was 0.00728% as compared to 0.00910% at June 30, 2022.

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Plan OPEB (Continued)

For the year ended June 30, 2024, the County recognized GLI OPEB expense of \$4,126, while the School Board recognized GLI OPEB expense (income) of \$(55), and \$1,200 for nonprofessional and professional employees, respectively. 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, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,720	\$ 2,650
Net difference between projected and actual earnings on GLI OPEB plan investments	-	3,509
Change in assumptions	1,866	6,049
Changes in proportion	8,110	11,498
Employer contributions subsequent to the measurement date	11,574	-
Total	\$ 30,270	\$ 23,706

	Component Unit School Board			
	Nonprofessional Employees		Professional Employees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,210	\$ 368	\$ 10,289	\$ 3,127
Net difference between projected and actual earnings on GLI OPEB plan investments	-	487	-	4,140
Change in assumptions	259	839	2,202	7,138
Changes in proportionate share	2	1,931	149	11,147
Employer contributions subsequent to the measurement date	1,357	-	11,675	-
Total	\$ 2,828	\$ 3,625	\$ 24,315	\$ 25,552

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements

June 30, 2024 (Continued)

NOTE 10—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)

\$11,574, \$1,357, and \$11,675 for the County and School Board nonprofessional and professional employees respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2025. 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:

Primary Government			Component Unit School Board					
			Nonprofessional			Professional		
Year Ended June 30,			Year Ended June 30,			Year Ended June 30,		
2025	\$	(423)	2025	\$	(686)	2025	\$	(4,672)
2026		(3,215)	2026		(1,068)	2026		(7,277)
2027		903	2027		(272)	2027		174
2028		(1,012)	2028		(228)	2028		(1,090)
2028		(1,263)	2028		100	2028		(47)
Thereafter		-	Thereafter		-	Thereafter		-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, 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, 2023. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for the 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 10—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, 2022 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, 2022. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

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

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, 2022 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, 2021. 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

THIS SPACE LEFT BLANK INTENTIONALLY

NOTE 10—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, 2022 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, 2022. 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 Improvements 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

NOTE 10—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, June 30, 2023, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Plan
Total GLI OPEB Liability	\$	3,907,052
Plan Fiduciary Net Position		2,707,739
GLI Net OPEB Liability (Asset)	\$	1,199,313
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		69.30%

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.

THIS SPACE LEFT BLANK INTENTIONALLY

NOTE 10—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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.02%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	<u>100.00%</u>		<u>5.75%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>8.25%</u>

* The above allocation provides a one-year return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

** On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, 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 Trustee. Through the fiscal year ended June 30, 2023, 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 113% of the actuarially determined contribution rate. From July 1, 2023 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 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 129,421	\$ 87,310	\$ 53,263
School Board's proportionate share of the GLI Plan Net OPEB Liability-nonprofessional employees	\$ 17,955	\$ 12,113	\$ 7,390
School Board's proportionate share of the GLI Plan Net OPEB Liability-professional employees	\$ 152,709	\$ 103,021	\$ 62,848

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

THIS SPACE LEFT BLANK INTENTIONALLY

NOTE 11—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.

Contributions

The contribution requirements for active employees are 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, 2024 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$26,160 and \$24,468 for the years ended June 30, 2024 and June 30, 2023, respectively.

Notes to Financial Statements
June 30, 2024 (Continued)

**NOTE 11—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):
(CONTINUED)**

Contributions (Continued)

In June 2023, the Commonwealth made a special contribution of approximately \$4 million to the VRS Teacher HIC Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution.

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

At June 30, 2024, the school division reported a liability of \$245,675 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2023 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion of the VRS Teacher Employee HIC Program was .02030% as compared to 0.02106% at June 30, 2022.

For the year ended June 30, 2024, the school division recognized VRS Teacher Employee HIC OPEB expense of \$13,700. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

At June 30, 2024, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 10,813
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	123	-
Change in assumptions	5,719	248
Change in proportion	1,193	25,732
Employer contributions subsequent to the measurement date	26,160	-
Total	\$ <u>33,195</u>	\$ <u>36,793</u>

NOTE 11—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):
(CONTINUED)

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

\$26,160 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, 2025. 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>		
2025	\$	(6,978)
2026		(7,808)
2027		(5,850)
2028		(4,030)
2029		(3,285)
Thereafter		(1,807)

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, 2022, 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, 2023.

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

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024 (Continued)

NOTE 11—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Mortality Rates – Teachers (Continued)

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, 2022 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, 2021. 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	\$	1,475,471
Plan Fiduciary Net Position		264,054
Teacher Employee Net HIC OPEB Liability (Asset)	\$	1,211,417
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		17.90%

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024 (Continued)

NOTE 11—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Net Teacher Employee HIC OPEB Liability (Continued)

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.

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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

* The above allocation provides a one-year return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

** On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

NOTE 11—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):
(CONTINUED)

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2023, 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, 2023 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	277,886	\$ 245,675	\$ 218,379

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 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024 (Continued)

NOTE 12—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

NOTE 12—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>5</u>
Inactive members:	
Inactive members active elsewhere in VRS	<u>2</u>
Total inactive members	<u>7</u>
Active members	<u>9</u>
Total covered employees	<u>16</u>

Contributions

The contribution requirements for active employees are governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board’s contractually required employer contribution rate for the year ended June 30, 2024 was 1.26% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the HIC Plan for nonprofessional employees were \$3,119 and \$2,988 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net HIC OPEB Liability

The School Board’s net HIC OPEB liability was measured as of June 30, 2023. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

THIS SPACE LEFT BLANK INTENTIONALLY

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024 (Continued)

NOTE 12—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2022 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, 2023.

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2022 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, 2021. 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

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024 (Continued)

NOTE 12—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

* The above allocation provides a one-year expected return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

** On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, 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, 2023, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2023 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.

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 12—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 27,155	\$ 2,473	\$ 24,682
Changes for the year:			
Service cost	\$ 231	\$ -	\$ 231
Interest	1,782	-	1,782
Differences between expected and actual experience	(783)	-	(783)
Assumption changes	-	-	-
Contributions - employer	-	2,988	(2,988)
Net investment income	-	188	(188)
Benefit payments	(1,958)	(1,958)	-
Administrative expenses	-	(5)	5
Other changes	-	9	(9)
Net changes	\$ (728)	\$ 1,222	\$ (1,950)
Balances at June 30, 2023	\$ 26,427	\$ 3,695	\$ 22,732

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School Board (Nonprofessional) Net HIC OPEB Liability	\$ 25,223	\$ 22,732	\$ 20,583

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 12—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, 2024, the School Board recognized HIC Plan OPEB income of \$23. At June 30, 2024, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board's HIC Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,011
Net difference between projected and actual earnings on HIC OPEB plan investments	19	-
Change in assumptions	81	677
Employer contributions subsequent to the measurement date	<u>3,119</u>	<u>-</u>
Total	\$ <u><u>3,219</u></u>	\$ <u><u>2,688</u></u>

\$3,119 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2025. 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:

<u>Year Ended June 30,</u>	
2024	\$ (1,922)
2025	(610)
2026	(58)
2027	2

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 13—AGGREGATION OF OPEB PLANS:

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Program (Note 10)	\$ 30,270	\$ 23,706	\$ 87,310	\$ 4,126
Totals	<u>\$ 30,270</u>	<u>\$ 23,706</u>	<u>\$ 87,310</u>	<u>\$ 4,126</u>

	Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Program (Note 10)				
School Board Nonprofessional	\$ 2,828	\$ 3,625	\$ 12,113	\$ (55)
School Board Professional	24,315	25,552	103,021	1,200
Teacher Health Insurance Credit Program (Note 11)	33,195	36,793	245,675	13,700
Health Insurance Credit (Note 12)	3,219	2,688	22,732	(23)
Totals	<u>\$ 63,557</u>	<u>\$ 68,658</u>	<u>\$ 383,541</u>	<u>\$ 14,822</u>

THIS SPACE LEFT BLANK INTENTIONALLY

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024 (Continued)

NOTE 14—UNEARNED/DEFERRED/UNAVAILABLE REVENUE:

The following is a summary of unearned/deferred/unavailable revenue for the year ended June 30, 2024:

	Government- wide Statements	Fund Financial Statements
Primary Government:		
Deferred/Unavailable revenue:		
Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	\$ -	\$ 213,072
Unavailable revenue representing uncollected property tax billings for the second half of calendar year 2024. The uncollected tax billings are not available for the funding of current expenditures.	2,097,117	2,097,117
Deferred prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year	101,512	101,512
Unavailable revenue related to the opioid lawsuit settlement due for fiscal years 2024 through 2034	-	35,383
Total primary government deferred/unavailable revenue	\$ 2,198,629	\$ 2,447,084
Unearned revenue:		
Emergency services grants revenue and payment in lieu of taxes revenue representing monies received in fiscal years 2003, 2004, and 2006, but to be expended in subsequent years	\$ 28,277	\$ 28,277
Coronavirus State and Local Fiscal Recovery Funds unspent as of June 30, 2023, to be expended by December 31, 2024	15,338	15,338
Total primary government unearned revenue	\$ 43,615	\$ 43,615

NOTE 15—SURETY BONDS:

Details of the County's surety bond coverage are as follows:

Fidelity and Deposit Company of Maryland - Surety:	
Paul Tribble Supervisor	\$ 1,000
Harry Sponaugle Supervisor	1,000
Henry Budzinski, JR Supervisor	1,000
Henry Budzinski, JR McDowell Water System, Chairman	5,000
Jerri Botkin County Administrator	10,000
Tabitha Hiner Clerk of the School Board	10,000
Division of Risk Management:	
All County employees - blanket bond	250,000
Blanket Bond Premiums Paid by State Compensation Board:	
Judy Hupman Clerk of the Circuit Court	25,000
Christy J. Harper Treasurer	300,000
Yvonne E. Wimer Commissioner of the Revenue	3,000
Robert W. Kelly Sheriff	30,000
St. Paul Fire and Marine Insurance Company:	
Social Services - blanket bond	75,000

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024 (Continued)

NOTE 16—RISK MANAGEMENT:

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County joined together with other local governments in Virginia to form the Virginia Municipal Group Self Insurance Association and the Virginia Association of Counties Group Self Insurance Risk Pool, public entity risk pools currently operating as a common risk management and insurance programs for participating local governments. The County pays an annual premium to VML for its general workers compensation insurance coverage and VACorp for general liability coverage. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The County continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 17—LANDFILL CLOSURE AND POST-CLOSURE MONITORING COSTS:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure approval is received from the Department of Environmental Quality. The County closed its landfill in 1993. Reported landfill post-closure care liability is \$68,421 at June 30, 2024. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a Local Government Financial Assurance Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

NOTE 18—NOTES RECEIVABLE:

The County has issued several loans to fire and rescue agencies for the purchase of new fire and rescue equipment to better serve the Highland community. The outstanding balances due from the fire and rescue agencies as of June 30, 2024 were as follows:

	Loans Receivable July 1, 2023	Issuances	Repayments	Loans Receivable June 30, 2024
Bolar Volunteer Fire Department	\$ 30,000	\$ -	\$ (5,000)	\$ 25,000
Bolar Volunteer Rescue Squad	-	12,000	-	12,000
Highland County Volunteer Fire Company	125,000	-	(5,000)	120,000
McDowell Volunteer Fire Department	-	105,000	(55,000)	50,000
Total	<u>\$ 155,000</u>	<u>\$ 117,000</u>	<u>\$ (65,000)</u>	<u>\$ 207,000</u>

COUNTY OF HIGHLAND, VIRGINIA

Notes to Financial Statements June 30, 2024 (Continued)

NOTE 19—LEASE RECEIVABLE:

The County entered into a noncancellable lease agreement for property with a lease term of 5 years and interest rate of 1.003% as the discount rate for leases. The lease agreement requires annual payments of \$4,500. The County recognized lease revenue of \$4,374 and interest revenue of \$122. As of June 30, 2024, the lease receivable balance was \$4,455.

NOTE 20—UPCOMING PRONOUNCEMENTS:

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.

Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

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

NOTE 21—LITIGATION:

At June 30, 2024, there were no matters of litigation involving the County for which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

NOTE 22—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 the 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.

REQUIRED SUPPLEMENTARY INFORMATION

(Note: Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.)

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 4,136,300	\$ 4,074,300	\$ 4,297,135	\$ 222,835
Other local taxes	441,776	452,776	450,945	(1,831)
Permits, privilege fees, and regulatory licenses	15,150	15,150	14,658	(492)
Fines and forfeitures	1,000	1,000	4,328	3,328
Revenue from the use of money and property	147,700	176,100	276,227	100,127
Charges for services	14,675	14,675	17,628	2,953
Miscellaneous	35,800	50,800	76,749	25,949
Intergovernmental:				
Commonwealth	1,333,456	1,365,456	1,504,882	139,426
Federal	159,000	159,000	428,347	269,347
Total revenues	<u>\$ 6,284,857</u>	<u>\$ 6,309,257</u>	<u>\$ 7,070,899</u>	<u>\$ 761,642</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,454,049	\$ 1,649,899	\$ 1,566,921	\$ 82,978
Judicial administration	353,923	361,717	369,246	(7,529)
Public safety	1,355,882	1,268,238	1,182,566	85,672
Public works	1,096	1,096	9,929	(8,833)
Health and welfare	182,562	182,562	171,312	11,250
Education	2,575,018	3,937,441	1,650,931	2,286,510
Parks, recreation, and cultural	90,907	90,907	91,005	(98)
Community development	272,310	494,459	364,127	130,332
Nondepartmental	8,000	8,265	10,811	(2,546)
Capital projects	-	21,206	141,753	(120,547)
Total expenditures	<u>\$ 6,293,747</u>	<u>\$ 8,015,790</u>	<u>\$ 5,558,601</u>	<u>\$ 2,457,189</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (8,890)</u>	<u>\$ (1,706,533)</u>	<u>\$ 1,512,298</u>	<u>\$ 3,218,831</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>\$ 8,890</u>	<u>\$ 1,706,533</u>	<u>\$ (341,506)</u>	<u>\$ (2,048,039)</u>
Total other financing sources (uses)	<u>\$ 8,890</u>	<u>\$ 1,706,533</u>	<u>\$ (341,506)</u>	<u>\$ (2,048,039)</u>
Net change in fund balances	\$ -	\$ -	\$ 1,170,792	\$ 1,170,792
Fund balances - beginning	-	-	5,608,963	5,608,963
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,779,755</u>	<u>\$ 6,779,755</u>

Special Revenue Fund-EMS Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 358,200	\$ 358,200	\$ 497,239	\$ 139,039
Miscellaneous	675	675	850	175
Total revenues	<u>\$ 358,875</u>	<u>\$ 358,875</u>	<u>\$ 498,089</u>	<u>\$ 139,214</u>
EXPENDITURES				
Public safety	\$ 587,776	\$ 599,491	\$ 622,717	\$ (23,226)
Total expenditures	<u>\$ 587,776</u>	<u>\$ 599,491</u>	<u>\$ 622,717</u>	<u>\$ (23,226)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (228,901)</u>	<u>\$ (240,616)</u>	<u>\$ (124,628)</u>	<u>\$ 115,988</u>
Net change in fund balances	\$ (228,901)	\$ (240,616)	\$ (124,628)	\$ 115,988
Fund balances - beginning	-	-	479,509	479,509
Fund balances - ending	<u><u>\$ (228,901)</u></u>	<u><u>\$ (240,616)</u></u>	<u><u>\$ 354,881</u></u>	<u><u>\$ 595,497</u></u>

Special Revenue Fund-Virginia Public Assistance Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 19	\$ 19
Miscellaneous	-	-	4,182	4,182
Intergovernmental:				
Commonwealth	410,432	298,300	204,929	(93,371)
Federal	408,601	408,601	391,747	(16,854)
Total revenues	<u>\$ 819,033</u>	<u>\$ 706,901</u>	<u>\$ 600,877</u>	<u>\$ (106,024)</u>
EXPENDITURES				
Health and welfare	<u>\$ 1,029,049</u>	<u>\$ 1,029,049</u>	<u>\$ 674,883</u>	<u>\$ 354,166</u>
Total expenditures	<u>\$ 1,029,049</u>	<u>\$ 1,029,049</u>	<u>\$ 674,883</u>	<u>\$ 354,166</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (210,016)</u>	<u>\$ (322,148)</u>	<u>\$ (74,006)</u>	<u>\$ 248,142</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 210,016</u>	<u>\$ 322,148</u>	<u>\$ 74,006</u>	<u>\$ (248,142)</u>
Total other financing sources (uses)	<u>\$ 210,016</u>	<u>\$ 322,148</u>	<u>\$ 74,006</u>	<u>\$ (248,142)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Special Revenue Fund-E-911 Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Commonwealth	\$ -	\$ -	\$ 222,560	\$ 222,560
Total revenues	\$ -	\$ -	\$ 222,560	\$ 222,560
EXPENDITURES				
Public safety	\$ -	\$ 191,760	\$ 191,646	\$ 114
Total expenditures	\$ -	\$ 191,760	\$ 191,646	\$ 114
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (191,760)	\$ 30,914	\$ 222,674
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 191,760	\$ -	\$ (191,760)
Total other financing sources (uses)	\$ -	\$ 191,760	\$ -	\$ (191,760)
Net change in fund balances	\$ -	\$ -	\$ 30,914	\$ 30,914
Fund balances - beginning	-	-	6,286	6,286
Fund balances - ending	\$ -	\$ -	\$ 37,200	\$ 37,200

County of Highland, Virginia

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Primary Government
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2023

	2023	2022	2021	2020
Total pension liability				
Service cost	\$ 215,689	\$ 200,519	\$ 177,496	\$ 180,499
Interest	559,348	537,258	493,815	495,799
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	111,410	(16,776)	(94,044)	(395,272)
Changes of assumptions	-	-	196,451	-
Benefit payments	(479,376)	(338,448)	(322,820)	(298,037)
Net change in total pension liability	\$ 407,071	\$ 382,553	\$ 450,898	\$ (17,011)
Total pension liability - beginning	8,310,636	7,928,083	7,477,185	7,494,196
Total pension liability - ending (a)	\$ 8,717,707	\$ 8,310,636	\$ 7,928,083	\$ 7,477,185
Plan fiduciary net position				
Contributions - employer	\$ 166,244	\$ 172,346	\$ 155,812	\$ 180,832
Contributions - employee	78,764	84,012	80,692	79,750
Net investment income	531,096	(10,336)	1,829,952	126,397
Benefit payments	(479,376)	(338,448)	(322,820)	(298,037)
Administrator charges	(5,345)	(5,221)	(4,511)	(4,241)
Other	214	196	173	(151)
Net change in plan fiduciary net position	\$ 291,597	\$ (97,451)	\$ 1,739,298	\$ 84,550
Plan fiduciary net position - beginning	8,332,829	8,430,280	6,690,982	6,606,432
Plan fiduciary net position - ending (b)	\$ 8,624,426	\$ 8,332,829	\$ 8,430,280	\$ 6,690,982
County's net pension liability (asset) - ending (a) - (b)	\$ 93,281	\$ (22,193)	\$ (502,197)	\$ 786,203
Plan fiduciary net position as a percentage of the total pension liability	98.93%	100.27%	106.33%	89.49%
Covered payroll	\$ 1,713,720	\$ 1,806,457	\$ 1,621,467	\$ 1,590,277
County's net pension liability as a percentage of covered payroll	5.44%	-1.23%	-30.97%	49.44%

	2019		2018		2017		2016		2015		2014
\$	154,618	\$	156,750	\$	155,202	\$	149,304	\$	153,716	\$	149,038
	491,087		474,696		445,876		427,276		421,763		406,078
	-		-		-		51,557		-		-
	(212,208)		(84,912)		155,277		(12,933)		(138,534)		-
	189,970		-		3,210		-		-		-
	(289,585)		(335,177)		(360,531)		(338,460)		(377,894)		(284,210)
\$	333,882	\$	211,357	\$	399,034	\$	276,744	\$	59,051	\$	270,906
	7,160,314		6,948,957		6,549,923		6,273,179		6,214,128		5,943,222
\$	<u>7,494,196</u>	\$	<u>7,160,314</u>	\$	<u>6,948,957</u>	\$	<u>6,549,923</u>	\$	<u>6,273,179</u>	\$	<u>6,214,128</u>
\$	161,912	\$	148,896	\$	144,304	\$	187,768	\$	178,879	\$	152,470
	66,429		65,835		63,793		63,391		77,375		60,075
	417,087		436,495		655,009		92,846		240,813		731,267
	(289,585)		(335,177)		(360,531)		(338,460)		(377,894)		(284,210)
	(4,071)		(3,791)		(3,850)		(3,392)		(3,366)		(3,971)
	(264)		(388)		(581)		(40)		(53)		39
\$	351,508	\$	311,870	\$	498,144	\$	2,113	\$	115,754	\$	655,670
	6,254,924		5,943,054		5,444,910		5,442,797		5,327,043		4,671,373
\$	<u>6,606,432</u>	\$	<u>6,254,924</u>	\$	<u>5,943,054</u>	\$	<u>5,444,910</u>	\$	<u>5,442,797</u>	\$	<u>5,327,043</u>
\$	887,764	\$	905,390	\$	1,005,903	\$	1,105,013	\$	830,382	\$	887,085
	88.15%		87.36%		85.52%		83.13%		86.76%		85.72%
\$	1,407,034	\$	1,382,360	\$	1,326,229	\$	1,302,387	\$	1,242,402	\$	1,201,493
	63.09%		65.50%		75.85%		84.85%		66.84%		73.83%

County of Highland, 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, 2023

	2023	2022	2021	2020
Total pension liability				
Service cost	\$ 19,890	\$ 18,727	\$ 23,333	\$ 22,624
Interest	102,294	92,437	92,031	93,990
Differences between expected and actual experience	(17,843)	142,097	(38,287)	(27,844)
Changes of assumptions	-	-	44,234	-
Benefit payments	(117,271)	(99,527)	(168,512)	(67,068)
Net change in total pension liability	\$ (12,930)	\$ 153,734	\$ (47,201)	\$ 21,702
Total pension liability - beginning	1,554,209	1,400,475	1,447,676	1,425,974
Total pension liability - ending (a)	\$ 1,541,279	\$ 1,554,209	\$ 1,400,475	\$ 1,447,676
Plan fiduciary net position				
Contributions - employer	\$ 60,558	\$ 37,316	\$ 39,394	\$ 40,665
Contributions - employee	11,056	10,386	11,209	12,222
Net investment income	63,113	(392)	235,005	17,779
Benefit payments	(117,271)	(99,527)	(168,512)	(67,068)
Administrative expense	(647)	(669)	(676)	(606)
Other	25	24	22	(21)
Net change in plan fiduciary net position	\$ 16,834	\$ (52,862)	\$ 116,442	\$ 2,971
Plan fiduciary net position - beginning	1,002,121	1,054,983	938,541	935,570
Plan fiduciary net position - ending (b)	\$ 1,018,955	\$ 1,002,121	\$ 1,054,983	\$ 938,541
School Division's net pension liability - ending (a) - (b)	\$ 522,324	\$ 552,088	\$ 345,492	\$ 509,135
Plan fiduciary net position as a percentage of the total pension liability	66.11%	64.48%	75.33%	64.83%
Covered payroll	\$ 237,172	\$ 221,772	\$ 230,492	\$ 247,284
School Division's net pension liability as a percentage of covered payroll	220.23%	248.94%	149.89%	205.89%

2019		2018		2017		2016		2015		2014	
\$	21,471	\$	20,910	\$	20,048	\$	20,055	\$	18,181	\$	16,918
	91,803		83,621		80,313		75,437		76,690		74,575
	(2,288)		79,475		26,217		44,084		(49,056)		-
	35,821		-		(7,630)		-		-		-
	(64,597)		(69,651)		(73,744)		(66,091)		(61,327)		(61,249)
\$	82,210	\$	114,355	\$	45,204	\$	73,485	\$	(15,512)	\$	30,244
	1,343,764		1,229,409		1,184,205		1,110,720		1,126,232		1,095,988
\$	<u>1,425,974</u>	\$	<u>1,343,764</u>	\$	<u>1,229,409</u>	\$	<u>1,184,205</u>	\$	<u>1,110,720</u>	\$	<u>1,126,232</u>
\$	39,821	\$	30,448	\$	29,727	\$	35,591	\$	36,046	\$	30,951
	11,973		11,825		11,534		11,371		11,528		10,276
	59,234		62,498		94,641		13,591		35,354		107,414
	(64,597)		(69,651)		(73,744)		(66,091)		(61,327)		(61,249)
	(582)		(550)		(566)		(500)		(489)		(590)
	(37)		(55)		(84)		(6)		(8)		6
\$	45,812	\$	34,515	\$	61,508	\$	(6,044)	\$	21,104	\$	86,808
	889,758		855,243		793,735		799,779		778,675		691,867
\$	<u>935,570</u>	\$	<u>889,758</u>	\$	<u>855,243</u>	\$	<u>793,735</u>	\$	<u>799,779</u>	\$	<u>778,675</u>
\$	490,404	\$	454,006	\$	374,166	\$	390,470	\$	310,941	\$	347,557
	65.61%		66.21%		69.57%		67.03%		72.01%		69.14%
\$	242,361	\$	239,365	\$	233,486	\$	227,420	\$	224,553	\$	205,513
	202.34%		189.67%		160.25%		171.70%		138.47%		169.12%

Schedule of Employer's Share of Net Pension Liability (Asset) VRS Teacher Retirement Plan
For the Measurement Dates of June 30, 2014 through June 30, 2023

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (5)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (6)
2023	0.02018%	\$ 2,039,634	\$ 2,022,121	101%	82.45%
2022	0.02118%	2,016,463	1,962,519	103%	82.61%
2021	0.02150%	1,669,066	1,894,883	88%	85.46%
2020	0.02140%	3,108,441	1,875,525	166%	71.47%
2019	0.02272%	2,990,081	1,903,179	157%	73.51%
2018	0.02435%	2,863,000	1,950,212	147%	74.81%
2017	0.02435%	2,994,000	1,911,314	157%	72.92%
2016	0.02344%	3,285,000	1,786,902	184%	68.28%
2015	0.02404%	3,025,000	1,787,334	169%	70.68%
2014	0.02269%	2,742,000	1,659,098	165%	70.68%

Schedule of Employer Contributions

Pension Plans

Years Ended June 30, 2015 through June 30, 2024

<u>Date</u>	<u>Contractually Required Contribution (1)*</u>	<u>Contributions in Relation to Contractually Required Contribution (2)*</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
Primary Government					
2024	\$ 207,618	\$ 207,618	\$ -	\$ 2,143,295	9.69%
2023	166,255	166,255	-	1,713,720	9.70%
2022	172,910	172,910	-	1,806,457	9.57%
2021	155,811	155,811	-	1,621,467	9.61%
2020	181,199	181,199	-	1,590,277	11.39%
2019	161,674	161,674	-	1,407,034	11.49%
2018	148,896	148,896	-	1,382,360	10.77%
2017	144,304	144,304	-	1,326,229	10.88%
2016	187,768	187,768	-	1,302,387	14.42%
2015	178,879	178,879	-	1,242,402	14.40%
Component Unit School Board (nonprofessional)					
2024	\$ 63,092	\$ 63,092	\$ -	\$ 247,503	25.49%
2023	60,560	60,560	-	237,172	25.53%
2022	37,317	37,317	-	221,772	16.83%
2021	39,394	39,394	-	230,492	17.09%
2020	40,665	40,665	-	247,284	16.44%
2019	39,821	39,821	-	242,361	16.43%
2018	30,448	30,448	-	239,365	12.72%
2017	29,769	29,769	-	233,486	12.75%
2016	35,591	35,591	-	227,420	15.65%
2015	36,046	36,046	-	224,553	16.05%
Component Unit School Board (professional)					
2024	\$ 337,963	\$ 337,963	\$ -	\$ 2,162,000	15.63%
2023	318,616	318,616	-	2,022,121	15.76%
2022	314,581	314,581	-	1,962,519	16.03%
2021	304,153	304,153	-	1,894,883	16.05%
2020	283,796	283,796	-	1,875,525	15.13%
2019	291,132	291,132	-	1,903,179	15.30%
2018	314,346	314,346	-	1,950,212	16.12%
2017	277,816	277,816	-	1,911,314	14.54%
2016	249,226	249,226	-	1,786,902	13.95%
2015	259,163	259,163	-	1,787,334	14.50%

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

Notes to Required Supplementary Information
Pension Plans
Year Ended June 30, 2024

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, 2022 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, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

All Others (Non 10 Largest) – Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

Schedule of County's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2023

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2023	0.00728% \$	87,310 \$	1,713,720	5.09%	69.30%
2022	0.00830%	99,940	1,806,457	5.53%	67.21%
2021	0.00780%	91,396	1,621,467	5.64%	67.45%
2020	0.00770%	129,001	1,590,277	8.11%	52.64%
2019	0.00718%	116,838	1,407,034	8.30%	52.00%
2018	0.00730%	111,000	1,388,989	7.99%	51.22%
2017	0.00719%	109,000	1,326,229	8.22%	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.

Schedule of School Board's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2023

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Component Unit School Board (nonprofessional)					
2023	0.00101%	\$ 12,113	\$ 237,172	5.11%	69.30%
2022	0.00100%	12,282	221,772	5.54%	67.21%
2021	0.00110%	13,040	230,492	5.66%	67.45%
2020	0.00120%	20,026	247,284	8.10%	52.64%
2019	0.00124%	20,178	242,361	8.33%	52.00%
2018	0.00126%	19,000	239,365	7.94%	51.22%
2017	0.00127%	19,000	233,486	8.14%	48.86%
Component Unit School Board (professional)					
2023	0.00728%	\$ 103,021	\$ 2,022,121	5.09%	69.30%
2022	0.00910%	109,573	1,979,044	5.54%	67.21%
2021	0.00920%	106,880	1,894,883	5.64%	67.45%
2020	0.00920%	152,866	1,884,075	8.11%	52.64%
2019	0.00971%	158,007	1,903,179	8.30%	52.00%
2018	0.01026%	155,000	1,950,212	7.95%	51.22%
2017	0.01036%	156,000	1,911,314	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.

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

Years Ended June 30, 2015 through June 30, 2024

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					
2024	\$ 11,574	\$ 11,574	\$ -	\$ 2,143,295	0.54%
2023	9,254	9,254	-	1,713,720	0.54%
2022	9,755	9,755	-	1,806,457	0.54%
2021	8,756	8,756	-	1,621,467	0.54%
2020	8,269	8,269	-	1,590,277	0.52%
2019	7,317	7,317	-	1,407,034	0.52%
2018	7,223	7,223	-	1,388,989	0.52%
2017	6,896	6,896	-	1,326,229	0.52%
2016	6,251	6,251	-	1,302,387	0.48%
2015	5,964	5,964	-	1,242,402	0.48%
Component Unit School Board (nonprofessional)					
2024	\$ 1,357	\$ 1,357	\$ -	\$ 251,352	0.54%
2023	1,281	1,281	-	237,172	0.54%
2022	1,198	1,198	-	221,772	0.54%
2021	1,245	1,245	-	230,492	0.54%
2020	1,286	1,286	-	247,284	0.52%
2019	1,260	1,260	-	242,361	0.52%
2018	1,244	1,244	-	239,365	0.52%
2017	1,214	1,214	-	233,486	0.52%
2016	1,092	1,092	-	227,420	0.48%
2015	1,078	1,078	-	224,553	0.48%
Component Unit School Board (professional)					
2024	\$ 11,675	\$ 11,675	\$ -	\$ 2,162,000	0.54%
2023	10,919	10,919	-	2,022,121	0.54%
2022	10,687	10,687	-	1,979,044	0.54%
2021	10,232	10,232	-	1,894,883	0.54%
2020	9,797	9,797	-	1,884,075	0.52%
2019	9,897	9,897	-	1,903,179	0.52%
2018	10,141	10,141	-	1,950,212	0.52%
2017	9,939	9,939	-	1,911,314	0.52%
2016	8,577	8,577	-	1,786,902	0.48%
2015	8,579	8,579	-	1,787,334	0.48%

Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
Year Ended June 30, 2024

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, 2022 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, 2021. 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

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, 2023

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (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)
2023	0.02030%	\$ 245,675	\$ 2,022,121	12.15%	17.90%
2022	0.02106%	263,049	1,962,519	13.40%	15.08%
2021	0.02143%	275,069	1,894,883	14.52%	13.15%
2020	0.02140%	279,036	1,875,525	14.88%	9.95%
2019	0.02269%	297,034	1,903,179	15.61%	8.97%
2018	0.02411%	306,000	1,950,212	15.69%	8.08%
2017	0.02422%	308,000	1,911,314	16.11%	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.

Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
Years Ended June 30, 2015 through June 30, 2024

Date	Contributions in Relation to		Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution (1)	Contractually Required Contribution (2)			
2024	\$ 26,160	\$ 26,160	\$ -	\$ 2,162,000	1.21%
2023	24,468	24,468	-	2,022,121	1.21%
2022	23,746	23,746	-	1,962,519	1.21%
2021	22,928	22,928	-	1,894,883	1.21%
2020	22,506	22,506	-	1,875,525	1.20%
2019	22,838	22,838	-	1,903,179	1.20%
2018	23,988	23,988	-	1,950,212	1.23%
2017	21,216	21,216	-	1,911,314	1.11%
2016	18,941	18,941	-	1,786,902	1.06%
2015	18,946	18,946	-	1,787,334	1.06%

Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
Year Ended June 30, 2024

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, 2022 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, 2021. 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

Schedule of Changes in the School Board's Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2020 through June 30, 2023

	2023	2022	2021	2020
Total HIC OPEB Liability				
Service cost	\$ 231	\$ 225	\$ 343	\$ -
Interest	1,782	2,143	2,001	-
Changes in benefit terms	-	-	-	29,651
Differences between expected and actual experience	(783)	(3,866)	-	-
Changes of assumptions	-	(1,795)	600	-
Benefit payments	(1,958)	(2,147)	-	-
Net change in total HIC OPEB liability	\$ (728)	\$ (5,440)	\$ 2,944	\$ 29,651
Total HIC OPEB Liability - beginning	27,155	32,595	29,651	-
Total HIC OPEB Liability - ending (a)	\$ 26,427	\$ 27,155	\$ 32,595	\$ 29,651
Plan fiduciary net position				
Contributions - employer	\$ 2,988	\$ 2,040	\$ 2,120	\$ -
Net investment income	188	8	289	-
Benefit payments	(1,958)	(2,147)	-	-
Administrator charges	(5)	(5)	(9)	-
Other	9	177	-	-
Net change in plan fiduciary net position	\$ 1,222	\$ 73	\$ 2,400	\$ -
Plan fiduciary net position - beginning	2,473	2,400	-	-
Plan fiduciary net position - ending (b)	\$ 3,695	\$ 2,473	\$ 2,400	\$ -
School Board's net HIC OPEB liability - ending (a) - (b)	\$ 22,732	\$ 24,682	\$ 30,195	\$ 29,651
Plan fiduciary net position as a percentage of the total HIC OPEB liability	13.98%	9.11%	7.36%	0.00%
Covered payroll	\$ 237,172	\$ 221,772	\$ 230,491	\$ -
School Board's net HIC OPEB liability as a percentage of covered payroll	9.58%	11.13%	13.10%	0.00%

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

Schedule of Employer Contributions
 Health Insurance Credit (HIC) Plan
 Years Ended June 30, 2021 through June 30, 2024

Date	Contributions in Relation to			Contributions as a % of	
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Covered Payroll (5)
2024	\$ 3,119	\$ 3,119	\$ -	\$ 247,503	1.26%
2023	2,988	2,988	-	237,172	1.26%
2022	2,040	2,040	-	221,772	0.92%
2021	2,121	2,121	-	230,491	0.92%

Schedule is intended to show information for 10 years. The School board began participating in the Health Insurance Credit Plan in the year ended June 30, 2021. Additional years will be added as the information becomes available.

Notes to Required Supplementary Information
 Health Insurance Credit (HIC) Plan
 Year Ended June 30, 2024

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, 2022, 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, 2021. 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

OTHER SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

Capital Projects Fund-County Capital Improvements Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
REVENUES				
Intergovernmental:				
Federal	\$ -	\$ -	\$ 84,000	\$ 84,000
Total revenues	\$ -	\$ -	\$ 84,000	\$ 84,000
EXPENDITURES				
Current:				
Capital projects	\$ 134,000	\$ 261,000	\$ 384,459	\$ (123,459)
Total expenditures	\$ 134,000	\$ 261,000	\$ 384,459	\$ (123,459)
Excess (deficiency) of revenues over (under) expenditures	\$ (134,000)	\$ (261,000)	\$ (300,459)	\$ (39,459)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 134,000	\$ 261,000	\$ -	\$ (261,000)
Total other financing sources (uses)	\$ 134,000	\$ 261,000	\$ -	\$ (261,000)
Net change in fund balances	\$ -	\$ -	\$ (300,459)	\$ (300,459)
Fund balances - beginning	-	-	295,076	295,076
Fund balances - ending	\$ -	\$ -	\$ (5,383)	\$ (5,383)

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 27,151	\$ 337,860	\$ 365,011
Total assets	<u>\$ 27,151</u>	<u>\$ 337,860</u>	<u>\$ 365,011</u>
FUND BALANCES			
Restricted:			
Forfeited assets	\$ 5,153	\$ -	\$ 5,153
Assigned:			
Capital projects	-	337,860	337,860
Special revenue funds	21,998	-	21,998
Total fund balances	<u>\$ 27,151</u>	<u>\$ 337,860</u>	<u>\$ 365,011</u>
Total liabilities and fund balances	<u>\$ 27,151</u>	<u>\$ 337,860</u>	<u>\$ 365,011</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2024

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Commonwealth	\$ 5,820	\$ -	\$ 5,820
Total revenues	\$ 5,820	\$ -	\$ 5,820
EXPENDITURES			
Current:			
Education	\$ -	\$ 456,932	\$ 456,932
Capital projects	-	664,724	664,724
Total expenditures	\$ -	\$ 1,121,656	\$ 1,121,656
Excess (deficiency) of revenues over (under) expenditures	\$ 5,820	\$ (1,121,656)	\$ (1,115,836)
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 250,000	\$ 250,000
Total other financing sources (uses)	\$ -	\$ 250,000	\$ 250,000
Net change in fund balances	\$ 5,820	\$ (871,656)	\$ (865,836)
Fund balances - beginning, as previously presented	27,617	295,753	323,370
Change within financial reporting entity (nonmajor to major)	(6,286)	913,763	907,477
Fund balances - beginning, as adjusted	21,331	1,209,516	1,230,847
Fund balances - ending	\$ 27,151	\$ 337,860	\$ 365,011

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2024

	<u>Sheriff's Grants</u>	<u>Total</u>
ASSETS		
Cash and cash equivalents	\$ 27,151	\$ 27,151
Total assets	<u>\$ 27,151</u>	<u>\$ 27,151</u>
FUND BALANCES		
Restricted:		
Forfeited assets	\$ 5,153	\$ 5,153
Assigned:		
Special revenue funds	<u>21,998</u>	<u>21,998</u>
Total fund balances	<u>\$ 27,151</u>	<u>\$ 27,151</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 Year Ended June 30, 2024

		Formerly Non- major Fund	Formerly Non- major Fund Virginia Public Assistance	
	Sheriff's Grants	E-911		Total
REVENUES				
Intergovernmental:				
Commonwealth	\$ 5,820	\$ -	\$ -	\$ 5,820
Total revenues	\$ 5,820	\$ -	\$ -	\$ 5,820
Excess (deficiency) of revenues over (under) expenditures	\$ 5,820	\$ -	\$ -	\$ 5,820
Net change in fund balances	\$ 5,820	\$	\$	\$ 5,820
Fund balances - beginning, as previously presented	\$ 21,331	\$ 6,286	\$ -	\$ 27,617
Change within financial reporting entity (nonmajor to major)	-	(6,286)	-	(6,286)
Fund balances - beginning, as adjusted	\$ 21,331	\$ -	\$ -	\$ 21,331
Fund balances - ending	\$ 27,151	\$ -	\$ -	\$ 27,151

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended June 30, 2024

	Sheriff's Grant Funds			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Intergovernmental revenues:				
Commonwealth	\$ -	\$ -	\$ 5,820	\$ 5,820
Total revenues	\$ -	\$ -	\$ 5,820	\$ 5,820
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 5,820	\$ 5,820
Net change in fund balances	\$ -	\$ -	\$ 5,820	\$ 5,820
Fund balances - beginning	-	-	21,331	21,331
Fund balances - ending	\$ -	\$ -	\$ 27,151	\$ 27,151

Combining Balance Sheet
Nonmajor Capital Projects Fund
June 30, 2024

	School Capital Improvements	Total
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 337,860	\$ 337,860
Total assets	<u>\$ 337,860</u>	<u>\$ 337,860</u>
FUND BALANCES		
Assigned:		
Capital projects	\$ 337,860	\$ 337,860
Total fund balances	<u>\$ 337,860</u>	<u>\$ 337,860</u>
Total liabilities and fund balances	<u>\$ 337,860</u>	<u>\$ 337,860</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Capital Projects Fund
 Year Ended June 30, 2024

	Formerly Major Fund School Capital Improvements	Formerly Non- Major Fund County Capital Improvements	Total
EXPENDITURES			
Current:			
Education	\$ 456,932	- \$	456,932
Capital projects	664,724	-	664,724
Total expenditures	\$ 1,121,656	\$ -	\$ 1,121,656
Excess (deficiency) of revenues over (under) expenditures	\$ (1,121,656)	\$ -	\$ (1,121,656)
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 250,000	\$ -	\$ 250,000
Total other financing sources (uses)	\$ 250,000	\$ -	\$ 250,000
Net change in fund balances	\$ (871,656)	\$ -	\$ (871,656)
Fund balances - beginning, as previously presented	\$ -	\$ 295,753	\$ 295,753
Change within financial reporting entity - major to nonmajor (nonmajor to major)	1,209,516	(295,753)	913,763
Fund balances - beginning, as adjusted	\$ 1,209,516	\$ -	\$ 1,209,516
Fund balances - ending	\$ 337,860	\$ -	\$ 337,860

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Capital Projects Fund
Year Ended June 30, 2024

	School Capital Improvements			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
EXPENDITURES				
Current:				
Education	\$ -	\$ -	\$ 456,932	\$ (456,932)
Capital projects	-	664,797	664,724	73
Total expenditures	<u>\$ -</u>	<u>\$ 664,797</u>	<u>\$ 1,121,656</u>	<u>\$ (456,859)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (664,797)</u>	<u>\$ (1,121,656)</u>	<u>\$ (456,859)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ -</u>	<u>\$ 664,797</u>	<u>\$ 250,000</u>	<u>\$ (414,797)</u>
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 664,797</u>	<u>\$ 250,000</u>	<u>\$ (414,797)</u>
Net change in fund balances	\$ -	\$ -	\$ (871,656)	\$ (871,656)
Fund balances - beginning	-	-	1,209,516	1,209,516
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 337,860</u>	<u>\$ 337,860</u>

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

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 government as well as by contributions from the General Fund.

School Cafeteria Fund – The Cafeteria Fund accounts for and reports the County's school lunch program. Financing is provided from school lunch sales and State and Federal reimbursements.

School Activity Funds – The School Activity Funds include all funds received from extracurricular school activities, such as entertainment, athletic contests, club dues, fundraisers, etc., and from any and all activities of the school involving personnel, students, or property. The activity funds are special revenue funds of the School Board.

Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2024

	School Operating Fund	School Cafeteria Fund	School Activity Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 195,168	\$ 7,914	\$ 155,078	\$ 358,160
Due from primary government	-	12,638	-	12,638
Due from other governmental units	261,668	3,372	-	265,040
Inventories	-	8,188	-	8,188
Prepaid items	74,740	1,000	-	75,740
Total assets	<u>\$ 531,576</u>	<u>\$ 33,112</u>	<u>\$ 155,078</u>	<u>\$ 719,766</u>
LIABILITIES				
Accounts payable	\$ 8,011	\$ -	\$ 2,034	\$ 10,045
Accrued liabilities	195,168	7,913	-	203,081
Due to primary government	226,496	-	-	226,496
Unearned revenue	101,901	-	-	101,901
Total liabilities	<u>\$ 531,576</u>	<u>\$ 7,913</u>	<u>\$ 2,034</u>	<u>\$ 541,523</u>
FUND BALANCES				
Nonspendable:				
Inventories	\$ -	\$ 8,188	\$ -	\$ 8,188
Prepaid items	74,740	1,000	-	75,740
Restricted:				
School activity funds	-	-	153,044	153,044
Assigned:				
School cafeteria	-	16,011	-	16,011
Unassigned (deficit)	(74,740)	-	-	(74,740)
Total fund balances	<u>\$ -</u>	<u>\$ 25,199</u>	<u>\$ 153,044</u>	<u>\$ 178,243</u>
Total liabilities and fund balances	<u>\$ 531,576</u>	<u>\$ 33,112</u>	<u>\$ 155,078</u>	<u>\$ 719,766</u>

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

Total fund balances per above \$ 178,243

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

Land	\$ 13,035	
Buildings and improvements	3,768,724	
Machinery and equipment	566,634	
		4,348,393

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

Pension related items	\$ 676,502	
OPEB related items	63,557	
		740,059

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

Compensated absences	\$ (62,529)	
Net OPEB liabilities	(383,541)	
Net Pension Liability	(2,561,958)	
		(3,008,028)

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

Pension related items	\$ (401,233)	
OPEB related items	(68,658)	
		(469,891)

Net position of governmental activities \$ 1,788,776

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 Year Ended June 30, 2024

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>School Activity Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Charges for services	\$ -	\$ 87,368	\$ -	\$ 87,368
Miscellaneous	9,218	-	243,577	252,795
Intergovernmental:				
Local government	2,001,935	105,928	-	2,107,863
Commonwealth	2,547,889	4,088	-	2,551,977
Federal	311,776	95,490	-	407,266
Total revenues	<u>\$ 4,870,818</u>	<u>\$ 292,874</u>	<u>\$ 243,577</u>	<u>\$ 5,407,269</u>
EXPENDITURES				
Education	\$ 4,870,818	\$ 293,592	\$ 224,260	\$ 5,388,670
Total expenditures	<u>\$ 4,870,818</u>	<u>\$ 293,592</u>	<u>\$ 224,260</u>	<u>\$ 5,388,670</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (718)	\$ 19,317	\$ 18,599
Net change in fund balances	\$ -	\$ (718)	\$ 19,317	\$ 18,599
Fund balances - beginning	-	25,917	133,727	159,644
Fund balances - ending	<u>\$ -</u>	<u>\$ 25,199</u>	<u>\$ 153,044</u>	<u>\$ 178,243</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 \$ 18,599

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 capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 743,155	
Depreciation expense	<u>(318,212)</u>	424,943

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

Nonemployer VRS pension contribution	29,757
--------------------------------------	--------

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	\$ (5,180)	
Change in pension related items	(482)	
Change in OPEB related items	<u>241,349</u>	235,687

Change in net position of governmental activities	\$ <u>708,986</u>
---	-------------------

County of Highland, Virginia

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
Year Ended June 30, 2024

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	9,218	9,218
Intergovernmental:				
Local government	2,476,915	3,766,882	2,001,935	(1,764,947)
Commonwealth	2,387,738	2,387,738	2,547,889	160,151
Federal	295,215	295,215	311,776	16,561
Total revenues	<u>\$ 5,159,868</u>	<u>\$ 6,449,835</u>	<u>\$ 4,870,818</u>	<u>\$ (1,579,017)</u>
EXPENDITURES				
Education	<u>\$ 5,159,868</u>	<u>\$ 6,449,835</u>	<u>\$ 4,870,818</u>	<u>\$ 1,579,017</u>
Total expenditures	<u>\$ 5,159,868</u>	<u>\$ 6,449,835</u>	<u>\$ 4,870,818</u>	<u>\$ 1,579,017</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 25,000	\$ 25,000	\$ 87,368	\$ 62,368
-	-	-	-
98,103	170,559	105,928	(64,631)
10,031	10,031	4,088	(5,943)
156,686	156,686	95,490	(61,196)
<u>\$ 289,820</u>	<u>\$ 362,276</u>	<u>\$ 292,874</u>	<u>\$ (69,402)</u>
\$ 289,820	\$ 362,276	\$ 293,592	\$ 68,684
\$ 289,820	\$ 362,276	\$ 293,592	\$ 68,684
\$ -	\$ -	\$ (718)	\$ (718)
\$ -	\$ -	\$ (718)	\$ (718)
-	-	25,917	25,917
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,199</u>	<u>\$ 25,199</u>

**DISCRETELY PRESENTED COMPONENT UNIT –
ECONOMIC DEVELOPMENT AUTHORITY OF
HIGHLAND COUNTY, VIRGINIA**

Statement of Net Position

Discretely Presented Component Unit - Economic Development Authority

June 30, 2024

	Component Unit Economic Development Authority
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 75,752
Total current assets	\$ 75,752
Total assets	\$ 75,752
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	\$ 6,372
Unearned revenue	24,863
Total liabilities	\$ 31,235
NET POSITION	
Unrestricted	\$ 44,517
Total net position	\$ 44,517

Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Economic Development Authority
Year Ended June 30, 2024

	<u>Component Unit Economic Development Authority</u>
OPERATING EXPENSES	
Contractual expenses	\$ 480
Dues and memberships	500
Marketing	28,380
Supplies	157
Other charges	7,726
Total operating expenses	\$ <u>37,243</u>
Operating income (loss)	\$ <u>(37,243)</u>
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental:	
Contribution from Highland County	\$ 27,586
Contribution from Town of Monterey	1,646
Interest income	205
Grants awarded	(6,856)
Total nonoperating revenues (expenses)	\$ <u>22,581</u>
Change in net position	\$ (14,662)
Net position - beginning	<u>59,179</u>
Net position - ending	\$ <u><u>44,517</u></u>

Statement of Cash Flows
Discretely Presented Component Unit - Economic Development Authority
Year Ended June 30, 2024

	Component Unit Economic Development Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ (15,688)
Payments to suppliers	(42,583)
Net cash provided by (used for) operating activities	\$ <u>(58,271)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Intergovernmental revenues	\$ 29,232
Grant awarded	(6,856)
Net cash provided by (used for) noncapital financing activities	\$ <u>22,376</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 205
Net cash provided by (used for) investing activities	\$ <u>205</u>
Net increase (decrease) in cash and cash equivalents	\$ (35,690)
Cash and cash equivalents - beginning	111,442
Cash and cash equivalents - ending	\$ <u><u>75,752</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (37,243)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
(Increase) decrease in accounts receivable	180
Increase (decrease) in accounts payable	(5,340)
Increase (decrease) in unearned revenue	(15,868)
Total adjustments	\$ <u>(21,028)</u>
Net cash provided by (used for) operating activities	\$ <u><u>(58,271)</u></u>

SUPPORTING SCHEDULES

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2024

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 3,262,600	\$ 3,247,600	\$ 3,458,381	\$ 210,781
Real and personal public service corporation taxes	120,000	120,000	107,826	(12,174)
Personal property taxes	710,000	663,000	670,788	7,788
Mobile home taxes	4,000	4,000	3,466	(534)
Machinery and tools taxes	1,000	1,000	1,012	12
Merchants Capital taxes	3,700	3,700	4,519	819
Penalties	20,000	20,000	33,549	13,549
Interest	15,000	15,000	17,594	2,594
Total general property taxes	\$ 4,136,300	\$ 4,074,300	\$ 4,297,135	\$ 222,835
Other local taxes:				
Local sales and use taxes	\$ 204,176	\$ 215,176	\$ 214,400	\$ (776)
Consumers' utility taxes	120,000	120,000	115,515	(4,485)
Consumption taxes	5,600	5,600	6,954	1,354
Motor vehicle licenses	58,000	58,000	59,759	1,759
Bank stock taxes	14,000	14,000	12,596	(1,404)
Taxes on recordation and wills	15,000	15,000	16,070	1,070
Hotel and motel room taxes	25,000	25,000	25,651	651
Total other local taxes	\$ 441,776	\$ 452,776	\$ 450,945	\$ (1,831)
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 2,000	\$ 2,000	\$ 1,353	\$ (647)
Transfer fees	150	150	188	38
Permits and other licenses	13,000	13,000	13,117	117
Total permits, privilege fees, and regulatory licenses	\$ 15,150	\$ 15,150	\$ 14,658	\$ (492)
Fines and forfeitures:				
Court fines and forfeitures	\$ 1,000	\$ 1,000	\$ 4,328	\$ 3,328
Total fines and forfeitures	\$ 1,000	\$ 1,000	\$ 4,328	\$ 3,328
Revenue from use of money and property:				
Revenue from use of money	\$ 141,700	\$ 170,100	\$ 270,040	\$ 99,940
Revenue from use of property	6,000	6,000	6,187	187
Total revenue from use of money and property	\$ 147,700	\$ 176,100	\$ 276,227	\$ 100,127
Charges for services:				
Charges for law enforcement and traffic control	\$ 14,275	\$ 14,275	\$ 15,753	\$ 1,478
Charges for courthouse maintenance	-	-	1,234	1,234
Charges for Commonwealth's Attorney	200	200	297	97
Charges for other services	200	200	220	20
Charges for law library	-	-	124	124
Total charges for services	\$ 14,675	\$ 14,675	\$ 17,628	\$ 2,953
Miscellaneous:				
Miscellaneous revenue	\$ 35,800	\$ 50,800	\$ 76,699	\$ 25,899
Donations	-	-	50	50
Total miscellaneous	\$ 35,800	\$ 50,800	\$ 76,749	\$ 25,949
Total revenue from local sources	\$ 4,792,401	\$ 4,784,801	\$ 5,137,670	\$ 352,869

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2024 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 2,500	\$ 15,500	\$ 9,592	\$ (5,908)
Taxes on deeds	32,000	32,000	33,507	1,507
Motor vehicle carriers' tax	150	150	-	(150)
State recordation tax	5,000	5,000	149	(4,851)
Personal property tax relief funds	167,052	167,052	167,052	-
Total noncategorical aid	\$ 206,702	\$ 219,702	\$ 210,300	\$ (9,402)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 82,034	\$ 82,034	\$ 82,865	\$ 831
Sheriff	594,805	594,805	619,908	25,103
Commissioner of revenue	94,018	94,018	95,154	1,136
Treasurer	82,678	82,678	89,847	7,169
Registrar/electoral board	73,000	73,000	64,012	(8,988)
Clerk of the Circuit Court	177,719	196,719	214,484	17,765
Total shared expenses	\$ 1,104,254	\$ 1,123,254	\$ 1,166,270	\$ 43,016
Other categorical aid:				
Two-for-life grant	\$ 4,000	\$ 4,000	\$ -	\$ (4,000)
Fire prevention program	-	-	30,000	30,000
Other state grants	18,500	18,500	98,312	79,812
Total other categorical aid	\$ 22,500	\$ 22,500	\$ 128,312	\$ 105,812
Total categorical aid	\$ 1,126,754	\$ 1,145,754	\$ 1,294,582	\$ 148,828
Total revenue from the Commonwealth	\$ 1,333,456	\$ 1,365,456	\$ 1,504,882	\$ 139,426
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 159,000	\$ 159,000	\$ 185,703	\$ 26,703
Total noncategorical aid	\$ 159,000	\$ 159,000	\$ 185,703	\$ 26,703
Categorical aid:				
Emergency management planning grant	\$ -	\$ -	\$ 15,000	\$ 15,000
Asset Forfeiture	-	-	694	694
Coronavirus State and Local Fiscal Recovery Fund	-	-	226,950	226,950
Total categorical aid	\$ -	\$ -	\$ 242,644	\$ 242,644
Total revenue from the federal government	\$ 159,000	\$ 159,000	\$ 428,347	\$ 269,347
Total General Fund	\$ 6,284,857	\$ 6,309,257	\$ 7,070,899	\$ 761,642
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 19	\$ 19
Total revenue from use of money and property	\$ -	\$ -	\$ 19	\$ 19
Miscellaneous:				
Miscellaneous reimbursements and refunds	\$ -	\$ -	\$ 4,182	\$ 4,182
Total miscellaneous revenue	\$ -	\$ -	\$ 4,182	\$ 4,182
Total revenue from local sources	\$ -	\$ -	\$ 4,201	\$ 4,201

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2024 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (continued)				
Virginia Public Assistance Fund: (continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 277,300	\$ 277,300	\$ 184,862	\$ (92,438)
Comprehensive Services Act program	133,132	21,000	20,067	(933)
Total categorical aid	\$ 410,432	\$ 298,300	\$ 204,929	\$ (93,371)
Total revenue from the Commonwealth	\$ 410,432	\$ 298,300	\$ 204,929	\$ (93,371)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 408,601	\$ 408,601	\$ 390,656	\$ (17,945)
Comprehensive Services Act program	-	-	1,091	1,091
Total categorical aid	\$ 408,601	\$ 408,601	\$ 391,747	\$ (16,854)
Total revenue from the federal government	\$ 408,601	\$ 408,601	\$ 391,747	\$ (16,854)
Total Virginia Public Assistance Fund	\$ 819,033	\$ 706,901	\$ 600,877	\$ (106,024)
E-911 Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
E-911 grant	\$ -	\$ -	\$ 222,560	\$ 222,560
Total categorical aid	\$ -	\$ -	\$ 222,560	\$ 222,560
Total revenue from the Commonwealth	\$ -	\$ -	\$ 222,560	\$ 222,560
Total E-911 fund	\$ -	\$ -	\$ 222,560	\$ 222,560
Sheriff's Grants Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VA Juvenile Community Crime Control Act grant	\$ -	\$ -	\$ 4,938	\$ 4,938
Asset Forfeiture	-	-	882	882
Total categorical aid	\$ -	\$ -	\$ 5,820	\$ 5,820
Total revenue from the Commonwealth	\$ -	\$ -	\$ 5,820	\$ 5,820
Total Sheriff's Grants Fund	\$ -	\$ -	\$ 5,820	\$ 5,820
EMS Fund:				
Revenue from local sources:				
General property taxes:				
EMS fee	\$ 355,000	\$ 355,000	\$ 490,090	\$ 135,090
Penalties and interest	3,200	3,200	7,149	3,949
Total general property taxes	\$ 358,200	\$ 358,200	\$ 497,239	\$ 139,039
Miscellaneous:				
Miscellaneous revenue	\$ 675	\$ 675	\$ 125	\$ (550)
Donations	-	-	725	725
Total miscellaneous revenue	\$ 675	\$ 675	\$ 850	\$ 175
Total revenue from local sources	\$ 358,875	\$ 358,875	\$ 498,089	\$ 139,214
Total EMS Fund	\$ 358,875	\$ 358,875	\$ 498,089	\$ 139,214

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2024 (Continued)

<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>
Capital Projects Funds:				
County Capital Improvements Fund:				
Categorical aid:				
Coronavirus State and Local Fiscal Recovery Fund	\$ -	\$ -	\$ 84,000	\$ 84,000
Total categorical aid	\$ -	\$ -	\$ 84,000	\$ 84,000
Total revenue from the federal government	\$ -	\$ -	\$ 84,000	\$ 84,000
Total County Capital Improvements fund	\$ -	\$ -	\$ 84,000	\$ 84,000
Total Primary Government	\$ 7,462,765	\$ 7,375,033	\$ 8,482,245	\$ 1,107,212
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Miscellaneous:				
Refunds and recoveries	\$ -	\$ -	\$ 9,218	\$ 9,218
Total miscellaneous	\$ -	\$ -	\$ 9,218	\$ 9,218
Total revenue from local sources	\$ -	\$ -	\$ 9,218	\$ 9,218
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Highland, Virginia	\$ 2,476,915	\$ 3,766,882	\$ 2,001,935	\$ (1,764,947)
Total revenues from local governments	\$ 2,476,915	\$ 3,766,882	\$ 2,001,935	\$ (1,764,947)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 304,977	\$ 304,977	\$ 291,443	\$ (13,534)
Basic school aid	1,342,782	1,342,782	1,377,441	34,659
Hold harmless	48,051	48,051	48,051	-
Gifted and talented	2,503	2,503	2,641	138
Remedial education	10,044	10,044	10,956	912
Special education	8,068	8,068	-	(8,068)
Textbook payment	5,523	5,523	5,826	303
Vocational standards of quality payments	80,556	80,556	67,292	(13,264)
Vocational adult education	-	-	26,859	26,859
No loss funding	200,000	200,000	-	(200,000)
Social security fringe benefits	29,327	29,327	30,940	1,613
Retirement fringe benefits	68,375	68,375	72,134	3,759
Group life insurance instructional	2,086	2,086	2,201	115
State lottery payments	-	-	200,000	200,000
Early reading intervention	843	843	-	(843)
Vocational education - equipment	3,921	3,921	-	(3,921)
Salary supplement	63,994	63,994	75,306	11,312
Technology	102,000	102,000	102,000	-
Standards of Learning algebra readiness	1,710	1,710	1,709	(1)
At risk funding	49,754	49,754	47,862	(1,892)
Other state funds	63,224	63,224	185,228	122,004
Total categorical aid	\$ 2,387,738	\$ 2,387,738	\$ 2,547,889	\$ 160,151
Total revenue from the Commonwealth	\$ 2,387,738	\$ 2,387,738	\$ 2,547,889	\$ 160,151

Schedule of Revenues - Budget and Actual
 Governmental Funds
 Year Ended June 30, 2024 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ 58,390	\$ 58,390	\$ 55,438	\$ (2,952)
Title I	69,800	69,800	59,715	(10,085)
Title VI-B, special education flow-through	59,760	59,760	-	(59,760)
Title VI-B, special education pre-school	-	-	2,081	2,081
Improving teacher quality	9,131	9,131	9,131	-
Perkins carryover	4,843	4,843	-	(4,843)
Title IV	10,000	10,000	20,000	10,000
ESSER II CRRSA Funds	9,550	9,550	63,948	54,398
ESSER III CRRSA Funds	54,566	54,566	101,463	46,897
Rural education achievement program	19,175	19,175	-	(19,175)
Total categorical aid	\$ 295,215	\$ 295,215	\$ 311,776	\$ 16,561
Total revenue from the federal government	\$ 295,215	\$ 295,215	\$ 311,776	\$ 16,561
Total School Operating Fund	\$ 5,159,868	\$ 6,449,835	\$ 4,870,818	\$ (1,579,017)
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 25,000	\$ 25,000	\$ 87,368	\$ 62,368
Total revenue from local sources	\$ 25,000	\$ 25,000	\$ 87,368	\$ 62,368
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Highland, Virginia	\$ 98,103	\$ 170,559	\$ 105,928	\$ (64,631)
Total revenues from local governments	\$ 98,103	\$ 170,559	\$ 105,928	\$ (64,631)
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 10,031	\$ 10,031	\$ 4,088	\$ (5,943)
Total revenue from the Commonwealth	\$ 10,031	\$ 10,031	\$ 4,088	\$ (5,943)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 156,686	\$ 156,686	\$ 87,402	\$ (69,284)
USDA commodities received	-	-	8,088	8,088
Total categorical aid	\$ 156,686	\$ 156,686	\$ 95,490	\$ (61,196)
Total revenue from the federal government	\$ 156,686	\$ 156,686	\$ 95,490	\$ (61,196)
Total School Cafeteria Fund	\$ 289,820	\$ 362,276	\$ 292,874	\$ (69,402)
School Activity Funds				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 243,577	\$ 243,577
Total miscellaneous	\$ -	\$ -	\$ 243,577	\$ 243,577
Total School Activity Funds	\$ -	\$ -	\$ 243,577	\$ 243,577
Total Discretely Presented Component Unit - School Board	\$ 5,449,688	\$ 6,812,111	\$ 5,407,269	\$ (1,404,842)

Schedule of Expenditures - Budget and Actual
Governmental Funds
Year Ended June 30, 2024

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 29,707	\$ 19,408	\$ 31,126	\$ (11,718)
Total legislative	\$ 29,707	\$ 19,408	\$ 31,126	\$ (11,718)
General and financial administration:				
County administrator	\$ 170,486	\$ 165,886	\$ 155,436	\$ 10,450
Legal services	55,000	68,000	67,626	374
Independent auditor	45,000	57,000	53,738	3,262
Commissioner of revenue	161,494	163,994	162,486	1,508
Assessor	150,000	151,700	108,771	42,929
Treasurer	170,693	170,693	165,305	5,388
Central Purchasing	541,420	722,969	681,677	41,292
Total general and financial administration	\$ 1,294,093	\$ 1,500,242	\$ 1,395,039	\$ 105,203
Board of elections:				
Electoral board and officials	\$ 14,965	\$ 14,965	\$ 17,437	\$ (2,472)
Registrar	115,284	115,284	123,319	(8,035)
Total board of elections	\$ 130,249	\$ 130,249	\$ 140,756	\$ (10,507)
Total general government administration	\$ 1,454,049	\$ 1,649,899	\$ 1,566,921	\$ 82,978
Judicial administration:				
Courts:				
Circuit court	\$ 6,580	\$ 14,374	\$ 13,805	\$ 569
Clerk of the circuit court	235,821	235,821	236,923	(1,102)
Total courts	\$ 242,401	\$ 250,195	\$ 250,728	\$ (533)
Commonwealth's attorney:				
Commonwealth's attorney	\$ 111,522	\$ 111,522	\$ 118,518	\$ (6,996)
Total commonwealth's attorney	\$ 111,522	\$ 111,522	\$ 118,518	\$ (6,996)
Total judicial administration	\$ 353,923	\$ 361,717	\$ 369,246	\$ (7,529)
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,141,944	\$ 1,011,532	\$ 975,260	\$ 36,272
Total law enforcement and traffic control	\$ 1,141,944	\$ 1,011,532	\$ 975,260	\$ 36,272
Fire and rescue services:				
Volunteer emergency operations	\$ 13,000	\$ 55,768	\$ 25,709	\$ 30,059
Total fire and rescue services	\$ 13,000	\$ 55,768	\$ 25,709	\$ 30,059
Correction and detention:				
Sheriff	\$ 48,000	\$ 48,000	\$ 62,536	\$ (14,536)
Total correction and detention	\$ 48,000	\$ 48,000	\$ 62,536	\$ (14,536)
Inspections:				
Building	\$ 105,756	\$ 105,756	\$ 84,802	\$ 20,954
Total inspections	\$ 105,756	\$ 105,756	\$ 84,802	\$ 20,954

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 Year Ended June 30, 2024 (Continued)

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Other protection:				
Medical examiner	\$ 200	\$ 200	\$ 40	\$ 160
Emergency management grants	46,982	46,982	34,219	12,763
Total other protection	<u>\$ 47,182</u>	<u>\$ 47,182</u>	<u>\$ 34,259</u>	<u>\$ 12,923</u>
Total public safety	<u>\$ 1,355,882</u>	<u>\$ 1,268,238</u>	<u>\$ 1,182,566</u>	<u>\$ 85,672</u>
Public works:				
Maintenance of general buildings and grounds:				
General properties	\$ 1,096	\$ 1,096	\$ 9,929	\$ (8,833)
Total maintenance of general buildings and grounds	<u>\$ 1,096</u>	<u>\$ 1,096</u>	<u>\$ 9,929</u>	<u>\$ (8,833)</u>
Total public works	<u>\$ 1,096</u>	<u>\$ 1,096</u>	<u>\$ 9,929</u>	<u>\$ (8,833)</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 128,703	\$ 128,703	\$ 128,703	\$ -
Total health	<u>\$ 128,703</u>	<u>\$ 128,703</u>	<u>\$ 128,703</u>	<u>\$ -</u>
Mental health and mental retardation:				
Community services board	\$ 8,859	\$ 8,859	\$ 8,859	\$ -
Total mental health and mental retardation	<u>\$ 8,859</u>	<u>\$ 8,859</u>	<u>\$ 8,859</u>	<u>\$ -</u>
Welfare:				
Valley Program for the Aging	\$ 45,000	\$ 45,000	\$ 33,750	\$ 11,250
Total welfare	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 33,750</u>	<u>\$ 11,250</u>
Total health and welfare	<u>\$ 182,562</u>	<u>\$ 182,562</u>	<u>\$ 171,312</u>	<u>\$ 11,250</u>
Education:				
Other instructional costs:				
Contribution to County School Board	\$ 2,575,018	\$ 3,937,441	\$ 1,650,931	\$ 2,286,510
Total education	<u>\$ 2,575,018</u>	<u>\$ 3,937,441</u>	<u>\$ 1,650,931</u>	<u>\$ 2,286,510</u>
Parks, recreation, and cultural:				
Library:				
Library Administration	\$ 90,907	\$ 90,907	\$ 91,005	\$ (98)
Total library	<u>\$ 90,907</u>	<u>\$ 90,907</u>	<u>\$ 91,005</u>	<u>\$ (98)</u>
Total parks, recreation, and cultural	<u>\$ 90,907</u>	<u>\$ 90,907</u>	<u>\$ 91,005</u>	<u>\$ (98)</u>
Community development:				
Planning and community development:				
Planning	\$ 16,434	\$ 16,434	\$ 13,468	\$ 2,966
Community development	44,722	266,871	145,254	121,617
Swimming pool	92,238	92,238	94,178	(1,940)
Economic Development	47,891	47,891	47,766	125
Total planning and community development	<u>\$ 201,285</u>	<u>\$ 423,434</u>	<u>\$ 300,666</u>	<u>\$ 122,768</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
Year Ended June 30, 2024 (Continued)

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Community development: (continued)				
Cooperative extension program:				
Extension office	\$ 71,025	\$ 71,025	\$ 63,461	\$ 7,564
Total cooperative extension program	\$ 71,025	\$ 71,025	\$ 63,461	\$ 7,564
Total community development	\$ 272,310	\$ 494,459	\$ 364,127	\$ 130,332
Nondepartmental:				
Miscellaneous	\$ 8,000	\$ 8,265	\$ 10,811	\$ (2,546)
Total nondepartmental	\$ 8,000	\$ 8,265	\$ 10,811	\$ (2,546)
Capital projects:				
Capital outlay	\$ -	\$ 21,206	\$ 141,753	\$ (120,547)
Total capital projects	\$ -	\$ 21,206	\$ 141,753	\$ (120,547)
Total General Fund	\$ 6,293,747	\$ 8,015,790	\$ 5,558,601	\$ 2,457,189
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 814,172	\$ 814,172	\$ 650,943	\$ 163,229
Comprehensive services	214,877	214,877	23,940	190,937
Total welfare and social services	\$ 1,029,049	\$ 1,029,049	\$ 674,883	\$ 354,166
Total health and welfare	\$ 1,029,049	\$ 1,029,049	\$ 674,883	\$ 354,166
Total Virginia Public Assistance Fund	\$ 1,029,049	\$ 1,029,049	\$ 674,883	\$ 354,166
E-911 Fund:				
Public safety:				
Other protection:				
E-911 Administration	\$ -	\$ 191,760	\$ 191,646	\$ 114
Total public safety	\$ -	\$ 191,760	\$ 191,646	\$ 114
Total E-911 Fund	\$ -	\$ 191,760	\$ 191,646	\$ 114
EMS Fund:				
Public safety:				
Fire and rescue services				
Emergency Management Services	\$ 587,776	\$ 599,491	\$ 622,717	\$ (23,226)
Total EMS Fund	\$ 587,776	\$ 599,491	\$ 622,717	\$ (23,226)
Capital Projects Fund:				
County Capital Improvements Fund:				
Capital projects:				
Equipment and other capital outlay	\$ 134,000	\$ 261,000	\$ 384,459	\$ (123,459)
Total County Capital Improvements Fund	\$ 134,000	\$ 261,000	\$ 384,459	\$ (123,459)

Schedule of Expenditures - Budget and Actual
Governmental Funds
Year Ended June 30, 2024 (Continued)

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Fund: (Continued)				
School Capital Projects Fund:				
Education:				
Other instructional costs:				
Contribution to County School Board	\$ -	\$ -	\$ 456,932	\$ (456,932)
Total education	\$ -	\$ -	\$ 456,932	\$ (456,932)
Capital projects:				
Building services	\$ -	\$ 664,797	\$ 664,724	\$ 73
Total School Capital Projects Fund	\$ -	\$ 664,797	\$ 1,121,656	\$ (456,859)
Total Primary Government	\$ 8,044,572	\$ 10,761,887	\$ 8,553,962	\$ 2,207,925
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
School board	\$ 41,814	\$ 52,268	\$ 41,464	\$ 10,804
Executive administration services	205,608	257,011	212,351	44,660
Total administration of schools	\$ 247,422	\$ 309,279	\$ 253,815	\$ 55,464
Instruction costs:				
Elementary and secondary schools	\$ 2,763,235	\$ 3,454,043	\$ 2,556,223	\$ 897,820
Guidance services	82,648	103,310	150,399	(47,089)
Media services	943,730	1,179,663	863,943	315,720
Office of the principal	341,379	426,724	294,653	132,071
Total instruction costs	\$ 4,130,992	\$ 5,163,740	\$ 3,865,218	\$ 1,298,522
Operating costs:				
Pupil transportation	\$ 322,018	\$ 402,523	\$ 297,272	\$ 105,251
Operation and maintenance of school plant	459,436	574,293	454,513	119,780
Total operating costs	\$ 781,454	\$ 976,816	\$ 751,785	\$ 225,031
Total education	\$ 5,159,868	\$ 6,449,835	\$ 4,870,818	\$ 1,579,017
Total School Operating Fund	\$ 5,159,868	\$ 6,449,835	\$ 4,870,818	\$ 1,579,017
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 289,820	\$ 362,276	\$ 293,592	\$ 68,684
Total school food services	\$ 289,820	\$ 362,276	\$ 293,592	\$ 68,684
Total education	\$ 289,820	\$ 362,276	\$ 293,592	\$ 68,684
Total School Cafeteria Fund	\$ 289,820	\$ 362,276	\$ 293,592	\$ 68,684
School Activity Funds				
Education:				
Miscellaneous	\$ -	\$ -	\$ 224,260	\$ (224,260)
Total education	\$ -	\$ -	\$ 224,260	\$ (224,260)
Total School Activity Funds	\$ -	\$ -	\$ 224,260	\$ (224,260)
Total Discretely Presented Component Unit - School Board	\$ 5,449,688	\$ 6,812,111	\$ 5,388,670	\$ 1,423,441

STATISTICAL INFORMATION

County of Highland, Virginia

Net Position by Component
Last Ten Fiscal Years
(*accrual basis of accounting*)

	Fiscal Year				
	2015	2016	2017	2018	2019
Governmental Activities					
Net investment in capital assets	\$ 1,624,207	\$ 1,638,325	\$ 1,656,165	\$ 1,719,475	\$ 1,716,417
Restricted	-	-	219,853	208,914	169,525
Unrestricted	3,487,996	3,800,788	3,767,367	3,559,979	3,634,852
Total governmental activities net position	<u>\$ 5,112,203</u>	<u>\$ 5,439,113</u>	<u>\$ 5,643,385</u>	<u>\$ 5,488,368</u>	<u>\$ 5,520,794</u>
Business-type Activities					
Net investment in capital assets	\$ 690,502	\$ 663,491	\$ 636,872	\$ 609,846	\$ 603,095
Restricted	18,244	18,846	18,846	18,846	18,846
Unrestricted	729,148	778,715	799,895	816,614	826,216
Total business-type activities net position	<u>\$ 1,437,894</u>	<u>\$ 1,461,052</u>	<u>\$ 1,455,613</u>	<u>\$ 1,445,306</u>	<u>\$ 1,448,157</u>
Primary government					
Net investment in capital assets	\$ 2,314,709	\$ 2,301,816	\$ 2,293,037	\$ 2,329,321	\$ 2,319,512
Restricted	18,244	18,846	238,699	227,760	188,371
Unrestricted	4,217,144	4,579,503	4,567,262	4,376,593	4,461,068
Total primary government net position	<u>\$ 6,550,097</u>	<u>\$ 6,900,165</u>	<u>\$ 7,098,998</u>	<u>\$ 6,933,674</u>	<u>\$ 6,968,951</u>

Table 1

Fiscal Year					
2020	2021	2022	2023	2024	
\$ 1,677,834	\$ 1,996,600	\$ 1,940,225	\$ 1,756,301	\$ 2,182,116	
53,961	515,689	977,321	573,546	484,540	
4,167,419	4,197,999	4,737,624	6,848,267	6,957,426	
<u>\$ 5,899,214</u>	<u>\$ 6,710,288</u>	<u>\$ 7,655,170</u>	<u>\$ 9,178,114</u>	<u>\$ 9,624,082</u>	
\$ 576,840	\$ 555,811	\$ 529,991	\$ 547,697	\$ 925,464	
18,846	18,846	40,080	12,639	11,844	
847,326	831,818	814,346	794,786	403,295	
<u>\$ 1,443,012</u>	<u>\$ 1,406,475</u>	<u>\$ 1,384,417</u>	<u>\$ 1,355,122</u>	<u>\$ 1,340,603</u>	
\$ 2,254,674	\$ 2,552,411	\$ 2,470,216	\$ 2,303,998	\$ 3,107,580	
72,807	534,535	1,017,401	586,185	496,384	
5,014,745	5,029,817	5,551,970	7,643,053	7,360,721	
<u>\$ 7,342,226</u>	<u>\$ 8,116,763</u>	<u>\$ 9,039,587</u>	<u>\$ 10,533,236</u>	<u>\$ 10,964,685</u>	

County of Highland, Virginia

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	2015	2016	2017	2018	2019
Expenses					
Governmental Activities:					
General government administration	\$ 1,041,826	\$ 969,269	\$ 1,044,258	\$ 1,093,250	\$ 1,030,748
Judicial administration	243,105	261,868	276,845	284,983	306,194
Public safety	970,089	970,542	1,081,259	1,050,709	1,102,196
Public works	67,985	34,565	52,679	52,921	57,113
Health and welfare	370,547	454,484	602,845	645,087	683,751
Education	2,316,485	2,060,324	2,106,438	2,408,542	2,534,181
Parks, recreation, and cultural	90,404	84,826	95,302	100,272	98,841
Community development	288,549	756,201	169,001	216,422	175,093
Interest on long-term debt	5,038	2,586	4,822	4,348	5,543
Total governmental activities expenses	\$ 5,394,028	\$ 5,594,665	\$ 5,433,449	\$ 5,856,534	\$ 5,993,660
Business-type Activities:					
Refuse Disposal	\$ 291,471	\$ 276,589	\$ 302,433	\$ 325,013	\$ 322,787
McDowell Water System	66,707	58,758	55,425	59,418	51,318
Recreation Commission	42,973	52,814	55,257	50,145	44,353
Total business-type activities expenses	\$ 401,151	\$ 388,161	\$ 413,115	\$ 434,576	\$ 418,458
Total primary government expenses	\$ 5,795,179	\$ 5,982,826	\$ 5,846,564	\$ 6,291,110	\$ 6,412,118
Program Revenues					
Governmental Activities:					
Charges for services:					
General government administration	\$ 669	\$ 720	\$ 392	\$ 366	\$ 276
Judicial administration	9,681	6,101	5,025	3,014	8,201
Public safety	24,857	22,626	20,019	20,880	25,416
Operating grants and contributions	1,202,330	1,361,469	1,362,068	1,414,588	1,518,561
Capital grants and contributions	167,874	503,865	54,690	75,753	-
Total governmental activities program revenues	\$ 1,405,411	\$ 1,894,781	\$ 1,442,194	\$ 1,514,601	\$ 1,552,454
Business-type Activities:					
Charges for services:					
Refuse disposal	\$ 327,873	\$ 320,544	\$ 322,668	\$ 329,308	\$ 326,801
McDowell Water System	28,950	34,371	34,734	35,549	34,391
Recreation commission	40,817	44,739	45,023	42,838	45,735
Operating grants and contributions	20,566	24,998	14,740	24,577	7,241
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	\$ 418,206	\$ 424,652	\$ 417,165	\$ 432,272	\$ 414,168
Total primary government program revenues	\$ 1,823,617	\$ 2,319,433	\$ 1,859,359	\$ 1,946,873	\$ 1,966,622
Net (expense) / revenue					
Governmental Activities	\$ (3,988,617)	\$ (3,699,884)	\$ (3,991,255)	\$ (4,341,933)	\$ (4,441,206)
Business-type Activities	17,055	36,491	4,050	(2,304)	(4,290)
Total primary government net expense	\$ (3,971,562)	\$ (3,663,393)	\$ (3,987,205)	\$ (4,344,237)	\$ (4,445,496)

Table 2
Page 1 of 2

Fiscal Year					
2020	2021	2022	2023	2024	
\$ 1,093,375	\$ 1,249,230	\$ 1,170,607	\$ 1,340,828	\$ 1,740,470	
298,969	317,999	292,632	338,202	406,655	
1,325,589	1,429,970	1,330,044	1,387,986	1,843,479	
47,354	37,072	46,230	19,740	23,132	
579,137	681,598	853,586	756,991	838,313	
2,275,557	2,058,982	2,146,334	3,106,508	2,772,587	
107,009	117,826	103,702	96,304	92,726	
188,825	428,287	223,948	601,949	333,653	
1,265	-	-	-	-	
\$ 5,917,080	\$ 6,320,964	\$ 6,167,083	\$ 7,648,508	\$ 8,051,015	
\$ 345,461	\$ 356,663	\$ 361,623	\$ 381,039	\$ 428,305	
52,700	50,854	54,098	53,572	54,418	
46,864	68,045	61,556	62,431	71,778	
\$ 445,025	\$ 475,562	\$ 477,277	\$ 497,042	\$ 554,501	
\$ 6,362,105	\$ 6,796,526	\$ 6,644,360	\$ 8,145,550	\$ 8,605,516	
\$ 276	\$ 131	\$ 11,283	\$ 7,110	\$ 6,407	
8,201	3,830	1,651	4,157	5,983	
25,416	31,676	34,193	33,012	30,411	
1,518,561	1,868,825	1,802,311	3,587,595	2,139,722	
-	141,963	62,103	47,704	306,560	
\$ 1,552,454	\$ 2,046,425	\$ 1,911,541	\$ 3,679,578	\$ 2,489,083	
\$ 326,801	\$ 348,540	\$ 347,721	\$ 350,456	\$ 405,963	
34,391	41,268	32,475	35,976	34,719	
45,735	15,805	48,125	49,512	66,580	
7,241	6,640	9,310	14,024	14,598	
-	-	-	-	-	
\$ 414,168	\$ 412,253	\$ 437,631	\$ 449,968	\$ 521,860	
\$ 1,966,622	\$ 2,458,678	\$ 2,349,172	\$ 4,129,546	\$ 3,010,943	
\$ (4,441,206)	\$ (4,274,539)	\$ (4,255,542)	\$ (3,968,930)	\$ (5,561,932)	
(4,290)	(63,309)	(39,646)	(47,074)	(32,641)	
\$ (4,445,496)	\$ (4,337,848)	\$ (4,295,188)	\$ (4,016,004)	\$ (5,594,573)	

County of Highland, Virginia

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year				
	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes					
Property taxes	\$ 3,116,520	\$ 3,240,477	\$ 3,418,317	\$ 3,453,866	\$ 3,645,328
Local sales and use taxes	119,295	138,331	130,764	122,452	124,764
Consumer utility taxes	137,933	135,842	134,357	148,083	129,227
Motor vehicle licenses	54,461	55,960	58,419	58,162	58,333
E-911 taxes	30,629	27,344	-	-	-
Bank stock taxes	23,141	18,425	23,386	22,335	4,245
Other local taxes	24,247	25,128	24,687	29,759	32,884
Unrestricted grants and contributions	260,911	283,538	292,994	336,864	346,381
Unrestricted revenues from use of money and property	42,337	39,808	38,838	52,671	85,710
Miscellaneous	31,459	48,241	63,791	75,055	53,060
Transfers	26,250	13,700	9,974	2,934	(6,300)
Total governmental activities	\$ 3,867,183	\$ 4,026,794	\$ 4,195,527	\$ 4,302,181	\$ 4,473,632
Business-type Activities:					
Unrestricted revenues from use of money and property	\$ 383	\$ 367	\$ 485	\$ 666	\$ 841
Transfers	(26,250)	(13,700)	(9,974)	(2,934)	6,300
Total business-type activities	\$ (25,867)	\$ (13,333)	\$ (9,489)	\$ (2,268)	\$ 7,141
Total primary government	\$ 3,841,316	\$ 4,013,461	\$ 4,186,038	\$ 4,299,913	\$ 4,480,773
Change in Net Position					
Governmental Activities	\$ (121,416)	\$ 326,910	\$ (146,406)	\$ (39,752)	\$ 32,426
Business-type Activities	(2,812)	23,158	(11,793)	(4,572)	2,851
Total primary government	\$ (124,228)	\$ 350,068	\$ (158,199)	\$ (44,324)	\$ 35,277

Fiscal Year					
2020	2021	2022	2023	2024	
\$ 3,645,328	\$ 4,243,105	\$ 4,297,382	\$ 4,413,656	\$ 4,812,492	
124,764	171,066	192,579	204,645	214,400	
129,227	120,566	119,615	118,462	115,515	
58,333	59,131	58,249	59,048	59,759	
-	-	-	-	-	
4,245	20,597	10,869	11,208	16,070	
32,884	46,386	46,889	45,542	45,201	
346,381	364,221	375,383	387,387	396,003	
85,710	30,678	20,263	203,138	270,059	
53,060	56,388	96,695	66,288	95,901	
(6,300)	(26,525)	(17,500)	(17,500)	(17,500)	
\$ 4,473,632	\$ 5,085,613	\$ 5,200,424	\$ 5,491,874	\$ 6,007,900	
\$ 841	\$ 247	\$ 88	\$ 279	\$ 622	
6,300	26,525	17,500	17,500	17,500	
\$ 7,141	\$ 26,772	\$ 17,588	\$ 17,779	\$ 18,122	
\$ 4,480,773	\$ 5,112,385	\$ 5,218,012	\$ 5,509,653	\$ 6,026,022	
\$ 32,426	\$ 830,071	\$ 944,882	\$ 1,522,944	\$ 445,968	
2,851	(12,874)	(22,058)	(29,295)	(14,519)	
\$ 35,277	\$ 817,197	\$ 922,824	\$ 1,493,649	\$ 431,449	

Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License	Taxes on Recordation and Wills	Other Local Tax	Total
2024	\$ 4,812,492	\$ 214,400	\$ 115,515	\$ 59,759	\$ 16,070	\$ 45,201	\$ 5,263,437
2023	4,413,656	204,645	118,462	59,048	11,208	45,542	4,852,561
2022	4,297,382	192,579	119,615	58,249	10,869	46,889	4,725,583
2021	4,243,105	171,066	120,566	59,131	20,597	46,386	4,660,851
2020	3,878,523	144,402	127,263	57,765	8,114	35,982	4,252,049
2019	3,645,328	124,764	129,227	58,333	4,245	32,884	3,994,781
2018	3,453,866	122,452	148,083	58,162	22,335	29,759	3,834,657
2017	3,418,317	130,764	134,357	58,419	23,386	24,687	3,789,930
2016	3,240,477	138,331	135,842	55,960	18,425	25,128	3,614,163
2015	3,116,520	119,295	137,933	54,461	23,141	24,247	3,475,597

County of Highland, Virginia

Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year				
	2015	2016	2017	2018	2019
General fund					
Nonspendable	\$ 25,966	\$ 20,188	\$ 7,085	\$ 21,010	\$ 70,000
Restricted	35,367	37,127	63,599	65,025	40,583
Committed	629,306	572,077	793,954	705,643	661,949
Assigned	4,291	4,291	4,291	2,291	22,291
Unassigned	3,064,653	3,316,899	3,506,585	3,406,112	3,554,410
Total general fund	<u>\$ 3,759,583</u>	<u>\$ 3,950,582</u>	<u>\$ 4,375,514</u>	<u>\$ 4,200,081</u>	<u>\$ 4,349,233</u>
All other governmental funds					
Nonspendable, reported in:					
Special revenue funds	\$ 2,000	\$ -	\$ -	\$ 4,325	\$ 2,000
Capital projects funds	-	2,000	11,004	11,554	12,387
Restricted, reported in:					
Special revenue funds	212,760	200,558	156,254	143,889	128,942
Assigned, reported in:					
Special revenue funds	891	6,095	4,081	4,106	6,661
Capital projects funds	573,270	569,167	366,561	394,393	237,357
Unassigned (deficit), reported in:					
Capital projects funds	-	-	-	-	-
Total all other governmental funds	<u>\$ 788,921</u>	<u>\$ 777,820</u>	<u>\$ 537,900</u>	<u>\$ 558,267</u>	<u>\$ 387,347</u>

Table 4

Fiscal Year					
2020	2021	2022	2023	2024	
\$ 56,696	\$ 180,750	\$ 35,000	\$ 155,745	\$ 207,348	
42,726	38,031	40,368	46,740	68,713	
708,629	852,479	828,305	864,983	863,067	
42,291	52,291	62,291	62,291	92,291	
3,779,802	3,659,790	3,966,785	4,479,204	5,548,336	
<u>\$ 4,630,144</u>	<u>\$ 4,783,341</u>	<u>\$ 4,932,749</u>	<u>\$ 5,608,963</u>	<u>\$ 6,779,755</u>	
\$ -	\$ -	\$ 6,076	\$ -	\$ -	
13,345	-	-	-	39,025	
11,235	477,658	430,000	490,066	397,234	
1,515	366,737	831,419	1,521,652	21,998	
370,526	-	-	-	337,860	
-	-	-	-	(44,408)	
<u>\$ 396,621</u>	<u>\$ 844,395</u>	<u>\$ 1,267,495</u>	<u>\$ 2,011,718</u>	<u>\$ 751,709</u>	

County of Highland, Virginia

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2015	2016	2017	2018	2019
Revenues					
General property taxes	\$ 3,105,774	\$ 3,210,564	\$ 3,424,405	\$ 3,431,495	\$ 3,623,902
Other local taxes	389,706	401,030	371,613	380,791	349,453
Permits, privilege fees, and regulatory licenses	12,971	12,167	11,111	10,436	8,006
Fines and forfeitures	7,402	4,148	3,130	1,332	4,730
Revenue from use of money and property	42,337	39,808	38,838	52,671	85,710
Charges for services	14,852	13,132	11,195	12,492	21,157
Miscellaneous	31,459	48,241	63,791	75,055	53,060
Intergovernmental:					
Local government	-	-	39,690	48,491	-
Commonwealth	1,192,723	1,327,853	1,288,183	1,320,191	1,400,102
Federal	438,392	821,019	381,879	458,523	464,840
Total revenues	\$ 5,235,616	\$ 5,877,962	\$ 5,633,835	\$ 5,791,477	\$ 6,010,960
Expenditures					
General government administration	\$ 908,466	\$ 961,166	\$ 1,019,071	\$ 1,033,524	\$ 983,061
Judicial administration	255,204	277,099	278,697	285,819	292,841
Public safety	928,580	1,088,708	948,281	960,998	1,013,468
Public works	53,477	39,370	38,693	39,245	39,979
Health and welfare	373,225	459,318	596,500	645,797	688,420
Education	2,148,131	1,891,452	2,063,961	2,323,813	2,415,749
Parks, recreation, and cultural	54,998	57,867	60,129	62,940	65,370
Community development	166,046	166,290	169,001	189,929	175,318
Nondepartmental	46,994	7,412	13,148	8,180	8,540
Capital projects	303,803	815,764	216,497	378,018	371,930
Debt service:					
Principal	151,796	75,878	128,246	95,674	49,215
Interest and other fiscal charges	9,354	3,645	5,893	4,348	2,972
Total expenditures	\$ 5,400,074	\$ 5,843,969	\$ 5,538,117	\$ 6,028,285	\$ 6,106,863
Excess (deficiency) of revenues over (under) expenditures	\$ (164,458)	\$ 33,993	\$ 95,718	\$ (236,808)	\$ (95,903)
Other financing sources (uses)					
Transfers in	\$ 490,251	\$ 435,424	\$ 509,655	\$ 425,984	\$ 244,730
Transfers out	(464,001)	(421,724)	(499,681)	(423,050)	(251,030)
Issuance of leases	-	132,205	79,320	78,808	80,435
Total other financing sources (uses)	\$ 26,250	\$ 145,905	\$ 89,294	\$ 81,742	\$ 74,135
Net change in fund balances	\$ (138,208)	\$ 179,898	\$ 185,012	\$ (155,066)	\$ (21,768)
Debt service as a percentage of noncapital expenditures	3.162%	1.436%	2.501%	1.718%	0.886%

Table 5

Fiscal Year					
2020	2021	2022	2023	2024	
\$ 3,757,460	\$ 4,346,806	\$ 4,293,544	\$ 4,396,426	\$ 4,794,374	
373,526	417,746	428,201	438,905	450,945	
17,171	16,271	17,380	17,580	14,658	
1,529	2,157	88	2,513	4,328	
67,557	30,678	31,500	210,236	276,246	
16,750	17,209	18,422	17,088	17,628	
46,295	56,388	70,705	71,015	81,781	
80,416	-	-	1,471,884	-	
1,362,458	1,505,952	1,589,156	1,607,737	1,938,191	
466,001	869,057	650,641	943,065	904,094	
\$ 6,189,163	\$ 7,262,264	\$ 7,099,637	\$ 9,176,449	\$ 8,482,245	
\$ 995,186	\$ 1,180,349	\$ 1,196,892	\$ 1,281,769	\$ 1,566,921	
297,490	297,695	319,322	358,033	369,246	
1,309,137	1,427,263	1,512,613	1,400,083	1,996,929	
40,302	25,155	29,646	2,115	9,929	
605,060	683,454	903,902	778,276	846,195	
2,157,348	2,058,982	2,108,260	1,892,530	2,107,863	
70,440	77,732	72,982	78,401	91,005	
188,825	428,287	226,758	608,091	364,127	
9,919	15,462	10,627	21,470	10,811	
96,015	440,389	128,627	1,317,744	1,190,936	
110,694	-	-	-	-	
3,836	-	-	-	-	
\$ 5,884,252	\$ 6,634,768	\$ 6,509,629	\$ 7,738,512	\$ 8,553,962	
\$ 304,911	\$ 627,496	\$ 590,008	\$ 1,437,937	\$ (71,717)	
\$ 338,784	\$ 660,910	\$ 673,101	\$ 616,099	\$ 324,006	
(353,510)	(687,435)	(690,601)	(633,599)	(341,506)	
-	-	-	-	-	
\$ (14,726)	\$ (26,525)	\$ (17,500)	\$ (17,500)	\$ (17,500)	
\$ 290,185	\$ 600,971	\$ 572,508	\$ 1,420,437	\$ (89,217)	
1.988%	0.000%	0.000%	0.000%	0.000%	

General Governmental Tax Revenues by Source
 Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License	Taxes on Recordation and Wills	Other Local Tax	Total
2024	\$ 214,400	\$ 115,515	\$ 59,759	\$ 16,070	\$ 45,201	\$ 450,945
2023	204,645	118,462	59,048	11,208	45,542	438,905
2022	192,579	119,615	58,249	10,869	46,889	428,201
2021	171,066	120,566	59,131	20,597	46,386	417,746
2020	144,402	127,263	57,765	8,114	35,982	373,526
2019	124,764	129,227	58,333	4,245	32,884	349,453
2018	122,452	148,083	58,162	22,335	29,759	380,791
2017	130,764	134,357	58,419	23,386	24,687	371,613
2016	138,331	135,842	55,960	18,425	25,128	373,686
2015	119,295	137,933	54,461	23,141	24,247	359,077

County of Highland, Virginia

Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years

Fiscal Year		Real Estate		Personal Property		Machinery and Tools		Minerals/ Mineral Lands		Merchants' Capital
2024	\$	826,093,100	\$	31,927,196	\$	103,384	\$	476,694	\$	470,934
2023		682,498,000		29,320,227		108,825		143,398		370,023
2022		678,670,700		26,077,630		114,560		143,398		352,010
2021		674,492,600		24,137,581		120,590		143,398		396,266
2020		674,856,900		24,320,631		113,772		96,200		339,413
2019		672,739,600		23,932,335		119,760		96,200		372,560
2018		671,184,500		22,960,365		122,797		96,200		380,638
2017		691,569,200		22,332,491		126,145		96,200		442,774
2016		689,984,500		21,165,297		97,995		96,200		403,664
2015		685,407,700		20,629,094		103,157		96,200		423,955

(1) Estimated Actual Taxable Value includes information for Real Estate only.

Source: Commissioner of Revenue

Table 7

	Public Service	Total Taxable Assessed Value	Estimated Actual Taxable Value (1)	Assessed Value as a Percentage of Actual Value (1)
\$	22,770,279	\$ 881,841,587	\$ 848,674,481	97.34%
	23,360,853	735,801,326	705,612,182	96.72%
	24,537,098	729,895,396	703,040,374	96.53%
	24,610,806	723,901,241	698,936,558	96.50%
	24,062,731	723,789,647	698,753,248	96.58%
	22,883,091	720,143,546	695,501,231	96.73%
	22,552,747	717,297,247	693,737,247	96.75%
	20,169,676	734,736,486	711,738,876	97.17%
	18,894,437	730,642,093	708,878,937	97.33%
	16,857,775	723,517,881	702,265,475	97.60%

Property Tax Rates (1)
 Direct and Overlapping Governments
 Last Ten Fiscal Years

Fiscal Years	Direct Rates				
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital
2024	\$ 0.44	\$ 2.75	\$ 0.48	\$ 1.00	\$ 1.00
2023	0.48	2.75	0.48	1.00	1.00
2022	0.48	2.75	0.48	1.00	1.00
2021	0.48	2.75	0.48	1.00	1.00
2020	0.48	2.75	0.48	1.00	1.00
2019	0.48	2.50	0.44	1.00	1.00
2018	0.44	2.50	0.42	1.00	1.00
2017	0.42	2.25	0.42	1.00	1.00
2016	0.42	2.25	0.40	1.00	1.00
2015	0.40	2.25	0.40	1.00	1.00

(1) Per \$100 of assessed value.

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2024		Fiscal Year 2015	
		2024 Assessed Valuation	% of Total Assessed Valuation	2015 Assessed Valuation	% of Total Assessed Valuation
Karin Banks	Farm	\$ 7,756,400	0.939%	\$ 7,752,000	1.131%
Red Oak Ranch	Farm	2,710,800	0.328%	2,509,700	0.366%
Hayfields Ltd.	Farm	-	0.000%	2,776,700	0.405%
Dividing Waters Farm	Farm	-	0.000%	2,188,300	0.319%
Bull Pasture Mtn Ranch	Farm	2,032,900	0.246%	2,028,600	0.296%
Tamarack of Highland	Farm	1,786,600	0.216%	-	0.000%
Ellen Ervin	Farm	1,629,700	0.197%	-	0.000%
Oksana Simmons	Farm	1,585,900	0.192%	-	0.000%
Sherry Sullenberger	Farm	1,541,400	0.187%	-	0.000%
		<u>\$ 19,043,700</u>	<u>2.305%</u>	<u>\$ 17,255,300</u>	<u>2.517%</u>

Source: Commissioner of Revenue

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	(1) Total Tax Levy for Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2024	\$	4,480,084	\$ 4,371,315	97.57%	\$ -	\$ 4,371,315	97.57%
2023		4,231,400	4,092,482	96.72%	107,348	4,199,830	99.25%
2022		4,059,451	3,910,877	96.34%	131,562	4,042,439	99.58%
2021		4,057,274	3,777,595	93.11%	270,405	4,048,000	99.77%
2020		3,836,601	3,712,765	96.77%	121,439	3,834,204	99.94%
2019		3,640,039	3,528,924	96.95%	109,807	3,638,731	99.96%
2018		3,598,706	3,524,584	97.94%	74,016	3,598,600	100.00%
2017		3,431,640	3,293,710	95.98%	137,861	3,431,571	100.00%
2016		3,326,987	3,200,663	96.20%	126,266	3,326,929	100.00%
2015		3,205,509	3,076,483	95.97%	128,980	3,205,463	100.00%

Source: Commissioner of Revenue, County Treasurer's office

(1) Includes PPTRA reimbursement from Commonwealth of Virginia.

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Leases	Revenue Bonds				
2024	\$ -	\$ -	\$ 97,114	\$	97,114	0.09%	\$ 43
2023	-	-	104,492		104,492	0.09%	47
2022	-	-	111,529		111,529	0.10%	50
2021	-	-	118,242		118,242	0.11%	53
2020	-	-	124,646		124,646	0.12%	55
2019	-	110,694	130,753		241,447	0.23%	107
2018	-	79,474	136,553		216,027	0.22%	95
2017	-	96,340	142,138		238,478	0.24%	104
2016	44,731	100,535	147,440		292,706	0.30%	129
2015	88,939	-	152,491		241,430	0.26%	109

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics - Table 14.

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2023	\$ -	\$ -	\$ -	0.00%	\$ -
2022	-	-	-	0.00%	-
2021	-	-	-	0.00%	-
2020	-	-	-	0.00%	-
2019	-	-	-	0.00%	-
2018	-	-	-	0.00%	-
2017	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2015	-	-	-	0.01%	-
2015	88,939	-	88,939	0.01%	40

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 14.

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 7.

(3) Includes all long-term general obligation bonded debt and Literary Fund Loans, excludes revenue bonds, capital leases, and compensated absences.

Pledged-Revenue Coverage
Last Ten Fiscal Years

Water Revenue Bonds								
Fiscal Year	Water		Less:		Net		Coverage	
	Charges and Other		Operating Expenses		Available Revenue	Debt Service		
						Principal	Interest	
2024	\$	34,719	\$	49,969	\$ (15,250)	\$ 7,378	\$ 4,449	-128.94%
2023		35,976		48,782	(12,806)	7,037	4,790	-108.28%
2022		32,475		48,983	(16,508)	6,713	5,115	-139.57%
2021		41,268		45,427	(4,159)	6,404	5,427	-35.15%
2020		40,549		46,978	(6,429)	6,107	5,722	-54.35%
2019		34,391		45,287	(10,896)	5,800	6,031	-92.10%
2018		35,549		53,170	(17,621)	5,585	6,248	-148.91%
2017		34,734		48,895	(14,161)	5,302	6,530	-119.68%
2016		34,371		51,977	(17,606)	5,051	6,781	-148.80%
2015		28,950		59,705	(30,755)	4,830	7,002	-259.93%

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age (1)	School Enrollment	Unemployment Rate
2024	2,251 \$	113,211,794 \$	50,294	58	212	2.30%
2023	2,234	112,774,554	50,481	59	200	1.90%
2022	2,226	111,736,296	50,196	59	178	2.10%
2021	2,226	103,097,190	46,315	60	209	3.10%
2020	2,246	100,600,586	44,791	58	218	4.90%
2019	2,265	104,445,945	46,113	58	200	2.20%
2018	2,284	99,456,000	43,545	57	193	3.50%
2017	2,300	101,321,946	44,498	57	197	3.20%
2016	2,277	99,006,237	43,481	59	193	3.10%
2015	2,215	92,583,880	41,185	58	183	3.30%

Source: Weldon Cooper Center, Annual school report - prepared by the School Board, www.fedstats.gov,
Bureau of Labor Statistics

Full-time Equivalent County Government Employees by Function
Last Five Fiscal Years

Function	Fiscal Year				
	2011	2012	2013	2014	2015
General government administration	16	16	16	16	16
Judicial administration	5	5	5	5	5
Public safety:					
Sheriff's department	15	15	15	15	15
Fire & rescue	-	-	-	-	1
Building inspections	1	2	2	2	2
Animal control	1	1	1	1	1
Public works:					
General maintenance	3	3	3	3	3
Landfill	6	7	7	7	7
Health and welfare:					
Department of social services	4	4	4	4	4
Culture and recreation:					
Library	2	2	2	2	2
Totals	53	55	55	55	56

Source: Individual county departments

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government administration:										
Administration buildings	4	4	4	4	4	4	4	4	4	4
Vehicles	1	1	1	1	1	2	2	2	2	2
Public safety:										
Sheriffs department:										
Patrol units	9	9	9	9	9	9	9	9	9	9
Building inspections:										
Vehicles	1	1	1	1	1	1	1	1	1	1
Animal control:										
Vehicles	1	1	1	1	1	1	1	1	1	1
Public works:										
General maintenance:										
Trucks/vehicles	-	-	-	-	-	-	1	1	1	1
Landfill:										
Vehicles	1	1	1	1	1	1	1	1	1	1
Equipment	2	2	2	2	2	2	2	2	2	2
Sites	1	1	1	1	1	1	1	1	1	1
Component Unit - School Board										
Education:										
Schools	2	2	2	2	2	2	2	2	2	2
School buses	12	12	12	12	12	10	10	9	9	9
School admin vehicles	-	-	-	-	-	-	-	-	-	7

Source: Individual county departments

COMPLIANCE



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS
COUNTY OF HIGHLAND, VIRGINIA**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of County of Highland, Virginia as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise County of Highland, Virginia's basic financial statements, and have issued our report thereon dated December 26, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Highland, Virginia's internal control over financial reporting (internal control) as a basis for designing the 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 County of Highland, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Highland, 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 County of Highland, 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, Farmer, Cox Assoc.

Staunton, Virginia
December 26, 2024



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS
COUNTY OF HIGHLAND, VIRGINIA**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Highland, 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 Highland, Virginia's major federal programs for the year ended June 30, 2024. County of Highland, 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 Highland, 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, 2024.

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 Highland, 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 Highland, 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 Highland, 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 Highland, 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 Highland, 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 Highland, 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 Highland, 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 Highland, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Assoc.

Staunton, Virginia
December 26, 2024

County of Highland, Virginia

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/State Pass - Through Grantor/Program Title or Cluster	Federal Assistance Listing Number	Pass-through Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Virginia Department of Social Services:			
Guardianship Assistance	93.090	Not Available	\$ 64
Title IV-E Prevention Program	93.472	Not Available	905
Marylee Allen Promoting Safe and Stable Families Program	93.556	Not Available	15,986
Temporary Assistance for Needy Families (TANF)	93.558	Not Available	42,933
Refugee and Entrant Assistance - State/Replacement Designee			
Administered Programs	93.566	Not Available	204
Low-Income Home Energy Assistance	93.568	Not Available	10,511
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child			
Care and Development Fund	93.596	Not Available	10,015
Adoption and Legal Guardianship Incentive Payments	93.603	Not Available	2,000
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Not Available	42
Foster Care - Title IV-E	93.658	Not Available	22,872
Adoption Assistance	93.659	Not Available	72,926
Social Services Block Grant	93.667	Not Available	48,244
John H. Chafee Foster Care Program for Successful	93.674	Not Available	432
Transition to Adulthood			
Children's Health Insurance Program	93.767	Not Available	767
Medicaid Cluster:			
Medical Assistance Program	93.778	Not Available	69,794
Total Department of Health and Human Services			\$ 297,695
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Virginia Department of Agriculture:			
Food Distribution - School Nutrition Program	10.555	Not Available	\$ 8,088
Virginia Department of Education:			
National School Lunch Program (NSLP)	10.555	202221N89034 1; 202323N11994 1; 202423N11994 1; 202424N11994 1	56,199
Subtotal ALN 10.555			\$ 64,287
Virginia Department of Agriculture:			
School Breakfast Program (SBP)	10.553	202323N11994 1; 202423N11994 1; 202424N11994 1	\$ 30,551
Total Child Nutrition Cluster			\$ 94,838
Virginia Department of Education:			
Forest Service Schools and Roads Cluster:			
Schools and Roads - Grants to States	10.665	APE438410000	\$ 55,438
Pandemic EBT Administrative Costs	10.649	202323S900941	653
Virginia Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the			
Supplemental Nutrition Assistance Program	10.561	Not Available	92,844
Total Department of Agriculture			\$ 243,773
Department of Justice:			
Pass Through Payments:			
Virginia Department of Criminal Justice Services:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Not Available	\$ 694
Total Department of Justice			\$ 694

County of Highland, Virginia

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024 (Continued)

Federal Grantor/State Pass - Through Grantor/Program Title or Cluster	Federal Assistance Listing Number	Pass-through Identifying Number	Federal Expenditures
Department of Homeland Security			
Pass Through Payments:			
Virginia Department of Emergency Services:			
Emergency Management Performance Grants	98.042	EMP-2020-EP-00005	\$ 15,000
Total Department of Homeland Security			\$ 15,000
Department of Education:			
Pass Through Payments:			
Department of Education:			
Special Education Cluster:			
Special Education-Preschool Grants	84.173	H173A220112	\$ 2,081
Supporting Effective Instruction State Grants	84.367	S367A220044 S010A210046;	9,132
Title I Grants to Local Educational Agencies	84.010	S010A220046	59,716
Student Support and Academic Enrichment Program	84.424	S424A220048	20,000
COVID-19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210008	63,948
COVID-19 Education Stabilization Fund - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210008	101,462
Subtotal ALN 84.425			\$ 165,410
Total Department of Education			\$ 256,339
Department of the Treasury:			
Direct Payments:			
Local Assistance and Tribal Consistency Fund	21.032	Not applicable	\$ 75,000
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not applicable	121,957
Pass Through Payments:			
Virginia Tourism Authority (DBA Virginia Tourism Corporation):			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	29,993
Virginia Department of Criminal Justice Services:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	84,000
Virginia Department of Social Services:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	1,206
Subtotal ALN 21.027			\$ 237,156
Total Department of the Treasury			\$ 312,156
Total Expenditures of Federal Awards			\$ 1,125,657

County of Highland, Virginia

Schedule of Expenditures of Federal Awards Year Ended June 30, 2024 (Continued)

Notes to Schedule of Expenditures of Federal Awards:

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Highland, Virginia under programs of the federal government for the year ended June 30, 2024. 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 the County of Highland, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Highland, Virginia.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the 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) County of Highland, Virginia has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - FOOD DISTRIBUTION

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

NOTE D - RELATIONSHIP TO FINANCIAL STATEMENTS

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

Primary government:	
Governmental funds	\$ 904,094
Payments in lieu of tax received from the Department of the Interior not included on schedule	(185,703)
Total primary government	<u>\$ 718,391</u>
Component units:	
School Board funds	407,266
Total County of Highland, Virginia	<u><u>\$ 1,125,657</u></u>

COUNTY OF HIGHLAND, VIRGINIA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no
- Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes x no
- Significant deficiency(ies) identified? yes x 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)? yes x no

Identification of major programs:

Assistance Listing

Numbers

Name of Federal Program or Cluster

21.027	 COVID-19 Coronavirus State and Local Fiscal Recovery Funds
21.032	 Local Assistance and Tribal Consistency Fund
84.425	 COVID-19 Elementary and Secondary School Emergency Relief Fund

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

Auditee qualified as low-risk auditee? yes x no

Section II-Financial Statement Findings

There are no financial statement findings to report

COUNTY OF HIGHLAND, VIRGINIA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section III-Federal Award Findings and Questioned Costs

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

Section IV-Prior Year Findings

2023-001 Significant Deficiency

Condition: During procurement testing it was observed that some credit card purchases selected for testing were not supported by sufficient supporting documentation. In some cases, the individual making purchases was not clear upon review of the supporting documentation available. The business purpose of several charges was not apparent based on review of supporting documentation.

Recommendation: The County should formally adopt a credit card policy that includes specific procedures for accessing the credit card, authorizing purchases, remitting documentation supporting the business purpose of each transaction, and enforcement in cases where the policy has been violated. Employees should be educated on proper use, policies, and procedures for credit card purchases. Additionally, the County should enhance its monitoring of credit card purchases on a timely basis to ensure any unauthorized use of the County credit card is discovered and remedied in a timely fashion.

Current Status: During FY 2024, the County Board of Supervisors formally adopted the Credit Card Policy, including implementation of a sign out process to better track credit card usage. No similar findings were noted in the 2024 audit.