NEW ISSUE
BOOK-ENTRY ONLY

Ratings: Moody's "Aa3"
Standard & Poor's "AA"
Fitch "AA-"
(See "Ratings" herein)

In the opinion of Bond Counsel, under current law and subject to the conditions described in the section "TAX EXEMPTION," interest on the Bonds (1) will not be included in gross income for federal income tax purposes, (2) will not be an item of tax preference for purposes of the federal alternative minimum income tax, however, for taxable years beginning after December 31, 2022, interest on the Bonds will be part of the adjusted financial statement income in computing the alternative minimum tax for applicable corporations , and (3) will be exempt from income taxation by the Commonwealth of Virginia. A holder may be subject to other federal income tax consequences as described in the section "TAX EXEMPTION."

Franklin County
A Natural Setting for Opportunity

$12,165,000
INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF FRANKLIN, VIRGINIA
PUBLIC FACILITY REVENUE BONDS, SERIES 2023

Dated: Date of Delivery **Due: October 15, as shown on the inside front cover**

This Official Statement has been prepared by the County of Franklin, Virginia **(the "County")**, on behalf of the Industrial Development Authority of the County of Franklin, Virginia **(the "Authority")**, to provide information on the Bonds, the security therefor, the County and other relevant information. Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding purchase of the Bonds, a prospective investor should read this Official Statement in its entirety.

Security	**THE BONDS WILL BE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM CERTAIN PAYMENTS TO BE MADE BY THE COUNTY PURSUANT TO A FINANCING AGREEMENT, DATED AS OF JUNE 1, 2023 (THE "FINANCING AGREEMENT"), BETWEEN THE AUTHORITY AND THE COUNTY, AND FROM CERTAIN FUNDS AND THE INVESTMENT INCOME THEREFROM HELD BY THE TRUSTEE. THE UNDERTAKING BY THE COUNTY TO MAKE PAYMENTS UNDER THE FINANCING AGREEMENT WILL BE SUBJECT TO APPROPRIATIONS BY THE COUNTY BOARD OF SUPERVISORS FROM TIME TO TIME OF SUFFICIENT FUNDS FOR SUCH PURPOSE. NEITHER THE BONDS NOR THE FINANCING AGREEMENT CONSTITUTE A DEBT OF THE COUNTY OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE COUNTY. THE BONDS AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA OR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING THE AUTHORITY AND THE COUNTY. NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY OF ITS POLITICAL SUBDIVISIONS, INCLUDING THE AUTHORITY AND THE COUNTY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE REVENUES AND RECEIPTS PLEDGED FOR SUCH PURPOSE. THE AUTHORITY HAS NO TAXING POWER.**
Issued Pursuant To	The Bonds will be issued pursuant to an Indenture of Trust, dated as of June 1, 2023, between the Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee **(the "Trustee")**.
Trustee	The Bank of New York Mellon Trust Company, N.A.
Purpose	The proceeds of the Bonds will be used to provide funds to assist the County in (a) financing various county capital projects, including capital costs related to the County's landfill and solid waste operations and (b) refunding of short-term obligations of the County described herein (**the "Refunded Obligations"**) originally issued to finance a variety of County capital projects, and the costs of issuing the Bonds.
Interest Payment Dates	April 15 and October 15 commencing October 15, 2023.
Redemption	The Bonds are subject to optional redemption as set forth herein.
Denominations	$5,000 and integral multiples thereof.
Closing/Delivery Date	On or about June 20, 2023.
Registration	Full book-entry only: The Depository Trust Company, New York, New York.
Bond Counsel	Sands Anderson PC, Richmond, Virginia.
County Attorney	Guynn Waddell PC, Salem, Virginia.
Underwriters' Counsel	Dinsmore & Shohl LLP, Pittsburgh, Pennsylvania.
Conditions Affecting Issuance	The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Sands Anderson PC, Bond Counsel, and to certain other conditions referred to herein.

WELLS FARGO SECURITIES **BAIRD**

This Official Statement is dated June 6, 2023.

$12,165,000
INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF FRANKLIN, VIRGINIA
Public Facility Revenue Bonds,
Series 2023

Maturity (October 15)	Principal Amount	Interest Rate	Yield	Initial Offering Price	CUSIP No. †
2023	$440,000	5.000%	3.420%	100.489%	353384 AX8
2024	370,000	5.000%	3.380%	102.068	353384 AY6
2025	530,000	5.000%	3.260%	103.852	353384 AZ3
2026	555,000	5.000%	3.150%	105.783	353384 BA7
2027	580,000	5.000%	3.070%	107.747	353384 BB5
2028	615,000	5.000%	3.060%	109.452	353384 BC3
2029	645,000	5.000%	3.060%	111.066	353384 BD1
2030	675,000	5.000%	3.020%	112.911	353384 BE9
2031	715,000	5.000%	3.030%	114.386	353384 BF6
2032	745,000	5.000%	3.060%	115.622	353384 BG4
2033	785,000	5.000%	3.130%	115.010*	353384 BH2
2034	825,000	5.000%	3.220%	114.228*	353384 BJ8
2035	870,000	5.000%	3.300%	113.538*	353384 BK5
2036	910,000	5.000%	3.430%	112.428*	353384 BL3
2037	960,000	5.000%	3.570%	111.247*	353384 BM1
2038	360,000	4.000%	4.000%	100.000	353384 BN9
2039	370,000	4.000%	4.020%	99.757	353384 BP4
2040	390,000	4.000%	4.030%	99.623	353384 BQ2
2041	405,000	4.000%	4.050%	99.353	353384 BR0
2042	420,000	4.000%	4.070%	99.065	353384 BS8

*Priced to the October 15, 2032 call date.

The Bonds are subject to optional redemption as set forth herein.

† A registered trademark of the American Bankers Association **("ABA")**, used by Standard & Poor's in its operation of the CUSIP Service Bureau for the ABA. The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the County, and the County is not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely as a convenience to prospective purchasers and Holders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to the Bonds may be changed while they are outstanding based on a number of factors including, but not limited to, the refunding or defeasance of the Bonds or the use of secondary market financial products. There is no duty or obligation to update this Official Statement to reflect any change of correction in the CUSIP numbers set forth above.

FRANKLIN COUNTY, VIRGINIA

BOARD OF SUPERVISORS

Tim Tatum, Chairman
Lorie Smith, Vice Chairman
Mike Carter
Tommy Cundiff
Nicolas Mitchell
Ronald Mitchell
Ronnie Thompson

COUNTY OFFICIALS

Chris Whitlow, *County Administrator*
Brian Carter, *Director of Finance*
Guynn Waddell PC, *County Attorney*
Cooper Brown, *Commonwealth's Attorney*
Teresa J. Brown, *Clerk of the Circuit Court*
Susan J. Wray, *Treasurer*
Margaret S. Torrence, *Commissioner of Revenue*
W. Q. "Bill" Overton, Jr., *Sheriff*
Dr. Bernice Cobbs, *Superintendent of Schools*

FINANCIAL ADVISOR

Davenport & Company LLC
Richmond, Virginia

BOND COUNSEL

Sands Anderson PC
Richmond, Virginia

INDEPENDENT AUDITORS

Robinson, Farmer, Cox Associates, PLLC
Blacksburg, Virginia

THE BONDS ARE EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE BONDS ARE ALSO EXEMPT FROM REGISTRATION UNDER THE SECURITIES LAWS OF THE COMMONWEALTH OF VIRGINIA.

NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION, OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE AUTHORITY OR THE COUNTY. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT OR AGREEMENT BETWEEN THE COUNTY, THE AUTHORITY, THE UNDERWRITERS OR HOLDERS OF ANY OF THE BONDS.

THE INFORMATION HEREIN IS SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COUNTY OR THE AUTHORITY SINCE THE DATE HEREOF.

THE TRUSTEE HAS NEITHER REVIEWED NOR PARTICIPATED IN THE PREPARATION OF THIS OFFICIAL STATEMENT.

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE BONDS, INCLUDING TRANSACTIONS TO (A) OVERALLOT IN ARRANGING THE SALES OF THE BONDS AND (B) MAKE PURCHASES AND SALES OF BONDS, FOR LONG OR SHORT ACCOUNT, ON A WHEN-ISSUED BASIS OR OTHERWISE, AT SUCH PRICES, IN SUCH AMOUNTS AND IN SUCH MANNER AS THE UNDERWRITERS MAY DETERMINE.

REFERENCES TO WEBSITE ADDRESSES PRESENTED HEREIN ARE FOR INFORMATIONAL PURPOSES ONLY AND MAY BE IN THE FORM OF A HYPERLINK SOLELY FOR THE READER'S CONVENIENCE. UNLESS SPECIFIED OTHERWISE, SUCH WEBSITES AND THE INFORMATION OR LINKS CONTAINED THEREIN ARE NOT INCORPORATED INTO, AND ARE NOT PART OF, THIS OFFICIAL STATEMENT FOR PURPOSES OF, AND AS THAT TERM IS DEFINED IN, SEC RULE 15C2-12.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

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TABLE OF CONTENTS

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OFFICIAL STATEMENT

$12,165,000
INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF FRANKLIN, VIRGINIA
PUBLIC FACILITY REVENUE BONDS,
SERIES 2023

SECTION ONE: INTRODUCTION

The purpose of this Official Statement, including the cover page and Appendices hereto, is to furnish information in connection with the issuance by the Industrial Development Authority of the County of Franklin, Virginia **(the "Authority")**, a political subdivision of the Commonwealth of Virginia **(the "Commonwealth")**, of its $12,165,000 Public Facility Revenue Bonds, Series 2023 **(the "Bonds")**. The following introductory material is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement, reference to which is hereby made for all purposes. **Certain capitalized terms used in this Official Statement are defined in Appendix C - "Definitions and Summary of the Financing Documents."**

The Issuer

The issuer of the Bonds is the Industrial Development Authority of the County of Franklin, Virginia, a political subdivision of the Commonwealth of Virginia.

The Bonds

The Bonds will be dated the date of their delivery and will mature on October 15 on the dates and in the amounts set forth on the inside cover of this Official Statement. Interest on the Bonds will be payable on each April 15 and October 15, beginning October 15, 2023, until the earlier of maturity or redemption, at the rates set forth on the inside cover of this Official Statement.

Purpose

The proceeds of the Bonds will be used to provide funds to assist the County in (a) financing various County capital projects, including capital costs related to the County's landfill and solid waste operations and (b) refunding of short-term obligations of the County described below originally issued to finance a variety of County capital projects, and the costs of issuing the Bonds, as further described in the subsection "THE BONDS – Plan of Financing" in Section Two.

Financing Documents

The Bonds will be issued in accordance with the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended **(the "Act")**, and an Indenture of Trust, dated as of June 1, 2023 **(the "Indenture")**, between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee **(the "Trustee")**.

The County will make payments to the Authority sufficient to pay debt service on the Bonds and other amounts required under the Indenture pursuant to a Financing Agreement, dated as of June 1, 2023 **(the "Financing Agreement")**, between the Authority and the County.

Payments by the County under the Financing Agreement **("Basic Payments")** are expected to be sufficient to enable the Authority to pay principal of and interest on the Bonds. Pursuant to the Indenture, the Authority will assign to the Trustee for the benefit of the holders of the Bonds certain of its rights under the Financing Agreement including (1) its rights to receive Basic Payments and (2) its rights to exercise other remedies upon default by the County.

The County has undertaken under the terms of the Financing Agreement to make Basic Payments, which amounts are designed to be sufficient in amount to pay, when due, the principal of and interest on the Bonds. However, the County's undertaking in any fiscal year to make payments of Basic Payments and Additional Payments, which includes any fees and expenses of the Trustee and the Authority and payments of arbitrage rebate amounts due to the United States, is subject to and dependent upon an annual appropriation by the Board of Supervisors of the County **(the "Board of Supervisors")** in an amount equal to the payment of Basic Payments and Additional Payments that is due during such fiscal year. The undertaking by the County to pay Basic Payments and Additional Payments does not constitute a general obligation of the County.

The Bonds and the interest thereon will be limited obligations of the Authority payable solely from the revenues and receipts derived by the Authority under the Financing Agreement, which revenues and receipts have been pledged and assigned to secure payment thereof, and from certain funds established under the Indenture. The Bonds and the interest thereon shall not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth or any political subdivision thereof, including the Authority and the County. Neither the Commonwealth nor any political subdivision thereof, including the Authority and the County, shall be obligated to pay the principal of or interest on the Bonds or other costs incident thereto except from the revenues and receipts pledged and assigned therefore, and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof, including the Authority and the County, is pledged to the payment of the principal of or interest on the Bonds or other costs incident thereto.

A more complete description of the Financing Agreement and the Indenture is provided in Appendix C.

Redemption

The Bonds are subject to redemption prior to maturity, at the option of the Authority, in whole or in part (in $5,000 integrals), at any time on or after October 15, 2032 upon payment of 100% of the principal amount of the Bonds to be redeemed, plus interest accrued to the date fixed for redemption. A more complete description of the redemption features is provided in the subsection "THE BONDS - Redemption" in Section Two.

Delivery

The Bonds are offered for delivery when, as and if issued, subject to the approval of validity by Sands Anderson PC, Bond Counsel, and to certain other exceptions referred to herein. Certain legal matters will be passed upon for the County by the County Attorney, Guynn Waddell PC, Salem, Virginia, for the Authority by Guynn Waddell PC, Salem, Virginia, counsel to the Authority and for the Underwriters by their counsel, Dinsmore & Shohl LLP, Pittsburgh, Pennsylvania.

Ratings

The Bonds have been rated as shown on the cover page hereto by Moody's Investor's Service **("Moody's")**, Standard & Poor's Global Ratings **("Standard & Poor's")** and Fitch Ratings Inc. **("Fitch")**. A more complete description of the ratings is provided in the section herein "Ratings" in Section Four.

Continuing Disclosure

For purposes of Rule 15c2-12 **("Rule 15c2-12")** promulgated by the Securities and Exchange Commission **("SEC")**, the County is an obligated person with respect to the Bonds. The County has agreed to execute a Continuing Disclosure Agreement at closing to assist the Underwriters in complying with the provisions of Rule 15c2-12 and as in effect on the date hereof, by providing annual financial information and event notices required by Rule 15c2-12. See the section herein "CONTINUING DISCLOSURE" in Section Four.

Additional Information

Any questions concerning the content of this Official Statement should be directed to Chris Whitlow, County Administrator, 1255 Franklin Street, Suite 112, Rocky Mount, Virginia 24151 (540-483-3030), or the

County's financial advisor, Kyle Laux, Senior Vice President, Davenport & Company LLC, 901 East Cary Street, Richmond, Virginia 23219, Attention: Public Finance (804-697-2900).

SECTION TWO: THE BONDS

The Authority

The Authority was created pursuant to the Act by an ordinance adopted by the Board of Supervisors on March 18, 1968, to promote and further the purposes of the Act. The Authority is a political subdivision of the Commonwealth of Virginia governed by seven (7) directors appointed by the Board of Supervisors. The Authority is empowered, among other things, to acquire, construct, improve, maintain, equip, own, lease and dispose of facilities for use by governmental entities and to finance the same by the issuance of its revenue bonds and notes. The Bonds will be limited obligations of the Authority as described in the sub-section entitled below "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS." **The Authority has no taxing power.**

The Authority will not be obligated to pay the principal of or interest on the Bonds or other costs incident thereto except from amounts received therefor under the Financing Agreement and which will be assigned under the Indenture to the Trustee for the benefit of the Bondholders.

Description of the Bonds

The Bonds will be dated the date of their delivery, will bear interest from their date, payable semiannually on each April 15 and October 15, beginning October 15, 2023, at the rate and in maturities, set forth on the inside cover of this Official Statement. If such interest payment date is not a Business Day (as defined in Appendix C hereto), such payment shall be made on the next succeeding Business Day with the same effect as if made on the interest payment date and no additional interest shall accrue.

The Bonds will be issued as fully registered bonds, in denominations of $5,000 or integral multiples thereof, initially in book-entry form only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York **("DTC")**. Individual purchases of beneficial ownership in the Bonds will be made in principal amounts of $5,000 and integral multiples of $5,000. Individual purchasers of beneficial ownership in the Bonds **(the "Beneficial Owners")** will not receive physical delivery of bond certificates. Transfer of the Bonds and payment of principal of and interest on the Bonds will be effected as described below in this section. If the book-entry system is discontinued, Bond certificates will be delivered as described in the Indenture, and Beneficial Owners will become registered owners of the Bonds. Registered owners of the Bonds, whether Cede & Co. or, if the book-entry system is discontinued, the Beneficial Owners, will be defined in this Official Statement as the "Bondholders." **So long as Cede & Co. is the sole Bondholder, as nominee for DTC, reference in this Official Statement to Bondholders means Cede & Co. and does not mean the Beneficial Owners.** See "Book-Entry Only System" in Section Two.

The Bonds will be limited obligations of the Authority as described more fully in the subsection "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

Redemption

Optional Redemption. The Bonds are subject to redemption prior to maturity, at the option of the Authority (at the direction of the County), on or after October 15, 2032, in whole or in part (in $5,000 integrals) at any time upon payment of 100% of the principal amount of the Bonds to be redeemed, plus interest accrued to the date fixed for redemption.

Notice of Redemption. Notice of redemption shall be given by the Trustee by facsimile or electronic transmission, registered or certified mail or overnight express delivery not less than 30 nor more than 60 days before the redemption date to DTC, or, if DTC is no longer serving as securities depository for the Bonds, to the substitute securities depository, or, if none, to the respective registered owner of each Bond to be redeemed at the address shown on the registration books maintained by the Trustee. The Trustee shall submit a copy of any notice of redemption to the Municipal Securities Rulemaking Board for inclusion in its Electronic Municipal Market Access **("EMMA")** System. During the period that DTC or its nominee is the registered owner of the Bonds, the Trustee will not be responsible for sending notices of redemption to the Beneficial Owners. The receipt of notice will not be a condition precedent to redemption.

At the direction of the County, the Trustee may give a notice of redemption prior to a deposit of redemption moneys if such notice states that the redemption is to be funded with the proceeds of a refunding bond issue and is conditioned on the deposit of such proceeds. Provided that moneys are deposited on or before the redemption date, such notice shall be effective when given. If such proceeds are not available on the redemption date, such Bonds will continue to bear interest until paid at the same rate they would have borne had they not been called for redemption and principal will continue to be payable as scheduled. On presentation and surrender of the Bonds called for redemption at the place or places of payment, such Bonds shall be paid and redeemed.

Manner of Redemption. If less than all of the Bonds are called for optional redemption, they will be called in such order of maturity as the Authority may determine, at the direction of the County. If less than all of the Bonds of any maturity are to be redeemed, such Bonds will be selected by the Trustee in such manner as the Trustee shall deem fair and equitable and pursuant to its rules and procedures. The portion of any Bond to be redeemed will be in the principal amount of $5,000 or some multiple thereof. In selecting Bonds for redemption, each Bond will be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by $5,000. If a portion of a Bond is called for redemption, a new Bond in principal amount equal to the unredeemed portion thereof will be issued to the registered owner upon the surrender thereof.

Effect of Redemption. On the date on which any of the Bonds have been called for redemption and sufficient funds for their payment on the redemption date are held by the Trustee, interest on such Bonds will cease to accrue and their registered owners will be entitled to receive payment only from the Trustee from funds available for that purpose.

Book-Entry Only System

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payments of principal of and interest on the Bonds to DTC, its nominee, Direct Participants (defined below) or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds and other bond-related transactions by and between DTC, the Direct Participants and Beneficial Owners is based solely on information furnished by DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co., DTC's partnership nominee, or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants **(the "Direct Participants")** deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation **("DTCC")**. DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly **(the "Indirect Participants")**. DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com**.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond **(the "Beneficial Owner")** is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holding on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and principal of and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct or Indirect Participant and not of DTC (nor its nominee), the Trustee, the Authority nor the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates will be printed and delivered.

The Authority, at the direction of the County, may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the Authority and the County take no responsibility for the accuracy thereof.

Neither the Authority, the County nor the Trustee has any responsibility or obligation to the Direct or Indirect Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Direct or Indirect Participant; (b) the payment by any Direct or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the Bonds; (c) the delivery or timeliness of delivery by any Direct or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Indenture to be given to Bondholders; or (d) any other action taken by DTC, or its nominee, Cede & Co., as Bondholder, including the effectiveness of any action taken pursuant to an Omnibus Proxy.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references in this Official Statement to the Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only holder of Bonds for all purposes under the Indenture.

The Authority, at the direction of the County, may enter into amendments to the agreement with DTC or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the Bonds without the consent of Beneficial Owners or Bondholders.

Plan of Financing

A portion of the proceeds of the Bonds will be used by the County to finance a variety of County capital projects, primarily consisting of equipment, vehicles and improvements related to the County's existing landfill, collection sites and other solid waste facilities. Proceeds of the Bonds allocable to the Project will be deposited to the Virginia State Nonarbitrage Program **("SNAP").**

A portion of the proceeds of the Bonds will be used to refund the Authority's $5,700,000 Revenue Note, Series 2019 (**the "2019 Note"**) which was issued in December, 2019 to finance on an interim basis a variety of County capital projects, consisting primarily of costs related to closure of an existing landfill, construction of the Glade Hill fire station and a variety of vehicles and equipment for County use. See the Section "Solid Waste" in Appendix A for a discussion of the County solid waste system.

The outstanding amount of the 2019 Note will be redeemed at closing.

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The following table sets forth the anticipated application of the proceeds of the Bonds for the purposes described above:

Sources of Funds

Principal Amount of Bonds	$12,165,000.00
Plus Net Premium	1,108,284.95
County Contribution	$19,827.95
Total Sources	$13,293,112.90

Uses of Funds

Project Deposit to SNAP	$7,001,099.51
Refunding of 2019 Note	$5,719,837.95
Costs of Issuance (including Underwriters' Discount) and Contingency	572,175.44
Total Uses	$13,293,112.90

Security and Sources of Payment for the Bonds

The following is a summary of the sources of security and payment for the Bonds. The references to the Bonds, the Financing Agreement and the Indenture are qualified in their entirety by reference to such documents.

Security for the Bonds. The Bonds will be equally and ratably secured by (1) payments of Basic Payments which will be assigned by the Authority to the Trustee and shall be applied to the payment of principal of and interest on the Bonds as set forth in the Indenture, without preference, priority or distinction of any Bond over any other Bond, and (2) certain funds established under the Indenture. The Bonds are equally and ratably secured under the Indenture; *provided* that moneys in any account or subaccount of the Bond Fund, if any relating to a particular series of Bonds shall secure only such Bonds. The Bonds are not secured by any debt service reserve fund or account.

The Bonds and the interest thereon will be limited obligations of the Authority payable solely from the revenues and receipts derived by the Authority under the Financing Agreement, which revenues and receipts have been pledged and assigned under the Indenture to secure payment of the Bonds, and from certain funds established under the Indenture and the investment income therefrom. The undertaking by the County to make payments under the Financing Agreement is subject to annual appropriation by the Board of Supervisors. The Board of Supervisors has no legal obligation to make any such annual appropriations. See the subsection "BONDHOLDERS' RISKS" in Section Four.

The Bonds and the interest thereon shall not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth or any political subdivision thereof, including the Authority and the County. Neither the Commonwealth nor any political subdivision thereof, including the Authority and the County, shall be obligated to pay the principal of or interest on the Bonds or other costs incident thereto except from the revenues and receipts pledged and assigned therefor, and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof, including the Authority and the County, is pledged to the payment of the principal of or interest on the Bonds or other costs incident thereto. The Authority has no taxing power.

Financing Agreement. In the Financing Agreement, the County has undertaken to pay Basic Payments and Additional Payments. Basic Payments are expected to be sufficient in amount and in time to enable the Authority to pay when due principal of and interest on the Bonds. In the Financing Agreement, the County states that the current intention of the Board of Supervisors is to make sufficient annual appropriations to make all payments of Basic Payments and estimated Additional Payments. However, the County's undertaking to pay the costs of performing its obligations under the Financing Agreement and the Indenture, including without limitation its undertaking to pay Basic Payments, shall be subject to and dependent upon appropriations being made from time to time by the Board of Supervisors in amounts sufficient for such purpose. The Financing Agreement provides that the County Administrator shall include in the County's budget the amount of Basic Payments and estimated Additional Payments required to be paid by the County under the Financing Agreement. The Board of Supervisors is under no obligation, however, to retain such amounts in the budget as finally adopted or to make all or any of such requested appropriations. Failure to pay Basic Payments due to a non-appropriation by the Board of Supervisors will not constitute an Event of Default under the Financing Agreement, but will permit the Authority and (through the Indenture) the Trustee to terminate the Financing Agreement.

Other provisions of the Financing Agreement are summarized in Appendix C - "Definitions and Summary of the Financing Documents."

The undertaking by the County to make payments under the Financing Agreement does not constitute a debt of the County within the meaning of any constitutional or statutory limitation nor a liability of or a lien or charge upon funds or property of the County beyond any fiscal year for which the County has appropriated moneys to make such payments. Neither the Trustee nor the Authority shall have any obligation or liability to the Bondholders with respect to the County's undertaking to make payments under the Financing Agreement or with respect to the performance by the County of any other covenant contained therein.

Additional Bonds

The Authority may, upon the request of the County, issue one or more series of Additional Bonds or Additional Notes under the Indenture to refund any Bonds, Additional Bonds or Additional Notes issued under the Indenture. Such Additional Bonds or Additional Notes shall be issued pursuant to supplements to the Indenture and amendments to the Financing Agreement and shall be equally and ratably secured with the Bonds.

Debt Service Requirements

The following table shows for each Fiscal Year amounts required for payment of principal of and interest on the Bonds.

Fiscal Year	Principal	Interest	Total
6/30/2024	$440,000	$471,488.89	$911,488.89
6/30/2025	370,000	557,550.00	927,550.00
6/30/2026	530,000	535,050.00	1,065,050.00
6/30/2027	555,000	507,925.00	1,062,925.00
6/30/2028	580,000	479,550.00	1,059,550.00
6/30/2029	615,000	449,675.00	1,064,675.00
6/30/2030	645,000	418,175.00	1,063,175.00
6/30/2031	675,000	385,175.00	1,060,175.00
6/30/2032	715,000	350,425.00	1,065,425.00
6/30/2033	745,000	313,925.00	1,058,925.00
6/30/2034	785,000	275,675.00	1,060,675.00
6/30/2035	825,000	235,425.00	1,060,425.00
6/30/2036	870,000	193,050.00	1,063,050.00
6/30/2037	910,000	148,550.00	1,058,550.00
6/30/2038	960,000	101,800.00	1,061,800.00
6/30/2039	360,000	70,600.00	430,600.00
6/30/2040	370,000	56,000.00	426,000.00
6/30/2041	390,000	40,800.00	430,800.00
6/30/2042	405,000	24,900.00	429,900.00
6/30/2043	420,000	8,400.00	428,400.00
TOTAL	**$12,165,000**	**$5,624,138.89**	**$17,789,138.89**

SECTION THREE: FRANKLIN COUNTY

The County was formed in 1785 from parts of Bedford and Henry counties. It is located in the Blue Ridge foothills of Virginia and is part of the Roanoke, Virginia Metropolitan Statistical Area. The County is bordered on the north by Bedford and Roanoke Counties, the south by Pittsylvania, Henry and Patrick Counties, the east by Campbell County and the west by Floyd and Roanoke Counties. Its county seat is the Town of Rocky Mount. Throughout the 19th century, the economy of the County was primarily supported by agriculture and the mining and production of iron. Today, timber is the County's most important natural resource. Locally manufactured products include furniture, building supplies, manufactured housing, and business products.

The County is organized under the traditional form of Virginia county government. Under this form, the locality is directed by a seven-member Board of Supervisors who are elected by election districts. The Board has overall administrative and legislative responsibilities including levying County taxes, appropriating funds, approving and enforcing the County's Comprehensive Plan, which governs land use, enacting and enforcing ordinances and establishing policies and procedures for the residents of the County. A Chairman and Vice Chairman are selected by the Board on an annual basis from among the members of the Board.

The County Administrator serves at the pleasure of the Board and is the County's chief administrative officer, primarily supervising the management of the various governmental agencies of the County. In addition to the Board of Supervisors, other elected County officials include the Clerk of the Circuit Court, Commissioner of the Revenue, Commonwealth's Attorney, Treasurer, and Sheriff. There is also an elected eight member School Board.

Appendix A contains additional financial and demographic information concerning the County. The County's audited financial statements for the fiscal year ended June 30, 2022, are contained in Appendix B. The auditor has not reviewed any matters in connection with this Official Statement or the issuance of the Bonds.

SECTION FOUR: MISCELLANEOUS

Bondholders' Risks

The purchase of the Bonds involves a degree of risk; therefore, prospective purchasers of the Bonds should review this Official Statement in its entirety in order to identify risk factors and make an informed investment decision. The following factors in particular should be considered:

(1) Source of Payments. The Bonds are not general obligations of the Authority or the County but are payable only from revenues received by the Trustee on behalf of the Authority from payments received under the Financing Agreement and other moneys held by the Trustee and pledged to the payment of the Bonds. The ability of the Authority to make timely payments of principal of and interest on the Bonds depends solely on the ability of the County to make timely payments under the Financing Agreement. The undertaking by the County to make payments under the Financing Agreement is subject to and dependent upon sufficient amounts being lawfully appropriated from time to time by the Board of Supervisors for such purpose. However, no assurance can be made that the County will at all times remain in a financial position adequate to afford such payments, without impacting other budgetary priorities. **The Board of Supervisors is not legally obligated to appropriate the funds necessary to make the payments due under the Financing Agreement.**

(2) Non-Appropriation and Limited Remedies. The County Administrator or other officer charged with the responsibility for preparing the County's annual budget is required to include in the proposed County budget for each Fiscal Year as a single appropriation the amount of all payments of Basic Payments and estimated Additional Payments coming due during such Fiscal Year. Throughout the term of the Financing Agreement, the County Administrator or other officer charged with the responsibility for preparing the County's annual budget is required to deliver to the Trustee and the Authority not later than June 30 of each year a certificate stating whether an amount equal to the Basic Payments and estimated Additional Payments which will come due during the next succeeding Fiscal Year has been appropriated by the Board of Supervisors in the adopted annual budget. If any adopted annual budget does not include an appropriation of funds sufficient to pay both Basic Payments and estimated Additional Payments coming due for the relevant Fiscal Year, the County Administrator shall submit to

the Board of Supervisors, within 31 days after the date of the certificate referenced above, a request to the Board of Supervisors to consider a supplemental appropriation for such purposes.

In the event of non-appropriation of funds by the Board of Supervisors, neither the County nor the Authority may be held liable for the principal and interest payments on the Bonds following the last Fiscal Year in which funds to make payment under the Financing Agreement were appropriated by the Board of Supervisors. In the event of non-appropriation, moneys already on deposit in the subaccounts in the Bond Fund will be used for the payment of principal and interest payments on the Bonds but these moneys may not be sufficient to pay the Bonds in full.

(3) Economic Risk. The availability of funds and the ability of the County to make appropriations to pay debt service on the Bonds will generally be subject to, among other things, general economic conditions, demographic changes, changes in the economy and costs of complying with state and federal mandates and regulations. It is impossible to predict the future economic strength of the County or of industries employing County residents and providing tax revenues to the County. Prospective purchasers should consider all risks inherent in purchasing bonds of rural counties or municipalities.

(4) Political Risk. The current Board of Supervisors has evidenced in its resolution adopted in connection with the Bonds a present intent to make future appropriations of such funds in such amounts as may be necessary to make payments due under the Financing Agreement as and when such payments become due. There can be no guarantee, however, that the Board of Supervisors will retain its current constituency in the future, and there can be no guarantee that a future Board of Supervisors will retain the current Board of Supervisors' policy with respect to the Bonds.

(5) Limitation on Enforceability of Remedies. The realization of any rights upon a default will depend upon the exercise of various remedies specified in the Indenture and the Financing Agreement. Any attempt by the Trustee to enforce such remedies may require judicial action, which is often subject to discretion and delay. Under existing law, certain of the legal and equitable remedies specified in the Indenture and the Financing Agreement may not be readily available or may not be enforced to the extent such remedy may contravene public policy.

(6) Taxation of Interest on the Bonds. The opinion of Bond Counsel as described in the sub-section below entitled "Tax Exemption" will state that, under the conditions set forth therein, interest on the Bonds is excluded from gross income for Federal income tax purposes. Future action by Congress or regulatory bodies could affect the authority for or value of the tax-exempt status of the Bonds' interest.

(7) Availability of Current Financial Information. The financial and other information with respect to the County that is set forth herein for the County's fiscal year ending June 30, 2022, has been prepared on an audited basis. No independent verification of such information has been undertaken by anyone, including the County and the Underwriters.

(8) Bankruptcy. Chapter 9 of the United States Bankruptcy Code **(the "Bankruptcy Code")** permits "municipalities," if insolvent or otherwise unable to pay their debts as they become due, to file a voluntary petition for the adjustment of debts, provided that such municipality is "specifically authorized, in its capacity as a municipality or by name, to be a debtor…." Bankruptcy Code, Section 109(c)(2). Current Virginia statutes do not expressly authorize the Authority or municipalities generally to file under Chapter 9. Chapter 9 does not authorize the filing of involuntary petitions against municipalities such as the County or the Authority.

Bankruptcy proceedings by the County or the Authority could have adverse effects on holders of Bonds, including (i) delay in the enforcement of their remedies, (ii) subordination of their claims to claims of those supplying goods and services to the County after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings, and (iii) imposition without their consent of a plan of reorganization reducing or delaying payment of the Bonds. The Bankruptcy Code contains provisions intended to ensure that, in any plan of reorganization not accepted by at least a majority of any class of creditors such as the holders of the Bonds, such class of creditors will have the benefit of their original claim or the "indubitable equivalent" thereof, although such "equivalent" may not provide for payment of the Bonds in full. The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretation.

(9) No Credit Enhancement. There is no credit enhancement providing additional security for the Bonds.

(10) No Debt Service Reserve Fund. There is no debt service reserve fund or other reserve fund available to pay debt service on the Bonds.

Underwriting

The Bonds are being purchased by Wells Fargo Bank, National Association and Robert W. Baird & Co. Incorporated **(collectively, the "Underwriters")**. The purchase contract for the Bonds **(the "Bond Purchase Agreement")** sets forth the Underwriters' obligation to purchase the Bonds at an aggregate purchase price of $13,201,109.51 (representing the par amount of the Bonds of $12,165,000.00, plus net original issue premium of $1,108,284.95 and less an Underwriters' discount of $72,175.44 (0.5933% of the par amount) from the initial offering prices set forth on the inside cover of this Official Statement), and is subject to certain terms and conditions, including the approval of certain legal matters by counsel. The Bond Purchase Agreement provides that the Underwriters will purchase all of the Bonds if any are purchased. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices or yields different from the public offering prices and yields stated on the inside cover of this Official Statement. The public offering prices and yields may be changed from time to time at the discretion of the Underwriters.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group **("WFBNA")**, the senior underwriter of the Bonds, has entered into an agreement **(the "WFA Distribution Agreement")** with its affiliate, Wells Fargo Clearing Services, LLC **(which uses the trade name "Wells Fargo Advisors") ("WFA")**, for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFBNA has also entered into an agreement **(the "WFSLLC Distribution Agreement")** with its affiliate Wells Fargo Securities, LLC **("WFSLLC")**, for the distribution of municipal securities offerings, including the Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Financial Advisor

Davenport & Company LLC, Richmond, Virginia, is employed as a financial advisor **(the "Davenport")** to the County in connection with the issuance of the Bonds. The financial advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Davenport, in its capacity as financial advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents provided, agreed to or made by others with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

Davenport, as the financial advisor to the County, has provided the following sentence for inclusion in this Official Statement. Although Davenport has assisted in the preparation of this Official Statement, Davenport is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

Credit Ratings

Moody's has given the Bonds a rating of "Aa3" (positive outlook), based on the creditworthiness of the County. Standard & Poor's have given the Bonds a rating of "AA" based on the creditworthiness of the County and Fitch has given the Bonds a rating of "AA-."

Such ratings reflect only the respective view of Moody's, Standard & Poor's and Fitch. References should be made to Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York, 10007, Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, 55 Water Street, New York, New York 10041, and Fitch Ratings Inc., 33 Whitehall Street, New York, New York 10004 for a fuller explanation of the significance of the ratings assigned by such rating agencies. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be changed, suspended or withdrawn entirely by such rating agencies if, in the judgment of such rating agencies, changes in or unavailability of, information so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

Bonds Eligible for Investment and Security for Public Deposits

The Act provides that bonds issued pursuant thereto shall be legal and authorized investments for banks, savings banks, trust companies, building and loan associations, insurance companies, fiduciaries, trustees and guardians and for all public funds of the Commonwealth or other political corporations or subdivisions of the Commonwealth. No representation is made as to the eligibility of the Bonds for investment or any other purchase under any law of any other state. The Act also provides that bonds, such as the Bonds, issued pursuant thereto may properly and legally be deposited with and received by any state or municipal officer or any agency or political subdivision of the Commonwealth for any purpose for which the deposit of bonds or obligations of the Commonwealth is now or may hereafter be authorized by law.

Litigation

To the best information, knowledge and belief of the Authority and the County, there is no litigation of any kind now pending or threatened to restrain or enjoin the issuance or delivery of the Bonds, in any manner questioning the proceedings and authority under which the Bonds are being issued, or affecting the power and authority of the Authority or the County to execute or perform their respective obligations or undertakings under the Financing Agreement or the Indenture, as applicable, or to make payments due under the Financing Agreement or the Indenture, as applicable. In addition, to the best information, knowledge and belief of the County, there is no litigation presently pending, or threatened against the County which, in the event of an unfavorable decision, would have a material adverse effect upon the financial condition of the County or its ability to make payments under the Financing Agreement.

Legal Matters

Certain legal matters relating to the authorization and validity of the Bonds will be subject to the approving opinion of Sands Anderson PC, Richmond, Virginia, Bond Counsel, which will be furnished at the expense of the County upon delivery of the Bonds, in substantially the form set forth as Appendix D **(the "Bond Opinion")**. The Bond Opinion will be limited to matters relating to the authorization and validity of the Bonds and to the tax-exempt status of interest thereon as described in the section "Tax Exemption." Bond Counsel has not been engaged to investigate the financial resources of the Authority or the County or their ability to provide for payment of the Bonds, and the Bond Opinion will make no statement as to such matters or as to the accuracy or completeness of this Official Statement or any other information that may have been relied on by anyone in making the decision to purchase the Bonds.

Certain legal matters will be passed upon for the County by the County Attorney, Guynn Waddell PC, Salem, Virginia, for the Authority by Guynn Waddell PC, Salem, Virginia, counsel to the Authority, and for the Underwriters by their counsel, Dinsmore & Shohl LLP, Pittsburgh, Pennsylvania.

Tax Exemption

Opinion of Bond Counsel. In the opinion of Bond Counsel, under current law, interest on the Bonds, (a) will not be included in gross income for Federal income tax purposes, (b) will not be an item of tax preference for purposes of the Federal alternative minimum income tax, however, with respect to certain corporations, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022, and (c) will be exempt from income taxation by the Commonwealth of Virginia. No other opinion will be expressed by Bond Counsel regarding the tax consequences of the ownership of or the receipt or accrual of interest on the Bonds. Further, no opinion will be expressed by Bond Counsel as to the treatment for Federal income tax purposes of any interest paid on the Bonds in the event of non-appropriation or default by the County.

Bond Counsel's opinion will be given in reliance upon certifications by representatives of the Authority and the County as to certain facts relevant to both the opinion and requirements of the Internal Revenue Code of 1986, as amended **(the "Code")**, and is subject to the condition that there is compliance subsequent to the issuance of the Bonds with all requirements of the Code that must be satisfied in order for interest thereon to remain excludable from gross income for Federal income tax purposes. The Authority and the County have covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Bonds. Failure by the County or the Authority to comply with such covenants, among other things, could cause interest, including accrued OID, on the Bonds to be included in gross income for Federal income tax purposes retroactively to their date of issue.

The Internal Revenue Service **(the "Service")** has a program to audit state and local government obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the Service does audit the Bonds, under current Service procedures, the Service will treat the Authority as the taxpayer, and the owners of the Bonds will have only limited rights, if any, to participate.

Bond Counsel's opinion represents its legal judgment based in part upon the representations and covenants referenced therein and its review of existing law but is not a guarantee of result or binding on the Service or the courts. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in law or the interpretation thereof that may thereafter occur or become effective.

Original Issue Premium. Bonds purchased, whether upon issuance or otherwise, for an amount (excluding any amount attributable to accrued interest) in excess of their principal amount will be treated for Federal income tax purposes as having amortizable bond premium. A holder's basis in such a Bond must be reduced by the amount of premium which accrues while such Bond is held by the holder. No deduction for such amount will be allowed, but it generally will offset interest on the Bonds while so held. Purchasers of such Bonds should consult their own tax advisors as to the calculation, accrual and treatment of amortizable bond premium and the state and local tax consequences of holding such Bonds.

Other Tax Matters. In addition to the matters addressed above, prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral Federal income tax consequences to certain taxpayers, including without limitation financial institutions, property and casualty insurance companies, S corporations, foreign corporations subject to the branch profits tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability and impact of such consequences.

There are many events which could affect the value and liquidity or marketability of the Bonds after their issuance, including but not limited to public knowledge of an audit of the Bonds by the Service, a general change in interest rates for comparable securities, a change in federal or state income tax rates, legislative or regulatory proposals affecting state and local government securities and changes in judicial interpretation of existing law. In addition, certain tax considerations relevant to owners of Bonds who purchase Bonds after their issuance may be different from those relevant to purchasers upon issuance. Neither the opinion of Bond Counsel nor this Official

Statement purport to address the likelihood or effect of any such potential events or such other tax considerations, and purchasers of the Bonds should seek advice concerning such matters as they deem prudent in connection with their purchase of Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors with respect to the status of interest on the Bonds under the tax laws of any state other than Virginia.

Continuing Disclosure

The County has undertaken in the Continuing Disclosure Agreement to comply with the provision of Rule 15c2-12 **(the "Rule")** by providing certain annual financial information and operating data and event notices required by the Rule. Such information is to be filed through the Electronic Municipal Market Access System **("EMMA")** maintained by the Municipal Securities Rulemaking Board and may be accessed through the Internet at emma.mrsb.org. As described in Appendix E, such undertaking requires the County to provide only limited information at specified times.

The obligation of the County described above requires it to provide only limited information at specific times and the information provided may not be all the information necessary to value the Bonds at any particular time. The County may from time to time disclose certain information and data in addition to that required by the Continuing Disclosure Agreement. If the County chooses to provide any additional information, the County shall have no obligation to continue to update such information or to include it in any future disclosure filing.

The Authority is not an obligated person within the meaning of the Rule and has no responsibility to update or provide any information in the future.

The County made late filings of certain annual financial information for fiscal year 2018 and 2019 but has since remedied such filings and has timely made all filings thereafter. In addition, in connection with the 2018 Notes, the County is required to file annually (1) certain financial information that contains summary data for the last five fiscal years, and (2) certain financial information that contains County and School Board OPEB costs for the last three years; however the County's filings for fiscal years 2018 and 2019 included such data only for the then-current fiscal year. The County has remedied such filings. Except as described herein and as otherwise posted on EMMA, the County has not failed to make any disclosures under any prior undertakings in the last five years.

Miscellaneous

References in this Official Statement to the Financing Agreement and the Indenture and to other materials and documents are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of the provisions thereof. Reference is hereby made to such materials and documents for the complete provisions thereof, copies of which are on file with the Trustee.

Except with respect to the section "The Authority" and that part of the section "Litigation" pertaining to the Authority, all information in this Official Statement, including the appendices, has been furnished by the County and has been reviewed by their representatives and approved for use in this Official Statement. The Authority assumes no responsibility for the accuracy or completeness of such information. Decisions regarding policy, research and analysis of the funding sources have been made by the County.

The distribution of this Official Statement has been duly authorized by the Authority and the County. This Official Statement has been deemed final within the meaning of the Rule.

FRANKLIN COUNTY, VIRGINIA

By: /s/ Tim Tatum
Chairman, Board of Supervisors

INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF FRANKLIN, VIRGINIA

By: /s/ Marshall Jamison
Chairman

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APPENDIX A

INFORMATION REGARDING
FRANKLIN COUNTY, VIRGINIA

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THE COUNTY ADMINISTRATION AND SERVICES

General Information

The County was formed in 1786 from parts of Bedford and Henry counties. It was named for Benjamin Franklin, then governor of Pennsylvania, where many settlers originated. It is located in the Blue Ridge foothills of Virginia and is part of the Roanoke, Virginia Metropolitan Statistical Area. The County is bordered on the east by Franklin County, the southeast by Patrick County, southwest by Carroll County, northwest by Pulaski County, northwest by Montgomery County and the north by Roanoke County, Virginia. Its county seat is Rocky Mount. The County has a total area of 712 square miles of which 690 square miles is land and 21 square miles is water. With its location between Interstates 81 and 40, the County is within a day's drive of all the major Mid-Atlantic markets. It is 8 miles south of Roanoke County and 173 miles southwest of the City of Richmond. The County had an estimated population of 54,155 in 2022.

Form and Organization of Government

The County is governed by an elected seven member Board of Supervisors **(the "Board of Supervisors")**, which appoints a County Administrator, and which establishes policies for the administration of the County. The Board of Supervisors is required by law to adopt a budget by every June 30 for the following July 1 - June 30 fiscal year. Each member of the Board of Supervisors is elected by the voters of the election district in which such member resides. The Chairperson and Vice Chairperson are elected annually by the members of the Board of Supervisors. Members of the Board of Supervisors serve four year terms, each expiring as set forth below:

Member	Occupation	Term Expires December 31
Lorie Smith, Vice-Chairman	Community & Organizational Advocate	2023
Tim Tatum, Chairman	Retired/Police Officer	2023
Nick Mitchell*	Cattle Farm Operator	2025
Ronnie Thompson	Retired	2025
Mike Carter	Business Owner/Jeweler	2025
Tommy Cundiff	Truck Driver	2023
Ronald Mitchell	Business Owner/Landscaper	2023

*Elected in special election held on November 8, 2022 to fill unexpired term of Walker Leland Mitchell

The County is organized under the traditional county form of government (as defined under Virginia law). Under this form of government, the Board of Supervisors appoints the County Administrator to serve as the chief executive officer of the County. The County Administrator serves at the pleasure of the Board of Supervisors, implements its policies, appoints department heads and directs business administration procedures. The County Administrator is responsible for the development, management and control of County operating and capital budgets. The County currently employs approximately 550 people, both full and part time (not including public school system employees).

In addition to the Board of Supervisors, other elected County officials include the Clerk of the Circuit Court, Commissioner of the Revenue, Commonwealth's Attorney, Treasurer, and Sheriff, which are the Constitutional Officers. There is also an elected six-member School Board.

Certain Staff Members

Chris Whitlow, has served as County Administrator since March 2020, after previously serving as Interim County Administrator since December 2018 and succeeding from the position of Deputy County Administrator where he had served the County since 2004. Mr. Whitlow represents the County as an appointee to various regional boards and commissions within the Greater Roanoke, Virginia region. Currently, Mr. Whitlow serves as the Vice Chairman of the Western Virginia Regional Jail Authority, Past Chairman and member of the Roanoke Valley Detention Commission, current executive board member of the Roanoke Regional Partnership, current executive board member of Visit Virginia's Blue Ridge, member of the Roanoke Valley – Alleghany Regional Commission, as well as a member of the Virginia Association of Counties Finance Committee, and has previously served as a member of the Smith Mountain Lake Regional Chamber of Commerce and the Ferrum Water & Sewer Authority. Mr. Whitlow has overseen and or assisted with the planning, development, financing, and management of numerous capital projects including, but not limited to a new regional jail, new libraries, new higher education - workforce center, new government operations center, solid waste landfill, and utility expansions. Prior to his tenure with the County, Mr. Whitlow worked as the Economic Development Administrator for the City of Roanoke, Virginia where he served as the professional support to the City Council and Industrial Development Authority in structuring and managing various economic development projects and programs. Mr. Whitlow has over twenty-eight years of local government experience in Virginia, having also worked in various planning and community development positions for the City of Martinsville and the Towns of Rocky Mount and Bridgewater. Mr. Whitlow holds a Master of Public Administration degree from Virginia Tech and a Bachelor of Science Degree from James Madison University where he double majored in Public Administration and Political Science. Mr. Whitlow is a long standing member of the International City-County Management Association (ICMA), Virginia Local Government Management Association (VLGMA), the Government Finance Officers Association of America (GFOA), and is a graduate of the Senior Executive Institute from the University of Virginia's Weldon Cooper Center.

Brian Carter, has served as Director of Finance for the County since August 2017. He has 20 years of state and local government auditing, accounting, and budgeting experience. Mr. Carter earned a BS degree in with a double major in accounting and financial management from Ferrum College and his Master's degree in Public Administration from James Madison University. He is a Certified Public Accountant in the Commonwealth of Virginia and is a member of the GFOA, VGFOA, AICPA, and VSCPA. He serves as the County's Chief Financial Officer with oversight of Human Resources, Children's Services Act, Family Resources, and Risk Management. Mr. Carter also represents the County as Chair of the Roanoke Valley Juvenile Detention Commission and as an appointee on the Western Virginia Regional Jail Authority and Community Policy and Management Team.

Guynn Waddell PC, Salem, Virginia, has served as County Attorney since 2014.

Constitutional Officers

Within the County Administrator form of government, in addition to the Board of Supervisors and the Administrator, there are a number of other independently elected County officers who serve as an integral part of the County government. These are the Treasurer, Commissioner of Revenue, Sheriff, Clerk of the Circuit Court and Commonwealth's Attorney.

Susan J. Wray has served as County Treasurer since her election in November, 2013. Her current term began January 1, 2020 and will end December 31, 2023. Prior to her election she served as Chief Deputy Treasurer. She has worked in the Treasurer's Office for over 20 years and is currently a member of the Treasurers' Association of Virginia.

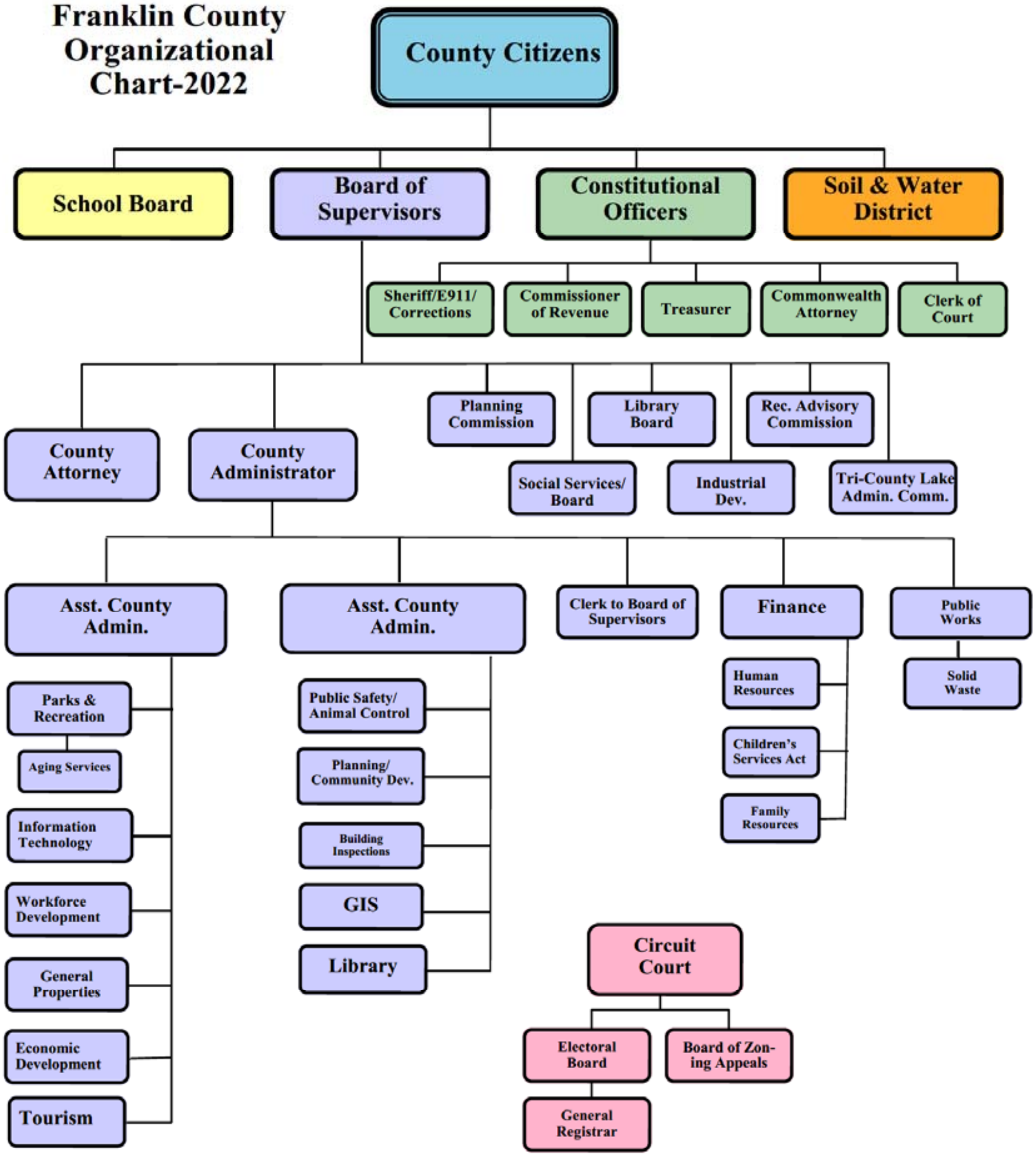
Margaret S. Torrence was elected Commissioner of the Revenue in November 2019 for a term beginning January 1, 2020 and ending December 31, 2023.

Teresa J. Brown was elected Clerk of Circuit Court for an eight year term on November 6, 2007 and re-elected on November 3, 2015 for a term ending December 31, 2023. Prior to election as Clerk, Teresa served as a Deputy Clerk and Chief Deputy Clerk for 20 years. Mrs. Brown has a degree in Court & Conference Reporting and is currently a member of the Virginia Court Clerk's Association.

Cooper Brown was elected Commonwealth Attorney in a special election held on November 8, 2022 to fill the unexpired term of A.J. Dudley that began on January 1, 2020 and ends on December 31, 2023. He is a native of Franklin County and is a graduate of Franklin County High School, Lynchburg College, and earned his Juris Doctor degree from the University of Wyoming Law School. Mr. Brown previously worked in the Commonwealth Attorney's Office from 2011 to 2017 under three different commonwealth's attorneys. He has twice been appointed to be interim commonwealth's attorney and has been serving in that role in the Franklin County Commonwealth's Attorney's Office since May 1. Mr. Brown is a member of the Virginia State Bar Association.

W. Q. "Bill" Overton, Jr., has served as Sheriff since January 1, 2012. He has 39 years of law enforcement experience including patrol, investigations, DARE and administration. Sheriff Overton is a graduate of the FBI National Academy. He currently sits on the Western Virginia Regional Jail Board as well as the Cardinal Criminal Justice Academy Board. He is also a past Board of Directors member for the Virginia Sheriff's Association which represents the interests of 9,000 Deputy Sheriff's across the Commonwealth. Sheriff Overton received initial accreditation for his department through the Virginia Law Enforcement Professional Standards Commission in January 2014 and received his first re-accreditation in January 2018.

Organizational Chart



GOVERNMENTAL SERVICES

General Government Administration

The Franklin County Administrator's Office directs the daily operations of the County and engages in long range planning of governmental operations.

Police, Fire and Rescue Protection

Police protection is provided by the County's Sheriff's department. The Franklin County Sheriff's Office employs over 100 members, including both sworn and non-sworn personnel, and is responsible for ensuring that the citizens of the County receive emergency services in a timely and efficient manner.

The Sheriff's Office maintains a number of internal divisions within the organization that deliver a variety of law related services to more than approximately 55,000 citizens of the County. Uniformed personnel also ensure that more than 728 square miles of land mass and waterways are provided with a marked police presence on a daily basis.

Franklin County's Department of Public Safety is dedicated to providing Emergency Services, to include, but not limited to, Fire, EMS, Animal Control and Emergency Management that are, delivered by well-trained and dedicated career and volunteer professionals

The Department of Public Safety was created by County ordinance in 1988 to oversee four areas of safety concerns within the County; Fire, Emergency Medical Services, Emergency Management and Animal Control. The Department also oversees and works with 10 volunteer fire companies and 9 volunteer rescue squads. While the County relies heavily on professional volunteers to answer approximately 7,000 EMS calls and 3,500 fire calls annually, Public Safety also supplements the system with career fire and EMS providers.

The County plans to construct a new public safety administration and training center and to begin the planning process for renovations to the emergency 911 communication center within the next five years.

In 2005, the County joined with the City of Salem and the Counties of Roanoke and Montgomery to form the Western Virginia Regional Jail Authority **("WVRJA")**. To address overcrowding in the member localities respective local jails, WVRJA opened an approximate 900 bed regional jail facility in 2009 **(the "Regional Jail")**. WVRJA is a political subdivision of the Commonwealth of Virginia, created under the provision of Section 53.1-95.2 of the Code of Virginia of 1950, as amended. It is governed by a twelve member board, comprised of three members from each participating jurisdiction. The Regional Jail was designed to accommodate current and future inmate populations of the four member localities and houses an average daily population of approximately 850 inmates. Since its opening in 2009, the Regional Jail is ACA Accredited, Board of Corrections Certified, and LEED Certified with an annual 100% compliance of both mandatory and non-mandatory standards.

Health and Welfare

The Carilion Health System has a network of hospitals located throughout southwestern Virginia. Located in the town of Rocky Mount, Carilion Franklin Memorial Hospital is a modern, 37-bed facility offering 24-hour emergency care, MRI, CT and ultrasound diagnostics, intensive care services, nephrology and dialysis care, physical, occupational and speech therapies, respiratory and cardiac care, home health and hospice care, inpatient and outpatient surgeries including endoscopy and advanced laparoscopy, and vascular lab services and also offers an urgent care center near Smith Mountain Lake. Carilion Roanoke Memorial Hospital (CRMH) is the only Level I Trauma Center in the area.

Taking a proactive approach towards community health, Carilion Franklin Memorial Hospital conducts a community health needs assessment every three years to look at the overall health of the community. To combat the key issues identified through the assessment, coalitions are formed to spearhead different initiatives to improve the overall health of the community.

Several nursing homes are located in the area. Eldercare, in the town of Rocky Mount, is a private 180-bed facility that provides both skilled and intermediate care beds in private and semi-private rooms.

Franklin Help & Rehabilitation Center is an exclusive, seven days-a-week program offering a range of individualized treatment, therapies, and recovery tools.

A total of 24 physicians including two pediatricians, five optometrists, eight dentists, one orthodontist, and eight chiropractors practice in the area.

The Family Resource Center (FRC) was organized in 1983 by representatives from local human service agencies, local businesses, and concerned community citizens to develop and implement services for victims of domestic violence. In 1989, FRC in conjunction with the Franklin County Board of Supervisors developed the Franklin County Department of Family Resources to provide more extensive services for victims of domestic violence, making FRC one of four domestic violence programs in the state to operate under the auspices of a local government.

Formed in 1972, the Piedmont Community Services Board has provided the community with behavioral health services for over 40 years. They serve the City of Martinsville, Virginia and the Counties of Henry, Franklin and Patrick, Virginia, each year providing services to over 5,000 citizens.

The Franklin County Perinatal Education Center is a non-profit organization providing childbirth and reproductive health programs in Franklin, Patrick and Henry Counties in Virginia. The Perinatal Education Center also provides free child safety seats and products.

The Franklin County Department of Aging provides activities and programs geared towards the elderly population of the community. The Essig Recreation Center, located in Rocky Mount, Virginia is the home to many of the senior activities. The social activities offered at the Center provide persons 50 years and older, opportunities to participate in constructive social experiences and leisure time activities including educational programs, active programs, special events and day trips. Aging Services is also a site location for STEP congregate meals. A social or educational program is provided prior to every meal. The health promotion and disease prevention programs provide activities to help seniors stay fit and healthy. This program includes exercise equipment, exercises led by trained staff and educational programs to promote healthy lifestyles.

The Free Clinic of Franklin County in Rocky Mount sees adults for primary health care and provides their prescriptions at little cost to the patient.

Education System

The operation of the public schools is vested in an eight (8) person school board **(the "School Board")**, the members of which are elected by the voters for four year terms at the same time as the Board of Supervisors. Public school facilities include twelve elementary schools, one middle school and one high school, which are all accredited. Most recently, the school system received a National Blue Ribbon award and two Title I School of Distinctions. The County's public school system currently employs approximately 1,500 people under the administration of the Superintendent of Schools, Dr. Bernice Cobbs.

The Franklin County Public School System encompasses twelve elementary schools, one middle school divided into two campuses, and one centrally located high school. Over 7,500 students are enrolled in the school system. The local school system ranks among the top 10% in Virginia and regularly receives regional, state, and national awards for excellence in education.

The County's school system is also home to one of the most innovative educational facilities and concepts in America. The Gereau Center for Applied Technology and Career Exploration is the learning center for middle school students in the community. The Gereau Center opened in September, 1997, and is an innovative approach to educating students for the 21st century. The program is student centered, combining challenging academic standards, integrating critical thinking skills, and incorporating the Virginia Standards of Learning in english, mathematics, science, and social studies with technological skills and a problem-based learning approach. The Center is performance-based, and works jointly with other educators, parents, and representatives from business, industry, and government.

In the spring of each year, the School Board prepares and forwards its annual budget request to the Board of Supervisors. The Board of Supervisors is required to make an annual appropriation for school operations, but the Board of Supervisors' authority over how the appropriation is spent is limited to five categorical amounts. The School Board is not empowered to levy taxes and may incur indebtedness only under certain limited statutory authority.

Historical Information

Schools	Year Built	Last Renovated	Current Enrollment	Capacity
Boones Mill Elementary	1964	1996	271	395
Burnt Chimney Elementary	1952	1991	277	348
Callaway Elementary	1962	1996	169	287
Dudley Elementary	1972	1996	216	312
Ferrum Elementary	1962	1996	223	286
Glade Hill Elementary	1959	1996	205	326
Henry Elementary	1970	2001	172	281
Lee M. Waid Elementary	1949	1997	412	404
Rocky Mount Elementary	1964	1997	290	367
Snow Creek Elementary	1937	2000	194	276
Sontag Elementary	1962	1996	241	459
Windy Gap Elementary	2009	-	281	454
Benjamin Franklin Middle	1976			
and The Gereau Center	1996	-	1397	1,677
Franklin County High	1949	2012	1904	2350

Source: Superintendent of Schools, Franklin County, Virginia.

Summary of Certain School Statistics

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Elementary School Enrollment	3,539	3,384	3213	2979	2900
Middle School Enrollment	1,611	1,595	1617	1538	1495
High School Enrollment	2,120	2,083	2057	2016	1925
Total Enrollment	**7,270**	**7,062**	**6887**	**6533**	**6320**

Source: Superintendent of Schools, Franklin County, Virginia.

Fall Student Membership by Grade
(Active Enrollees on September 30)

Grade	2018	2019	2020	2021	2022
Pre-K	296	261	222	256	247
K	514	506	451	425	443
1	503	490	494	429	426
2	533	483	496	465	420
3	586	507	481	469	469
4	557	572	511	447	461
5	550	565	558	488	433
6	544	526	566	516	464
7	533	550	509	527	515
8	534	519	542	495	516
9	564	569	566	544	565
10	539	532	524	526	476
11	537	464	473	471	450
12	480	518	494	475	434
Total	**7,270**	**7,062**	**6887**	**6533**	**6320**

Source: Superintendent of Schools, Franklin County, Virginia.

Higher Education

Within the County's borders, individuals have the opportunity to avail themselves of the full range of post-secondary educational options from community college to specific workforce training to well established private and public educational four-year institutions.

In addition to bachelors, masters and doctorate degrees offered by the four-year institutions, community colleges described below offer certificates or degrees as well as participate in state sponsored industrial training and specialized training programs to meet employer's needs.

The Franklin Center for Advanced Learning and Enterprise, the County's one-stop workforce training and adult education center, was constructed in 2007 to address the critical education gaps that had previously existed related to post-secondary education and training of the workforce in specific skill sets. The Franklin Center for Advanced Learning and Enterprise is managed by the One-Stop Partners—a partnership offering employment, training, and educational services to employers and citizens of the County. Their partners have formed a partnership in a spirit of cooperation and collaboration for the purpose of creating a One Stop Center to operate as a "single service delivery system" providing opportunities in employment, training, and education to the citizens and employers of the County and the Town of Rocky Mount, Virginia. The Consortium consists of nineteen partners representing local governments, educational institutions, and community-based agencies committed to making our community stronger and more competitive in a global marketplace. The Center houses the local office of the Virginia Employment Commission which assists local residents and businesses in obtaining and filling positions, respectively. Citizens can enroll in certificate programs, one-time and short courses, and in degree programs all without leaving the area. In fiscal year 2012, nearly 900 students attended one of the 113 classes offered through the Franklin Center.

Two-Year Institutions

Virginia Western Community College is a two-year public institution of higher education operating under the Virginia Community College System, a statewide system of community colleges. It is located on a 70-acre campus in southwest Roanoke, VA. The campus currently sports a state-of-the-art center for Science and Health Professions and a brand new Student Center. The service region of the college includes Roanoke, Salem, Roanoke County, Craig County, southern Botetourt County, and northern Franklin County. The college was established in 1966 and has grown from an initial enrollment of 1,352 to its current enrollment of over 12,000.

Patrick Henry Community College **("PHCC")**, located in neighboring Henry County, Virginia, approximately 25 miles from the County, is one of 23 community colleges in Virginia and was founded in 1962 as a two-year branch of the University of Virginia's School of General Studies. PHCC became an autonomous two-year college of the university two years later. The college enrolled its first students in the old Northside Elementary School in Martinsville and moved to its present campus in the fall of 1969 with the completion of the administration building. The Learning Resource Center was completed in the spring of 1971, and the college became part of the Virginia Community College System on July 1, 1971. PHCC is a comprehensive open-door institution, accredited by the Southern Association of Colleges and Schools Commission on Colleges to award associate degrees.

PHCC offers many associate degree programs, certificate programs, and career studies programs, which include a variety of nontraditional programs such as industry-recognized certifications, developmental and transitional programs, and personal enrichment course.

Four-Year Institutions

Founded in 1913, Ferrum College is a four-year, coeducational, private college located in the County. The school offers 33 areas of study ranging from business and environmental science to teacher education and criminal justice and has an enrollment of approximately 916 undergraduate students. The College is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools and a member of the National Association of Schools and Colleges of the United Methodist Church.

Roanoke College is a private, coeducational, four-year liberal arts college located in Salem, Virginia, a suburban independent city adjacent to Roanoke, Virginia. Roanoke College has approximately 2,000 students who represent approximately 40 states and 30 countries. The college offers 35 majors, 57 minors and concentrations, and pre-professional programs in dentistry, engineering, law, medicine, ministry, nursing, pharmacy, and veterinary medicine. Roanoke College awards bachelor's degrees in arts, science, and business administration and is one of 280 colleges with a chapter of the Phi Beta Kappa honor society.

Jefferson College of Health Sciences **("JCHS")** is an independent, private, coeducational, health sciences college located in the City of Roanoke. Officially chartered as a College in 1982, Jefferson College is the oldest hospital-based college in Virginia. JCHS has approximately 1,062 students based on the enrollment statistics from fall 2015 who represent approximately 31 states. The college offers 15 majors in various healthcare disciplines. JCHS awards the Associate of Science, Bachelor of Science, Master of Science and Doctoral degrees. JCHS graduate programs in nursing, and physician assistant are recognized nationally.

The Edward Via College of Osteopathic Medicine **("VCOM")** is a private, non-profit osteopathic medical school on the campus of Virginia Tech in Blacksburg, Virginia, with two branch campuses located in Spartanburg, South Carolina and Auburn, Alabama. Founded in 2002, VCOM graduated its first class of 139 students in June 2007. VCOM is one of a growing number of osteopathic medical schools in the United States, which grant the Doctor of Osteopathic Medicine degree and one of four located in the Appalachian region. VCOM is fully accredited by the American Osteopathic Association's Commission on Osteopathic College Accreditation.

Hollins University is a private university in Hollins, Virginia. Founded in 1842 as Valley Union Seminary in the historical settlement of Botetourt Springs, it is one of the oldest institutions of higher education for women in the United States. Hollins University has since evolved into a full university with approximately 800 enrolled undergraduate and graduate students. As Virginia's first chartered women's college, all undergraduate programs are female-only. Men are admitted to the graduate-level programs.

New College Institute **("NCI")** is a state-funded educational entity that provides access to bachelor's degree completion programs, master's degrees, teacher endorsement programs, teacher recertification courses, and more through partnerships with colleges and universities. In addition to college-level degree and certification programs, NCI offers experiential learning opportunities, summer camps, non-credit lecture series, financial aid resource events, and other community programs to promote access to education throughout the Martinsville-Henry County region.

American National University has campuses in 30 cities across 6 states, including Indiana, Kentucky, Ohio, Tennessee, Virginia, and West Virginia. American National University - Roanoke (ANU) is accredited by the Distance Education Accrediting Commission and offers master's degrees, bachelor's degrees, associate degrees, diploma programs, certificate programs, and professional training and certifications.

Virginia Polytechnic Institute and State University, Virginia Tech, is a public university located in Blacksburg, VA, approximately 75 miles from the County. Founded in 1872, Virginia Tech offers over 110 undergraduate and over 170 graduate programs, and has an enrollment of over 36,000 students. Virginia Tech is in the top 5% of universities in the nation for research expenditures and has 34 patents and 46 license and option agreements as of FY 2016.

The Virginia Tech Roanoke Center and The Virginia Tech Center for Organizational and Technological Advancement operate under Outreach and International Affairs of Virginia Tech. The Centers offer an array of educational degrees and provide professional development opportunities to meet the specialized needs of those who live and work in the Roanoke region.

Transportation

The area's road, rail, air, and port facilities allow local businesses convenient ways to travel to and from the community as well as efficient importation of goods and exportation of products. The County is located near a number of interstate facilities and served by two major highway corridors, U.S. Route 220 and State Route 40. These two corridors provide uncongested north-south and east-west access to and from the County. The three state primary routes in the County are Routes 122, 116 and 40. Routes 122 and 116 both connect the Smith Mountain Lake area with Rocky Mount, Roanoke, and Bedford. Route 40 runs through the County east-west and connects the County with U. S. Route 29, a major north-south trade route. Locally, Route 40 passes through the center part of the County and provides access to Rocky Mount from eastern and western parts of the County.

RIDE Solutions is a regional ride sharing program operated by the Roanoke Valley-Alleghany Regional Commission in cooperation with the New River Valley Planning District Commission. It is a grant-funded program that provides FREE carpool matching services for citizens of the Roanoke and New River Valley regions and surrounding areas within southwestern Virginia. They work with individuals to facilitate one-on-one carpool matches, and with employers to create company-wide alternative transportation programs.

The Ferrum Express links Ferrum students, faculty, staff, and community people with Rocky Mount and Roanoke. This service is offered as a collaborative effort between Valley Metro, Ferrum College, the City of Rocky Mount, and Franklin County. It is operated by Valley Metro.

The Department of Aging Services offers transportation for senior citizens to and from congregate meal sites, socialization and recreational activities, medical appointments, shopping and other personal trips, needed services and community agencies. They also provide specialized transportation for handicapped individuals, medical transportation for Medicaid recipients of any age who lack transportation for medical services.

Commercial air service is available from Roanoke Regional Airport in Roanoke County, Virginia, 30 miles from the County offering direct flights to eight international airports through the hubs of American Airlines, Delta, United Airlines, and Allegiant Air; Lynchburg Regional Airport in Lynchburg, Virginia, 56 miles from the County, has 12 daily arriving and departing flights with regional carrier service provided by American Eagle Airlines through Charlotte International Airport; Piedmont Triad International Airport in Greensboro, North Carolina 75 miles from the County is the third busiest airport in North Carolina averaging 280 takeoffs and landings each day and serves as the hub for Federal Express; and Greenbrier Valley Airport, in Lewisburg, West Virginia 51.0 miles from the County is the closest major airport to The Greenbrier, The Homestead and Snowshoe Mountain Resort.

General Aviation Service is available from Smith Mountain Lake Airport, a privately owned airport open to the public located 4 miles southeast of Moneta, in Bedford County, Virginia. The facility serves primarily general aviation for the areas around Smith Mountain Lake. Mercer County Airport in Bluefield, West Virginia is also a general aviation facility located 60.7 miles from the County.

Freight rail service is provided in the County by Norfolk Southern Railway Company, a Class I railroad. The company operates 21,500 route miles in 22 eastern states, the District of Columbia, and has rights in Canada NS The most common commodity hauled on the railroad is coal from mines in Indiana, Kentucky, Pennsylvania, Tennessee, Virginia, and West Virginia. The railroad also offers the largest intermodal network in eastern North America.

County residents and businesses are now served with passenger rail service provided by Amtrak out of the nearby Lynchburg station. The line was put into service in October 2009 as Amtrak inaugurated its new train service seven days a week from Lynchburg, Virginia, to Washington, DC, with single-seat service to New York and Boston under the umbrella of its Northeast Regional service. The Lynchburg-Washington train is a major paradigm shift for the Commonwealth of Virginia, since it is the first time the state has funded intercity passenger rail service.

The Port of Richmond, located 139.0 miles from the County, is a domestic and international multi-modal freight and distribution center serving waterborne, rail and truck shippers throughout the mid-Atlantic region. It handles containers, breakbulk, bulk, neo-bulk and livestock cargo. The port has container and general cargo facilities on the James River and is part of a supply chain network of over 600 warehouses.

Businesses in the County can also utilize the port of entry at the New River Valley Airport, better known as the Virginia TradePort, some seventy-five miles away. The Virginia TradePort is actually multiple resources in one including a U.S. Customs and Border Protection (CBP), Port of Entry (Port of Entry Number 1412) and a Foreign Trade Zone (Foreign Trade Zone Number 238) that provides an easy way to process, warehouse and distribute goods entering and/or leaving the United States.

The Virginia Inland Port at Front Royal **("VIP")**, 166.0 miles from the County, is an intermodal container transfer facility in Front Royal, Virginia (Warren County) owned by the Virginia Port Authority. VIP occupies 161 acres of land and is approximately 60 miles west of Washington, D.C. The terminal brings The Port of Virginia 220 miles closer to inland markets and enhances service to the Washington D.C. / Baltimore Metro Region by providing rail service to the terminals in Hampton Roads. VIP also consolidates and containerizes local cargo for export.

Norfolk International Terminals **("NIT")**, 198.0 miles from the County, is located in the Hampton Roads Harbor on 567 acres along the Elizabeth and Lafayette Rivers. NIT is the Virginia Port Authority's largest terminal. It has direct rail access to Norfolk Southern's Heartland Corridor, allowing second-day double-stack service to Midwest markets. NIT also has substantial working and storage track space to accommodate rail volume through Virginia.

Judicial Administration

The County administers judicial affairs through a court system consisting of the Circuit Court, the General District Court and the Juvenile and Domestic Relations Court and through the Offices of the Clerk of the Court, the Commonwealth's Attorney, the Community Corrections Agency and the office of Criminal Justice. Funding for the operations of the Clerk of the Court, the Circuit Court and other courts, the Magistrates, the Commonwealth's Attorney, and the Sheriff's Office is largely provided by the Commonwealth but is supplemented by the County.

Water and Sewer Systems

The Franklin County Public Works Department budgets and accounts for the activities related to public works including road programs, solid waste, utilities and special projects. The Forest Hills and Phase I water systems were for residential developments that were turned over to the Western Virginia Water Authority **("WVWA")** after the County joined in 2009. The WVWA currently sets water rates and maintains these systems. The Commerce Center water system serves the business park that contains four tenants. The County's Public Works Department maintains this system and bills water rates and fees based on the tables below.

Current Water Rates and Fees

WATER RATES AND FEES - ADOPTED (March 25, 2008)

Availability Fees

Meter Size	Forest Hills	Phase I	Commerce Center
5/8" x 3/4"	$1,976.00	$1,976.00	$1,976.00
1"	$2,767.00	$2,767.00	$2,767.00
1 1/2"	$3,557.00	$3,557.00	$3,557.00
2"	$5,731.00	$5,731.00	$5,731.00
3"	$21,739.00	$21,739.00	$21,739.00
4"	$27,668.00	$27,668.00	$27,668.00
6"	$41,501.00	$41,501.00	$41,501.00
8"	$57,321.00	$57,321.00	$57,321.00

Connection Fees

Meter Size	Forest Hills	Phase I	Commerce Center
5/8" x 3/4"	$750.00	$750.00	$750.00
1"	$1,050.00	$1,050.00	$1,050.00
1 1/2"	$1,350.00	$1,350.00	$1,350.00
2"	$2,175.00	$2,175.00	$2,175.00
3"	$8,250.00	$8,250.00	$8,250.00
4"	$10,500.00	$10,500.00	$10,500.00
6"	$15,750.00	$15,750.00	$15,750.00
8"	$21,750.00	$21,750.00	$21,750.00

Hook-up Fees

Meter Size	Forest Hills	Phase I	Commerce Center
5/8" x 3/4"	$2,726.00	$2,726.00	$2,726.00
1"	$3,817.00	$3,817.00	$3,817.00
1 1/2"	$4,907.00	$4,907.00	$4,907.00
2"	$7,906.00	$7,906.00	$7,906.00
3"	$29,989.00	$29,989.00	$29,989.00
4"	$38,168.00	$38,168.00	$38,168.00
6"	$57,251.00	$57,251.00	$57,251.00
8"	$79,062.00	$79,062.00	$79,062.00

Rates /1,000 Gallons Used

Volume Used	Forest Hills
Minimum	$21.50 per 3,000
3,001-10,000	$6.50
10,001-50,000	$6.30
50,001-100,000	$6.10
100,001-250,000	$5.90
250,001-500,000	$5.60
500,001 or more	$5.00

Phase I & Commerce Center

Meter Size	Monthly Minimum Charge
Minimum	$8.00 per 1,000 gallons
5/8" x 3/4" = 1 ERC = 4,000 gallon minimum	$ 32.00
1" = 10,000 gallon minimum	80.00
1 ½" = 20,000 gallon minimum	160.00
2" = 32,000 gallon minimum	256.00
3" = 64,000 gallon minimum	512.00
4" = 100,000 gallon minimum	800.00
6" = 200,000 gallon minimum	1,600.00
Larger than 6" determined by Public Works Director	TBD

Bulk Water Rates

Forest Hills	$25.00 application fee + $8.00/1,000 gallons
Phase I	$25.00 application fee + $8.00/1,000 gallons
Commerce Center	$25.00 application fee + $8.00/1,000 gallons

Current Sewer Fees

SEWER RATES AND FEES - Adopted (March 25, 2008)

Sewer Fees

Meter	Availability	Connection	Total
5/8"	$2,000.00	$1,500.00	$3,500.00
3/4"	$3,000.00	$1,500.00	$4,500.00
1"	$5,000.00	$1,500.00	$6,500.00
1 1/2"	$10,000.00	$1,500.00	$11,500.00
2"	$16,000.00	$1,500.00	$17,500.00
3"	$30,000.00	$1,500.00	$31,500.00
4"	$60,000.00	$1,500.00	$61,500.00
6"	$120,000.00	Actual Cost	
8"	$180,000.00	Actual Cost	
10"	$300,000.00	Actual Cost	
12"	$400,000.00	Actual Cost	

Sewer Rates

Meter	Base Rate	Plus
5/8"	$9.50	$3.60 (per 1,000 gallons used)
3/4"	$14.25	$3.60 (per 1,000 gallons used)
1"	$23.75	$3.60 (per 1,000 gallons used)
1 1/2"	$47.50	$3.60 (per 1,000 gallons used)
2"	$76.00	$3.60 (per 1,000 gallons used)
3"	$142.50	$3.60 (per 1,000 gallons used)
4"	$285.00	$3.60 (per 1,000 gallons used)
6"	$570.00	$3.60 (per 1,000 gallons used)
8"	$855.00	$3.60 (per 1,000 gallons used)
10"	$1,425.00	$3.60 (per 1,000 gallons used)
12"	$1,900.00	$3.60 (per 1,000 gallons used)

Water System

Bedford Regional Water Authority **("Authority")** was created pursuant to the Water and Sewer Authorities Act Chapter 28, Title 15.1 Code of Virginia of 1950, as amended. The Authority owns the Smith Mountain Lake Water Treatment Facility, which uses membrane technology to treat water that is withdrawn from Smith Mountain Lake **("SML")**. This water provides the majority of the water for the Lakes Central system around the SML area while also providing water for Franklin County, the Town of Bedford, and Forest. The SML water treatment facility is rated at 6.0 MGD. The Authority also owns two (2) independent water systems that use wells as the source and are located in the Mountain View Shores and Valley Mills Crossing subdivisions. The Contracted Storage Capacity for the County is 400,000 gallons, with a Maximum Daily Capacity of 400,000 gallons with Available Capacity of 400,000 gallons per day.

WVWA was formed on July 1, 2004 when the water and wastewater operations of the City of Roanoke and Roanoke County, Virginia consolidated. Five years later, on November 24, 2009, the County officially joined WVWA and Botetourt County, Virginia joined on July 1, 2015. The Town of Boones Mill's utility system was acquired in December 2021, and on July 1, 2022, the WVWA acquired the Town of Vinton's water and wastewater systems. WVWA now provides water service to over 69,000 customer accounts and wastewater service for more than 60,000 accounts in the City of Roanoke and the Counties of Roanoke, Franklin and Botetourt, Virginia and Towns of Boones Mill, Vinton and Fincastle, Virginia.

The Town of Rocky Mount, Virginia gets its drinking water from the Blackwater River. The Town's Water Department operates a conventional water treatment plant with a total capacity of 2 million gallons per day that purifies the water. The water then passes through thousands of feet of water lines ranging from 2” to 16” in diameter. Five storage tanks hold up to 2.4 million gallons of water for drinking, for industry, for fire flow and for emergency supply for the Town. Average Daily Use: 835,000 gallons per day and available capacity is 1.16 million gallons per day.

Wastewater System

The Ferrum Water and Sewage Authority was created in 1969, with the purpose of providing water and sewer service to the Village of Ferrum and Ferrum College. Maximum Daily Capacity - 325,000; Average Daily Use - 80,000 and Available Capacity - 245,000.

The Town of Rocky Mount, Virginia operates a 2.0 MGD wastewater treatment facility located approximately 1 mile east of the corporate limits. Constructed in 1995, the plant is a state-of-the-art facility with a discharge permit into the Pigg River. The facility and its treatment process comply with Virginia Health Department and Department of Environmental Quality and rated as a Class I plant. The facility is a conventional treatment plant utilizing aerobic digestion and UV light treatment, two primary digesters, sedimentation basins, and belt press operation. The Town is required to dispose of sludge produced at the plant at the county landfill. Four full-time operators are employed, including the Wastewater Treatment Plant Superintendent, who holds a Class I license. The plant consistently performs well above minimum standards established in the regulatory permit issued by the Virginia Department of Environmental Quality.

Solid Waste

The County owns and operates a central sanitary landfill. Residential waste is collected through a network of waste drop-off sites at convenient locations throughout the County. There are 250 dumpsters (green boxes) available for use at 74 collection sites. Commercial businesses are not allowed to use green boxes.

The Franklin County Department of Solid Waste operates an approximate 20-acre sanitary landfill that handles 125 to 200 tons of waste and refuse per day. This includes in-house recycling of scrap metal and white goods (discarded appliances such as stoves, refrigerators dryers and dishwashers), and cardboard. Lead acid batteries are not accepted at the Franklin County Landfill. There is a fee of $2.00 per passenger/light truck tires; $1.00 per tire for ATV or motorcycle; $4.00 per tire for tires used for a truck or trailer having a gross weight of 15,000 lbs. or more and manufactured for larger vehicles or commercial use; $6.00 per tire for construction or heavy equipment as well as large tractor tires over 20". All construction debris is based on weight at $43.00 per ton. Otherwise, there is no charge to homeowners for this service. The landfill tipping fee for commercial waste is $43.00 per ton.

The Franklin County Board of Supervisors has adopted a new program for the Spring and Fall Cleanup Program. The large containers will be rotating at different Box Sites throughout the year. The large containers will be placed out on Friday and picked up on Tuesday each week.

Planning

The County's zoning ordinance is overseen by a 7 member Planning Commission appointed by the Board of Supervisors. The Planning Commission meets monthly and is currently involved in a comprehensive study of its land use ordinances. The first Comprehensive Plan for the County was adopted in 1975, with the first update to the Plan adopted by the Board of Supervisors in 1985, and most recently updated in 2016 with the addition of the Westlake-Hales Ford Village Plan. The County Board of Supervisors adopted the County's current zoning ordinance on May 25, 1988 and its current subdivision ordinance on November 28, 1979. Both of these ordinances have been amended and updated several times since their original adoption.

The County is a member of the West Piedmont Planning District Commission **("WPPDC")**. The WPPDC is a regional planning organization formed in 1970 charged with developing collaborative regional approaches to issues of greater than local impact including, but not limited to, economic development, transportation, and legislative priorities. It facilitates regional thinking and dialogue among the district's local governments, K-12 and higher educational institutions, economic development organizations, workforce development, and other key stakeholders and is designated as an Economic Development District by the U.S. Department of Commerce in 1992. The County also became a joint member of the Roanoke Valley Alleghany Regional Commission **("RVARC")** in 2004.

Electricity

American Electric Power – Appalachian **("AEP")** serves the County. AEP is one of the largest electric utilities in the U.S., serving nearly 5.4 million customers in 11 states. AEP owns more than 40,000-miles electricity transmission network, more 765-kilovolt extra-high voltage transmission lines than all other U.S. transmission systems combined and has approximately 25,000 megawatts of generating capacity.

Parks, Recreation and Libraries

The County recognizes the community value derived by participation in athletic, recreation and sporting activities/programs. Participation in these programs helps improve health, community interconnectedness, and overall personal well-being for its citizens. A chief purpose of public recreation programming is to encourage a commitment to healthy lifestyles and physical fitness for youth, adults and families. The County provides a wide range of public recreation programming for individuals, teams and passive activities to accomplish this aim.

Franklin County Recreation Park is a 150-acre park, located south of Rocky Mount. The park offers a variety of outdoor activities for all ages including hiking trails rolling over wooded hills, nestled around an acre size fishing pond. It hosts various athletic tournaments and special events, including the Southwest Virginia Antique Farm Days and Franklin County Agricultural Fair. Some of the amenities at the park include: 2 picnic shelters (available for rent and drop-in), playgrounds, lighted tennis courts, basketball court, sand volleyball court, horseshoe pit, 18-hole disc golf course, hiking and biking trails, baseball and soccer fields and an Amphitheater (available for rent).

North Franklin County Community Park is an 84 acre park located north of the County featuring six baseball/softball fields, and one multi-purpose space that is large enough for two full sized football fields or two full sized soccer fields or multiple smaller football or soccer fields. In addition, there are two pavilions, a splash pad, an amphitheater, three concession stands with restrooms, and nine miles of walking trails. The park has a fishing lake and fishing shack, an outdoor education center, and several playgrounds and large open areas for play. Jamison Mill Park is located along the shores of Philpott Lake, the 3,000-acre lake features 100 miles of shoreline surrounded by 20,000 acres of unspoiled wilderness, a marina and tournament fishing dock, nine boat launches, eight campgrounds, six beaches, birding and wildlife trails, and more. The 300+ acre park offers a variety of outdoor recreation opportunities including paddling, swimming, hiking, biking, fishing, and wildlife observation. There are 9 campsites for family and individual tent & trailer camping. All campsites have a picnic table, grill and can accommodate up to six people and two tents. Camping is permitted only at designated sites. Drinking water and a bathhouse with utility sinks & hot showers are central. A dump station is also provided. King Park at Henry Village offers a grill area and picnic tables. Larc Baseball Field and Snow Creek Community Park offers baseball/softball fields, concession stand and restrooms. Lions Park Field offers baseball/softball field, walking trail (1/2 of a mile long), children's playground, picnic shelter for rental and one grill. Lynch Park offers a boulder playground, access to the Pigg River for fishing and canoe take-out, walking trail and picnic tables under shelter. The Turkeycock Wildlife Management Area is a 2,979-acre woodland area offering a mountain top outdoor experience filled with hunting, hiking, horseback riding trails, and wildlife viewing. Rocky Mount Skate Park Facility provides a safe and convenient recreation area with ramps designed for skateboarders and rollerbladers. Sontag Disc Golf Course is a championship level course with each nine having 4 two-shot holes over 400 feet.

Smith Mountain Lake offers 500 miles of shoreline, a 20,000 acre man-made lake and a wide variety of water sports and affordable lakefront real estate. The Smith Mountain Lake Community Beach is a 37-acre Smith Mountain Lake Community Park that opened in June 2007. It is a family oriented facility providing swimming, fishing and family recreation. The park is open year-round (dawn - dusk) and offers a partly-covered handicap accessible fishing pier with seating, picnic shelters with grill, playground area, restrooms, hiking, jogging, 1.7 miles of walking trails, swimming lane and a seasonal community beach with lifeguards on duty when open. The Smith Mountain Lake Community Park beach has as average annual attendance of 13,000 people or approximately 167 daily visitors. A majority (76%) of visitors to the Smith Mountain Lake Community Park Beach are from outside of the County. The Smith Mountain Lake Community Park hosts the Annual Smith Mountain Lake Stand Up Paddle Board Race that attracts racers from across the East Coast.

Waid Park is a 220-acre facility located near Rocky Mount (off Rt. 40 West), along the site of the Old Carolina Wagon Trail. The park has over 10 miles of multi-use trails that travel through rivers, over hills, across farm lands, and atop abandoned dirt roads. It offers a variety of outdoor activities for all ages including tubing, fishing, canoeing and kayaking on the Pigg River which flows through the park. It hosts various athletic leagues, special events, and is home to the annual Ramble Weekend in May. Amenities at the park include over 10 miles of walking and hiking trails, 2 ADA walking trails, equestrian trails, mountain biking trails, covered picnic shelters, pavilions and grills, 2 playgrounds, tubing, fishing, canoeing/kayaking on Pigg River, soccer, baseball, softball and lacrosse fields and restrooms.

The Blue Ridge Parkway is an experience unlike any other: a slow-paced and relaxing drive revealing stunning long-range vistas and close-up views of the rugged mountains and pastoral landscapes of the Appalachian Highlands. The Parkway meanders for 469 miles, protecting a diversity of plants and animals, and providing opportunities for enjoying all that makes this region of the country so special. There are eight campgrounds that serve the Blue Ridge Parkway and over 360 miles of hiking trails. The Parkway offers kayaking/canoeing at Julian Price Park. The Blue Ridge Music Center at Milepost 213 celebrates the music and musicians of the Blue Ridge. The Music Center includes an outdoor amphitheater, an indoor interpretive center/theater, and The Roots of American Music, a free interactive exhibition highlighting the historical significance of the region's music.

The Crooked Road is a regional destination covering 19 counties, four cities, and over 50 towns and communities where heritage music is celebrated year round. The County is the eastern gateway to the Crooked Road, home of the annual Blue Ridge Folklife Festival. The Blue Ridge Institute and Farm Museum at Ferrum College is the first of nine major venues along The Crooked Road and recognized as Virginia's State Center for Blue Ridge Folklore. The festival includes music, food, crafts, and performances that perpetuate regional lore.

The economy of the County was driven by moonshine during prohibition. The County is currently home to four distilleries. Craft brewers have even developed moonshine-themed products. The Moonshine Express is a vintage tour bus through Rocky Mount to learn about the County's moonshine heritage.

Booker T. Washington National Monument commemorates the birthplace of Booker T. Washington – America's most prominent African American educator and orator of the late nineteenth and twentieth centuries. The monument features a visitor center with exhibits and an audio-visual presentation, Plantation Trail, Jack-O-Lantern Branch Heritage Trail, a picnic area, and a recreated 1850's tobacco farm and garden area.

The Franklin County Historical Society was chartered by the Commonwealth of Virginia in 1968 for the stated purpose of collecting and preserving the history of the County. They operate a history museum and research library to provide public access to their collected materials.

The Water's Edge Country Club offers a PGA Championship Course with beautiful scenery along 13.5 miles of shoreline and offers pro shop, tennis, pool, boating, horseback riding, fitness center and clubhouse with dining. The Water Front Golf and Country Club is a PGA Championship Golf Course with incredible vista views along 8.5 miles of shoreline and features pro shop, tennis, fitness facility, pool and clubhouse with restaurant. Westlake Golf & Country Club is a 6,511-yard course on l Smith Mountain Lake. Open to members and non-members its features include pro shop, tennis, pool, meeting spaces, and clubhouse with restaurant. Willow Creek Country Club is 2,857-yard, challenging regulation course providing different angles and distances at each hole with amenities including a pro shop and clubhouse.

The County offers numerous outdoor activities such as: Creek Freaks for outdoor enthusiasts that love to paddle all over the region and take a special interest in the Franklin County Blueways; Franklin County Youth Trail Runners introducing people and trails throughout the region; Family Tubing at The Pigg River through Waid Park featuring calm waters and several sections of ripples that make for an extremely enjoyable 1 mile float; Geocaching is an outdoor treasure hunting game that uses GPS enabled devices to navigate to a set location to find a possible cache; May Flowers Hiking Series takes you across the County with Master Naturalists; and Pub Runs, a free of cost opportunity to gather together with individuals of all ability and fitness levels, to run/jog/or walk in a safe and welcoming environment typically centered around locally owned micro-breweries.

The Franklin County Agricultural Fair has entertained approximately 10,000 visitors annually since its return in 2014 and a record setting year in 2022. In 2011, a committee formed under the direction of the former Department of Commerce and Leisure Services to explore the idea of bringing back the County agricultural fair, which had previously ended in the 1970s. On December 17, 2013, the Board of Supervisors voted unanimously in favor of plans to officially revive the Franklin County Agricultural Fair at the Franklin County Recreation Park. The fair returned after a 40-year hiatus in September 2014.

The Harvester Performance Center is an indoor, mid-sized music venue serving Rocky Mount, Virginia and surrounding areas with live performances in all kinds of genres. The main room seats up to 424 people, and in smaller configurations when deemed appropriate, the main room can also hold up to 700 people in a stand-up show configuration. The main room has a 40-foot wide stage and state-of-the-art audio, lighting and video systems.

The County also offers extensive indoor recreation for family fun without outdoor elements from arcades to indoor rock climbing. Eagle Cinema is a 5-screen theatre with concessions and games. Westlake Cinema features a four-plex movie theater with stadium seating, Real D 3D, Dolby Digital Surround Sound, concessions and games.

Franklin County Speedway is one of the longest, continually-running short tracks in America with drivers from various divisions competing on the 3/8-mile asphalt track in scheduled racing events.

Providence Raceway is a family-oriented and competitive kart racing facility, hosting scheduled racing programs and seasonal racing events.

Red Truck Events Center is an 80-acre facility that hosts a variety of outdoor games and offers riding trails and open space for ATV and MX riders.

The Franklin County YMCA has a comprehensive fitness and wellness center with cardio, circuit training, free weights, walking track, full-length basketball court, cross training area, exercise studio and aquatics center.

Smith Mountain Lake YMCA offers a comprehensive fitness and wellness center which features a racquetball court, exercise studio, full-length basketball court, indoor walking track and two heated, indoor tennis courts.

The Franklin County Public Library System is located in the County. It consists of the Main Library in Rocky Mount, the Westlake Branch Library in Hardy, Virginia and a bookmobile. The Franklin County Public Library system owns approximately 150,000 volumes and checks out over a quarter million items annually to the public. Its PCs are used by patrons for more than thirty thousand hours a year. In addition to public library facilities, the Stanley Library at Ferrum College is open for public use by county residents. This library contains 115,000 volumes.

SECTION FOUR: ECONOMIC AND DEMOGRAPHIC DATA

Population

In 2020 the County's population decreased from 56,159, in 2010, to 54,477, a decrease of 2.99%.

Year	Population
2010	56,159
2011	56,100
2012	56,206
2013	56,190
2014	55,675
2015	55,388
2016	54,980
2017	54,593
2018	54,453
2019	54,352
2020	54,477
2021	54,188
2022	54,155

Source: Weldon Cooper Center for Public Service, Demographics & Workforce Group and U.S. Bureau of the Census. 2010 and 2020 values are 2010 and 2020 official Census; later values are intercensal estimates.

Per Capita Personal Income

	2014	2015	2016	2017	2018	2019	2020	2021
Franklin County	$36,366	$38,262	$39,189	$40,195	$41,479	$44,047	$47,241	$50,264
Commonwealth of Virginia	50,318	52,238	53,268	54,879	56,619	59,073	62,189	66,305
United States	46,887	48,725	49,613	51,550	53,786	56,250	59,765	64,143

Source: U.S. Department of Commerce, Bureau of Economic Analysis. Most recent information available.

General Economic Information

By offering close proximity to all markets along the East coast, the County is an excellent location for local industries and commerce. The local unemployment rate has moderated from highs last year during the height of the COVID-19 pandemic. The unemployment rate in June 2022 was 3.1%. Much of fiscal year 2022 was spent on a number of capital projects including new business park development, the design of a new fire/EMS station, and consolidated solid waste collection site improvements. The County continues to develop its park system with various rehab projects being completed at a number of parks.

The future economic outlook for the County is positive. From 2018 through 2021, the County ranked 37th out of Virginia's 135 localities in the number of jobs created (including ranking as the #25 county). For the same period, the County ranked 40th in announced private investment in Virginia and was the 23rd ranked county. In the years to come, the County will focus on diversifying the employment opportunities within the County by recruiting various technology related companies and traditional manufacturing businesses to utilize the training provided by the local schools and colleges. The County continues broadband internet expansion throughout the County. A housing study was conducted to assess current and future housing needs to attract families to live, work, and play in the County. Future plans will reflect infrastructure investments for future village plans to aid in population growth.

During the year, the Franklin Center for Advanced Learning and Enterprise continued to expand its reach to provide employer and employee services in a "One Stop Environment". The consortium, composed of 19 partners, provides opportunities in employment, training, and education. Representatives from the local school system, colleges, government and community agencies work together to provide workforce development services to the citizens and employers of the County.

The County continues to place major emphasis upon the capital needs of the County School System. Each year the County attempts to fund a five-year School Capital Projects Plan including roof replacements, paving projects, plumbing fixture upgrades, water system upgrades and security enhancements at various schools. Future discussions will determine a major capital investment in renovating the Benjamin Franklin Middle School and the development and construction of a new career and technical education center at the Franklin County High School.

The County offers a number of programs to assist new and expanding businesses:·Job Creation Grant - A grant to assist new or expanding companies that are making a significant new investment and creating a substantial number of new jobs in the County; Training Grant - A training grant program to assist local employers with their training needs in order to expand their businesses and/or retain existing employees; The Town of Rocky Mount Business Development Grant - A grant to assist new or expanding companies that are making a significant new investment and creating a substantial number of new jobs within the Town of Rocky Mount; Fast Track Permitting - An expedited review of plans and, upon approval, issuance of necessary building, erosion and sediment control, and zoning permits; and Tax-Exempt Industrial Development Bonds - Lower interest bond financing for manufacturing firms locating or expanding in the County. According to the Virginia Economic Development Partnership, since 2010 there have been 24 projects, 1,021 new jobs, and $105.3 million in new investment announced in Franklin County.

Much of the County's economic success over the past three years has come from the location or relocation of businesses to the new Summit View Business Park **("Summit View")**. The Franklin County Board of Supervisors has invested approximately $36 million to date in the creation of a new type of business park that is designed to attract companies and jobs of a higher caliber than were previously located within the community. The County's mission is to bring companies to the area that value the community and their employees and that reward both by providing high employee salaries and act as leading corporate citizens. These new companies will provide opportunities for more people to relocate to Franklin County without sacrificing income or job quality. Summit View is designed to be the vehicle through which this is achieved. Once fully built out, Summit View is expected to create over 3 million square feet of revenue producing buildings, over $300 million in new private investment, and approximately 2,000 jobs. Over time, the park will eventually include pavilions, athletic fields, tourist visitor center, and multiuse trails, in addition to business and industrial sites.

The County purchased the first of numerous parcels that make up the 550-acre park at the beginning of 2016 and made the first of three business announcements in 2018. In all, the County has announced three new businesses locating to Summit View with total private investments of over $50 million and nearly 200 new and saved jobs. These business announcements include the headquarters of Valley Star Credit Union, the east coast location of Traditional Medicinals, and the new location of Stik-Pak Solutions. The largest of these announcements was the impending location of Traditional Medicinals to the park.

In January 2020, Governor Ralph Northam and other officials announced that the company which specializes in organic wellness teas will be locating at Summit View. Traditional Medicinals is set to invest $29.7 million to build a 125,000 square-foot East Coast manufacturing and processing center at the business park and create 56 new jobs at an average annual wage of $47,682. Traditional Medicinals is the fastest growing and fourth-largest tea company in the United States.

Summit View is also the new home of Stik-Pak Solutions which will invest $14.3 million into its new facility. Stik-Pak relocated to a new manufacturing and packaging facility in the North Region of the Summit View Business Park. The contract packaging company, a subsidiary of M&H Holdings, built a 50,000-square-foot facility on 8.8 acres and employs 85-95 people. The facility is expected to expand to 100,000 square feet within six years. Stik-Pak has been doing business in the County since 2010. The company serves the food industry and is SQF 2 certified, FDA registered and certified USDA Organic.

ValleyStar Credit Union's Administrative Campus is open at Summit View Business Park. ValleyStar created 20 jobs with a total of 40 positions at the 19,000-square-foot facility and was one of the first tenants of the business park. ValleyStar Credit Union has been serving members and businesses with financial products and services since 1953. ValleyStar serves more than 54,000 members while providing nine branch office locations across five regions in Virginia and North Carolina. They are one of the fastest-growing credit unions in the nation as well as one of the most solvent and efficient in the region.

The most significant impact of these employers moving to Summit View has been the County's success in raising wage levels locally. The average wage announced for the three incoming businesses to the park is $25.39 per hour, a 55% increase over the prevailing wage in Franklin County. Due to this proven track record for success in raising wage levels and attracting top tier companies to the park, Summit View won a 2020 Achievement Award from the Virginia Association of Counties.

Several capital projects remain to be constructed at Summit View. The County is preparing to bid out construction of a new section of roadway and an adjoining 17-acre building pad. Additionally, a connector road linking the north and south regions of the park has recently received grant funding. The nearly $14 million roadway is to be funded almost entirely by state and federal grants. On October 7, 2020, the U.S. Secretary of Commerce Wilbur Ross announced that the Department's Economic Development Administration (EDA) is awarding a $4.7 million grant to Franklin County to support business growth by improving roadway infrastructure (the Connector Road) within Summit View. The EDA grant, to be located in a Tax Cuts and Jobs Act Opportunity Zone, will be matched with $9.15 million in other funds. The project will expedite business growth by building a key connector road and providing an alternative shipping route to Highway 220 in Summit View . The project's location in an Opportunity Zone will attract additional investment. This project is funded by the Additional Supplemental Appropriations for Disaster Relief Act of 2019 (Pub. L. 116-20). The County has also received $3.75 million in SmartScale funding for the project and expects to receive formal approval in December for an additional $5.4 million in Revenue Sharing dollars from VDOT.

In addition to the success of Summit View, Franklin County has also announced four additional major industry announcements since the beginning of 2018. These included:

- Chaos Mountain Brewing (craft brewery) – 5 jobs and $250,000 investment
- Empire Bakery (food manufacturer) – 75 jobs and $10.4 million investment
- McAirlaid's (air-laid nonwoven fabrics manufacturer) – 25 jobs and $7.8 million investment
- Fleetwood Homes (prefabricated home manufacturer) – 60 jobs and $2.1 million investment

In January, 2022, Tire Discounters, the country's largest 100% family-owned and operated tire and service provider, is joining forces with the premiere tire and automotive service provider Bobby's Tire and Auto Care in the County. This is the second store acquisition in Virginia after Winchester-based Tire Outfitters in late 2021. The two Franklin County, Virginia locations of Bobby's Tires and Auto Care have been added to Tire Discounters' existing network of more than 150 locations.

The County is looking to enhance broadband internet service for its citizens and businesses. The County created a broadband authority to work with private providers in order to best manage and direct the broadband initiative.

A housing study was performed to assess the County's current housing inventory and future investment needs. Future planning processes will incorporate working with community partners to develop a diverse housing inventory to better position the County for population growth.

The County plans to look at future funding needs for fire and EMS services for fire apparatus, EMS vehicles, equipment, and emergency services facilities.

Industrial Employment Distribution

The average industrial distribution of employed workers in the County for the 4th quarter ending December, 2022 was as follows:

Type of Industry		Number Employed
Agriculture, Forestry, Fishing & Hunting		245
Mining, Quarrying and Oil and Gas Extraction		*
Utilities		*
Construction		1,412
Manufacturing		3,221
Wholesale Trade		459
Retail Trade		1,869
Transportation and Warehousing		211
Information		91
Finance and Insurance		260
Real Estate and Rental and Leasing		95
Professional, Scientific and Technical Services		394
Management of Companies and Enterprises		47
Administrative and Support and Waste Management		696
Educational Services		417
Health Care and Social Assistance		1,589
Arts, Entertainment and Recreation		295
Accommodation and Food Services		1,236
Other Services (except public administration)		377
Federal Government	86	
State Government	164	
Local Government	2,118	
Government Total		2,368
Unclassified		59
Total		****15,364**

Source: Virginia Employment Commission, Quarterly Census of Employment and Wages (QCEW), 4th quarter ending December, 2022.
*non-disclosable data
**includes non-disclosable date

Top Employers within the County

Employer	Type of Business
Franklin County School Board	Public School
M.W. Manufacturers	Manufacturer and Distributor of Windows and Doors
County of Franklin	Local Government
Franklin Memorial Hospital	Hospital
Trinity Packaging Corp.	Manufactures Plastics Products
Ferrum College	Private College
Wal Mart	Retail Corporation/Grocery Store
Kroger	Grocery Store
Fleetwood Homes Inc.	Home Builder
Arrington Management Group, LLC	Restaurant and Convenience Store
The Uttermost Company	Home Accessories
Virginia Home Furnishings Inc.	Furniture Store
Empire Bakery Commissary	Food Processing Company
Continuum HR	Payroll Services
Lowes' Home Centers, Inc.	Hardware Store
McAirlaid's Inc.	Medical and Food Packaging Manufacturer
Carilion Emergency Services, Inc.	Healthcare Clinic
Franklin Health & Rehabilitation Center	Health & Rehabilitation Center
McDonald's	Fast Food Restaurant
Workforce Unlimited LLC	Staffing Agency

Source: Virginia Employment Commission, Quarterly Census of Employment and Wages (QCEW), 4th quarter ending December, 2022.

Unemployment Rates

	Franklin County	Virginia	United States
2009	8.4%	6.8%	9.3%
2010	8.9	7.3	9.6
2011	7.5	6.5	8.9
2012	6.4	6.0	8.1
2013	5.8	5.6	7.4
2014	5.3	5.1	6.2
2015	4.6	4.4	5.3
2016	4.2	4.0	4.9
2017	3.9	3.7	4.4
2018	3.1	3.0	3.9
2019	2.9	2.8	3.7
2020	5.4	6.5	8.1
2021	3.5	3.9	5.4
2022	2.9	2.8	3.6
1/1/2023	3.4	3.2	3.6

Source: U.S. Department of Commerce, Bureau of Economic Analysis. Most recent information available.

SECTION FIVE: COUNTY FINANCE INFORMATION

Property Tax Rates [(1)]
Last Ten Fiscal Years

	Direct Rates						Overlapping Rates Town of Rocky Mount	
Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital	Common Carrier	Total Direct Rate Weighted Average	Real Estate	Personal Property
2013	$0.54	$2.34	$0.70	$1.08	$-	$0.66	$0.13	$0.51
2014	0.54	2.34	0.70	1.08	-	0.67	0.13	0.51
2015	0.55	2.36	0.70	1.08	-	0.68	0.13	0.51
2016	0.55	2.36	0.70	1.08	0.70	0.68	0.13	0.51
2017	0.55	2.36	0.70	1.08	0.70	0.69	0.13	0.51
2018	0.55	2.36	0.70	1.08	0.70	0.69	0.13	0.51
2019	0.61	2.46	0.70	1.08	0.70	0.76	0.13	0.51
2020	0.61	2.46	0.70	1.08	0.70	0.76	0.13	0.51
2021	0.61	2,41	0.70	1.08	0.70	0.76	0.13	0.51
2022	0.61	2.41	0.70	1.08	0.70	0.73	0.13	0.51

Source: Franklin County Commissioner of Revenue, Town of Rocky Mount Finance Department County's Audited Financial Statements for the year ended June 30, 2022.
(1) Per $100 of assessed value.

Comparison of 2023 Tax Rates for Franklin County and Surrounding Localities

	Real Estate Tax Rate	Personal Property Tax Rate
Franklin County	$0.61/$100	$2.41/$100
Carroll County	0.59/100	2.30/100
Montgomery County	0.70/100	2.55/100
Patrick County	0.68/100	1.71/100
Pulaski County	0.74/100	2.35/100
Roanoke County	1.06/100	3.40/100

Source: Commissioner of Revenue's office for each locality.

County of Franklin, Virginia
Fiscal Year 2022 Principal Property Taxpayers

Taxpayer	Type of Business	Total Assessed Valuation	Percentage of Total Assessed Valuation
Appalachian Power Company	Electric Utility	$141,000,000	1.70%
Trinity Packaging Company	Manufacturing	38,000,000	0.46
McAirlaid's Inc.	Manufacturing	38,000,000	0.45
Willard Construction Smith Mountain Lake LLC	Construction	25,000,000	0.30
Ply Gem Industries Inc.	Manufacturing	21,000,000	0.25
Lineal Technologies	Manufacturing	20,000,000	0.24
Equitrans Midstream Corp	Gas Transmission	17,000,000	0.21
Franklin Real Estate Co	Real Estate	16,000,000	0.19
Wal Mart Real Estate	Retail	15,000,000	0.19
Lowe's Home Centers Inc	Retail	14,000,000	0.16
Totals:		$344,000,000	4.15%

Source: County's Audited Financial Statements for the year ended June 30, 2022-Commissioner of Revenue.

Assessed Value of Taxable Property

The assessed value of taxable property in the County over the last ten years is as follows:

Fiscal Years	Real Estate/Mobile Homes	Personal Property	Merchant's Capital	Machinery & Tools	Common Carrier	Public Service	Total
2013	$6,512,213,873	$478,922,754	$62,392,929	$97,259,640	$ -	$161,030,712	$7,311,819,908
2014	6,563,692,254	499,419,869	62,141,114	91,386,941	-	160,408,641	7,377,048,819
2015	6,586,125,690	516,358,663	63,154,482	100,793,265	-	174,799,137	7,441,231,237
2016	6,648,979,758	532,899,913	67,089,476	118,962,981	4,200,962	180,796,084	7,552,929,174
2017	6,610,954,647	554,082,419	68,274,969	121,998,334	5,258,877	183,953,800	7,544,523,046
2018	6,667,834,790	567,350,019	69,884,565	127,061,318	5,736,714	185,338,191	7,623,205,597
2019	6,721,923,140	592,140,050	69,213,253	130,912,682	5,563,622	182,897,775	7,702,650,522
2020	6,763,102,576	612,793,070	78,239,240	132,597,424	6,761,851	179,241,818	7,772,735,979
2021	7,144,852,075	674,789,726	81,388,745	143,364,143	7,852,921	197,146,191	8,249,393,801
2022	7,180,286,520	785,478,007	70,561,850	147,866,432	6,888,712	189,571,861	8,380,653,382

Sources: County's Audited Financial Statements for the year ended June 30, 2022.

Property Tax Levies and Collections

Property tax levies and collections for the County over the last ten years are as follows:

		Collected Within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year	Total Tax Levy for Fiscal Year	Amount Collected	Percentage of Levy	Collections in Subsequent Years	Amount Collected	Percentage of Levy
2013	$45,660,712	$44,159,107	96.71%	$1,498,610	$45,657,717	99.99%
2014	46,835,889	45,285,604	96.69	1,549,304	46,834,908	100.00
2015	47,787,435	46,494,790	97.30	1,291,911	47,786,701	100.00
2016	48,533,373	47,269,739	97.40	1,262,419	48,532,158	100.00
2017	48,928,808	47,636,981	97.36	1,286,601	48,923,582	99.99
2018	49,697,299	48,336,185	97.26	1,200,599	49,536,784	99.68
2019	55,338,694	53,812,063	97.24	1,300,876	55,112,939	99.59
2020	57,016,129	55,249,567	96.90	1,398,475	56,648,042	99.35
2021	59,637,649	58,234,025	97.65	850,791	59,084,816	99.07
2022	83,415,807	80,428,365	96.42	-	80,428,365	96.42

Source: County's Audited Financial Statements for the year ended June 30, 2022, Commissioner of Revenue and County Treasurer's Office.
Note: During fiscal year 2022, the County started twice year collections for real estate taxes.

Sales Tax Revenue

FY	Sales Tax Revenue	Growth
2013	$4,029,528	4.18%
2014	4,087,355	1.44
2015	4,222,615	3.31
2016	4,355,903	3.16
2017	4,550,334	4.46
2018	4,733,806	4.03
2019	5,544,968	17.14
2020	5,664,739	2.16
2021	6,505,973	14.85
2022	7,043,338	8.26

Source: Director of Finance.

Other Local Taxes

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Local sales and use taxes	$4,087,355	$4,222,615	$4,355,903	$4,550,334	$4,733,806	$5,544,968	$5,664,739	$6,505,973	$7,043,338
Consumers' utility taxes	976,804	979,527	982,747	987,461	992,508	996,808	999,577	1,011,793	1,017,326
Merchants Capital taxes	657,071	675,221	706,216	728,792	706,150	728,337	854,721	834,594	760,377
Motor vehicle licenses	833,472	1,930,605	2,100,109	2,024,297	2,011,649	2,058,850	2,030,181	2,122,224	2,061,003
Taxes on recordation and wills	453,547	452,037	455,147	531,590	510,322	516,600	678,871	1,122,616	1,028,616
Hotel and motel room taxes	86,010	88,040	109,213	117,111	124,704	120,111	144,516	228,461	334,941
Meals taxes	990,322	1,034,851	1,070,833	1,059,248	1,140,684	1,215,742	1,176,654	1,324,144	1,404,130
Total	$8,084,581	$9,382,896	$9,780,168	$9,998,833	$10,219,823	$11,181,416	$11,549,259	$13,149,805	**$13,649,731**
Growth	-3.37%	16.06%	4.23%	2.24%	2.21%	9.41%	3.29%	13.86%	3.81%

Source: Director of Finance.

Fiscal Year 2022 Financial Results

The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2022 by $124,818,986 (net position), an increase of $34,932,698. As of the close of fiscal year 2022, the County's governmental funds (excluding the School Bond Construction Fund) reported combined ending fund balances of $93,625,219, an increase of $26,816,957 from the prior year. The majority of the balance or $80,374,008 (excluding the School Bond Construction Fund) is available for spending at the government's discretion (unassigned, assigned or committed). At the end of fiscal year 2022, unassigned fund balance for the General Fund was $37,926,227. The County's total long-term obligations decreased by $10,751,242 during fiscal year 2022, mainly due to reduction in the net pension liability. The School Board long-term obligations decreased by $38,660,011, during fiscal year 2022. This was also the result of a reduction in the net pension liability..

Preliminary Fiscal Year 2023 Financial Results

Based upon recent year-end projections, the County is anticipating a $2.5 million surplus at the end of FY 2023. The expected surplus is primarily due to anticipated over performance in Revenue from Money and Property, as well as lower than budgeted non-departmental expenditures. The County also anticipates Other Local Tax Revenues (primarily composed of Sales and Use Taxes and motor vehicle licenses) will come in approximately 2% over budget.

Five-Year Summary of General Fund Revenues, Expenditures and Changes in Fund Balance

The General Fund is maintained by the County to account for revenue derived from County-wide ad valorem taxes, other local taxes, licenses, fees, permits, charges for services, certain revenue from federal and State governments and interest earned on invested cash balances. General Fund expenditures and transfers include the costs of general County government, transfers to pay the local share of operating the County public schools, transfers for annual debt service costs and transfers to capital project funds to pay for certain capital improvement projects. Additional financial information with respect to the County and its accounting structure is contained in the audited financial statements of the County for the fiscal year ended June 30, 2022, attached hereto as Appendix B.

The following tables present a summary for the five fiscal years ended June 30, 2018, 2019, 2020, 2021 and 2022 of the County's revenues, expenditures and changes in fund balances accounted for in the County's General Fund. The summaries for fiscal years 2018 through 2022 have been compiled from the financial statements of the County and should be read in conjunction with the related financial statements and footnotes thereto appearing in Appendix B. There has been no material adverse change in the financial condition of the County since the audit for the fiscal year ending June 30, 2022.

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County of Franklin, Virginia
Governmental Fund Balances
Last Five Fiscal Years

Fiscal Year	**2018**	**2019**	**2020**	**2021**	**2022**
Revenues					
General Property Taxes	$ 49,888,025	$ 55,426,396	$ 57,306,737	$ 60,215,038	$ 82,009,088[1]
Other Local Taxes	9,996,105	10,971,858	11,076,935	12,729,441	13,396,258
Permits, Fees and Regulatory Licenses	442,699	430,996	475,697	556,813	653,380
Fines and Forfeitures	57,918	39,501	34,923	16,086	45,353
Revenue from use of Money and Property	1,002,611	1,519,309	1,129,087	657,441	569,613
Charges for Services	2,822,896	3,283,610	3,352,722	3,365,648	3,530,567
Miscellaneous	371,706	529,143	683,524	621,950	396,810
Recovered Cost	922,698	909,869	697,663	886,642	1,035,339
Intergovernmental	20,558,245	22,523,864	24,840,251	31,690,470	29,472,154
Total Revenues	$ 86,062,903	$ 95,643,546	$ 99,597,539	$ 110,739,529	$ 131,108,562
Expenditures					
General Government Administration	$ 4,285,933	$ 4,780,174	$ 4,976,543	$ 5,159,542	$ 5,275,244
Judicial Administration	2,687,211	2,707,178	2,734,533	2,827,613	3,116,250
Public Safety	14,542,008	15,405,011	16,883,628	24,031,305	19,970,819
Public Works	3,519,675	3,966,697	3,955,700	3,994,404	4,510,233
Health and Welfare	13,509,837	14,769,839	15,209,386	14,787,784	15,840,860
Education	32,514,282	33,679,131	31,766,890	33,456,453	35,712,506
Parks, Recreation, and Cultural	2,221,751	2,375,084	2,171,012	2,193,064	2,405,861
Community Development	2,870,399	3,586,272	2,969,538	2,626,560	3,222,037
Nondepartmental	-	-	-	-	-
Capital Projects	15,781,187	12,182,095	8,452,655	8,945,912	8,671,565
Debt Service:					
Principal	4,646,542	4,782,334	4,454,961	3,911,652	4,112,113
Interest and other fiscal charges	1,218,120	1,424,063	1,563,703	1,244,381	2,538,232
Bond Issuance Costs	-	525,047	142,329	566,091	-
Total expenditures	$ 97,796,945	$ 100,182,925	$ 95,280,878	$ 103,744,761	$ 105,375,720
Excess (deficiency) of revenues over expenditures	$ (11,734,042)	$ (4,539,379)	$ 4,316,661	$ 6,994,768	$ 25,732,842
Other financing sources (uses)					
Transfers In	$ 6,360,523	$ 5,715,435	$ 7,860,654	$ 8,789,444	$ 29,817,547
Transfers Out	(6,375,523)	(5,730,435)	(7,875,654)	(8,804,444)	(29,832,547)
Bonds and notes issued	-	16,345,000	142,329	3,611,907	-
Premium on debt issuance	-	160,508	-	6,844,063	-
Refunded Bonds Issued	-	-	-	38,070,000	-
Debt Service-current refunding principal	-	-	-	(44,857,000)	-
Capital Leases	2,396,299	1,315,000	-	92,433	-
Leases Payable Issued		-	-	-	907,535
Issuance of Note Payable (financed purchase)		-	-	-	191,580
Sale of Capital Assets	-	-	-	-	-
Total other financing sources (uses)	$ 2,381,299	$ 17,805,508	$ 127,329	$ 3,746,403	$ 1,084,115
Net changes in fund balances	$ (9,352,743)	$ 13,266,129	$ 4,443,990	$ 10,741,171	$ 26,816,957
Debt Service as a Percentage of Noncapital Expenditures	7%	7%	7%	5%	7%

Sources: County's audited financial statements for the year ended June 30, 2022.

[1] FY22 General Property Taxes included a one-time windfall from conversion from once a year to twice a year tax collection of equal to approximately $20 million. This amount was transferred from the General Fund to the Capital Fund.

Operating Budget (Fiscal Years 2022-2023)

Shown below are the County's budgeted revenues and expenditures for the fiscal years ending June 30, 2022 and 2023. The County is not currently aware of any financial condition that would have a materially adverse effect upon the County's ability to meet the Budget for fiscal year ending June 30, 2023.

	FY 2022[1] Budget	Year End Actual
Revenues		
General Property Taxes	$79,624,276	$82,009,088
Other Local Taxes	11,225,178	13,396,258
Permits and Licenses	445,293	653,380
Fines and Forfeitures	25,038	45,353
Revenue from Money and Property	618,271	541,141
Charges for Services	3,563,031	3,530,567
Miscellaneous	174,081	396,810
Recovered Costs	918,180	1,035,339
State Funds	18,190,661	17,378,960
Federal Funds	8,671,010	9,010,877
		-
Total Revenues	**$123,455,019**	**$127,997,773**
Expenditures		
General and Financial Administration	$5,570,838	$5,275,244
Judicial Administration	3,204,890	3,116,250
Public Safety	18,228,173	18,714,300
Public Works	4,640,607	4,510,233
Health & Welfare	16,242,941	15,840,860
Education	38,026,740	35,712,506
Recreation & Culture	2,505,873	2,405,861
Community Development	3,682,587	3,222,037
Debt Service	6,859,001	6,650,345
Non-departmental	24,493,369	28,733,432
Total Expenditures	**$123,455,019**	**$124,181,068**
Excess (Deficiency) of Revenues Over Expenditures	$	**$3,816,705**

	FY 2023 Adopted Budget
Revenues	
General Property Taxes	$63,156,295
Other Local Taxes	13,722,704
Permits, Privilege, Fees & Regulatory Licenses	471,459
Fines & Forfeitures	17,331
Use of Money & Property	367,057
Charges for Services	2,883,766
Miscellaneous	713,007
Recovered Costs	1,134,139
Commonwealth of Virginia	15,671,821
Federal Funds	4,814,280
Total Revenues	**$102,951,859**
Expenditures	
General and Financial Administration	$5,857,058
Judicial Administration	3,217,051
Public Safety	17,744,087
Public Works	4,707,674
Health and Welfare	16,655,373
Parks, Recreation and Culture	2,755,655
Community Development	3,374,573
Non-departmental	3,131,473
Transfers Out	
Schools-Operations	$34,190,187
Schools-Debt Service	565,000
Schools-Canneries	37,419
Schools-Carryovers	-
County Capital-School Projects	1,420,000
Debt Service	5,573,915
E911	1,270,619
Utilities	15,000
County Capital Projects	2,436,775
Total Expenditures	**$102,951,859**
Excess (Deficiency) of Revenues Over Expenditures	$ -

Source: County Director of Finance.

1. General Property Tax Revenue includes once a year to twice a year tax collection.

The County adopted a structurally balanced budget for Fiscal Year 2023, wherein current revenues are expected to pay for current expenditures. No fund balance was used to balance the Fiscal Year 2023 budget. The real estate and the personal property tax rates remained the same from FY 2022.

Capital Improvement Program

Section 15.2-2239 of the Code of Virginia assigns the responsibility for capital outlay programs to the local planning commissions. The Code states that the local commission may, and at the direction of the governing body, shall prepare and revise annually a capital improvement program based on the comprehensive plan of the County for a period not to exceed the ensuing five years. The County Capital Improvement Plan **("CIP")** includes major capital projects that are non-recurring, should have a useful life of five years or more; and the estimated cost of the expenditure must exceed $50,000 for a general government project and $100,000 for a school project. Expenditures above these amounts will be considered "capital", and those below them "operating." Each project is associated with a specific operating department and will include prior funding, estimated expenditures over the next five years and the total estimated cost of the project. Also included for each project is a complete description, justification, possible funding sources, impact on departmental operating budget and the project's relationship to the County's comprehensive plan.

The fiscal year 2024-2028 CIP was approved by the Board of Supervisors on April 6, 2023 in aggregate. The following is a summary of projects included in the CIP:

Proposed Expenditures – Adopted Capital Improvement Program FY 2024 - 2028

	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Five Year Total
County Expenditures						
Community Services	$6,484,000	$734,000	$849,000	$3,209,000	$1,244,000	$12,520,000
Human Services	246,500	275,000	340,000	420,000	765,000	2,046,500
Internal Services	530,619	831,603	651,547	996,547	920,901	3,931,217
Public Safety	1,180,656	2,486,548	2,153,798	7,743,948	1,893,548	15,458,498
Total – County Expenditures	**$8,441,775**	**$4,327,151**	**$3,994,345**	**$12,369,495**	**$4,823,449**	**$33,956,215**
School Expenditures						
School Projects	$1,080,000	$1,280,000	$1,480,000	$1,680,000	$1,880,000	$7,400,000
School Bus Replacement	340,000	340,000	340,000	340,000	340,000	1,700,000
Career & Technical Education Center	-	50,000,000	-	-	-	50,000,000
Middle School HVAC & Roof Replacement	30,000,000	-	-	-	-	30,000,000
Total – School Expenditures	**$31,420,000**	**$51,620,000**	**$1,820,000**	**$2,020,000**	**$2,220,000**	**$89,100,000**
Grand Total – Expenditures	**$39,861,775**	**$55,947,151**	**$5,814,345**	**$14,389,495**	**$7,043,449**	**$123,056,215**

Proposed Funding Sources – Adopted Capital Improvement Program FY 2024 - 2028

	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Five Year Total
County Funding Sources						
Transfer from General Fund	$2,436,775	$2,636,775	$2,836,775	$3,236,775	$3,436,775	$14,583,875
Other Carryover Funds	-	1,485,376	952,570	847,720	1,031,674	4,317,340
Fund Balance Reserves	-	-	-	-	-	-
Borrowing	5,800,000	-	-	6,100,000	-	11,900,000
Revenue Sharing Project - VDOT	-	-	-	1,980,000	150,000	2,130,000
Revenue Sharing Private Contributions	-	-	-	-	-	-
Fire Apparatus Replacement Funds	205,000	205,000	205,000	205,000	205,000	1,025,000
Total – County Funding Sources	**$8,441,775**	**$4,327,151**	**$3,994,345**	**$12,369,495**	**$4,823,449**	**$33,956,215**
School Funding Sources						
Transfer from General Fund	$1,420,000	$1,620,000	$1,820,000	$2,020,000	$2,220,000	$9,100,000
Other Carryover Funds	-	-	-	-	-	-
Grants	10,000,000	-	-	-	-	10,000,000
Borrowing	20,000,000	50,000,000	-	-	-	70,000,000
Total – School Funding Sources	**$31,420,000**	**$51,620,000**	**$1,820,000**	**$2,020,000**	**$2,220,000**	**$89,100,000**
Grand Total – Funding Sources	**$39,861,775**	**$55,947,151**	**$5,814,345**	**$14,389,495**	**$7,043,449**	**$123,056,215**

Cash and Investment Management

The County generally provides a monthly financial report to the Board of Supervisors. While there is no formal adopted cash and investment policy, cash and investments are managed conservatively by the Treasurer in order to minimize the risk of loss of County funds and to allow liquidity to meet cash flow needs. Cash deposits are in compliance with the Virginia Security for Public Deposits Act. Investments follow the statutes of the Commonwealth of Virginia and are limited to 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 and certain corporate notes, bankers acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Employee Retirement Plans

The County contributes to the Virginia Retirement System **("VRS")**, a Virginia executive branch agency multiple-employer public employee retirement system that acts as a common investment and administrative agent for political subdivisions in the Commonwealth. Professional and nonprofessional employees of the School Board are also covered by VRS. All full time, salaried permanent employees are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Benefits are actuarially reduced for retirees to retire prior to becoming eligible for full retirement benefits. VRS also provides death and disability benefits. The benefit provisions and all other requirements are established by Virginia statute. VRS issues a publicly available comprehensive annual financial report that included financial statements and required supplementary information for the plans administered by VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

VRS administers three defined benefit plans – Plan 1 and Plan 2 and Hybrid:

- Employees hired with a membership date July 1, 2010, vested as of January 1, 2013 and have not taken a refund, are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. 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 creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.

- 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 creditable service or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.

- Non-hazardous duty employees hired 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 creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

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 creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% 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 1.7% 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.

Plan members are required by Title 51.1 of the Code of Virginia of 1950, as amended, to contribute 5.00% of their compensation toward their retirement. Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended June 30, 2022 was 9.96% of the annual covered payroll. The School Board's contribution rate for fiscal year 2022 was 7.44% for non-professional employees. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were $1,608,809 and $1,538,973 for the years ended June 30, 2022 and June 30, 2021, respectively. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were $396,949 and $382,098 for the years ended June 30, 2022 and June 30, 2021, respectively.

For the year ended June 30, 2022, the County and Component Unit School Board (nonprofessional) recognized pension expense of $324,611 and ($77,745), respectively. At June 30, 2022, 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**
Difference between expected and actual experience	$ 465,094	$ 860,749	$ -	$ 256,182
Changes of assumptions	2,022,178	-	462,665	-
Net difference between projected and actual earnings on pension plan investments	-	8,716,091	-	2,860,233
Employer contributions subsequent to the measurement date	1,608,809	-	396,949	-
Total	$4,096,081	$9,576,840	$859,614	$3,116,415

The report may be obtained from the VRS website http://www.varetire.org/Default.asp or by writing to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Additional information regarding the County and School Board employee retirement plans can be found in Note 9 of the County's basic financial statements for the year ended June 30, 2022, a copy of which is attached as **Appendix B** to this Official Statement.

Other Post-Employment Benefits (OPEB)

In addition to the pension benefits described above, the County and the School Board each offer eligible retirees post-retirement medical coverage if certain requirements are met. County employees must retire directly from the County with at least 15 years of continuous service and are eligible to receive early or regular retirement benefit from the VRS. School Board employees must retire with at least 15 years of service at the age of 50. Health benefits include medical, dental and vision coverage. County retirees are responsible for 100% of the premium which is paid directly to the subscriber. Benefits end when the School Board retiree is eligible to receive Medicare.

The School Board administers a single-employer healthcare plan **("the Plan")**. The Plan provides for participation by eligible retirees of the School Board and their dependents in the health and dental insurance programs available to School Board employees. The Plan will provide retiring employees the option to continue health and dental insurance offered by the School Board. An eligible retiree may receive this benefit until the retiree is eligible to receive Medicare. To be eligible for this benefit a retiree must have 15 years of service with the School Board and the employee must have attained the age of fifty (50). The benefits, employee contributions and the employer contributions are governed by the School Board and can be amended through Board action. The Plan does not issue a publicly available financial report.

The School Board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2022 was $440,000.

The Teacher Employee Retiree HIC Program 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 fulltime permanent (professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

The Teacher Employee HIC Program 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 with at least 15 years of service credit, 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.

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board's (nonprofessional) contractually required employer contribution rate for the year ended June 30, 2022 was 0.46% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board (nonprofessional) to the HIC Plan were $26,893 and $25,686 for the years ended June 30,b2022 and June 30, 2021, respectively.

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

Additional information regarding the County and the School Board OPEB plans can be found in Note 12 of the County's basic financial statements for the year ended June 30, 2022, a copy of which is attached as **Appendix B** to this Official Statement.

Property Damage and Liability Insurance

The County is a member of the Virginia Association of Counties Risk Pool Insurance Program with the following coverages:

Real Property Damage	Replacement Cost
Personal Property Damage	Replacement Cost
General Liability	5,000,000
Auto Liability	5,000,000
Public Officials Liability	5,000,000
Workers Compensation	1,000,000

Law Enforcement Liability is covered by the Department of General Services, Virginia Local Government Risk Management Plan. Workers' compensation coverage is as stated by the Virginia Workers' Compensation Act.

County Cyber Security Measures

The County has implemented policies and guidelines to ensuring acceptable and safe use of its computing resources. Documented security practices are in place with all support vendors with access to computing systems. Staff are trained regularly on safe computer use and internet practices. The County is also in several active relationships with state and federal agencies to monitor and respond to any potential cyber incident. These include Virginia State Police (VSP), Virginia Fusion Center (VFC), Department of Homeland Security (DHS), Cybersecurity Infrastructure Security Agency (CISA), Virginia Information Technology Agency (VITA), Virginia Department of Emergency Management (VDEM), Virginia National Guard (VANG), Virginia Defense Force (VDF), and the Multi-State Information Sharing and Analysis Center (MS-ISAC).

Frequent perimeter scans, domain monitoring, DNS monitoring/blocking, and activity sensors are all in use by the County. Firewalls are in place at the network perimeter to filter inbound and outbound traffic to the County's network with logging availability. Secure remote access is available through a virtual private network and through a proxy portal both of which utilize two factor authentication. Two factor authentication is also used for all domain accounts accessing Microsoft resources. Centrally managed Enterprise Antivirus Software is utilized to prevent and respond to malware and viruses as well as to block access to questionable websites. All passwords meet or exceed State Audit requirements in complexity. Security permissions are given based on a least privilege philosophy giving access only to the data needed for the staff member's role. Accounts (staff, service, elevated, etc.) are reviewed regularly to identify any anomalies. Servers and computers are patched on a regular basis in order to take advantage of the most recent security updates. Automated Data Back-ups are performed and routinely monitored for successful completion.

The County placed fourth in a national competition for use of technology and innovation. The Center for Digital Government recognizes counties with fewer than 150,000 people for the best technology practices on government websites in the Annual Digital Counties Survey. The County was recognized for its use of cyber security techniques, online database resources and expansion of public library systems. It is the thirteenth year in a row the County has placed in the national survey competition.

SECTION SIX: DEBT ADMINISTRATION

Debt Structure

Pursuant to the Virginia Public Finance Act, a county is authorized to issue general obligation bonds secured by a pledge of its full faith and credit. For the payment of principal and interest on such bonds the governing body is authorized and required to levy on all taxable property within the County such ad valorem taxes as may be necessary. Although the issuance of bonds by Virginia counties is not subject to any limitation on amount, counties are generally prohibited from issuing general obligation bonds unless (1) the issuance of such debt has been approved by public referendum, (2) such debt is for public school purposes and is sold to the Literary Fund or Virginia Public School Authority, or (3) such indebtedness is issued in anticipation of the collection of the current year's taxes and other revenues.

Information on the County's long-term obligations is summarized, as of June 30, 2022 unless otherwise noted, in the tables that follow in this section. Additional information is provided in the County's basic financial statements for the year ended June 30, 2022, a copy of which is attached as Appendix B to this Official Statement.

Annual requirements to amortize long-term obligations and related interest for fiscal years 2024-2043 are as follows:

County Debt Service as of June 30, 2022 plus 2023 Bond Debt Service

EXISTING				PLUS				EQUALS			
Tax-Supported Existing Debt Service[1]				Debt Service Series 2023 Bonds				Resulting Debt Service			
FY	Principal	Interest	Total	FY	Principal	Interest	Total	FY	Principal	Interest	Total
Total	$ 33,590,759	$ 9,430,390	$ 43,021,149	Total	$ 12,165,000	$ 5,624,139	$ 17,789,139	Total	$ 45,755,759	$ 15,054,529	$ 60,810,288
2024	$ 3,296,279	$ 1,350,746	$ 4,647,025	2024	$ 440,000	$ 471,489	$ 911,489	2024	$ 3,736,279	$ 1,822,235	$ 5,558,514
2025	3,446,079	1,184,571	4,630,650	2025	370,000	557,550	927,550	2025	3,816,079	1,742,121	5,558,200
2026	2,106,334	1,047,691	3,154,025	2026	530,000	535,050	1,065,050	2026	2,636,334	1,582,741	4,219,075
2027	2,207,067	941,333	3,148,400	2027	555,000	507,925	1,062,925	2027	2,762,067	1,449,258	4,211,325
2028	2,130,000	833,650	2,963,650	2028	580,000	479,550	1,059,550	2028	2,710,000	1,313,200	4,023,200
2029	2,045,000	729,275	2,774,275	2029	615,000	449,675	1,064,675	2029	2,660,000	1,178,950	3,838,950
2030	1,490,000	640,900	2,130,900	2030	645,000	418,175	1,063,175	2030	2,135,000	1,059,075	3,194,075
2031	1,570,000	564,400	2,134,400	2031	675,000	385,175	1,060,175	2031	2,245,000	949,575	3,194,575
2032	1,635,000	492,450	2,127,450	2032	715,000	350,425	1,065,425	2032	2,350,000	842,875	3,192,875
2033	1,695,000	425,850	2,120,850	2033	745,000	313,925	1,058,925	2033	2,440,000	739,775	3,179,775
2034	1,770,000	356,550	2,126,550	2034	785,000	275,675	1,060,675	2034	2,555,000	632,225	3,187,225
2035	1,835,000	284,450	2,119,450	2035	825,000	235,425	1,060,425	2035	2,660,000	519,875	3,179,875
2036	1,910,000	209,550	2,119,550	2036	870,000	193,050	1,063,050	2036	2,780,000	402,600	3,182,600
2037	1,985,000	141,575	2,126,575	2037	910,000	148,550	1,058,550	2037	2,895,000	290,125	3,185,125
2038	1,080,000	95,600	1,175,600	2038	960,000	101,800	1,061,800	2038	2,040,000	197,400	2,237,400
2039	1,105,000	68,350	1,173,350	2039	360,000	70,600	430,600	2039	1,465,000	138,950	1,603,950
2040	1,125,000	46,050	1,171,050	2040	370,000	56,000	426,000	2040	1,495,000	102,050	1,597,050
2041	1,160,000	17,400	1,177,400	2041	390,000	40,800	430,800	2041	1,550,000	58,200	1,608,200
2042	-	-	-	2042	405,000	24,900	429,900	2042	405,000	24,900	429,900
2043	-	-	-	2043	420,000	8,400	428,400	2043	420,000	8,400	428,400

Source: County Finance Department.

[1] Tax-Supported existing Debt Service excludes any borrowings fully supported by designated revenue sources.

Changes in Long-Term Obligations

The following is a summary of changes in long-term obligations of the primary government and school board for the year ended June 30, 2022.

	Balance as of July 1, 2021	GASBS No. 87 Adjustment/ Restatement	Increases/ Issuances	Decreases/ Retirements	Balance as of June 30, 2022
Governmental Funds					
General Obligation Bonds	$2,654,913	$ -	$ -	$(472,338)	$2,182,575
Revenue Bonds	5,769,236	-	-	(105,000)	5,664,236
Premiums on revenue bonds	148,226	-	-	(44,050)	104,176
Note payable (financed purchase)	-	-	191,580	(47,895)	143,685
Other Debt:					
Revenue Bond	38,070,000	-	-	(2,815,000)	35,255,000
Premium on Revenue Bond	6,844,063	-	-	(1,254,025)	5,590,038
Lease liabilities	-	3,371,507	907,535	(671,880)	3,607,162
Capital Leases	1,843,941	(1,843,941)	-	-	-
Landfill/Post-closure Liability	9,333,300	-	706,168	(183,039)	9,856,429
Compensated Absences	1,811,544	-	1,822,494	(1,765,604)	1,868,434
Net OPEB Obligation	2,648,865	-	625,929	(817,697)	2,457,097
Net Pension Liability	8,355,986	-	9,216,027	(17,572,013)	-
Total Governmental Activities	$77,480,074	$1,527,566	$13,469,733	$(25,748,541)	$66,728,832
School Board Funds					
Lease Liabilities	$ -	$186,373	$ -	$(155,316)	$31,057
Compensated Absences	1,024,712	-	813,676	(768,534)	1,069,854
Net OPEB Obligation	16,542,549	-	3,241,529	(4,474,807)	15,309,271
Net Pension Liability	74,454,499	-	17,500,402	(55,003,334)	36,951,567
Total School Board	$92,021,760	$186,373	$21,555,607	$(60,401,991)	$53,361,749

Source: County's Audited Financial Statements for the year ended June 30, 2022.

The general fund revenues are used to liquidate compensated absences.

Governmental Activities

Details of long-term obligations are as follows:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
General Obligation Bonds:						
GO bond-VPSA[2]	4.1-5.6%	11/10/2004	2025	$2,500,000	$375,000	$125,000
GO bond-VPSA[2]	4.225-5.1%	11/9/2006	2027	6,760,943	1,807,575	351,817
Total General Obligation Bonds					**$2,182,575**	**$476,817**
Revenue Bonds:						
Revenue bond[3]	4.68%	7/27/2016	2035	2,505,000	$1,910,000	$110,000
Revenue bond[4]	2.00%	12/6/2019	2025	5,700,000	3,754,236	-
Total Revenue Bonds					**$5,664,236**	**$110,000**
Note Payable (finance purchase)	0.00%	7/1/2021	2025	239,475	$143,685	47,895
Total Direct Borrowings/Placements					$7,990,496	634,712
Other Debt:						
Revenue Bond[1]	3-5%	12/10/2020	2041	38,070,000	$35,255,000	$3,370,000
Lease Liabilities:						
Building-Public Safety	2.00%	6/1/2018	2024	125,359	$42,912	$21,986
Copier-Public Safety[(5)]	0.76%	9/1/2021	2027	38,373	32,058	7,601
Copier-Circuit Court	0.76%	2/1/2022	2027	29,927	27,459	5,910
Copier-Finance/CSA[(5)]	0.42%	8/1/2020	2024	22,213	9,147	6,855
Copier-Library	0.76%	2/1/2019	2024	19,638	6,296	3,967
Copier-Development Services	0.42%	7/1/2021	2025	25,692	17,818	7,898
Copier-Sheriff	0.42%	3/1/2020	2023	21,657	6,137	6,137
Copier-Public Safety	2.81%	5/1/2022	2027	19,549	18,896	3,702
Copier-Social Services	0.42%	12/1/2019	2024	21,566	3,010	3,010
Library Building[(5)]	1.49%	1/1/2008	2028	1,543,506	670,974	111,331
Enforcer Fire Truck	3.02%	12/27/2018	2028	958,702	609,051	94,111
Pumper and Platform Fire Truck[(5)]	3.75%	2/15/2019	2028	1,437,597	925,119	140,352
Ambulances	2.74%	10/1/2021	2026	708,171	574,089	137,756
Cell Tower-Ferrum[(5)]	5.00%	5/1/2016	2026	87,507	45,230	10,119
Cell Tower-Burnt Chimney	3.50%	7/1/2021	2031	44,178	41,043	3,273
Cell Tower-Cahas Mountain[(5)]	3.00%	7/1/2016	2026	177,229	84,540	19,220
Sheriff IT	0.42%	10/1/2021	2024	23,376	15,551	7,759
Social Services Vehicles[(5)]	8.99%	12/1/2020	2026	92,340	66,930	17,518
Social Services Vehicles	18.20-19.25%	7/1/2021	2026	18,269	15,587	2,891
Land[(5)]	3.00%	5/1/2021	2026	50,266	39,777	9,494
Land[(5)]	2.00%	1/1/2016	2036	362,159	280,906	15,586
Land[(5)]	2.00%	2/1/2016	2026	178,805	74,632	20,293
Total Lease Liabilities					$3,607,162	$656,769
Other Obligations:						
Landfill Closure/Postclosure Liability					$9,856,429	$ -
Premiums on Revenue Bonds					5,694,214	-
Compensated Absences					1,868,434	1,401,326
Net OPEB Obligation					2,457,097	-
Total Other Obligations					**$19,876,174**	**$1,401,326**
Total Long-term obligations					**$66,728,832**	**$6,062,807**

Source: County's Audited Financial Statements for tax year ended June 30, 2022.

1 Denotes debt refinanced for General Government Projects and School Construction.

2 Denotes debt issued for School Construction.

3 Denotes debt issued for Utility Assets transferred to the Western Virginia Water Authority (Operating Debt).

4 Denotes debt that is in draw down phase. As of June 30, 2022, only $3,754,236 has been drawn down.

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

For the governmental activities, landfill closure and postclosure liability, compensated absences, net OPEB obligation, and net pension liability are generally liquidated by the General Fund. At year end, unspent bond proceeds totaled $9,750,632.

Additional Debt Information

Information concerning the County's net tax-supported debt is presented in the following tables. The tables reflect the ratio of net general bonded debt to assessed value and net general obligation bonded debt to per capita.

Fiscal Year	Gross Bonded Debt	Gross and Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt Per Capita (1)
2013	$26,429,558	$26,429,558	0.37%	466.82
2014	33,164,494	33,164,494	0.46	585.78
2015	41,841,733	41,841,733	0.57	736.74
2016	37,383,914	37,383,914	0.51	663.15
2017	49,145,015	49,145,015	0.67	874.39
2018	44,481,268	44,481,268	0.60	788.30
2019	56,377,013	56,377,013	0.75	1004.45
2020	52,255,755	52,255,755	0.67	936.79
2021	53,486,438	53,486,438	0.65	981.82
2022	48,796,025	48,796,025	0.41	900.50

Source: County's Audited Financial Statements for tax year ended June 30, 2022.

(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 6.

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

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

Year Ending June 30	Direct Borrowings and Placements		Other Debt		Lease Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	$634,712	$277,914	$3,370,000	$1,438,650	$656,769	$101,375
2024	644,174	250,687	2,815,000	1,284,025	668,966	82,450
2025	4,408,209	166,039	2,960,000	1,139,650	651,130	62,957
2026	491,334	84,181	1,740,000	1,022,150	644,494	43,177
2027	507,067	61,836	1,835,000	932,775	426,791	25,921
2028-2032	770,000	172,269	8,870,000	3,260,675	470,206	26,012
2033-2037	535,000	29,541	9,195,000	1,417,975	88,806	3,255
2038-2041	-	-	4,470,000	227,400	-	-
Totals	**$7,990,496**	**$1,042,467**	**$35,255,000**	**$10,723,300**	**$3,607,162**	**$345,147**

Anticipated Future Debt

The County plans to issue debt for future landfill projects. The County anticipates that it will need to issue additional debt to fund general government and school capital projects in the future. The County plans to issue debt for two significant school projects: renovations and HVAC replacement to the Benjamin Franklin Middle School and the construction of a Career & Technical Education Center on the high school campus. However, no specific amounts have been approved by the Board

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APPENDIX B

AUDITED FINANCIAL STATEMENTS OF

FRANKLIN COUNTY, VIRGINIA

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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Independent Auditors' Report

To the Honorable Members of
The Board of Supervisors
County of Franklin, 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 unit, each major fund, and the aggregate remaining fund information of the County of Franklin, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Change in Accounting Principle

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

Restatement of Beginning Balances

As described in Note 25 to the financial statements, in 2022, the County restated beginning balances to reflect the requirements of GASB Statement No. 87. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County of Franklin, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Franklin, 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2022, on our consideration of the County of Franklin, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County of Franklin, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Franklin, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 7, 2022

Management's Discussion and Analysis

As management of the County of Franklin, Virginia we offer the following discussion and analysis of the County's financial performance and overview of the County's financial activities for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal.

Financial Highlights for Fiscal Year 2021-2022:

- The total net position for governmental activities was $124.8 million at the end of FY 2022. This figure is based on assets totaling $208.7 million, deferred outflows of resources of $4.7 million, liabilities of $77.3 million, and deferred inflows of resources of $11.3 million. Liabilities include a non-current component for long-term debt associated with the acquisition of assets for the County and School system. The total for assets includes school properties financed with debt (Exhibit 1).

- During the year, the County's taxes and other revenues for governmental programs were $35 million more than the $97.6 million of expenses (Exhibit 2).

- The business-type activities net position at June 30, 2022 totaled $1.14 million. This figure is based on total assets of $1.17 million and minimal liabilities.

- Total general fund revenues were more than the final budgeted amount by $4.5 million or approximately 3.6 percent. Actual expenditures were $3.6 million less than the final expenditure budget.

- The County's total outstanding debt decreased $10.7 million at fiscal year-end. This decrease is due to a reduction in net pension liability of approximately $8.4 million. See Notes 7 and 8 for additional information on long-term obligations.

- Component Unit School Board's net position was a deficit of $36.5 million at the end of FY 2022. Of this amount, $27.4 million is net investment in capital assets, $3.1 million is restricted, and the unrestricted deficit was $67 million deficit. The large deficit is from Franklin County's share of the net pension liability for the state retirement teacher pool.

- At the end of the current fiscal year, the general fund unassigned fund balance was approximately $37.9 million. The Board of Supervisors has adopted a policy to keep the unassigned general fund balance at a minimum of twenty percent of general fund operating revenues.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County of Franklin's basic financial statements which comprise three sections: 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.

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the four reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, judicial administration, public safety, health and welfare, parks and recreation, libraries, solid waste and community development. The only business-type activity is a small water and sewer system at an existing industrial park.

The government-wide financial statements include the County (known as the *primary government*) as well as funds of the Franklin County School Board (known as the *component unit*). Financial information for this component unit is reported separately from the financial information presented for the primary government.

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statement presentation more familiar. The focus is on the County's most significant funds, and the fund financial statements provide more information about these funds – not the County as a whole.

The County has three types of funds:

Governmental funds – Most of the County's basic services are included in governmental funds, which focus on how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year end that are available for spending. Consequently, the governmental funds statements report financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided following the governmental fund statements that explains the relationship (or difference) between them.

Proprietary funds – When the County charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported with the full accrual accounting method as are all activities reported in the Statement of Net Position and Statement of Activities. The County's enterprise fund, one type of proprietary fund, is the same as the government-wide business-type activities; however, the fund financial statements provide more detail and additional information, such as cash flows. The County's enterprise fund is the Utility Fund.

Fiduciary funds – The County is the trustee, or fiduciary, for the County's custodial funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

Notes to the basic financial statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's budgetary comparisons and progress in funding its obligation to provide pension and other post-employment benefits to its employees.

Financial Analysis of the County as a Whole

A comparative analysis of government-wide information is as follows:

	Governmental Activities		Business-type Activities		Total Primary Government		Component Unit	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
Current and other assets	$ 114.6	$ 78.7	$ 0.3	$ 0.3	$ 114.9	$ 79.0	$ 10.2	$ 5.8
Capital assets, net	94.1	92.7	0.9	0.9	95.0	93.6	28.5	28.0
Total assets	$ 208.7	$ 171.4	$ 1.2	$ 1.2	$ 209.9	$ 172.6	$ 38.7	$ 33.8
Deferred outflows of resources	$ 4.7	$ 5.6	$ -	$ -	$ 4.7	$ 5.6	$ 18.3	$ 22.9
Other liabilities	$ 10.6	$ 9.0	$ 0.1	$ -	$ 10.7	$ 9.0	$ 3.5	$ 2.1
Long-term liabilities	66.7	77.6	-	-	66.7	77.6	53.4	92.0
Total liabilities	$ 77.3	$ 86.6	$ 0.1	$ -	$ 77.4	$ 86.6	$ 56.9	$ 94.1
Deferred inflows of resources	$ 11.3	$ 0.5	$ -	$ -	$ 11.3	$ 0.5	$ 36.6	$ 9.5
Net position:								
Net investment in capital assets	$ 52.6	$ 48.5	$ 0.8	$ 0.9	$ 53.4	$ 49.4	$ 27.4	$ 28.0
Restricted	6.7	1.7	-	-	6.7	1.7	3.1	1.9
Unrestricted	65.5	39.7	0.3	0.3	65.8	40.0	(67.0)	(76.8)
Total net position	$ 124.8	$ 89.9	$ 1.1	$ 1.2	$ 125.9	$ 91.1	$ (36.5)	$ (46.9)

The County's combined net position increased from $89.9 million to $124.8 million as a result of an increase in cash and cash equivalents from the conversion to twice-a-year real estate tax collections. Unrestricted governmental net position, the portion of net position that can be used to finance the day-to-day activities of the County totaled $65.5 million. Net position: net investment in capital assets represents the amount of capital assets owned by the County less any related debt. Net position is reported as restricted when constraints on asset use are externally imposed by creditors, grantors, contributors, regulators, or imposed by law through constitutional provisions or enabling legislation. For example: E911 funds are restricted so that they can be used for the E911 purposes.

Business-type net position remained relatively unchanged.

Component unit net position increased by $10.5 million as a result of an increase in cash and cash equivalents and a reduction in long-term liabilities mostly due to a decrease in the pension liability.

Summary of Activities:

The following table shows the revenues and expenses of the governmental activities for the year ended June 30, 2022 (in millions):

	Governmental Activities		Business-type Activities		Total Primary Government		Component Unit	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
Revenues:								
Program revenues:								
Charges for Services	$ 4.3	$ 3.9	$ -	$ 0.1	$ 4.3	$ 4.0	$ 1.7	$ 1.1
Operating Grants & Contributions	23.8	26.5	-	-	23.8	26.5	60.9	54.7
Capital Grants & Contributions	0.8	0.2	-	-	0.8	0.2	0.1	-
Total Program Revenues	$ 28.9	$ 30.6	$ -	$ 0.1	$ 28.9	$ 30.7	$ 62.7	$ 55.8
General Revenues:								
Property Taxes	$ 83.5	$ 60.1	$ -	$ -	$ 83.5	$ 60.1	$ -	$ -
Other Taxes	13.4	12.7	-	-	13.4	12.7	-	-
Other	6.7	6.2	-	-	6.7	6.2	-	-
Payments from the County	-	-	-	-	-	-	36.1	39.3
Total General Revenues	$ 103.6	$ 79.0	$ -	$ -	$ 103.6	$ 79.0	$ 36.1	$ 39.3
Total Revenues	$ 132.5	$ 109.6	$ -	$ 0.1	$ 132.5	$ 109.7	$ 98.8	$ 95.1
Expenses								
General Government Administration	$ 5.3	$ 5.4	$ -	$ -	$ 5.3	$ 5.4	$ -	$ -
Judicial Administration	3.0	2.9	-	-	3.0	2.9	-	-
Public Safety	20.9	26.2	-	-	20.9	26.2	-	-
Public Works	8.6	7.8	-	-	8.6	7.8	-	-
Health and Welfare	15.6	14.9	-	-	15.6	14.9	-	-
Education	36.1	39.3	-	-	36.1	39.3	88.3	88.3
Parks, Recreation, and Cultural	3.6	2.6	-	-	3.6	2.6	-	-
Community Development	3.9	3.7	-	-	3.9	3.7	-	-
Interest on Long-Term Debt	0.6	2.3	-	-	0.6	2.3	-	-
Utility Fund	-	-	0.1	-		-		
Total Expenses	$ 97.6	$ 105.1	$ 0.1	$ -	$ 97.6	$ 105.1	$ 88.3	$ 88.3
Change in Net Position	$ 34.9	$ 4.5	$ (0.1)	$ 0.1	$ 34.9	$ 4.6	$ 10.5	$ 6.8
Net Position, Beginning	$ 89.9	$ 85.4	$ 1.2	$ 1.1	$ 91.1	$ 86.5	$ (46.9)	$ (53.7)
Net Position, Ending	$ 124.8	$ 89.9	$ 1.1	$ 1.2	$ 126.0	$ 91.1	$ (36.4)	$ (46.9)

Revenues

For the fiscal year ended June 30, 2022, revenues from governmental activities totaled $132.5 million, an increase of $23 million from the prior fiscal year. Property tax revenues, the County's largest local revenue source, were $83.5 million, an increase of $23.4 million over the prior fiscal year primarily from increased personal property tax collections related to increased vehicle assessments and a change to twice-a-year real property tax collections. The County assesses all real property every four years. The most recent reassessed values were effective January 1, 2020.

Other local taxes (including sales taxes, recordation taxes, and meals taxes) were $13.4 million, which was an increase of $0.7 million from FY 2021. Operating grants and contributions totaled $23.8 million, reflecting a $2.7 million decrease from the prior fiscal year.

Business-type revenues consist of charges to customers for water consumption. During FY 09-10, almost all of the County's water systems were transferred to the Western Virginia Water Authority - a regional provider of water and sewer services. The County receives a small amount of water revenue from a system located in one of the County's industrial parks.

Component unit revenues total $98.8 million, including a $36.1 million payment from the general government.

Expenses

For the fiscal year ended June 30, 2022, expenses for governmental activities totaled $97.6 million. Expenses contain the local county support of the school system.

Business-type activities account for the expenses of the County's small water system at the Commerce Center Industrial Park which serves approximately four commercial customers.

Education is a high priority in the Franklin County community; consequently, the County contributed $36.1 million to the operation of the Franklin County Public Schools. This amount represented about 37% of the County's governmental activities expenses.

Financial Analysis of the County's Funds

For the fiscal year ended June 30, 2022, the County's general fund reflects total fund balances of $43.7 million, roughly an increase of $3.8 million from the fiscal year ended June 30, 2021. The increase is mainly due to personal property tax collections caused by higher vehicle assessments.

The County Capital Projects fund balance increased from fiscal year 2021 due to an increase in cash and cash equivalents. A capital reserve was established with funds received from the conversion to twice-a-year real estate tax collections.

Other Governmental Funds are comprised of the E911 fund. This fund balance increased by approximately 35% due to an increase in cash and cash equivalents and increased State revenue from FY 2021 to FY 2022.

General Fund Budgetary Highlights

The County's budget is prepared in accordance with the Code of Virginia. During the year, the County amended the original budget primarily for the following purposes:

- To reappropriate grants and other revenues authorized in the prior fiscal year but not expended as of June 30, 2021.
- To reappropriate monies to pay for commitments in the form of encumbrances established prior to June 30, 2021 but not paid by that date.
- To appropriate borrowed funds, grants and other revenues received in the current fiscal year.
- To appropriate one-time funds from the conversion to twice-a-year real estate tax collections.

The following table presents revenues and expenditures for the General Fund only for FY 2022 (in millions):

	Original Budget	Amended Budget	Actual
Revenues:			
Taxes	$ 70.3	$ 90.8	$ 95.4
Other	5.6	5.7	6.2
Intergovernmental	21.5	26.9	26.4
Total revenues	$ 97.4	$ 123.4	$ 128.0
Expenditures:			
Expenditures	$ 91.7	$ 99.0	$ 95.5
Total expenditures	$ 91.7	$ 99.0	$ 95.5
Other financing sources (uses):	$ (3.5)	$ (29.8)	$ (28.7)
Net change in fund balance	$ 2.2	$ (5.4)	$ 3.8
Fund balance - beginning	-	5.4	39.9
Fund balance - ending	$ 2.2	$ -	$ 43.7

A discussion of the budgetary variances between the original budget and the final budget and of the variance between the final budget and the actual results follows.

On March 11, 2021, the American Rescue Plan Act (ARPA) of 2021 was passed by the federal government. ARPA funds in the amount of $3,463,957 were spent during the fiscal year, and remaining ARPA funds of $7,421,545 are reported as unearned revenue as of June 30, 2022.

The increase in comparing original budget to actual budget for taxes is due to approximately $20 million received and appropriated due to the transition to twice-a-year real estate tax collections. Intergovernmental revenues were increased during the year from grants being received by the County. One of the most significant budget adjustments is from approximately $3.5 million in American Rescue Plan Act (ARPA) funds received from the federal government.

The increase in the final budget for expenditures over the original budget is primarily due to budgeting additional revenues from grants and increased State and Federal revenue, mainly ARPA funds. The County attempts to move some general fund excess revenues to the capital fund to help fund new and existing projects with cash instead of borrowed funds.

Actual revenues were more than anticipated due to the County collecting additional personal property tax revenues caused by increased vehicle assessment values and additional real estate tax collections.

Actual expenditures were less than the final amended budget because of general savings in department budgets.

Capital Assets

The following table displays the County's and Schools' (Component Unit) capital assets at June 30, 2022, in millions of dollars:

	Governmental Activities FY2022	Governmental Activities FY2021	Business-type Activities FY2022	Business-type Activities FY2021	Total Primary Government FY2022	Total Primary Government FY2021	Component Unit FY2022	Component Unit FY2021
Non-Depreciable Assets:								
Land	$ 19.5	$ 18.9	$ -	$ -	$ 19.5	$ 18.9	$ 0.7	$ 0.7
Construction in Progress	26.0	24.0	-	-	26.0	24.0	1.2	0.4
Other Capital Assets:								
Buildings and Improvements	57.8	55.8	-	-	57.8	55.8	65.0	63.7
Infrastructure	6.4	6.4	1.3	1.3	7.7	7.7	-	-
Machinery and Equipment	48.7	47.3	-	-	48.7	47.3	22.8	21.9
Accumulated Depreciation	(64.3)	(59.7)	(0.5)	(0.4)	(64.8)	(60.1)	(61.3)	(58.8)
Total	$ 94.1	$ 92.7	$ 0.8	$ 0.9	$ 94.9	$ 93.6	$ 28.4	$ 27.9

The table below shows the change in capital assets for the fiscal year ended June 30, 2022 in millions of dollars:

	Balance June 30, 2021	Net Additions/ Deletions	Balance June 30, 2022
Non-Depreciable Assets:			
Land	$ 19.6	$ 0.6	$ 20.2
Construction in Progress	24.4	2.7	27.1
Other Capital Assets:			
Buildings and Improvements	119.5	3.3	122.8
Infrastructure	7.7	-	7.7
Machinery and Equipment	69.2	2.3	71.5
Accumulated Amortization	-	(0.8)	(0.8)
Accumulated Depreciation	(118.9)	(6.3)	(125.2)
Total	$ 121.5	$ 1.8	$ 123.3

During the FY 2022 budget process, the Board of Supervisors approved a five-year Capital Improvement Program (CIP) that totaled $4.1 million. Various projects have been funded in the plan and include software and hardware upgrades for the Information Technology department, trail, park and field development for the Parks and Recreation department, vehicle and equipment replacement for the Sheriff's Office and Public Safety department, and $1.4 million for various school projects. Smaller projects make up the balance of the funding and include such items as capital maintenance and landfill engineering and development. The County implemented GASB 87 – Leases, during the fiscal year. As a result, adjustments were made to capital assets to record leases in accordance with the new standard.

Additional detailed capital asset information can be found in Note 17 in the "Notes to Financial Statements" section of the report.

Long Term Obligations

The following table displays the County and Schools (Component Unit) Outstanding Debt at June 30, 2022 and at June 30, 2021, in millions of dollars:

	Governmental Activities		Business-type Activities		Total Primary Government		Component Unit	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
Direct Borrowings and Placements	$ 8.1	$ 8.6	$ -	$ -	$ 8.1	$ 8.6	$ -	$ -
Revenue Bonds	40.8	44.9	-	-	40.8	44.9	-	-
Capital Leases	-	1.8	-	-	-	1.8	-	-
Lease Liabilities	3.6	-	-	-	3.6	-	-	-
Landfill Closure/Post Closure Liability	9.9	9.3	-	-	9.9	9.3	-	-
Compensated Absences	1.9	1.8	-	-	1.9	1.8	1.1	1.0
Other Post Employment Benefits	2.5	2.6	-	-	2.5	2.6	15.3	16.5
Net Pension Liability	-	8.4	-	-	-	8.4	37.0	74.5
Total	$ 66.8	$ 77.4	$ -	$ -	$ 66.8	$ 77.4	$ 53.4	$ 92.0

Debt was adjusted due to the implementation of GASB 87 – Leases during FY 2022. The reduction in long-term liabilities is mostly due to decreases in the net pension liability for both the County and the School System component unit. Additional detailed information on long-term debt activity can be found in Note 7 and Note 8 in the "Notes to Financial Statements" section of the report.

The Franklin County Board of Supervisors adopted the following debt policy on October 10, 1994 (revised September 18, 2018):

1. Financing should be considered for County assets that are designed to serve the citizens for a period of time in excess of five years with debt issued for a similar period and designed to spread the cost of the asset to all users, both current and future, unless a more feasible alternative exists (grants, gifts, etc.); and
2. Debt issued for the purpose of financing water and sewer projects or other enterprise fund projects will primarily be supported by revenues generated by those projects; and
3. The County's tax-supported debt outstanding shall not exceed 3.5% of total assessed value during a five-year planning window; and
4. The County's tax-supported debt service shall not exceed 10% of general government expenditures, including operational expenditures of the school component unit, during a five-year planning window; and
5. Capital leases of longer than three (3) years duration will be included as debt for the purpose of computing the ratios expressed herein.

Franklin County maintains bond ratings of Aa2 from Moody's, AA+ from Standard & Poor's, and AA from Fitch.

Economic Factors and Future Budgets

Recent trends and revenue forecasts from the Commonwealth of Virginia indicate that the State is experiencing better than expected revenue during the COVID-19 pandemic due to relatively strong income and sales tax collections and Federal government spending. Franklin County's population growth has remained relatively flat over the last decade, and the County is still very dependent on the State for support of the school system and constitutional offices including the Sheriff's office. Approximately 40% of total County and School Board revenues are from the Commonwealth of Virginia.

Factors that are expected to impact future budgets include:

- Projected increases in health insurance premiums.
- Projected increases in retirement contribution rates assessed by the Virginia Retirement System.
- Funding for the Capital Improvement Plan.
- Uncertainty regarding the local, state, and national economy due to inflation.
- A continued increase in interest rates and the slow-down of economic growth.
- Future State funding for local Constitutional Officers and the School division.
- Receipt of opioid settlement funds.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the resources it receives and their uses. Questions concerning this report or requests for additional financial information should be directed to the Director of Finance, 1255 Franklin Street, Suite 111, Rocky Mount, Virginia 24151, telephone (540) 483-6664. The County's website address is www.franklincountyva.gov.

Basic Financial Statements

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

	Primary Government							Component Unit
		Governmental Activities		Business-type Activities		Total		School Board
ASSETS								
Cash and cash equivalents	$	88,015,311	$	313,859	$	88,329,170	$	4,379,383
Receivables (net of allowance for uncollectibles):								
Taxes receivable		3,594,225		-		3,594,225		-
Accounts receivable		1,512,177		14,746		1,526,923		24,013
Other local taxes receivable		407,699		-		407,699		-
Leases receivable		102,363		-		102,363		-
Due from other governmental units		6,435,584		-		6,435,584		3,551,722
Inventories		-		-		-		188,448
Prepaid expenses		1,311,949		-		1,311,949		316,908
Net pension asset		3,466,410				3,466,410		874,610
Restricted assets:								
Cash and cash equivalents		-		-		-		905,257
Cash and cash equivalents (in custody of others)		9,750,632		-		9,750,632		-
Capital assets (net of accumulated depreciation):								
Land		18,888,660		-		18,888,660		725,315
Buildings and improvements		31,372,418		-		31,372,418		23,051,921
Machinery and equipment		13,967,874		-		13,967,874		3,500,276
Infrastructure		320,130		839,326		1,159,456		-
Construction in progress		25,987,435		-		25,987,435		1,152,055
Right-to-use capital assets (net of accumulated amortization):								
Land		552,421		-		552,421		-
Buildings and improvements		696,056		-		696,056		-
Machinery and equipment		2,348,236		-		2,348,236		30,195
Total assets	$	208,729,580	$	1,167,931	$	209,897,511	$	38,700,103
DEFERRED OUTFLOWS OF RESOURCES								
Pension related items	$	4,096,081	$	-	$	4,096,081	$	14,836,799
OPEB related items		583,252		-		583,252		3,494,201
Total deferred outflows of resources	$	4,679,333	$	-	$	4,679,333	$	18,331,000
LIABILITIES								
Accounts payable	$	1,670,425	$	28,900	$	1,699,325	$	1,458,016
Accrued liabilities		-		-		-		956,943
Construction accounts payable		685,707		-		685,707		1,017,413
Accrued interest payable		400,962		-		400,962		-
Unearned revenue		7,806,573		-		7,806,573		107,980
Long-term liabilities:								
Due within one year		6,062,807		-		6,062,807		833,448
Due in more than one year		60,666,025		-		60,666,025		52,528,301
Total liabilities	$	77,292,499	$	28,900	$	77,321,399	$	56,902,101
DEFERRED INFLOWS OF RESOURCES								
Deferred revenue - prepaid property taxes	$	956,062	$	-	$	956,062	$	-
Lease related items		97,479		-		97,479		-
Pension related items		9,576,840		-		9,576,840		34,056,147
OPEB related items		667,047		-		667,047		2,499,281
Total deferred inflows of resources	$	11,297,428	$	-	$	11,297,428	$	36,555,428
NET POSITION								
Net investment in capital assets	$	52,561,283	$	839,326	$	53,400,609	$	27,411,292
Restricted:								
E-911		1,483,604		-		1,483,604		-
Law Library		174,427		-		174,427		-
Forfeited Assets		151,728		-		151,728		-
Courthouse maintenance		307,005		-		307,005		-
Tourism initiatives		7,500		-		7,500		-
Inmates		25,573		-		25,573		-
Opioid settlement receivable		1,116,816		-		1,116,816		-
Net pension asset		3,466,410		-		3,466,410		874,610
School cafeteria programs		-		-		-		905,257
School activity fund		-		-		-		1,355,154
Unrestricted (deficit)		65,524,640		299,705		65,824,345		(66,972,739)
Total net position	$	124,818,986	$	1,139,031	$	125,958,017	$	(36,426,426)

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

Exhibit 2

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

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
			Operating	Capital	Primary Government			Component Unit
		Charges for	Grants and	Grants and	Governmental	Business-type		
Functions/Programs	Expenses	Services	Contributions	Contributions	Activities	Activities	Total	School Board
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	$ 5,290,522	$ 7,805	$ 483,084	$ -	$ (4,799,633)	$ -	$ (4,799,633)	$ -
Judicial administration	3,012,728	61,051	1,203,241	-	(1,748,436)	-	(1,748,436)	-
Public safety	20,888,269	2,432,543	8,151,709	260,312	(10,043,705)	-	(10,043,705)	-
Public works	8,560,780	1,473,005	44,218	-	(7,043,557)	-	(7,043,557)	-
Health and welfare	15,576,472	14,175	11,754,157	-	(3,808,140)	-	(3,808,140)	-
Education	36,137,371	-	-	-	(36,137,371)	-	(36,137,371)	-
Parks, recreation, and cultural	3,616,164	276,732	183,398	-	(3,156,034)	-	(3,156,034)	-
Community development	3,932,419	-	1,999,226	554,186	(1,379,007)	-	(1,379,007)	-
Interest on long-term debt	615,088	-	-	-	(615,088)	-	(615,088)	-
Total governmental activities	$ 97,629,813	$ 4,265,311	$ 23,819,033	$ 814,498	$ (68,730,971)	$ -	$ (68,730,971)	$ -
Business-type activities:								
Utility Fund	$ 51,164	$ 24,747	$ -	$ -	$ -	$ (26,417)	$ (26,417)	$ -
Total primary government	$ 97,680,977	$ 4,290,058	$ 23,819,033	$ 814,498	$ (68,730,971)	$ (26,417)	$ (68,757,388)	$ -
COMPONENT UNIT:								
School Board	$ 88,290,937	$ 1,655,411	$ 60,918,208	$ 106,114	$ -	$ -	$ -	$ (25,611,204)
Total component unit	$ 88,290,937	$ 1,655,411	$ 60,918,208	$ 106,114	$ -	$ -	$ -	$ (25,611,204)
General revenues and transfers:								
General property taxes					$ 83,536,406	$ -	$ 83,536,406	$ -
Other local taxes:								
Local sales and use taxes					7,043,338	-	7,043,338	-
Consumers' utility taxes					1,017,326	-	1,017,326	-
Business license taxes					5,517	-	5,517	-
Utility license taxes					201,654	-	201,654	-
Motor vehicle licenses					2,061,003	-	2,061,003	-
Bank stock taxes					281,964	-	281,964	-
Taxes on recordation and wills					1,046,385	-	1,046,385	-
Hotel and motel room taxes					334,941	-	334,941	-
Restaurant food taxes					1,404,130	-	1,404,130	-
Unrestricted revenues from use of money and property					538,486	-	538,486	2
Miscellaneous					1,368,896	-	1,368,896	176
Payments from the County of Franklin, Virginia					-	-	-	36,061,771
Grants and contributions not restricted to specific programs					4,838,623	-	4,838,623	-
Transfers					(15,000)	15,000	-	-
Total general revenues and transfers					$ 103,663,669	$ 15,000	$ 103,678,669	$ 36,061,949
Change in net position					$ 34,932,698	$ (11,417)	$ 34,921,281	$ 10,450,745
Net position - beginning, as restated					89,886,288	1,150,448	91,036,736	(46,877,171)
Net position - ending					$ 124,818,986	$ 1,139,031	$ 125,958,017	$ (36,426,426)

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

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

	General	E-911 Funds	County Capital Projects	Total
ASSETS				
Cash and cash equivalents	$ 48,943,440	$ 1,471,529	$ 37,600,342	$ 88,015,311
Receivables (net of allowance for uncollectibles):				
Taxes receivable	3,594,225	-	-	3,594,225
Accounts receivable	1,512,177	-	-	1,512,177
Other local taxes receivable	407,699	-	-	407,699
Leases receivable	102,363	-	-	102,363
Due from other governmental units	5,613,565	43,331	778,688	6,435,584
Prepaid items	-	-	1,311,949	1,311,949
Restricted assets:				
Cash and cash equivalents (in custody of others)	-	-	9,750,632	9,750,632
Total assets	$ 60,173,469	$ 1,514,860	$ 49,441,611	$ 111,129,940
LIABILITIES				
Accounts payable	$ 1,639,169	$ 31,256	$ -	$ 1,670,425
Construction accounts payable	-	-	685,707	685,707
Unearned revenue	7,484,451	-	322,122	7,806,573
Total liabilities	$ 9,123,620	$ 31,256	$ 1,007,829	$ 10,162,705
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - prepaid property taxes	$ 956,062	$ -	$ -	$ 956,062
Unavailable revenue - due from other governments	1,929,530	-	-	1,929,530
Unavailable revenue - property taxes	3,276,038	-	-	3,276,038
Unavailable revenue - opioid settlement receivable	1,078,023	-	-	1,078,023
Lease related items	102,363	-	-	102,363
Total deferred inflows of resources	$ 7,342,016	$ -	$ -	$ 7,342,016
FUND BALANCES				
Nonspendable				
Prepaid items	$ -	$ -	$ 1,311,949	$ 1,311,949
Restricted:				
E-911	-	1,483,604	-	1,483,604
Law Library	174,427	-	-	174,427
Forfeited Assets	151,728	-	-	151,728
Capital projects	-	-	9,750,632	9,750,632
Courthouse maintenance	307,005	-	-	307,005
Tourism initiatives	7,500	-	-	7,500
Inmates	25,573	-	-	25,573
Opioid settlement receivable	38,793	-	-	38,793
Assigned:				
Debt service	5,076,580	-	-	5,076,580
Capital projects	-	-	37,371,201	37,371,201
Unassigned	37,926,227	-	-	37,926,227
Total fund balances	$ 43,707,833	$ 1,483,604	$ 48,433,782	$ 93,625,219
Total liabilities, deferred inflows of resources and fund balances	$ 60,173,469	$ 1,514,860	$ 49,441,611	$ 111,129,940

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

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

Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		$ 93,625,219
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets		
Land	$ 18,888,660	
Buildings and improvements	31,372,418	
Machinery and equipment	13,967,874	
Infrastructure	320,130	
Construction in progress	25,987,435	
Right-to-use capital assets		
Land	552,421	
Buildings and improvements	696,056	
Machinery and equipment	2,348,236	94,133,230
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Unavailable revenue-Western Virginia Water Authority	$ 1,929,530	
Unavailable revenue-property taxes	3,276,038	
Unavailable revenue-opioid settlement receivable	1,078,023	
Net pension asset	3,466,410	9,750,001
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	$ 4,096,081	
OPEB related items	583,252	4,679,333
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds, revenue bonds, finance purchase, and leases liabilities	$ (46,852,658)	
Accrued interest payable	(400,962)	
Unamortized bond premium	(5,694,214)	
Landfill closure/postclosure liability	(9,856,429)	
Compensated absences	(1,868,434)	
Net OPEB liabilities	(2,457,097)	(67,129,794)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	$ (9,576,840)	
OPEB related items	(667,047)	
Leases receivable related items	4,884	(10,239,003)
Net position of governmental activities		$ 124,818,986

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

Exhibit 5

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

	General	E-911 Fund	County Capital Projects	Total
REVENUES				
General property taxes	$ 82,009,088	$ -	$ -	$ 82,009,088
Other local taxes	13,396,258	-	-	13,396,258
Permits, privilege fees, and regulatory licenses	653,380	-	-	653,380
Fines and forfeitures	45,353	-	-	45,353
Revenue from the use of money and property	541,141	-	28,472	569,613
Charges for services	3,530,567	-	-	3,530,567
Miscellaneous	396,810	-	-	396,810
Recovered costs	1,035,339	-	-	1,035,339
Intergovernmental	26,389,837	453,543	2,628,774	29,472,154
Total revenues	$ 127,997,773	$ 453,543	$ 2,657,246	$ 131,108,562
EXPENDITURES				
Current:				
General government administration	$ 5,275,244	$ -	$ -	$ 5,275,244
Judicial administration	3,116,250	-	-	3,116,250
Public safety	18,714,300	1,256,519	-	19,970,819
Public works	4,510,233	-	-	4,510,233
Health and welfare	15,840,860	-	-	15,840,860
Education	35,712,506	-	-	35,712,506
Parks, recreation, and cultural	2,405,861	-	-	2,405,861
Community development	3,222,037	-	-	3,222,037
Capital projects	-	-	8,671,565	8,671,565
Debt service:				
Principal retirement	4,112,113	-	-	4,112,113
Interest and other fiscal charges	2,538,232	-	-	2,538,232
Total expenditures	$ 95,447,636	$ 1,256,519	$ 8,671,565	$ 105,375,720
Excess (deficiency) of revenues over (under) expenditures	$ 32,550,137	$ (802,976)	$ (6,014,319)	$ 25,732,842
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ 1,186,973	$ 28,630,574	$ 29,817,547
Transfers out	(29,832,547)	-	-	(29,832,547)
Issuance of lease liabilities	907,535	-	-	907,535
Issuance of note payable (financed purchase)	191,580	-	-	191,580
Total other financing sources (uses)	$ (28,733,432)	$ 1,186,973	$ 28,630,574	$ 1,084,115
Net change in fund balances	$ 3,816,705	$ 383,997	$ 22,616,255	$ 26,816,957
Fund balances - beginning	39,891,128	1,099,607	25,817,527	66,808,262
Fund balances - ending	$ 43,707,833	$ 1,483,604	$ 48,433,782	$ 93,625,219

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

Exhibit 6

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

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 26,816,957
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which the capital outlays exceeded depreciation/amortization in the current period.		
Capital outlays	$ 6,351,299	
Depreciation/amortization expense	(6,239,966)	111,333
The net effect of various miscellaneous transactions involving capital assets (I.e., sales, trade-ins, and donations) is to decrease net position.		
Disposal of assets (net)	$ (70,518)	
Transfer of asset to School Board	(106,114)	(176,632)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	$ 1,527,318	
Receivable from Western Virginia Water Authority - long term	(105,937)	
Opioid settlement receivable	1,078,023	
Leases receivable related items	4,884	2,504,288
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Debt issued or incurred:		
Issuance of lease liabilities	$ (907,535)	
Issuance of note payable (finance purchase)	(191,580)	
Principal repayments:		
General obligation bonds	472,338	
Revenue bonds	2,920,000	
Note payable (financed purchase)	47,895	
Lease liabilities	671,880	
Decrease (increase) in estimated liability:		
Landfill closure/postclosure liability	(523,129)	2,489,869
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	$ (56,890)	
Change in accrued interest payable	625,069	
Amortization of bond premium	1,298,075	
Change in OPEB related items	36,431	
Change in pension related items	1,284,198	3,186,883
Change in net position of governmental activities		$ 34,932,698

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

Exhibit 7

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

	Enterprise Fund
	Utility Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 313,859
Accounts receivable, net of allowance for uncollectibles	14,746
Total current assets	$ 328,605
Noncurrent assets:	
Capital assets:	
Infrastructure	$ 1,319,774
Accumulated depreciation	(480,448)
Total capital assets	$ 839,326
Total noncurrent assets	$ 839,326
Total assets	$ 1,167,931
LIABILITIES	
Current liabilities:	
Accounts payable	$ 28,900
Total current liabilities	$ 28,900
Total liabilities	$ 28,900
NET POSITION	
Investment in capital assets	$ 839,326
Unrestricted	299,705
Total net position	$ 1,139,031

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

Exhibit 8

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

	Enterprise Fund
	Utility Fund
OPERATING REVENUES	
Charges for services:	
Water and sewer revenue	$ 10,724
Connection fees (operating)	14,023
Total operating revenues	$ 24,747
OPERATING EXPENSES	
Utilities	$ 407
Repairs and maintenance	10,588
Professional services	7,324
Depreciation	32,845
Total operating expenses	$ 51,164
Operating income (loss)	$ (26,417)
Transfers in	$ 15,000
Change in net position	$ (11,417)
Net position - beginning	1,150,448
Net position - ending	$ 1,139,031

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

Exhibit 9

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

	Enterprise Fund Utility Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 20,169
Payments for materials and supplies	(20,358)
Net cash provided by (used for) operating activities	$ (189)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	$ 15,000
Net cash provided by (used for) noncapital financing activities	$ 15,000
Net increase (decrease) in cash and cash equivalents	$ 14,811
Cash and cash equivalents - beginning	299,048
Cash and cash equivalents - ending	$ 313,859
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	$ (26,417)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	$ 32,845
(Increase) decrease in accounts receivable	(4,578)
Increase (decrease) in accounts payable	(2,039)
Total adjustments	$ 26,228
Net cash provided by (used for) operating activities	$ (189)

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

Exhibit 10

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

	Custodial Funds
ASSETS	
Cash and cash equivalents	$ 623,350
Receivables:	
Other receivables	3,696
Total assets	$ 627,046
LIABILITIES	
Accounts payable	$ 1,054
Total liabilities	$ 1,054
NET POSITION	
Restricted:	
Amounts held for social services clients	$ 92,961
Amounts held for performance bonds	489,898
Amounts held for library	4,000
Amounts held for inmates	8,337
Amounts held for court systems	30,796
Total net position	$ 625,992
Total liabilities and net position	$ 627,046

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

Exhibit 11

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

		Custodial Funds
ADDITIONS		
Interest income	$	418
Gifts and donations		126,982
Deposits from inmates		213,832
Seized property		67,305
Performance bond payment		119,900
Miscellaneous		13,502
Total additions	$	541,939
DEDUCTIONS		
Special welfare payments	$	121,823
Inmate refunds		210,844
Refund of performance bond payments		47,677
Return of seized property		79,305
Total deductions	$	459,649
Net increase (decrease) in fiduciary net position	$	82,290
Net position, beginning of year		543,702
Net position, end of year	$	625,992

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

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

Blended component units - None

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

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

Related Organizations - None

Jointly governed organizations to which the County and School Board makes appointments and contributions are listed below:

County:		
Roanoke Valley Economic Development Partnership	$	125,032
Piedmont Community Services		302,096
Roanoke Valley Detention Commission		214,127
Western Virginia Regional Jail		2,775,785
Western Virginia Water Authority		N/A

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 unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

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

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

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

The 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*. 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 expenditure on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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

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

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

The County reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for and reported in other funds. The general fund includes the activities of the Courthouse Maintenance Fund, the Asset Forfeiture Funds, Law Library Funds, Tourism Initiatives Fund, the Debt Service Fund, and the Inmate Commissary Funds.

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

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

Special Revenue Funds account for and report the proceeds of specific revenue sources (other than those dedicated for debt service or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The E-911 Fund is reported as a major special revenue fund.

The County reports the following major capital projects funds:

The County capital projects fund accounts for and reports the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by the Proprietary Fund. It accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital facilities.

The County reports the following major proprietary fund:

Proprietary funds account for operations that are financed in a manner similar to those found in private business enterprises. The measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

Enterprise funds account for the financing of services to the general public where all or most of the operating expenses involved are recorded in the form of charges to users of such services. Enterprise Funds consist of the Utility Fund. Activity associated with the County's water system is accounted for in the Utility Fund.

Additionally, the government reports the following fund types:

Fiduciary funds (Custodial Funds) account for assets held by the government in a trustee capacity or as custodian for individuals, private organizations, other governmental units, or other funds. Custodial funds include the Special Welfare, Escrow Fund for Soil and Erosion Control Agreement, Seized Assets, Library, and Inmate Funds.

The School Board reports the following major governmental funds:

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

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

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between departments 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 County's enterprise fund are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

1. Cash and Cash Equivalents

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

2. Investments

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

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

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

3. Receivables and payables

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

Advances between funds, as reported in the fund financial statements, if any, 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.

4. Property Taxes

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

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately $715,834 at June 30, 2022 and is comprised solely of property taxes.

6. Use of Estimates

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

7. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $20,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

7. Capital assets (continued)

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

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

Assets	Years
Buildings	40
Building improvements	10-40
Structures, lines, and accessories	20-40
Machinery and equipment	4-30
Right-to-use assets	
Land	10-20
Buildings	6-21
Machinery and equipment	3-10

8. Compensated Absences

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

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

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

9. Deferred Outflows/Inflows of Resources

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

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

10. Pensions

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

11. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, HIC, 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)

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

12. Long-term obligations

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

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

13. Fund balance

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

Nonspendable - amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund).

Restricted - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation.

Assigned - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

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

13. Fund balance (continued)

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

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

Minimum fund balance policy - The governing body has adopted a financial policy to maintain a minimum level of unassigned fund balance in the general fund. The target level is set at two months of general fund annual revenues (approximately 16.7%). This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur. If unassigned fund balance falls below the minimum target level because it has been used, essentially as a "revenue" source, as dictated by current circumstances, the policy provides for actions to replenish the amount to the minimum target level.

14. Net Position

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

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

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

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

15. Net Position Flow Assumption

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.

16. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The consumption method is used in governmental funds to report prepaid items.

17. Inventories

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

18. Cash in the Custody of Others

Certain bond and lease proceeds, held by trustee(s) pursuant to the County's bond and lease agreements, are reported in the financial statements as cash and cash equivalents in the custody of others. These funds, totaling $9,750,632 at year end, are expected to be used for capital projects or outlays during the next two years.

19. Leases

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

Lessee
The County and School Board recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of $20,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

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

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

19. Leases (continued)

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

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

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

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Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund, the Special Revenue Fund, the Capital Projects Fund, and the School Operating Fund.

2. Public hearings are conducted to obtain citizen comments.

3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

4. The Appropriations Resolution places legal restrictions on expenditures at the department level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Fund (except the School Fund), and the Capital Projects Fund. The School Fund is integrated only at the level of legal adoption (fund level).

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. Budgetary data presented in the accompanying financial statements is the revised budget as of June 30, and the original budget adopted by the Board of Supervisors.

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

B. Excess of expenditures over appropriations

Expenditures did exceeded appropriations in the law enforcement and traffic control department.

C. Deficit fund balance

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

Note 3-Deposits and Investments:

Deposits:

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"), Section 2.2-4400 et. Seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. 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 and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Custodial Credit Risk (Investments)

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Neither the County nor its discretely presented component unit has an investment policy for custodial credit risk. As of June 30, 2022, the County and the Component Unit – School Board did not hold any investments that were subject to custodial credit risk.

Concentration of Credit Risk

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

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Note 3-Deposits and Investments: (continued)

Credit Risk of Debt Securities

The County has not adopted an investment policy for credit risk. The County's rated debt investments as of June 30, 2022 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

County's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings
	AAAm
SNAP	$ 9,750,632

External Investment Pools

The value of the positions in the external investment pools (State Non-Arbitrage Pool) is the same as the value of the pool shares. As SNAP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. SNAP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

Interest Rate Risk

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

Investment Maturities (in years)

Investment Type	**Fair Value**	**1 Year**
SNAP	$ 9,750,632	$ 9,750,632
Totals	$ 9,750,632	$ 9,750,632

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Note 4-Due from Other Governmental Units:

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

	Primary Government	Component Unit-School Board
Local Government:		
Western Virginia Water Authority	$ 1,929,530	$ -
Commonwealth of Virginia:		
Local sales tax	1,259,246	-
State sales tax	-	900,379
Noncategorical aid	345,758	-
Categorical aid-shared expenses	399,038	-
Categorical aid-VPA funds	248,184	-
Categorical aid-CSA funds	786,841	-
Other categorical aid	903,662	439,382
Federal Government:		
Categorical aid-VPA funds	383,189	-
Other categorical aid	180,136	2,211,961
Totals	$ 6,435,584	$ 3,551,722

Note 5-Interfund Transfers:

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

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	$ -	$ 29,832,547
Utility Fund	15,000	-
County Capital Projects Fund	28,630,574	-
E-911 Fund	1,186,973	-
Component Unit School Board		
School Operating Fund	210,651	633,281
School Activity Fund	633,281	210,651
Total	$ 30,676,479	$ 30,676,479

Note 5-Interfund Transfers: (continued)

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. The County transfers funds to the Capital Projects Fund and the E-911 Fund as funds are needed to cover capital programs of those funds. Transfers to the Utility Fund are required to cover operating expenses of the fund.

There were no interfund obligations at June 30, 2022.

Note 6-Component-Unit Contributions and Obligations:

Primary government contributions to component units for the year ended June 30, 2022, consisted of the following:

Component Unit:	
School Board	$ 35,712,506
Total	$ 35,712,506

There were no component-unit obligations at June 30, 2022.

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Note 7-Long-Term Obligations:

Primary Government - Governmental Activities Obligations:

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

	Balance July 1, 2021	GASBS No. 87 Adjustment/ Restatement	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2022
Direct borrowings and placements:					
General obligation bonds	$ 2,654,913	$ -	$ -	$ (472,338)	$ 2,182,575
Revenue bonds	5,769,236	-	-	(105,000)	5,664,236
Premiums on revenue bonds	148,226	-	-	(44,050)	104,176
Note payable (financed purchase)	-	-	191,580	(47,895)	143,685
Other debt:					
Revenue bond	38,070,000	-	-	(2,815,000)	35,255,000
Premium on revenue bond	6,844,063	-	-	(1,254,025)	5,590,038
Lease liabilities	-	3,371,507	907,535	(671,880)	3,607,162
Capital leases	1,843,941	(1,843,941)	-	-	-
Landfill closure/postclosure liability	9,333,300	-	706,168	(183,039)	9,856,429
Compensated absences	1,811,544	-	1,822,494	(1,765,604)	1,868,434
Net OPEB liabilities	2,648,865	-	625,929	(817,697)	2,457,097
Net pension liability[1]	8,355,986	-	9,216,027	(17,572,013)	-
Total	$ 77,480,074	$ 1,527,566	$ 13,469,733	$ (25,748,541)	$ 66,728,832

[1]Beginning balance resulted in net pension liability; however, the ending balance is a net pension asset.

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

Year Ending	Direct Borrowings and Placements		Other Debt		Lease Liabilities	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 634,712	$ 277,914	$ 3,370,000	$ 1,438,650	$ 656,769	$ 101,375
2024	644,174	250,687	2,815,000	1,284,025	668,966	82,450
2025	4,408,209	166,039	2,960,000	1,139,650	651,130	62,957
2026	491,334	84,181	1,740,000	1,022,150	644,494	43,177
2027	507,067	61,836	1,835,000	932,775	426,791	25,921
2028-2032	770,000	172,269	8,870,000	3,260,675	470,206	26,012
2033-2037	535,000	29,541	9,195,000	1,417,975	88,806	3,255
2038-2041	-	-	4,470,000	227,400	-	-
Totals	$ 7,990,496	$ 1,042,467	$ 35,255,000	$ 10,723,300	$ 3,607,162	$ 345,147

Note 7-Long-Term Obligations: (continued)

Primary Government - Governmental Activities Obligations: (continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements -						
General Obligation Bonds:						
GO bond-VPSA[2]	4.1-5.6%	11/10/2004	2025	$ 2,500,000	$ 375,000	$ 125,000
GO bond-VPSA[2]	4.225-5.1%	11/9/2006	2027	6,760,943	1,807,575	351,817
Total General Obligation Bonds					$ 2,182,575	$ 476,817
Revenue Bonds:						
Revenue bond[3]	4.68%	7/27/2016	2035	2,505,000	$ 1,910,000	$ 110,000
Revenue bond[4]	2.00%	12/6/2019	2025	5,700,000	3,754,236	-
Total Revenue Bonds					$ 5,664,236	$ 110,000
Note payable (financed purchase)	0.00%	7/1/2021	2025	239,475	$ 143,685	$ 47,895
Total Direct Borrowings and Placements					$ 7,990,496	$ 634,712
Other Debt:						
Revenue bond[1]	3-5%	12/10/2020	2041	38,070,000	$ 35,255,000	$ 3,370,000
Lease Liabilities:						
Building-Public Safety[(5)]	2.00%	6/1/2018	2024	125,359	$ 42,912	$ 21,986
Copier-Public Safety	0.76%	9/1/2021	2027	38,373	32,058	7,601
Copier-Circuit Court	0.76%	2/1/2022	2027	29,927	27,459	5,910
Copier-Finance/CSA[(5)]	0.42%	8/1/2020	2024	22,213	9,147	6,855
Copier-Library[(5)]	0.76%	2/1/2019	2024	19,638	6,296	3,967
Copier-Development Services	0.42%	7/1/2021	2025	25,692	17,818	7,898
Copier-Sheriff[(5)]	0.42%	3/1/2020	2023	21,657	6,137	6,137
Copier-Public Safety	2.81%	5/1/2022	2027	19,549	18,896	3,702
Copier-Social Services[(5)]	0.42%	12/1/2019	2024	21,566	3,010	3,010
Library Building[(5)]	1.49%	1/1/2008	2028	1,543,506	670,974	111,331
Enforcer Fire Truck[(5)]	3.02%	12/27/2018	2028	958,702	609,051	94,111
Pumper and Platform Fire Truck[(5)]	3.75%	2/15/2019	2028	1,437,597	925,119	140,352
Ambulances	2.74%	10/1/2021	2026	708,171	574,089	137,756
Cell Tower-Ferrum[(5)]	5.00%	5/1/2016	2026	87,507	45,230	10,119
Cell Tower-Burnt Chimney	3.50%	7/1/2021	2031	44,178	41,043	3,273
Cell Tower-Cahas Mountain[(5)]	3.00%	7/1/2016	2026	177,229	84,540	19,220
Sheriff IT	0.42%	10/1/2021	2024	23,376	15,551	7,759
Social Services Vehicles[(5)]	8.99%	12/1/2020	2026	92,340	66,930	17,518
Social Services Vehicles	18.20-19.25%	7/1/2021	2026	18,269	15,587	2,891
Land[(5)]	3.00%	5/1/2021	2026	50,266	39,777	9,494
Land[(5)]	2.00%	1/1/2016	2036	362,159	280,906	15,586
Land[(5)]	2.00%	2/1/2016	2026	178,805	74,632	20,293
Total Leases Liabilities					$ 3,607,162	$ 656,769
Other Obligations:						
Landfill Closure/Postclosure Liability					$ 9,856,429	$ -
Premiums on Revenue Bonds					5,694,214	-
Compensated Absences					1,868,434	1,401,326
Net OPEB Liabilities					2,457,097	-
Total Other Obligations					$ 19,876,174	$ 1,401,326
Total Long-term obligations					$ 66,728,832	$ 6,062,807

[1] Denotes debt refinanced for General Government Projects and School Construction

[2] Denotes debt issued for School Construction

[3] Denotes debt issued for Utility Assets transferred to the Western Virginia Water Authority (Operating Debt)

[4] Denotes debt that is in draw down phase. As of June 30, 2022, only $3,754,236 has been drawn down.

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

Note 7-Long-Term Obligations: (continued)

Primary Government - Governmental Activities Obligations: (continued)

Details of long-term obligations: (continued)

For the governmental activities, landfill closure and post closure liability, compensated absences, net OPEB liabilities, and net pension liability are generally liquidated by the General Fund. At year end, unspent bond proceeds totaled $9,750,632.

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

The County's GO bonds and revenue bond (exclusive of the $38,070,000 revenue bonds) are subject to the state aid intercept program. Under terms of this program, the County's State aid is redirected to bond holders to cure any event(s) of default.

The County's lease revenue bonds are secured by real estate held by the County including the Summit Park Business Park, the Government Complex and Windy Gap Elementary School.

Note 8-Long-Term Obligations-Component Unit School Board:

Discretely Presented Component Unit-School Board Obligations:

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

	Balance July 1, 2021	GASBS No. 87 Adjustment	Increases	Decreases	Balance June 30, 2022
Lease liabilities	$ -	$ 186,373	$ -	$ (155,316)	$ 31,057
Compensated absences	1,024,712	-	813,676	(768,534)	1,069,854
Net OPEB liabilities	16,542,549	-	3,241,529	(4,474,807)	15,309,271
Net pension liability	74,454,499	-	17,500,402	(55,003,334)	36,951,567
Total	$ 92,021,760	$ 186,373	$ 21,555,607	$ (60,401,991)	$ 53,361,749

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Note 8-Long-Term Obligations-Component Unit School Board: (continued)

Discretely Presented Component Unit-School Board Obligations: (continued)

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

Year Ending June 30,	Lease Liabilities Principal	Lease Liabilities Interest
2023	$ 31,057	$ 1,047
Totals	$ 31,057	$ 1,047

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
Lease liabilities:						
Copiers-Print Shop[1]	0.32%	8/1/2017	2023	$ 336,522	$ 5,651	$ 5,651
Copiers-Schools[1]	0.32%	8/1/2017	2023	330,692	5,553	5,553
Vehicles[1]	11.04%	5/1/2018	2023	94,872	19,853	19,853
Total lease liabilities					$ 31,057	$ 31,057
Other Obligations:						
Compensated absences					$ 1,069,854	$ 802,391
Net OPEB liabilities					15,309,271	-
Net pension liability					36,951,567	-
Total Long-Term Obligations					$ 53,361,749	$ 833,448

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

For the governmental activities of the discretely presented component unit-School Board, compensated absences, net pension liability, and net OPEB liabilities are generally liquidated by the School fund.

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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 hired with a membership date 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.

Note 9-Pension Plans: (continued)

Benefit Structures (continued)

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

Average Final Compensation and Service Retirement Multiplier

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

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

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

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Note 9-Pension Plans: (continued)

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	201	200
Inactive members:		
Vested inactive members	56	28
Non-vested inactive members	127	92
Inactive members active elsewhere in VRS	113	26
Total inactive members	296	146
Active members	363	266
Total covered employees	860	612

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2022 was 9.96% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were $1,608,809 and $1,538,973 for the years ended June 30, 2022 and June 30, 2021, respectively.

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Note 9-Pension Plans: (continued)

Contributions (continued)

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2022 was 7.44% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were $396,949 and $382,098 for the years ended June 30, 2022 and June 30, 2021, respectively.

Net Pension Asset

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

Actuarial Assumptions – General Employees

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

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

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Note 9-Pension Plans: (continued)

Actuarial Assumptions – General Employees (continued)

Mortality rates:

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

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

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

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

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

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

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Note 9-Pension Plans: (continued)

Actuarial Assumptions – General Employees (continued)

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

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

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

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

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

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

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

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

Mortality rates:

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

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

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

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

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

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

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Note 9-Pension Plans: (continued)

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

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

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

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

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Note 9-Pension Plans: (continued)

Long-Term Expected Rate of Return

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

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

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

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

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, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2021, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contributions rate. From July 1, 2021 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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Note 9-Pension Plans: (continued)

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2020	$ 72,802,511	$ 64,446,525	$ 8,355,986
Changes for the year:			
Service cost	$ 1,918,435	$ -	$ 1,918,435
Interest	4,785,463	-	4,785,463
Changes in assumptions	2,468,227	-	2,468,227
Differences between expected and actual experience	(1,197,163)	-	(1,197,163)
Contributions - employer	-	1,538,973	(1,538,973)
Contributions - employee	-	766,212	(766,212)
Net investment income	-	17,534,422	(17,534,422)
Benefit payments	(3,813,536)	(3,813,536)	-
Administrator charges	-	(43,899)	43,899
Other changes	-	1,650	(1,650)
Net changes	$ 4,161,426	$ 15,983,822	$ (11,822,396)
Balances at June 30, 2021	$ 76,963,937	$ 80,430,347	$ (3,466,410)

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Note 9-Pension Plans: (continued)

Changes in Net Pension Liability (Asset) (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, 2020	$ 24,515,761	$ 21,581,598	$ 2,934,163
Changes for the year:			
Service cost	$ 523,311	$ -	$ 523,311
Interest	1,601,900	-	1,601,900
Changes in assumptions	716,877	-	716,877
Differences between expected and actual experience	(235,118)	-	(235,118)
Contributions - employer	-	382,098	(382,098)
Contributions - employee	-	260,087	(260,087)
Net investment income	-	5,787,904	(5,787,904)
Benefit payments	(1,567,826)	(1,567,826)	-
Administrator charges	-	(14,888)	14,888
Other changes	-	542	(542)
Net changes	$ 1,039,144	$ 4,847,917	$ (3,808,773)
Balances at June 30, 2021	$ 25,554,905	$ 26,429,515	$ (874,610)

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Note 9-Pension Plans: (continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) 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 (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County			
Net Pension Liability (Asset)	$ 6,585,923	$ (3,466,410)	$ (11,767,568)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	$ 2,108,381	$ (874,610)	$ (3,380,849)

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

For the year ended June 30, 2022, the County and Component Unit School Board (nonprofessional) recognized pension expense of $324,611 and $(77,745), respectively. At June 30, 2022, 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	$ 465,094	$ 860,749	$ -	$ 256,182
Changes of assumptions	2,022,178	-	462,665	-
Net difference between projected and actual earnings on pension plan investments	-	8,716,091	-	2,860,233
Employer contributions subsequent to the measurement date	1,608,809	-	396,949	-
Total	$ 4,096,081	$ 9,576,840	$ 859,614	$ 3,116,415

Note 9-Pension Plans: (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

$1,608,809 and $396,949 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 increase of the Net Pension Asset in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2023	$ (1,094,971)	$ (603,017)
2024	(1,497,961)	(512,433)
2025	(1,849,313)	(665,725)
2026	(2,647,323)	(872,575)

Pension Plan Data

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

Component Unit School Board (Professional)

Plan Description

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

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Note 9-Pension Plans: (continued)

Component Unit School Board (Professional) (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 provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employer contribution rate for the year ended June 30, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were $7,022,934 and $6,729,094 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

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

At June 30, 2022, the school division reported a liability of $36,951,567 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was 0.47599% as compared to 0.49150% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized pension expense of $(326,267). 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.

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Note 9-Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 3,147,311
Net difference between projected and actual earnings on pension plan investments	-	23,285,889
Changes of assumptions	6,473,818	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	480,433	4,506,532
Employer contributions subsequent to the measurement date	7,022,934	-
Total	$ 13,977,185	$ 30,939,732

$7,022,934 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2023	$ (5,657,104)
2024	(5,374,229)
2025	(5,861,634)
2026	(7,094,742)
2027	2,228

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

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

Mortality rates:

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

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

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

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

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

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Note 9-Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

Actuarial Assumptions (continued)

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

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

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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, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

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

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

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

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Note 9-Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

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

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

	Rate		
	1% Decrease (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	$ 71,314,524	$ 36,951,567	$ 8,683,446

Pension Plan Fiduciary Net Position

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

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Note 9-Pension Plans: (continued)

Primary Government and Component Unit School Board

Aggregate Pension Information

The following is a summary of deferred outflows, deferred inflows, net pension liabilities (assets), and pension expense for the year ended June 30, 2022.

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	$ 4,096,081	$ 9,576,840	$ (3,466,410)	$ 324,611	$ -	$ -	$ -	$ -
School Board Nonprofessional	-	-	-	-	859,614	3,116,415	(874,610)	(77,745)
School Board Professional	-	-	-	-	13,977,185	30,939,732	36,951,567	(326,267)
Totals	$ 4,096,081	$ 9,576,840	$ (3,466,410)	$ 324,611	$ 14,836,799	$ 34,056,147	$ 36,076,957	$ (404,012)

Note 10-Other Postemployment Benefits-Health Insurance:

Plan Description

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

Primary Government

Benefits Provided

The County administers a single-employer healthcare plan ("the Plan"). The Plan provides for participation by eligible retirees of the County and their dependents in the health and dental insurance programs available to County employees. The Plan will provide retiring employees the option to continue health and dental insurance offered by the County. An eligible County retiree may receive this benefit until the retiree is eligible to receive Medicare. To be eligible for this benefit a retiree must have 15 years of service with the County and the employee must have attained the age of fifty (50). The benefits, employee contributions and the employer contributions are governed by the County Board and can be amended through Board action. The Plan does not issue a publicly available financial report.

Note 10-Other Postemployment Benefits-Health Insurance: (continued)

Primary Government (continued)

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits	11
Active employees	324
Total	335

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County Board. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2022 was $46,000.

Total OPEB Liability

The County's total OPEB liability was measured as of July 1, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of July 1, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of July 1, 2021.

Actuarial Assumptions

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

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	1.92%

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

Note 10-Other Postemployment Benefits-Health Insurance: (continued)

Primary Government (continued)

Discount Rate

The discount rate should be the single rate that reflects the following:

a) The long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that (1) the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and (2) OPEB plan assets are expected to be invested using a strategy to achieve that return.
b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), to the extent that the conditions in (a) are not met.

Since the plan has no assets, the discount rate is equal to the Fidelity Index's "20-year Municipal GO AA Index" as of the measurement date.

Changes in Total OPEB Liability

		Primary Government Total OPEB Liability
Beginning Balances	$	1,343,000
Changes for the year:		
Service cost	$	87,000
Interest		34,000
Difference between expected and actual experience		(45,000)
Benefit payments		(46,000)
Changes of assumptions		167,000
Net changes	$	197,000
Ending Balances	$	1,540,000

Note 10-Other Postemployment Benefits-Health Insurance: (continued)

Primary Government (continued)

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

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

Rate		
1% Decrease (0.92%)	Current Discount Rate (1.92%)	1% Increase (2.92%)
$ 1,700,000	$ 1,540,000	$ 1,398,000

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

The following presents the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (1.44% for fiscal year 2022, then 6.00% for fiscal year 2023 decreasing to an ultimate rate of 4.00%) or one percentage point higher (3.44% for fiscal year 2022, then 8.00% for fiscal year 2023 decreasing to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

Rates		
1% Decrease	Healthcare Cost Trend	1% Increase
(1.44% for fiscal year 2022, then 6.00% for fiscal year 2023 decreasing to an ultimate rate of 4.00%)	(2.44% for fiscal year 2022, then 7.00% for fiscal year 2023 decreasing to an ultimate rate of 5.00%)	(3.44% for fiscal year 2022, then 8.00% for fiscal year 2023 decreasing to an ultimate rate of 6.00%)
$ 1,347,000	$ 1,540,000	$ 1,771,000

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Note 10-Other Postemployment Benefits-Health Insurance: (continued)

Primary Government (continued)

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

For the year ended June 30, 2022, the County recognized OPEB expense in the amount of $60,000. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 261,000
Changes of assumptions	224,000	32,000
Employer contributions subsequent to the measurement date	46,000	-
Total	$ 270,000	$ 293,000

$46,000 reported as deferred outflows of resources related to OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

Year ended June 30	
2023	$ (68,000)
2024	(68,000)
2025	19,000
2026	26,000
2027	22,000

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

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Note 10-Other Postemployment Benefits-Health Insurance: (continued)

Component Unit School Board

Benefits Provided

The Component Unit School Board administers a single-employer healthcare plan ("the Plan"). The Plan provides for participation by eligible retirees of the School Board and their dependents in the health and dental insurance programs available to School Board employees. The Plan will provide retiring employees the option to continue health and dental insurance offered by the School Board. An eligible retiree may receive this benefit until the retiree is eligible to receive Medicare. To be eligible for this benefit a retiree must have 15 years of service with the School Board and the employee must have attained the age of fifty (50). The benefits, employee contributions and the employer contributions are governed by the School Board and can be amended through Board action. The Plan does not issue a publicly available financial report.

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits	56
Active employees	1,148
Total	1,204

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2022 was $440,000.

Total OPEB Liability

The School Board's total OPEB liability was measured as of July 1, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of July 1, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of July 1, 2021.

Note 10-Other Postemployment Benefits-Health Insurance: (continued)

Component Unit School Board (continued)

Actuarial Assumptions

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

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	1.92%

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

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

Discount Rate

The discount rate should be the single rate that reflects the following:

a. The long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that (1) the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and (2) OPEB plan assets are expected to be invested using a strategy to achieve that return.
b. A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), to the extent that the conditions in (a) are not met.

Since the plan has no assets, the discount rate is equal to the Fidelity Index's "20-year Municipal GO AA Index" as of the measurement date.

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Note 10-Other Postemployment Benefits-Health Insurance: (continued)

Component Unit School Board (continued)

Changes in Total OPEB Liability

		Component Unit School Board Total OPEB Liability
Beginning Balances	$	5,891,000
Changes for the year:		
Service cost	$	248,000
Interest		145,000
Difference between expected and actual experience		(152,000)
Benefit payments		(440,000)
Assumption changes		666,000
Net changes	$	467,000
Ending Balances	$	6,358,000

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

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

Rate		
1% Decrease (0.92%)	Current Discount Rate (1.92%)	1% Increase (2.92%)
$ 6,947,000	$ 6,358,000	$ 5,812,000

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Note 10-Other Postemployment Benefits-Health Insurance: (continued)

Component Unit School Board (continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate (continued)

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower ((1.00)% for fiscal year 2022, then 6.00% for fiscal year 2023 decreasing to an ultimate rate of 4.00%) or one percentage point higher (1.00% for fiscal year 2022, then 8.00% for fiscal year 2023 decreasing to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

	Rates	
1% Decrease	Healthcare Cost Trend	1% Increase
((1.00%) for fiscal year 2022, then 6.00% for fiscal year 2023	((0.00%) for fiscal year 2022, then 7.00% for fiscal year 2023	(1.00% for fiscal year 2022, then 8.00% for fiscal year 2023
$ 5,566,000	$ 6,358,000	$ 7,302,000

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

For the year ended June 30, 2022, the School Board recognized OPEB expense in the amount of $670,000. At June 30, 2022, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 516,000	$ 183,000
Changes of assumptions	931,000	199,000
Employer contributions subsequent to the measurement date	440,000	-
Total	$ 1,887,000	$ 382,000

Note 10-Other Postemployment Benefits-Health Insurance: (continued)

Component Unit School Board (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

$440,000 reported as deferred outflows of resources related to OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

Year Ended June 30		
2023	$	269,000
2024		269,000
2025		218,000
2026		163,000
2027		112,000
Thereafter		34,000

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

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

Plan Description

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

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

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

Plan Description (continued)

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

Eligible Employees

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

Benefit Amounts

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

Contributions

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

Contributions to the GLI Plan from the County were $96,629 and $87,816 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the GLI Plan from the Component Unit School Board (nonprofessional) were $31,852 and $30,239 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

Contributions (continued)

Contributions to the GLI Plan from the Component Unit School Board (professional) were $237,030 and $226,988 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

Primary Government

At June 30, 2022, the entity reported a liability of $917,097 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.0788% as compared to 0.0782% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of $53,444. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Component Unit School Board (nonprofessional)

At June 30, 2022, the entity reported a liability of $315,750 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.0271% as compared to 0.0283% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of $9,308. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

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

Component Unit School Board (professional)

At June 30, 2022, the entity reported a liability of $2,370,340 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.2036% as compared to 0.2102% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of $61,033. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Primary Government		Component Unit School Board (nonprofessional)		Component Unit School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 104,598	$ 6,988	$ 36,012	$ 2,406	$ 270,346	$ 18,061
Net difference between projected and actual earnings on GLI OPEB plan investments	-	218,891	-	75,363	-	565,749
Change in assumptions	50,559	125,478	17,407	43,201	130,676	324,313
Changes in proportion	61,466	22,690	1,956	22,539	41,458	243,109
Employer contributions subsequent to the measurement date	96,629	-	31,852	-	237,030	-
Total	$ 313,252	$ 374,047	$ 87,227	$ 143,509	$ 679,510	$ 1,151,232

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

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

$96,629, $31,852, and $237,030 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)	Component Unit School Board (professional)
2023	$ (29,307)	$ (19,183)	$ (152,848)
2024	(23,705)	(16,419)	(133,712)
2025	(25,838)	(16,871)	(144,287)
2026	(66,152)	(27,981)	(222,613)
2027	(12,422)	(7,680)	(55,292)

Actuarial Assumptions

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

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

Note 11-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

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

Actuarial Assumptions: (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Actuarial Assumptions: (continued)

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	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
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 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)

NET GLI OPEB Liability

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

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

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

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

Long-Term Expected Rate of Return

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

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

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

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

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

Discount Rate

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

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	$ 1,339,912	$ 917,097	$ 575,655
Component Unit School Board (nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	$ 461,322	$ 315,750	$ 198,194
Component Unit School Board (professional) proportionate share of the GLI Plan Net OPEB Liability	$ 3,463,153	$ 2,370,340	$ 1,487,844

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

GLI Plan Fiduciary Net Position

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

Note 12-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.

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

HIC Plan Notes

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

Employees Covered by Benefit Terms

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

	Number
Inactive members or their beneficiaries currently receiving benefits	70
Inactive members:	
Vested inactive members	4
Total inactive members	74
Active members	266
Total covered employees	340

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board's (nonprofessional) contractually required employer contribution rate for the year ended June 30, 2022 was 0.46% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board (nonprofessional) to the HIC Plan were $26,893 and $25,686 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

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

Net HIC OPEB Liability

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

Actuarial Assumptions

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

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

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

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

Actuarial Assumptions: (continued)

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

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

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

Remainder of page left blank intentionally.

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

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

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

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

Discount Rate

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

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2020	$ 597,058	$ 347,579	$ 249,479
Changes for the year:			
Service cost	$ 10,676	$ -	$ 10,676
Interest	39,089	-	39,089
Differences between expected and actual experience	(26,032)	-	(26,032)
Assumption changes	10,159	-	10,159
Contributions - employer	-	25,686	(25,686)
Net investment income	-	89,986	(89,986)
Benefit payments	(35,926)	(35,926)	-
Administrative expenses	-	(1,042)	1,042
Net changes	$ (2,034)	$ 78,704	$ (80,738)
Balances at June 30, 2021	$ 595,024	$ 426,283	$ 168,741

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

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

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

		Rate	
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Component Unit School Board (nonprofessional) Net HIC OPEB Liability	$ 230,869	$ 168,741	$ 115,573

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

For the year ended June 30, 2022, the School Board (nonprofessional) recognized HIC Program OPEB expense of $11,756. At June 30, 2022, the School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the School Board's (nonprofessional) HIC Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 6,616	$ 25,583
Net difference between projected and actual earnings on HIC OPEB plan investments	-	43,037
Change in assumptions	12,995	682
Employer contributions subsequent to the measurement date	26,893	-
Total	$ 46,504	$ 69,302

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 (continued)

$26,893 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30		
2023	$	(10,605)
2024		(8,585)
2025		(13,943)
2026		(16,558)

HIC Plan Data

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

Note 13-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.

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

Plan Description (continued)

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 is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Health Insurance Credit Plan were $530,702 and $508,267 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

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

At June 30, 2022, the school division reported a liability of $6,096,440 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2021 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion of the VRS Teacher Employee HIC Program was 0.4750% as compared to 0.4923% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee HIC OPEB expense of $420,404. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 106,382
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	80,309
Change in assumptions	164,798	24,501
Change in proportion	98,460	542,046
Employer contributions subsequent to the measurement date	530,702	-
Total	$ 793,960	$ 753,238

Note 13-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)

$530,702 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30		
2023	$	(83,561)
2024		(84,473)
2025		(86,764)
2026		(101,588)
2027		(81,759)
Thereafter		(51,835)

Actuarial Assumptions

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

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

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

Actuarial Assumptions (continued)

Mortality Rates – Teachers

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

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

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

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

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

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

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

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

Net Teacher Employee HIC OPEB Liability

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

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

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

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

Long-Term Expected Rate of Return

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

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

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

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

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

Discount Rate

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

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

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

		Rate	
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	$ 6,862,902	$ 6,096,440	$ 5,447,831

Teacher Employee HIC OPEB Fiduciary Net Position

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

Note 14-Aggregate OPEB Information:

The following is a summary of deferred outflows, deferred inflows, net OPEB liabilities, and OPEB expense for the year ended June 30, 2022.

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
County Stand-Alone Plan	$ 270,000	$ 293,000	$ 1,540,000	$ 60,000	$ -	$ -	$ -	$ -
School Stand-Alone Plan	-	-	-	-	1,887,000	382,000	6,358,000	670,000
VRS OPEB Plans:								
Group Life Insurance Plan:								
County	313,252	374,047	917,097	53,444	-	-	-	-
School Board Nonprofessional	-	-	-	-	87,227	143,509	315,750	9,308
School Board Professional	-	-	-	-	679,510	1,151,232	2,370,340	61,033
Health Insurance Credit Plan - School Board Nonprofessional	-	-	-	-	46,504	69,302	168,741	11,756
Teacher Health Insurance Credit Plan	-	-	-	-	793,960	753,238	6,096,440	420,404
Totals	$ 583,252	$ 667,047	$ 2,457,097	$ 113,444	$ 3,494,201	$ 2,499,281	$ 15,309,271	$ 1,172,501

Note 15-Line of Duty Act (LODA) (OPEB Benefits):

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County’s LODA coverage is fully covered or “insured” through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County’s LODA premium for the year ended June 30, 2022 was $81,369.

Note 16-Unearned and Deferred/Unavailable Revenue:

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

	Government-wide Statements	Balance Sheet
Primary Government:	Governmental Activities	Governmental Funds
Deferred/Unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings are not available for the funding of current expenditures	$ -	$ 3,276,038
Prepaid property taxes due after June 30 but paid in advance by taxpayers	956,062	956,062
Unavailable opioid settlement receivable not available for the funding of current expenditures	-	1,078,023
Unavailable revenue representing locality compensation payments that are not available for funding current expenditures	-	1,929,530
Total deferred/unavailable revenue	$ 956,062	$ 7,239,653
Unearned revenue:		
Unspent Commonwealth Opportunity Funds received during previous fiscal years	$ 300,000	$ 300,000
Unspent VRA funds received during previous fiscal years	22,122	22,122
Unspent grant funds received during the fiscal year	62,906	62,906
Unspent American Rescue Plan Act received during the current fiscal year	7,421,545	7,421,545
Total unearned revenue	$ 7,806,573	$ 7,806,573
Component Unit School Board:		
Unearned revenue:		
Unspent grant funds received in advance	$ 107,980	$ 107,980

Note 17-Capital Assets:

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

Primary Government:

	Beginning Balance	GASBS No. 87 Adjustment/ Restatement	Increases	Decreases[1]	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 18,888,660	$ -	$ -	$ -	$ 18,888,660
Construction in progress	23,976,944	-	3,753,870	(1,743,379)	25,987,435
Total capital assets not being depreciated	$ 42,865,604	$ -	$ 3,753,870	$ (1,743,379)	$ 44,876,095
Capital assets, being depreciated:					
Buildings and improvements	$ 55,830,042	$ -	$ 1,769,403	$ (587,105)	$ 57,012,340
Machinery and equipment	47,343,784	(2,488,731)	1,663,870	(547,178)	45,971,745
Infrastructure	6,363,133	-	-	-	6,363,133
Total capital assets being depreciated	$ 109,536,959	$ (2,488,731)	$ 3,433,273	$ (1,134,283)	$ 109,347,218
Accumulated depreciation:					
Buildings and improvements	$ (24,267,000)	$ -	$ (1,795,661)	$ 422,739	$ (25,639,922)
Machinery and equipment	(30,101,510)	573,116	(3,010,389)	534,912	(32,003,871)
Infrastructure	(5,291,416)	-	(751,587)	-	(6,043,003)
Total accumulated depreciation	$ (59,659,926)	$ 573,116	$ (5,557,637)	$ 957,651	$ (63,686,796)
Total capital assets being depreciated, net	$ 49,877,033	$ (1,915,615)	$ (2,124,364)	$ (176,632)	$ 45,660,422
Right-to-use capital assets, being amortized:					
Land	$ -	$ 595,381	$ 44,178	$ -	$ 639,559
Buildings and improvements	-	883,151	-	(46,420)	836,731
Machinery and equipment	-	1,892,975	863,357	-	2,756,332
Total right-to-use capital assets being amortized	$ -	$ 3,371,507	$ 907,535	$ (46,420)	$ 4,232,622
Accumulated amortization:					
Land	$ -	$ -	$ (87,138)	$ -	$ (87,138)
Buildings and improvements	-	-	(187,095)	46,420	(140,675)
Machinery and equipment	-	-	(408,096)	-	(408,096)
Total accumulated amortization	$ -	$ -	$ (682,329)	$ 46,420	$ (635,909)
Total right-to-use capital assets being amortized, ne	$ -	$ 3,371,507	$ 225,206	$ -	$ 3,596,713
Governmental activities capital assets, net	$ 92,742,637	$ 1,455,892	$ 1,854,712	$ (1,920,011)	$ 94,133,230

[1] Current year deletions include the transfer of a building with a net book value of $106,114 (cost $373,439 and accumulated depreciation $267,325) to the School Board.

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Note 17-Capital Assets: (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, being depreciated:				
Infrastructure	$ 1,319,774	$ -	$ -	$ 1,319,774
Total capital assets being depreciated	$ 1,319,774	$ -	$ -	$ 1,319,774
Accumulated depreciation:				
Infrastructure	$ (447,603)	$ (32,845)	$ -	$ (480,448)
Total accumulated depreciation	$ (447,603)	$ (32,845)	$ -	$ (480,448)
Total capital assets being depreciated, net	$ 872,171	$ (32,845)	$ -	$ 839,326
Business-type activities capital assets, net	$ 872,171	$ (32,845)	$ -	$ 839,326

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

Governmental activities:	
General government administration	$ 144,886
Judicial administration	127,031
Public safety	2,792,056
Public works	1,997,022
Health and welfare	42,563
Education	349,265
Parks, recreation, and cultural	551,275
Community development	235,868
Total depreciation/amortization expense-governmental activities	$ 6,239,966
Business-type activities	
Utility fund	$ 32,845

Note 17-Capital Assets: (continued)

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

Discretely Presented Component Unit:

	Beginning Balance	GASBS No. 87 Adjustment	Increases[1]	Decreases	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 725,315	$ -	$ -	$ -	$ 725,315
Construction in progress	442,516	-	1,646,066	(936,527)	1,152,055
Total capital assets not being depreciated	$ 1,167,831	$ -	$ 1,646,066	$ (936,527)	$ 1,877,370
Capital assets, being depreciated:					
Buildings and improvements	$ 63,710,584	$ -	$ 1,326,810	$ -	$ 65,037,394
Machinery and equipment	21,924,034	-	879,578	(170,292)	22,633,320
Total capital assets being depreciated	$ 85,634,618	$ -	$ 2,206,388	$ (170,292)	$ 87,670,714
Accumulated depreciation:					
Buildings and improvements	$ (40,434,295)	$ -	$ (1,551,178)	$ -	$ (41,985,473)
Machinery and equipment	(18,394,546)	-	(908,790)	170,292	(19,133,044)
Total accumulated depreciation	$ (58,828,841)	$ -	$ (2,459,968)	$ 170,292	$ (61,118,517)
Total capital assets being depreciated, net	$ 26,805,777	$ -	$ (253,580)	$ -	$ 26,552,197
Right-to-use capital assets, being amortized:					
Machinery and equipment	$ -	$ 186,373	$ -	$ -	$ 186,373
Total right-to-use capital assets being amortized	$ -	$ 186,373	$ -	$ -	$ 186,373
Accumulated amortization:					
Machinery and equipment	$ -	$ -	$ (156,178)	$ -	$ (156,178)
Total accumulated amortization	$ -	$ -	$ (156,178)	$ -	$ (156,178)
Total right-to-use capital assets being amortized, net	$ -	$ 186,373	$ (156,178)	$ -	$ 30,195
Governmental activities capital assets, net	$ 27,973,608	$ 186,373	$ 1,236,308	$ (936,527)	$ 28,459,762

[1] Current year additions include the transfer of a building with a net book value of $106,114 (cost $373,439 and accumulated depreciation $267,325) from the County.

All depreciation/amortization of the component-unit School Board is posted to the education function in the financial statements.

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Note 18-Leases Receivable:

Primary Government:

The following is a summary of leases receivable transactions of the County for the year ended June 30, 2022:

	Beginning Balance	GASBS No. 87 Implementation	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	$ -	$ 133,490	$ -	$ (31,127)	$ 102,363	$ 2,953

Details of leases receivable:

Lease Description	Lease Origination Date*	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One Year
Cell Tower	3/17/2017	1/31/2026	Monthly	2.22%	$ 68,968	$ 14,455
Cell Tower	12/1/2017	11/30/2022	Monthly	2.00%	1,244	1,244
Property	8/1/2019	7/31/2024	Monthly	3.00%	32,151	14,936
Total					$ 102,363	$ 30,635

There are no variable payments for any of the lease receivables above

*Date shown is the original lease commencement date. GASB Statement No. 87 was implemented as of July 1, 2021.

Note 19-Risk Management:

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

Note 20-Contingent Liabilities:

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

Note 21-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:	
Teresa J. Brown, Clerk of the Circuit Court	$ 500,000
Susan J. Wray, Treasurer	500,000
Margaret S. Torrence, Commissioner of the Revenue	3,000
Bill Overton, Jr., Sheriff	30,000
All constitutional officers' employees: blanket bond	50,000
All Social Services employees-blanket bond	100,000

Component Unit – School Board:

The Netherlands Insurance Company	
All School Board employees-Public Employee Dishonesty coverage	$ 100,000

Note 22-Landfill Closure and Post-closure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at each site after closure. The County maintains two landfill sites (permit site 72 and permit site 577). The estimated total costs necessary to close and monitor sites 72 and 577 are $9,323,447 and $4,885,261, respectively. The estimated closure and post-closure care liability for sites 72 and 577 are $9,323,447 and $532,982, respectively, based on capacity used as of June 30, 2022. Landfill site 72 has reached 100% of capacity and no additional waste will be accepted at the site. The County will recognize remaining closure and post-closure care totaling $4,352,279 over the remaining useful life of site 577. The estimated remaining life for landfill site 577 is 37.8 years and the landfill has reached 10.91% of its useful life. The cost presented above represent what it would cost to perform closure and post-closure care in 2022. Actual costs for closure and post-closure monitoring may change due to inflation, deflation, changes in technology or changes in applicable laws or regulations.

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

Note 23-Commitments and Contingencies:

The County and Component Unit School Board were involved in major construction projects during the fiscal year as presented below, along with the anticipated funding source.

Project	Contract Amount	Contract Amount Outstanding at June 30, 2022	Funding Source
County:			
Glade Hill Fire and EMS Station	$ 4,731,749	$ 4,105,889	Local Funds
Component Unit School Board:			
Renovations to Burnt Chimney and Snow Creek Elementary Schools	646,300	379,583	Local Funds
Renovations to Glade Hill and Sontag Elementary Schools	1,128,657	343,856	Local Funds

Note 24-Arbitrage Rebate Compliance:

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

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Note 25-Adoption of Accounting Principle:

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

	Governmental Activities	Component Unit School Board	General Fund
Beginning net position, as previously reported	$ 89,957,962	n/a	n/a
GASBS No. 87 Implementation:			
Remove capital leases	1,843,941	n/a	n/a
Record lease liabilities	(1,843,941)	n/a	n/a
Remove capital assets, net	(1,915,615)	n/a	n/a
Record right-to-use capital assets, net	1,843,941	n/a	n/a
Beginning net position, as restated	$ 89,886,288	n/a	n/a
GASBs No. 87 Implementation Adjustments:			
Lessee activity:			
Right-to-use capital assets activity:			
Right-to-use capital assets restatement from above	$ 1,843,941	$ -	n/a
Right-to-use capital assets	1,527,566	186,373	n/a
Total right-to-use capital assets activity	$ 3,371,507	$ 186,373	n/a
Lease liability activity:			
Lease liability restatement from above	$ (1,843,941)	$ -	n/a
Lease liabilities	(1,527,566)	(186,373)	n/a
Total lease liability activity	$ (3,371,507)	$ (186,373)	n/a
Lessor activity:			
Lease receivable	$ 133,490	n/a	$ 133,490
Deferred inflows of resources-leases	$ 133,490	n/a	$ 133,490

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Note 26-Subsequent Event:

ARPA Funding

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

As of June 30, 2022, the County received their share of CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of $7,421,545 are reported as unearned revenue as of June 30.

ESF Funding

The CARES Act also established the Education Stabilization Fund (ESF) and allocated $30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor's Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2020 and added $81.9 billion to the ESF. In March 2021, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than $170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

Note 27-Upcoming Pronouncements:

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

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

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

Note 27-Upcoming Pronouncements: (continued)

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

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

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

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

Required Supplementary Information

Exhibit 12

County of Franklin, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Primary Government
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	$ 1,918,435	$ 1,870,749	$ 1,662,664	$ 1,607,749	$ 1,582,705	$ 1,596,251	$ 1,591,346	$ 1,541,854
Interest	4,785,463	4,519,616	4,366,029	4,194,487	4,072,411	4,022,691	3,833,934	3,634,557
Changes in assumptions	2,468,227	-	1,949,320	-	(254,052)	-	-	-
Differences between expected and actual experience	(1,197,163)	1,129,516	(42,359)	(33,861)	(554,510)	(1,935,754)	(74,392)	-
Benefit payments	(3,813,536)	(3,349,280)	(3,351,161)	(3,284,389)	(2,920,845)	(3,024,968)	(2,283,746)	(2,372,581)
Net change in total pension liability	$ 4,161,426	$ 4,170,601	$ 4,584,493	$ 2,483,986	$ 1,925,709	$ 658,220	$ 3,067,142	$ 2,803,830
Total pension liability - beginning	72,802,511	68,631,910	64,047,417	61,563,431	59,637,722	58,979,502	55,912,360	53,108,530
Total pension liability - ending (a)	$ 76,963,937	$ 72,802,511	$ 68,631,910	$ 64,047,417	$ 61,563,431	$ 59,637,722	$ 58,979,502	$ 55,912,360
Plan fiduciary net position								
Contributions - employer	$ 1,538,973	$ 1,276,788	$ 1,261,119	$ 1,222,510	$ 1,205,273	$ 1,480,199	$ 1,463,447	$ 1,571,032
Contributions - employee	766,212	778,541	777,659	683,573	677,313	646,070	641,611	639,291
Net investment income	17,534,422	1,230,108	4,095,098	4,323,405	6,482,816	919,931	2,345,600	7,019,995
Benefit payments	(3,813,536)	(3,349,280)	(3,351,161)	(3,284,389)	(2,920,845)	(3,024,968)	(2,283,746)	(2,372,581)
Administrator charges	(43,899)	(41,981)	(40,796)	(37,655)	(37,699)	(33,293)	(31,880)	(37,649)
Other	1,650	(1,453)	(2,577)	(3,837)	(5,757)	(392)	(498)	370
Net change in plan fiduciary net position	$ 15,983,822	$ (107,277)	$ 2,739,342	$ 2,903,607	$ 5,401,101	$ (12,453)	$ 2,134,534	$ 6,820,458
Plan fiduciary net position - beginning	64,446,525	64,553,802	61,814,460	58,910,853	53,509,752	53,522,205	51,387,671	44,567,213
Plan fiduciary net position - ending (b)	$ 80,430,347	$ 64,446,525	$ 64,553,802	$ 61,814,460	$ 58,910,853	$ 53,509,752	$ 53,522,205	$ 51,387,671
County's net pension liability (asset) - ending (a) - (b)	$ (3,466,410)	$ 8,355,986	$ 4,078,108	$ 2,232,957	$ 2,652,578	$ 6,127,970	$ 5,457,297	$ 4,524,689
Plan fiduciary net position as a percentage of the total pension liability	104.50%	88.52%	94.06%	96.51%	95.69%	89.72%	90.75%	91.91%
Covered payroll	$ 16,262,282	$ 16,095,359	$ 15,635,066	$ 14,190,626	$ 13,878,181	$ 13,038,257	$ 12,814,396	$ 12,688,971
County's net pension liability as a percentage of covered payroll	-21.32%	51.92%	26.08%	15.74%	19.11%	47.00%	42.59%	35.66%

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

Exhibit 13

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

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	523,311	529,604	491,582	484,820	479,271	481,215	504,997	511,225
Interest	1,601,900	1,577,984	1,510,520	1,465,539	1,433,243	1,393,998	1,334,350	1,273,433
Changes in assumptions	716,877	-	629,540	-	(191,482)	-	-	-
Differences between expected and actual experience	(235,118)	(390,573)	351,293	(233,292)	(328,537)	(411,768)	(67,675)	-
Benefit payments	(1,567,826)	(1,157,593)	(1,210,900)	(938,055)	(924,207)	(881,382)	(957,755)	(871,073)
Net change in total pension liability	1,039,144	559,422	1,772,035	779,012	468,288	582,063	813,917	913,585
Total pension liability - beginning	24,515,761	23,956,339	22,184,304	21,405,292	20,937,004	20,354,941	19,541,024	18,627,439
Total pension liability - ending (a)	25,554,905	24,515,761	23,956,339	22,184,304	21,405,292	20,937,004	20,354,941	19,541,024
Plan fiduciary net position								
Contributions - employer	382,098	352,871	352,380	390,066	383,934	403,517	393,215	395,872
Contributions - employee	260,087	273,426	270,463	263,768	258,203	249,885	244,347	247,003
Net investment income	5,787,904	413,063	1,378,580	1,458,537	2,170,292	308,412	788,531	2,390,492
Benefit payments	(1,567,826)	(1,157,593)	(1,210,900)	(938,055)	(924,207)	(881,382)	(957,755)	(871,073)
Administrator charges	(14,888)	(14,235)	(13,860)	(12,592)	(12,546)	(11,060)	(10,964)	(12,959)
Other	542	(487)	(867)	(1,300)	(1,933)	(131)	(168)	126
Net change in plan fiduciary net position	4,847,917	(132,955)	775,796	1,160,424	1,873,743	69,241	457,206	2,149,461
Plan fiduciary net position - beginning	21,581,598	21,714,553	20,938,757	19,778,333	17,904,590	17,835,349	17,378,143	15,228,682
Plan fiduciary net position - ending (b)	26,429,515	21,581,598	21,714,553	20,938,757	19,778,333	17,904,590	17,835,349	17,378,143
School Division's net pension liability (asset) - ending (a) - (b)	(874,610)	2,934,163	2,241,786	1,245,547	1,626,959	3,032,414	2,519,592	2,162,881
Plan fiduciary net position as a percentage of the total pension liability	103.42%	88.03%	90.64%	94.39%	92.40%	85.52%	87.62%	88.93%
Covered payroll	5,588,264	5,869,163	5,677,195	5,511,781	5,338,148	5,110,248	4,950,850	4,945,841
School Division's net pension liability as a percentage of covered payroll	-15.65%	49.99%	39.49%	22.60%	30.48%	59.34%	50.89%	43.73%

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

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

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (6)
2021	0.47599%	$ 36,951,567	$ 42,101,193	87.77%	85.46%
2020	0.49150%	71,520,336	43,442,199	164.63%	71.47%
2019	0.51755%	68,112,521	43,405,899	156.92%	73.51%
2018	0.53086%	62,429,000	42,999,994	145.18%	74.81%
2017	0.52102%	64,075,000	41,110,236	155.86%	72.92%
2016	0.51319%	71,919,000	39,107,172	183.90%	68.28%
2015	0.51253%	64,509,000	38,098,804	169.32%	70.68%
2014	0.51106%	61,760,000	37,343,508	165.38%	70.88%

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

Exhibit 15

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

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess)** (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2022	$ 1,608,809	$ 1,608,809	$ -	$ 17,832,302	9.02%
2021	1,538,973	1,538,973	-	16,262,282	9.46%
2020	1,276,788	1,276,788	-	16,095,359	7.93%
2019	1,261,119	1,261,119	-	15,635,066	8.07%
2018	1,222,510	1,222,510	-	14,190,626	8.61%
2017	1,205,273	1,205,273	-	13,878,181	8.68%
2016	1,480,199	1,480,199	-	13,038,257	11.35%
2015	1,463,447	1,463,447	-	12,814,396	11.42%
2014	1,571,032	1,571,032	-	12,688,971	12.38%
2013	1,493,503	1,493,503	-	12,132,435	12.31%
Component Unit School Board (nonprofessional)					
2022	$ 396,949	$ 396,949	$ -	$ 5,846,249	6.79%
2021	382,098	382,098	-	5,588,264	6.84%
2020	352,871	352,871	-	5,869,163	6.01%
2019	352,380	352,380	-	5,677,195	6.21%
2018	390,066	390,066	-	5,511,781	7.08%
2017	383,934	383,934	-	5,338,148	7.19%
2016	480,874	409,331	71,543	5,110,248	8.01%
2015	465,863	396,553	69,310	4,950,850	8.01%
2014	495,573	396,162	99,411	4,945,841	8.01%
2013	492,154	393,429	98,725	4,911,717	8.01%
Component Unit School Board (professional)					
2022	$ 7,022,934	$ 7,022,934	$ -	$ 43,859,644	16.01%
2021	6,729,094	6,729,094	-	42,101,193	15.98%
2020	6,545,102	6,545,102	-	43,442,199	15.07%
2019	6,625,677	6,625,677	-	43,405,899	15.26%
2018	6,865,084	6,865,084	-	42,999,994	15.97%
2017	5,966,307	5,966,307	-	41,110,236	14.51%
2016	5,456,224	5,456,224	-	39,107,172	13.95%
2015	5,506,000	5,506,000	-	38,098,804	14.45%
2014	4,354,253	4,354,253	-	37,343,508	11.66%
2013	4,266,094	4,266,094	-	36,587,427	11.66%

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

**The difference relates to the School Board using an agreed upon reduced rate from VRS. This amount will impact the calculation of the net pension liability.

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

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

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

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

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

All Others (Non 10 Largest) – Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

Exhibit 17

County of Franklin, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Primary Government
Health Insurance
For the Measurement Dates of July 1, 2017 through July 1, 2021

	2021	2020	2019	2018	2017
Total OPEB liability					
Service cost	$ 87,000	$ 73,000	$ 66,000	$ 106,000	$ 103,000
Interest	34,000	40,000	42,000	61,000	57,000
Differences between expected and actual experience	(45,000)	(51,000)	(7,000)	(535,000)	-
Benefit payments	(46,000)	(46,000)	(41,000)	(41,000)	(57,000)
Changes of assumptions	167,000	86,000	56,000	(92,000)	-
Net change in total OPEB liability	$ 197,000	$ 102,000	$ 116,000	$ (501,000)	$ 103,000
Total OPEB liability - beginning	1,343,000	1,241,000	1,125,000	1,626,000	1,523,000
Total OPEB liability - ending	$ 1,540,000	$ 1,343,000	$ 1,241,000	$ 1,125,000	$ 1,626,000
Covered payroll	$ 14,847,000	$ 14,847,000	$ 14,253,000	$ 14,253,000	$ 12,311,000
County's total OPEB liability (asset) as a percentage of covered payroll	10.37%	9.05%	8.71%	7.89%	13.21%

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

Exhibit 18

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

	2021	2020	2019	2018	2017
Total OPEB liability					
Service cost	$ 248,000	$ 272,000	$ 245,000	$ 205,000	$ 200,000
Interest	145,000	175,000	197,000	166,000	161,000
Differences between expected and actual experience	(152,000)	116,000	(103,000)	1,132,000	-
Benefit payments	(440,000)	(686,000)	(237,000)	(237,000)	(198,000)
Changes of assumption	666,000	354,000	233,000	(511,000)	-
Net change in total OPEB liability	$ 467,000	$ 231,000	$ 335,000	$ 755,000	$ 163,000
Total OPEB liability - beginning	5,891,000	5,660,000	5,325,000	4,570,000	4,407,000
Total OPEB liability - ending	$ 6,358,000	$ 5,891,000	$ 5,660,000	$ 5,325,000	$ 4,570,000
Covered payroll	$ 45,132,000	$ 45,132,000	$ 45,682,000	$ 45,682,000	$ 43,002,000
School Board's total OPEB liability (asset) as a percentage of covered payroll	14.09%	13.05%	12.39%	11.66%	10.63%

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

County of Franklin, Virginia
Notes to Required Supplementary Information
Health Insurance
For the Year Ended June 30, 2022

Primary Government

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

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age actuarial cost method
Discount Rate	1.92%
Inflation	2.50%
Healthcare Trend Rate	2.44% for fiscal year end 2022 (to reflect actual experience), then 7.00% for fiscal year end 2023, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50%
Retirement Age	The average age at retirement is 62
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021

Component Unit School Board

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

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

Methods and assumptions used to determine OPEB liability:

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

Exhibit 20

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2021	0.0788%	$ 917,097	$ 16,262,282	5.64%	67.45%
2020	0.0782%	1,305,865	16,100,425	8.11%	52.64%
2019	0.0800%	1,302,139	15,650,066	8.32%	52.00%
2018	0.0749%	1,137,000	14,190,626	8.01%	51.22%
2017	0.0756%	1,138,000	13,878,181	8.20%	48.86%
Component Unit School Board (nonprofessional)					
2021	0.0271%	$ 315,750	$ 5,603,198	5.64%	67.45%
2020	0.0283%	472,281	5,880,208	8.03%	52.64%
2019	0.0291%	472,883	5,697,345	8.30%	52.00%
2018	0.0291%	441,000	5,511,781	8.00%	51.22%
2017	0.0289%	436,000	5,338,148	8.17%	48.86%
Component Unit School Board (professional)					
2021	0.2036%	$ 2,370,340	$ 42,130,781	5.63%	67.45%
2020	0.2102%	3,507,393	43,500,950	8.06%	52.64%
2019	0.2216%	3,605,696	43,425,037	8.30%	52.00%
2018	0.2269%	3,446,000	42,999,994	8.01%	51.22%
2017	0.2232%	3,359,000	41,110,236	8.17%	48.86%

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

Exhibit 21

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2022	$ 96,629	$ 96,629	$ -	$ 17,894,246	0.54%
2021	87,816	87,816	-	16,262,282	0.54%
2020	83,161	83,161	-	16,100,425	0.52%
2019	81,381	81,381	-	15,650,066	0.52%
2018	73,897	73,897	-	14,190,626	0.52%
2017	72,521	72,521	-	13,878,181	0.52%
2016	62,584	62,584	-	13,038,257	0.48%
2015	61,632	61,632	-	12,814,396	0.48%
2014	60,972	60,972	-	12,688,971	0.48%
2013	58,236	58,236	-	12,132,435	0.48%
Component Unit School Board (nonprofessional)					
2022	$ 31,852	$ 31,852	$ -	$ 5,898,477	0.54%
2021	30,239	30,239	-	5,603,198	0.54%
2020	30,283	30,283	-	5,880,208	0.51%
2019	29,628	29,628	-	5,697,345	0.52%
2018	28,764	28,764	-	5,511,781	0.52%
2017	27,796	27,796	-	5,338,148	0.52%
2016	24,629	24,629	-	5,110,248	0.48%
2015	23,872	23,872	-	4,950,850	0.48%
2014	23,948	23,948	-	4,945,841	0.48%
2013	23,650	23,650	-	4,911,717	0.48%
Component Unit School Board (professional)					
2022	$ 237,030	$ 237,030	$ -	$ 43,894,512	0.54%
2021	226,988	226,988	-	42,130,781	0.54%
2020	224,963	224,963	-	43,500,950	0.52%
2019	225,822	225,822	-	43,425,037	0.52%
2018	224,337	224,337	-	42,999,994	0.52%
2017	214,115	214,115	-	41,110,236	0.52%
2016	188,419	188,419	-	39,107,172	0.48%
2015	183,496	183,496	-	38,098,804	0.48%
2014	179,808	179,808	-	37,343,508	0.48%
2013	175,982	175,982	-	36,587,427	0.48%

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

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

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Exhibit 23

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

	2021	2020	2019	2018	2017
Total HIC OPEB Liability					
Service cost	$ 10,676	$ 10,444	$ 10,641	$ 11,000	$ 10,000
Interest	39,089	36,926	35,301	35,000	35,000
Changes of benefit terms	-	24,322	-	-	-
Differences between expected and actual experience	(26,032)	(4,489)	17,284	-	-
Changes in assumptions	10,159	-	12,716	(11,000)	(18,000)
Benefit payments	(35,926)	(34,386)	(32,016)	(34,000)	(20,000)
Other changes	-	-	315	-	-
Net change in total HIC OPEB liability	$ (2,034)	$ 32,817	$ 44,241	$ 1,000	$ 7,000
Total HIC OPEB Liability - beginning	597,058	564,241	520,000	519,000	512,000
Total HIC OPEB Liability - ending (a)	$ 595,024	$ 597,058	$ 564,241	$ 520,000	$ 519,000
Plan fiduciary net position					
Contributions - employer	$ 25,686	$ 24,414	$ 24,036	$ 25,000	$ 25,000
Net investment income	89,986	6,984	21,449	23,000	33,000
Benefit payments	(35,926)	(34,386)	(32,016)	(34,000)	(20,000)
Administrative expense	(1,042)	(662)	(462)	(1,000)	(1,000)
Other	-	(3)	225	(1,000)	2,000
Net change in plan fiduciary net position	$ 78,704	$ (3,653)	$ 13,232	$ 12,000	$ 39,000
Plan fiduciary net position - beginning	347,579	351,232	338,000	326,000	287,000
Plan fiduciary net position - ending (b)	$ 426,283	$ 347,579	$ 351,232	$ 338,000	$ 326,000
School Division's net HIC OPEB liability - ending (a) - (b)	$ 168,741	$ 249,479	$ 213,009	$ 182,000	$ 193,000
Plan fiduciary net position as a percentage of the total HIC OPEB liability	71.64%	58.22%	62.25%	65.00%	62.81%
Covered payroll	$ 5,588,264	$ 5,869,163	$ 5,677,195	$ 5,511,781	$ 5,338,148
School Division's net HIC OPEB liability as a percentage of covered payroll	3.02%	4.25%	3.75%	3.30%	3.62%

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

Exhibit 24

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2021	0.4750%	$ 6,096,440	$ 42,101,193	14.48%	13.15%
2020	0.4923%	6,422,396	43,407,803	14.80%	9.95%
2019	0.5177%	6,776,673	43,405,899	15.61%	8.97%
2018	0.5318%	6,751,000	42,999,994	15.70%	8.08%
2017	0.5213%	6,613,000	41,110,236	16.09%	7.04%

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Component Unit School Board (nonprofessional)					
2022	$ 26,893	$ 26,893	$ -	$ 5,846,249	0.46%
2021	25,686	25,686	-	5,588,264	0.46%
2020	24,414	24,414	-	5,869,163	0.42%
2019	23,847	23,847	-	5,677,195	0.42%
2018	25,354	25,354	-	5,511,781	0.46%
2017	24,500	24,500	-	5,338,148	0.46%
2016	24,018	24,018	-	5,110,248	0.47%
2015	23,268	23,268	-	4,950,850	0.47%
2014	28,191	28,191	-	4,945,841	0.57%
2013	28,011	28,011	-	4,911,717	0.57%
Component Unit School Board (professional)					
2022	$ 530,702	$ 530,702	$ -	$ 43,859,644	1.21%
2021	508,267	508,267	-	42,101,193	1.21%
2020	518,001	518,001	-	43,407,803	1.19%
2019	520,868	520,868	-	43,405,899	1.20%
2018	528,853	528,853	-	42,999,994	1.23%
2017	456,669	456,669	-	41,110,236	1.11%
2016	414,766	414,766	-	39,107,172	1.06%
2015	403,923	403,923	-	38,098,804	1.06%
2014	414,849	414,849	-	37,343,508	1.11%
2013	406,120	406,120	-	36,587,427	1.11%

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

Component Unit School Board (nonprofessional)

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

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

Non-Largest Ten Locality Employers - General Employees

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

Component Unit School Board (professional)

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

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

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

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

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
General property taxes	$ 59,057,123	$ 79,624,276	$ 82,009,088	$ 2,384,812
Other local taxes	11,225,178	11,225,178	13,396,258	2,171,080
Permits, privilege fees, and regulatory licenses	445,293	445,293	653,380	208,087
Fines and forfeitures	25,038	25,038	45,353	20,315
Revenue from the use of money and property	598,271	618,271	541,141	(77,130)
Charges for services	3,113,725	3,563,031	3,530,567	(32,464)
Miscellaneous	133,930	174,081	396,810	222,729
Recovered costs	1,248,801	918,180	1,035,339	117,159
Intergovernmental	21,456,059	26,861,671	26,389,837	(471,834)
Total revenues	$ 97,303,418	$ 123,455,019	$ 127,997,773	$ 4,542,754
EXPENDITURES				
General government administration				
Legislative	$ 485,803	$ 557,268	$ 557,018	$ 250
General and financial administration	4,587,774	4,607,133	4,373,333	233,800
Board of elections	380,136	406,437	344,893	61,544
Total general government administration	$ 5,453,713	$ 5,570,838	$ 5,275,244	$ 295,594
Judicial administration				
Courts	$ 2,090,253	$ 2,341,747	$ 2,257,341	$ 84,406
Commonwealth's attorney	849,185	863,143	858,909	4,234
Total judicial administration	$ 2,939,438	$ 3,204,890	$ 3,116,250	$ 88,640
Public safety				
Law enforcement and traffic control	$ 4,948,937	$ 5,870,140	$ 5,876,883	$ (6,743)
Correction and detention	4,851,342	5,131,512	4,694,992	436,520
Inspections	488,122	519,434	508,077	11,357
Other protection*	5,542,688	6,707,087	7,634,348	(927,261)
Total public safety	$ 15,831,089	$ 18,228,173	$ 18,714,300	$ (486,127)
Public works				
Sanitation and waste removal	$ 2,858,415	$ 2,923,045	$ 2,921,994	$ 1,051
Maintenance of general buildings and grounds	1,700,509	1,717,562	1,588,239	129,323
Total public works	$ 4,558,924	$ 4,640,607	$ 4,510,233	$ 130,374
Health and welfare				
Health	$ 381,598	$ 381,598	$ 381,598	$ -
Mental health and mental retardation	40,000	40,000	40,000	-
Welfare	15,128,609	15,821,343	15,419,262	402,081
Total health and welfare	$ 15,550,207	$ 16,242,941	$ 15,840,860	$ 402,081

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

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES (CONTINUED)				
Education				
Other instructional costs	$ 35,738,173	$ 38,026,740	$ 35,712,506	$ 2,314,234
Total education	$ 35,738,173	$ 38,026,740	$ 35,712,506	$ 2,314,234
Parks, recreation, and cultural				
Parks and recreation	$ 1,468,338	$ 1,546,495	$ 1,509,825	$ 36,670
Library	925,578	959,378	896,036	63,342
Total parks, recreation, and cultural	$ 2,393,916	$ 2,505,873	$ 2,405,861	$ 100,012
Community development				
Planning and community development	$ 2,793,186	$ 3,337,848	$ 2,904,958	$ 432,890
Environmental management	185,320	222,616	222,614	2
Cooperative extension program	122,123	122,123	94,465	27,658
Total community development	$ 3,100,629	$ 3,682,587	$ 3,222,037	$ 460,550
Nondepartmental	$ 315,421	$ 31,241	$ -	$ 31,241
Total nondepartmental	$ 315,421	$ 31,241	$ -	$ 31,241
Debt service				
Principal retirement	$ 3,413,145	$ 4,248,954	$ 4,112,113	$ 136,841
Interest and other fiscal charges	2,423,057	2,610,047	2,538,232	71,815
Total debt service	$ 5,836,202	$ 6,859,001	$ 6,650,345	$ 208,656
Total expenditures	$ 91,717,712	$ 98,992,891	$ 95,447,636	$ 3,545,255
Excess (deficiency) of revenues over (under) expenditures	$ 5,585,706	$ 24,462,128	$ 32,550,137	$ 8,088,009
OTHER FINANCING SOURCES (USES)				
Transfers out	$ (3,445,668)	$ (29,836,286)	$ (29,832,547)	$ 3,739
Issuance of lease liabilities*	-	-	907,535	907,535
Issuance of note payable (financed purchase)*	-	-	191,580	191,580
Total other financing sources (uses)	$ (3,445,668)	$ (29,836,286)	$ (28,733,432)	$ 1,102,854
Net change in fund balances	$ 2,140,038	$ (5,374,158)	$ 3,816,705	$ 9,190,863
Fund balances - beginning	(2,140,038)	5,374,158	39,891,128	34,516,970
Fund balances - ending	$ -	$ -	$ 43,707,833	$ 43,707,833

Note: All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), except for the treatment of leases and financed purchases. *Lease and financed purchases totaling $1,099,115 as posted to other protection are not subject to appropriation.

Exhibit 28

County of Franklin, Virginia
Schedule of Revenues, Expenditures, and Change in Fund Balances - Budget and Actual
Special Revenue Fund - Major Fund
For the Year Ended June 30, 2022

	E-911 Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental	$ 60,000	$ 114,734	$ 453,543	$ 338,809
Total revenues	$ 60,000	$ 114,734	$ 453,543	$ 338,809
EXPENDITURES				
Current:				
Public safety	$ 1,270,025	$ 1,458,932	$ 1,256,519	$ 202,413
Total expenditures	$ 1,270,025	$ 1,458,932	$ 1,256,519	$ 202,413
Excess (deficiency) of revenues over (under) expenditures	$ (1,210,025)	$ (1,344,198)	$ (802,976)	$ 541,222
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 1,210,025	$ 1,344,198	$ 1,186,973	$ (157,225)
Total other financing sources (uses)	$ 1,210,025	$ 1,344,198	$ 1,186,973	$ (157,225)
Net change in fund balances	$ -	$ -	$ 383,997	$ 383,997
Fund balances - beginning	-	-	1,099,607	1,099,607
Fund balances - ending	$ -	$ -	$ 1,483,604	$ 1,483,604

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

APPENDIX C

DEFINITIONS AND SUMMARY OF THE FINANCING DOCUMENTS

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APPENDIX C

DEFINITIONS AND SUMMARY OF THE FINANCING DOCUMENTS

The following is a summary of certain provisions of the Indenture and the Financing Agreement. This summary does not purport to be comprehensive or definitive and is qualified by references to such documents in their entirety, copies of which may be obtained at the office of the County Administrator. All capitalized terms have the meanings set forth in the Indenture or the Financing Agreement. The definitions of certain key terms used in the Indenture and the Financing Agreement are also set forth below.

__Definitions__

The terms set forth below have the following meanings in this Official Statement unless the context clearly requires otherwise:

"Act" means the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended and in force from time to time.

"Additional Bonds" mean any bonds issued to refund any of the Bonds or Additional Bonds pursuant to the terms of an Indenture in accordance with the Indenture.

"Additional Payments" means the Additional Payments that are payable pursuant to the Financing Agreement.

"Authority" means the Industrial Development Authority of the County of Franklin, Virginia, a political subdivision of the Commonwealth, its successors and assigns.

"Authority Representative" means the Chairman or any other person or persons designated to act on behalf of the Authority by a certificate duly executed by the Chairman and filed with the Trustee.

"Basic Documents" means the Indenture, the Financing Agreement and the Bond Purchase Agreement.

"Basic Payments" shall mean the rent payable by the County under the Financing Agreement which is equal to the amount of principal and interest due on the Bonds on the principal and interest payment dates.

"Board" or **"Board of Supervisors"** means the Board of Supervisors of the County.

"Bond" or "Bonds" shall mean any bond or all of the bonds, as the case may be, issued pursuant to the Indenture (not including any Additional Bonds), but does not include any bonds, note, or other evidence of indebtedness of the Authority issued from time to time under any other indenture, trust agreement, resolution or similar instrument.

"Bond Counsel" means Sands Anderson PC, or an attorney or other firm of attorneys (designated by the County and acceptable to the Trustee and the Authority) of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

"Bond Fund" means the Bond Fund established by the Indenture.

"Bondholder" or "Bond Owner" or "Owner" means the registered Owner of any Bond.

"Bond Purchase Agreement" means the Bond Purchase Agreement, dated the date of its execution and delivery, among the Authority, the County and the Underwriters.

"Business Day" means any day other than (1) a Saturday or Sunday, (2) a day on which commercial banks in the Commonwealth, or the city in which the principal corporate trust office of the Trustee is located, are authorized by law to close, (3) a day on which the New York Stock Exchange is closed, or (4) such other days as may be specified in an Indenture.

"Chairman" means the Chairman or Vice Chairman of the Authority.

"Code" means the Internal Revenue Code of 1986, as amended, including applicable regulations and revenue rulings, and any successor codification.

"Commonwealth" means the Commonwealth of Virginia.

"Cost of Issuance" means the costs incurred with respect to the issuance of the Bonds, including without limitation, the Trustee's initial fees and expenses, rating agency fees, if any, bond insurance and surety premiums and related fees and expenses, if any, fees and expenses of consultants and attorneys, financial advisors, underwriters, printing costs and expenses, and fees and expenses of the Authority and the County incurred in connection with the issuance and sale of the Bonds.

"Cost" or **"Cost of the Project** means the cost of design, construction, renovation, equipping and improvement of the Project or any portion thereof, the cost of acquisition of rights-of-way, franchises, easements and other property rights and interests, the cost of demolishing, removing or relocating any buildings or structures on land acquired, the cost of all labor, materials, machinery and equipment, financing charges, the Cost of Issuance, interest on all Bonds prior to and during construction and, if deemed advisable by the County, for a period not exceeding one year after completion of such construction, plans, specifications, studies, surveys, estimates of cost and of revenues, other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expenses, reserves for interest and for extensions, enlargements, additions and improvements, the cost of acquisition and installation of furnishings and equipment, such other expenses as may be necessary or incident to the design, construction, renovation and equipping of the Project, the financing of such design, construction, renovation and equipping and the placing of the Project in operation and such other costs as may be permitted by the Act..

"Counsel" means any attorney or firm of attorneys designated by the County and acceptable to the Authority and the Trustee duly admitted to practice law before the highest court of any state of the United States of America, who may be a full-time employee, director or officer of the Authority, the County or the Trustee.

"County" means the County of Franklin, Virginia, a political subdivision of the Commonwealth.

"County Representative" means the Chairman or Vice Chairman of the Board, the County Administrator or other County official designated by the Board in writing to the Trustee.

"Event of Default" means any Event of Default specified in the Indenture.

"Financing Agreement" shall mean the Financing Agreement, dated as of June 1, 2023 between the Authority and the County, as it may be amended, changed or modified from time to time.

"Fiscal Year" means the twelve-month period commencing July 1 through the following June 30, or such other twelve-month period established by the County as its annual accounting period.

"Government Certificates" mean certificates representing ownership of United States Treasury bond principal at maturity or coupons for accrued periods of interest, which bonds or coupons are held in the capacity of a custodian and independent of the seller of such certificates by a bank or trust company that meets the requirements for a Successor Trustee set forth in the Indenture.

"Government Obligations" mean bonds, notes and other obligations of the United States of America and securities unconditionally guaranteed as to payment by the United States of America.

"Indenture" shall mean the Indenture of Trust, dated as of June 1, 2023, between the Authority and the Trustee, relating to the Bonds, as it may be modified, altered, amended and supplemented from time to time in accordance with its terms.

"Interest Payment Date" means the semiannual dates on which payments of interest under the Bonds are due, commencing October 15, 2023 and continuing on each April 15 and October 15 thereafter until maturity.

"Opinion of Counsel" means a written opinion of any Counsel in form and substance acceptable to the Trustee.

"Outstanding" means, at any date, the aggregate of all Bonds and any Additional Bonds authorized, issued, authenticated and delivered under the Indenture, except:

1. The Bonds and any Additional Bonds cancelled or surrendered to the Trustee for cancellation;

2. The Bonds and any Additional Bonds deemed to have been paid as provided in the Indenture; and

3. The Bonds and any Additional Bonds in lieu of or in substitution for which other Bonds and any Additional Bonds have been authenticated and delivered pursuant to the Indenture unless proof satisfactory to the Trustee is presented that any such Bond or Additional Bond is held by a bona fide Owner.

The Bonds or any Additional Bonds which are owned by the Authority or the County will be disregarded and deemed not to be Outstanding for the purpose of any such determination; provided, however, that for the purpose of determining whether the Trustee will be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only the Bonds and any Additional Bonds which the Trustee knows to be so owned will be so disregarded.

"Owner" means the Person in whose name a particular Bond is registered on the records of the Trustee.

"Person" means an individual, a corporation, a partnership, a general partner of a partnership, an association, a joint stock company, a trust, any unincorporated organization, or a governmental unit or its political subdivision.

"Record Date" means the 15^{th} day of the month immediately prior to an Interest Payment Date.

"Rental Payments" means all Basic Payments and Additional Payments paid under the Financing Agreement.

"Revenues" means all revenues, rents and other amounts received by, or on behalf of, the Authority, from or in connection with the Financing Agreement, including without limitation (i) all revenues received by the Authority under the Financing Agreement (except payments of the expenses of the Trustee) and (ii) any other amounts pledged to the payment of the Bonds under the terms of the Indenture, including the proceeds of any long-term financing intended to redeem all or any portion of the Bonds.

"Secretary" means the Secretary or Assistant Secretary of the Authority.

"Series" or **"Series of Bonds"** means the Bonds or any separate series of Additional Bonds issued under the Indenture as it may be modified by any Indenture.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., and its successor or successors under the Indenture.

"Underwriters" means collectively, Wells Fargo Bank, National Association and Robert W. Baird & Co., Incorporated, as the underwriters for the Bonds.

The Indenture

Establishment of Funds and Accounts. The following funds are established under the Indenture:

(1) [intentionally omitted]; and
(2) Bond Fund;

Pledge of Revenues and Funds. All Revenues and all money in the Bond Fund under the Indenture are trust funds and are pledged to the payment of the principal of and interest on the Bonds, subject only to the right of the Authority to apply them to other purposes as provided in the Indenture. The lien and trust created by the Indenture is for the equal and ratable benefit of the Owners of the Bonds and any Additional Bonds until all the Bonds and any Additional Bonds have been paid, subject to the limitations expressed in the preceding sentence; provided that moneys in any account or subaccount of the Bond Fund relating to a particular Series of Bonds shall secure only such Series of Bonds; and that any municipal bond insurance policy relating to a particular Series of Bonds shall secure only such Series of Bonds.

Bond Fund. The Trustee will deposit in the Bond Fund (1) all Rental Payments received by the Trustee under the Financing Agreement (excluding Additional Payments), (2) all prepayments made under the Financing Agreement, and (3) any other amounts authorized to be deposited in the Bond Fund. Each deposit of money described in (2) of the first sentence of this paragraph will be into a separate special account in the Bond Fund and used at the Authority's direction (based on direction by the County) (A) to redeem the Bonds at the applicable redemption price plus accrued interest to the date of redemption, or (B) in such other manner as permitted under the Indenture. The Trustee will pay from the Bond Fund when due the principal of and interest on the Bonds and will redeem or purchase Bonds in accordance with the redemption provisions of the Indenture.

On the date that is five (5) days prior to each Interest Payment Date on the Bonds, the Trustee will determine if it has sufficient amounts on deposit in the Bond Fund available for such purpose to make the next ensuing interest or principal and interest payment. If the amounts available in the Bond Fund are insufficient for such purpose, the Trustee promptly will give notice of this fact and the amount of the deficiency to the Authority and the County.

Project Fund. No project fund is established under the Indenture. Nonrefunding proceeds of the Bonds are being deposited to SNAP.

Additional Bonds. The Authority may not issue any bonds, notes or other evidence of indebtedness equally and ratably secured with the Bonds, except for Additional Bonds issued pursuant to any Indenture, which will be secured equally and ratably by the pledge of the Revenues securing the Bonds; provided that moneys in any account or subaccount of the Bond Fund relating to a particular Series of Bonds shall secure only such Series of Bonds; and that any municipal bond insurance policy relating to a particular Series of Bonds shall secure only such Series of Bonds. The Authority may not incur any new indebtedness secured by a pledge of Revenues superior to the pledge securing the Bonds. The Authority may issue one or more series of Additional Bonds, upon compliance with the terms of the Indenture, for the following purpose: financing the Costs of the Project, or the costs of refunding any of the Bonds or Additional Bonds.

The Indenture requires that the Authority deliver to the Trustee the following items, among other things, in order to issue Additional Bonds: (1) an original executed counterpart of an Indenture providing for the issuance of the Additional Bonds, (2) an original executed counterpart of an amendment to the Financing Agreement increasing the payments due thereunder to provide for the payment of principal of, premium, if any, and interest on the Additional Bonds, (3) a certified copy of a resolution of the County authorizing the execution and delivery of an amendment to the Financing Agreement providing for sufficient rental payments, (4) a certified copy of a resolution of the Authority authorizing the execution and delivery of an Indenture, the issuance, sale, execution and delivery of the Additional Bonds, and the amendment to the Financing Agreement providing for sufficient rental payments, (5) a certificate of the Authority as described in the Indenture stating that no event of default under the Indenture has occurred and no event or condition which, with the giving of notice or lapse of time or both, would become an event of default under the Indenture will have occurred and be continuing, (6) the opinions of Counsel and Bond Counsel as described in the Indenture and (7) a request and authorization of the Authority to the Trustee to authenticate and deliver the Additional Bonds as directed in the request upon payment therefore.

Investments. Any money held under the Indenture may be separately invested and reinvested in accordance with the Virginia Investment of Public Funds Act **(the "Investment Act")**, at the direction of a County Representative, in the following investments, to the extent they comport with requirements of the Investment Act: (1) bonds, notes and other evidences of indebtedness of the Commonwealth of Virginia to which its full faith and credit is pledged or which are unconditionally guaranteed by the Commonwealth which are rated in one of the two highest debt rating categories by Moody's Investor's Service, Inc. **("Moody's")**, Standard & Poor's, a division of the McGraw-Hill Companies, Inc. **("S&P")** and Fitch Ratings Inc. **("Fitch")**, without regard to any refinement or gradation of such rating category by numerical modifier or otherwise; (2) Government Obligations; (3) Government Certificates; (4) bonds, notes or other evidences of indebtedness of any county, city, town, district, authority or other public body of the Commonwealth, which are rated in one of the two highest long-term debt rating categories by Moody's, S&P and Fitch, without regard to any refinement or gradation of such rating category by numerical modifier or otherwise; (5) savings accounts, time deposits and certificates of deposit of any bank, including the Trustee and its affiliates, provided that such funds are secured in the manner required by the Virginia Security for Public Deposits Act or any successor legislation and no deposit will be made for more than five years and provided further that if any such savings account, time deposit or certificate of deposit is not insured by the Federal Deposit Insurance Corporation, such bank or savings and loan association shall be rated A-1+ or better by S&P and any such certificate of deposit will be secured by collateral described in (2) and (3) above and will have a maturity of one year or less; (6) obligations of the Farmers Home Administration, the General Services Administration, the United States Maritime Administration, the Government National Mortgage Association, the Department of Housing and Urban Development, and the Federal Housing Administration, provided such obligations represent the full faith and credit of the United States; (7) bonds, notes or other evidences of indebtedness of the Federal National Mortgage Association, the Federal Farm Credit Bank, the Federal Home Loan Bank or the Federal Home Loan Mortgage Corporation which are rated in the highest debt rating category by Moody's, S&P and Fitch, without regard to any refinement or gradation of such rating category by numerical modifier or otherwise; (8) commercial paper issued by corporations (including banks and bank holding companies) organized under the laws of the United States or any state, which is rated by Moody's or its successor, within its Moody's rating of prime 1, and by S&P, or its successor, within its rating of A-1+ or better, and which matures not more than 270 days after the date of its purchase; (9) bankers' acceptances, as permitted by the Investment Act, with a maximum term of one year, with any bank with an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A-3" or both by Moody's and "A-1+" by S&P; (10) money market funds rated AAAm or AAAm-G by S&P; (11) the Virginia State Non-Arbitrage Program; and (12) such other investments as are permitted by the Investment Act and rated at least investment grade by Moody's, S&P and Fitch. Subject to certain conditions, investments described in this paragraph may be purchased pursuant to repurchase agreements with certain banks or financial institutions. Investment in certain money market funds or in certain registered management type investment companies, the investments of which are exclusively in obligations described in subsections (2), (3) or (6) of this paragraph, will be considered investments in such obligations, provided that any such fund or company meet certain criteria.

Events of Default and Remedies. Each of the following is an Event of Default under the Indenture: (1) payment of interest on any Bond is not made when due and payable, (2) payment of principal of or premium, if any, on any Bond is not made when due and payable, (3) default in the observance or performance of any other covenant, condition or agreement on the part of the Authority under the Indenture or the Bonds, subject to certain rights of the Authority to notice and an opportunity to cure **(the "Notice and Opportunity to Cure")**, (4) appointment of a receiver for all or any substantial part of the Revenues or approval of any petition for reorganization of the Authority or rearrangement or readjustment of the obligations of the Authority under provisions of any applicable bankruptcy or insolvency law, and (5) the occurrence and continuation of any "Event of Default" under the Financing Agreement. The Notice and Opportunity to Cure identified in subsection (3) above requires the Trustee or the Owners of not less than twenty-five percent in aggregate principal amount of all Outstanding Bonds to give actual notice to the Authority and the County of the failure to observe or perform the required covenant, condition or agreement, and the Authority and the County shall have thirty days after receipt of the notice to correct the default or cause the default to be corrected, provided that if the default is such that it cannot be corrected within this period it will not constitute an Event of Default if corrective action is instituted by the Authority of the County within the applicable period and diligently pursued until the default is corrected, but in no event for a period longer than an additional sixty days.

The Trustee is not required to take notice, or be deemed to have notice, of any default or Event of Default other than a default or Event of Default under subsections (1) or (2) above, or unless specifically notified in writing of the default or Event of Default by the Authority, the County or the Owners of at least twenty-five percent in aggregate principal amount of the Outstanding Bonds. The Trustee may, however, require of the Authority full information and advice at any time as to the performance of any of the conditions and agreements contained in the Indenture. The Trustee is under no obligation to take any action in respect of any default or Event of Default, or toward the execution or enforcement of any of the trusts created by the Indenture or to institute, appear in or defend any related suit or other proceeding, unless requested in writing to do so by the Authority, the County or the Owners of at least twenty-five percent in aggregate principal amount of the Outstanding Bonds and, if in the Trustee's opinion such action may involve the Trustee in expense or liability, unless furnished, from time to time as often as the Trustee may require, with reasonable security and indemnity satisfactory to the Trustee.

Remedies, Rights of Bondholders. The Trustee may, with or without the action described in the preceding paragraph, proceed to protect and enforce the rights of the Owners of the Bonds and to enforce the covenants and conditions of the Financing Agreement in the manner it deems most expedient to the interests of such Owners. All remedies under the Indenture are cumulative.

No Owner of any Bond will have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture, the execution of any of its trusts or any other remedy under it, unless (1) an Event of Default as defined in the Indenture has occurred and is continuing and the Owner has given the Trustee written notice of it; (2) the Owners of a majority in aggregate principal amount of Bonds then Outstanding have made written request to the Trustee, and offered it reasonable opportunity, to proceed to exercise the powers granted by the Indenture and to institute such action, suit or proceeding in its own name; (3) the Trustee has been indemnified as provided by the Indenture; and (4) the Trustee has failed or refused within a reasonable time to comply with such request. Notwithstanding any other provision to the contrary, the Owners of a majority in aggregate principal amount of Bonds Outstanding, upon compliance with the Indenture's requirements as to indemnification of the Trustee, will have the right to direct all proceedings to be taken by the Trustee.

Subject to limitations set forth in the Indenture, the Trustee will waive any Event of Default under the Indenture or any action taken pursuant to such Event of Default, on the request of the Owners of a majority in aggregate principal amount of Bonds then Outstanding. However, no waiver will extend to any subsequent or other default or impair any right resulting from it.

Discharge of Indenture. If (1) all Bonds secured by the Indenture have become due and payable in accordance with their terms or otherwise as provided in the Indenture, and (2) the Trustee holds cash or obligations that are noncallable Government Obligations or Government Certificates, the principal of and the interest on which at maturity will be sufficient to redeem in accordance with the Indenture, all Bonds called for redemption, to pay at maturity all Bonds not irrevocably called for redemption, to pay interest accruing on all Bonds before their redemption or payment at maturity, to pay the Trustee its reasonable fees and other costs and expenses required to cancel and discharge the Indenture, then the Trustee will cancel and discharge the Indenture.

Bonds will be deemed paid and no longer Outstanding under the Indenture when there has been deposited with the Trustee cash or noncallable Governmental Obligations or Government Certificates, the principal of and interest on which will be sufficient to pay or redeem such Bonds; provided, however, that if such Bonds are to be redeemed before their maturity, notice of redemption must have been given or irrevocable instructions to redeem such Bonds must have been given by the Authority to the Trustee.

Supplemental Indentures. Any provisions of the Indenture may be modified or altered by the Authority and the Trustee, with the consent of the County, by a Supplemental Indenture, upon consent of the Owners of a majority in aggregate principal amount of the Bonds Outstanding, or, if less than all of the Bonds then Outstanding are affected by the modification or amendments, of the Owners of a majority in aggregate principal amount of the Bonds so affected then Outstanding, provided that certain amendments affecting the terms of the Bonds and their security may be made only with the consent of all Owners of the Bonds affected.

In addition, the Authority and the Trustee, upon the Trustee's receipt of the Opinion of Counsel required by the Indenture and with the consent of the County, may enter into a Supplemental Indenture to the Indenture without the consent of Owners of the Bonds (1) to add to the covenants and agreements of the Authority contained in the Indenture other covenants and agreements to be observed, and to surrender any right or power in such Indenture reserved to or conferred upon the Authority; (2) to cure any ambiguity, defect, inconsistency or omission in such Indenture; (3) to grant to the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority; (4) to subject to the Indenture additional revenues, property or collateral; (5) to modify, amend or supplement the Indenture or the Bonds in such manner as required to permit its qualification under the Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under any state securities (Blue Sky) law; (6) to provide for certificated bonds; (7) to evidence a successor Trustee or to appoint a Co-Trustee; or (8) to make any modifications or changes necessary or appropriate to issue Additional Bonds under the Indenture; (9) to obtain, maintain or enhance a credit rating for any of the Bonds; or (10) to make any other change which, in the judgment of the Trustee, will not materially adversely affect the rights of the Owners of the affected Bonds then Outstanding.

In the event of the dissolution of the Authority, all of the covenants, stipulations, promises and agreements contained in the Indenture by or on behalf of, or for the benefit of, the Authority will bind or inure to the benefit of the successors of the Authority from time to time and any officer, board, commission, agency or instrumentality to whom or to which any power or duty of the Authority is transferred.

Amendment of Financing Agreement. With the consent of the County, the Authority and the Trustee, without the consent of or notice to the Owners of any of the Bonds Outstanding, may execute or consent to, as applicable, any amendment, change or modification of any of the Financing Agreement, as may be required (1) by the terms of the Financing Agreement or by the Indenture; (2) to cure any ambiguity, formal defect or omission in the Financing Agreement, (3) to subject to the Indenture additional revenues, leased properties or collateral, (4) in connection with the issuance and sale of Additional Bonds, to provide for the payment of the principal of, premium, if any, and interest on the Additional Bonds, and such other changes as will not, in the opinion of the Trustee, materially adversely affect the rights of the Owners of the Bonds then Outstanding, or (5) in connection with any other change in the Financing Agreement, which, in the judgment of the Trustee, will not materially adversely affect the rights of the Owners of the Bonds then Outstanding.

Except as otherwise provided in the Indenture, neither the Authority nor the Trustee will execute or consent to, as applicable, any amendment, change or modification of the Financing Agreement, without the consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, or, if less than all of the Bonds then Outstanding are affected by the modification, change or amendments, the Owners of a majority in aggregate principal amount of the Bonds so affected then Outstanding.

The Financing Agreement

Agreement to Issue Bonds. The Authority agrees to make available to the County, but solely from the proceeds of the Bonds, and the County agrees to accept monies to finance the Cost of the Project and refinance the 2019 Note.

Term of Financing Agreement. The Financing Agreement will commence on the date of issuance and delivery of the Bonds and will terminate, unless sooner terminated as provided by the Financing Agreement terms, on October 15, 2042 (provided that all Payments due under the Financing Agreement have been paid on such date) or payment in full of the Bonds.

Payments. The County agrees, subject to annual appropriation, to pay as Basic Payments under the Financing Agreement, commencing October 1, 2023 and on each April 1 and October 1 thereafter, the amount which, together with other money then available in the Bond Fund, will equal the principal of and interest due on the next ensuing interest or principal and interest payment date on the Bonds.

As Additional Payments under the Financing Agreement, the County, subject to annual appropriation, will pay (1) the Trustee's fees and expenses, (2) any administrative expenses owed to the Authority, and (3) any amounts required to be paid to the United States for arbitrage rebate under Section 148(f) of the Code with respect to the Bonds and any Additional Bonds.

So long as the County has paid all amounts then due as Basic Payments, it may make prepayments of Basic Payments at any time on or after October 15, 2032 in an amount equal to the outstanding principal amount of the Bonds to be redeemed prior to maturity plus accrued interest to the optional redemption date. The County will give the Authority and the Trustee written notice of its intention to make such prepayments at least 45 days before the date on which redemption of the Bonds is to occur. Prepayments will be applied pursuant to the optional redemption provisions of the Indenture.

Nature of County's Undertakings. The County's undertaking to pay Rental Payments and otherwise to perform its obligations under the Financing Agreement are absolute and unconditional, subject, however, to annual appropriation by the Board of Supervisors of amounts to be paid under the Financing Agreement. The Board of Supervisors has directed the County Administrator (or other officer charged with preparing the County budget) to include in the budget for each fiscal year of the County during the term of the Financing Agreement, the amounts due under the Financing Agreement. The County's undertaking to make all payments, including Rental Payments, under the Financing Agreement is dependent on and subject to annual appropriations being made by the Board of Supervisors for such purpose. **The County will not be liable for any such payments under the Financing Agreement unless and until funds have been appropriated by the Board of Supervisors for payment and then only to the extent of such appropriations. The Board of Supervisors has no legal obligation to make any such appropriation. The undertaking of the County to make payments under the Financing Agreement does not constitute a debt of the County within the meaning of any constitutional or statutory limitation or a pledge of the faith or credit or the taxing power of the County.**

Covenants with Respect to Tax-Exempt Status of Bonds. The County has covenanted not to take any action with respect to the use of the Bond proceeds which will adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation. The County will pay, on behalf of the Authority, the rebate amount due under Section 148 of the Code and will determine such amount, retaining records of such determination.

Events of Default. Events of Default under the Financing Agreement include (1) failure by the County to pay Basic Payments (unless such failure occurs as a result of the failure of the Board to appropriate amounts due under the Financing Agreement or the Indenture, in which case the provisions of the paragraph entitled "Non-Appropriation" below are applicable), (2) failure by the County to pay any other amount due under the Financing Agreement, other than payments of Basic Payments, which failure continues for a period of thirty days after notice, specifying the failure and requesting that it be remedied, is given to the County by the Authority or the Trustee or (3) failure by the County to observe and perform any of its covenants, conditions or agreements in the Financing Agreement other than as described in (1) or (2) directly above, which failure continues for a period of thirty days after notice, specifying the failure and requesting that it be remedied, is given to the County by the Authority or the Trustee, unless the Authority or the Trustee agrees in writing to an extension of such time.

Remedies. If an Event of Default under the Financing Agreement occurs, the Trustee, as assignee of the Authority under the Indenture, may take remedial action, provided such actions are consistent with the Act and the Indenture. Remedies available to the Trustee are as follows: (1) the Trustee may terminate the Financing Agreement, holding the County liable, subject to annual appropriation, for any difference in Basic Payments; and (2) the Trustee may take whatever action at law or in equity may appear necessary or desirable to collect payments then due or to become due, or to enforce performance and observance of any obligation or agreement of the County.

The County may reinstate the Financing Agreement in default upon certain conditions, including the payment of all arrears in respect of the Bonds. Upon the occurrence and continuance of an Event of Default, before taking any action which may subject the Trustee to liability under any environmental law, statute, regulation or similar requirement relating to the environment, the Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such action and the Trustee shall not be required to take any such action if it reasonably determines that the approval of a governmental regulator that cannot be obtained is necessary for such action.

Non-Appropriation. If the Board of Supervisors fails to appropriate funds for amounts due under the Financing Agreement or if the County cannot observe and perform any covenant or agreement as a result of such non-appropriation, the Authority, or the Trustee on behalf of the Authority, may terminate the Financing Agreement upon 30 days' notice. The County may reinstate such Financing Agreement upon satisfaction of certain conditions.

The Assignment

Under the Indenture, the Authority will assign to the Trustee for the benefit of the Owners of the Bonds, all of its rights under the Financing Agreement (except, in each case, for certain rights to indemnification, notices and payment of expenses). The rights assigned to the Trustee under the Indenture include, without limitation, the right to receive Basic Payments from the County and the right to exercise remedies upon the occurrence of an Event of Default.

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APPENDIX D

FORM OF BOND COUNSEL OPINION

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APPENDIX D

FORM OF BOND COUNSEL OPINION

Sands Anderson

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June 20, 2023

Industrial Development Authority
of the County of Franklin, Virginia
Rocky Mount, Virginia

$12,165,000
INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF FRANKLIN, VIRGINIA
PUBLIC FACILITY REVENUE BONDS,
SERIES 2023

Ladies and Gentlemen:

We have examined the applicable law, including the Industrial Development and Revenue Bond Act (Chapter 49, Title 15.2, Code of Virginia, 1950, as amended) **(the "Act")**, and certified copies of proceedings and documents relating to the organization of the Industrial Development Authority of the County of Franklin, Virginia **(the "Authority")** and the issuance and sale by the Authority of its $12,165,000* Public Facility Revenue Bonds, Series 2023 **(the "Bonds")**. Reference is made to the form of the Bonds for information concerning their details, including payment, security and redemption provisions, and the proceedings pursuant to which they are issued. Terms used but not defined herein are defined in the Indenture (as defined below).

The Bonds are being issued to provide funds to assist the County of Franklin, Virginia (**the "County"**) (a) financing various county capital projects, including capital costs related to the County's landfill and solid waste operations and (b) refunding of short-term obligations of the County (**the "Refunded Obligations"**) originally issued to finance a variety of County capital projects, and the costs of issuing the Bonds. The County and the Authority have entered into a Financing Agreement, dated as of June 1, 2023 **(the "Financing Agreement")**, pursuant to which, the County has agreed to make payments to the Authority of the Basic Payments which are expected to be sufficient for the payment of principal of and interest on the Bonds (**the "Basic Payments"**). The Authority and The Bank of New York Mellon Trust Company, N.A., as trustee **(the "Trustee")** have entered into an Indenture of Trust, dated as of June 1, 2023 **(the "Indenture")**, providing for the issuance of and security for the Bonds and the assignment of Basic Payments and certain other rights under the Financing Agreement to the Trustee for the benefit of the holders of the Bonds.

Without undertaking to verify the same by independent investigation, we have relied on certifications by representatives of the County and the Authority as to certain facts relevant to both our opinion and requirements of the Internal Revenue Service Code of 1986, as amended **(the "Code")**. The Authority and the County have covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Bonds, all as set forth in the proceedings and documents relating to the issuance of the Bonds **(the "Covenants")**.

Based on the foregoing and assuming the due authorization, execution and delivery of the documents described above by parties other than the Authority and the County, we are of the opinion that:

1. The Indenture and the Financing Agreement have been duly authorized, executed and delivered by the Authority and the County, as appropriate, constitute valid and binding obligations of the Authority and the County, as appropriate, and are enforceable against the Authority and the County, as appropriate, in accordance with their terms; provided, however, that no opinion is expressed as to the validity or enforceability of any indemnification provisions of the Financing Agreement. The County's obligation to make payments of the Basic Payments is subject to and dependent upon the Board of Supervisors of the County **(the "Board of Supervisors")** making annual appropriations for such purpose. Such obligation does not constitute a debt of the County within the meaning of any constitutional or statutory limitation nor a liability of or a lien or charge upon funds or property of the County beyond any fiscal year for which the Board of Supervisors has appropriated moneys for such purpose.

2. The Bonds have been duly authorized and issued in accordance with the Act and constitute valid and binding limited obligations of the Authority payable as to both principal and interest solely from the Basic Payments and other funds pledged under the Indenture. The Bonds do not create or constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or any political subdivision thereof, including the Authority and the County.

3. The rights of holders of the Bonds and the enforceability of such rights, including the enforcement by the Trustee of the obligations of the Authority and the County, as appropriate, under the Indenture and, the Financing Agreement, may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and other laws affecting the rights of creditors generally and (b) principles of equity, whether considered at law or in equity.

4. Under existing law, interest on the Bonds (a) is not included in gross income for Federal income tax purposes and (b) is not an item of tax preference for purposes of the Federal alternative minimum income tax under the Code; however, for tax years beginning after December 31, 2022, such interest is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The opinions set forth in this paragraph are subject to the Authority and the County complying with the Covenants and all of the requirements of the Code that must be satisfied after the issuance of the Bonds so that the interest on them is, or continues to be, excluded from gross income for Federal income tax purposes. Failure of the Authority or the County to comply with the Covenants or these requirements could cause interest on the Bonds to be included in gross income for Federal income tax purposes retroactively to their date of issue. We express no opinion regarding any other Federal tax consequences of the ownership, receipt or accrual of interest on the Bonds. We express no opinion regarding treatment of interest on the Bonds for Federal income tax purposes in the event of failure by the County to pay any amounts due under the Financing Agreement resulting from a failure by the Board of Supervisors to appropriate funds for such purposes or in the event of the occurrence of an Event of Default (as defined in the Financing Agreement).

5. Under existing law, interest on the Bonds is exempt from income taxation by the Commonwealth of Virginia and any political subdivision thereof. No other opinion is expressed regarding any other tax consequences of ownership of, or receipt or accrual of interest on, the Bonds under the laws of the Commonwealth of Virginia or any other state.

Our services as bond counsel to the Authority have been limited to rendering the foregoing opinion based on our review of such proceedings and documents as we deem necessary to approve the validity of the Bonds and the tax-exempt status of the interest thereon. We express no opinion herein as to the financial resources of the County, the ability of the County to make payments of the Basic Payments, or the accuracy or completeness of any information relating to the Bonds that may have been relied upon by anyone in making the decision to purchase the Bonds. Furthermore, we express no opinion relating to the Bonds, the issuance thereof or of any information relating thereto (including, without limitation, any information contained in the Preliminary Official Statement dated

May 26, 2023 and the final Official Statement dated June 6, 2023) except as specifically and expressly set forth herein.

Very truly yours,

SANDS ANDERSON PC

By: ______________________________

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement **(the "Disclosure Agreement")** is executed and delivered by the County of Franklin, Virginia **(the "Issuer")** as of June 1, 2023 in connection with the issuance by the Industrial Development Authority of the County of Franklin, Virginia (**the "Authority"**) of its $12,165,000 Public Facility Revenue Bonds, Series 2023 **(the "Bonds")** under an Indenture of Trust, dated as of June 1, 2023 **(the "Indenture of Trust")**, between the Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee **(the "Trustee")**. Pursuant to the Bond Purchase Agreement (defined below), the Issuer hereby covenants and agrees as follows:

Section 1. Purpose. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the holders of the Bonds and in order to assist the original purchasers of the Bonds in complying with the provisions of Section (b)(5)(i) of Rule 15c2-12 **(the "Rule")** promulgated by the Securities and Exchange Commission **(the "SEC")** by providing certain annual financial information and event notices required by the Rule **(collectively, "Continuing Disclosure")**.

Section 2. Annual Disclosure. (a) The Issuer shall provide annually financial information and operating data in accordance with the provisions of Section (b)(5)(i) of the Rule as follows:

(i) audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles; and

(ii) the operating data with respect to the Issuer of the type described in the section of Appendix A of the Authority's Official Statement dated June 6, 2023, entitled **"Property Tax Rates"** (but not including tax rate comparisons with surrounding localities), **"Assessed Value of Taxable Property," "Property Tax Levies and Collections," "Debt Structure"** and **"Changes in Long Term Obligations."**

If the financial statements filed pursuant to Section 2(a) are not audited, the Issuer shall file such statements in unaudited form no later than the deadline set forth in Section 2(b) below, and thereafter shall file such statements in audited form as soon as they are available.

(b) The Issuer shall file annually with the Municipal Securities Rulemaking Board **(the "MSRB")** the financial information and operating data described in subsection (a) above **(collectively, the "Annual Disclosure")** within 270 days after the end of the Issuer's fiscal year, commencing with the Issuer's fiscal year ending June 30, 2023.

(c) Any Annual Disclosure may be included by specific reference to other documents previously provided to the MSRB or filed with the SEC; provided, however, that any final official statement incorporated by reference must be available from the MSRB.

(d) The Issuer shall file with the MSRB in a timely manner notice specifying any failure of the Issuer to provide the Annual Disclosure by the date specified.

Section 3. Event Disclosure. The Issuer shall file with the MSRB in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

(a) principal and interest payment delinquencies;

(b) non-payment related defaults, if material;

(c) unscheduled draws on debt service reserves reflecting financial difficulties;

(d) unscheduled draws on any credit enhancement reflecting financial difficulties;

(e) substitution of credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions, the issuance of the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;

(g) modifications to rights of holders of the Bonds, if material;

(h) call of any of the Bonds, if material, and tender offers;

(i) defeasance of all or any portion of the Bonds;

(j) release, substitution, or sale of property securing repayment of the Bonds, if material;

(k) rating changes;

(l) bankruptcy, insolvency, receivership or similar event of the Issuer;

(m) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business the entry of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(n) appointment of a successor or additional Trustee or the change of name of a trustee, if material;

(o) incurrence of a financial obligation (as defined below) of the Issuer if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect beneficial holders of the Bonds, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

For purposes of this Section 3, the term "financial obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b), but shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Section 4. Termination. The obligations of the Issuer hereunder will terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of all the Bonds.

Section 5. Amendment. The Issuer may modify its obligations hereunder without the consent of Bondholders, provided that this Disclosure Agreement as so modified complies with the Rule as it exists at the time of modification. The Issuer shall within a reasonable time thereafter file with the MSRB a description of such modification(s).

Section 6. Defaults. (a) If the Issuer fails to comply with any covenant or obligation regarding Continuing Disclosure specified in this Disclosure Agreement, any holder (within the meaning of the Rule) or beneficial holder of Bonds then outstanding may, by notice to the Issuer, proceed to protect and enforce its rights and the rights of the holders by an action for specific performance of the Issuer’s covenant to provide the Continuing Disclosure.

(b) Notwithstanding anything herein to the contrary, any failure of the Issuer to comply with any obligation regarding Continuing Disclosure specified in this Disclosure Agreement (i) shall not be deemed to constitute an event of default under the Bonds or the resolution providing for the issuance of the Bonds and (ii) shall not give rise to any right or remedy other than that described in Section 6(a) above.

Section 7. Filing Method. Any filing required hereunder shall be made by transmitting such disclosure, notice or other information in electronic format to the MSRB through the MSRB's Electronic Municipal Market Access (EMMA) system pursuant to procedures promulgated by the MSRB.

Section 8. Additional Disclosure. The Issuer may from time to time disclose certain information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, the Issuer shall not incur any obligation to continue to provide, or to update, such additional information or data.

Section 9. Counterparts. This Disclosure Agreement may be executed in several counterparts each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10. Governing Law. This Disclosure Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia.

COUNTY OF FRANKLIN, VIRGINIA

By: ______________________________
Chairman, Board of Supervisors

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Franklin County

A Natural Setting for Opportunity