COUNTY OF RAPPAHANNOCK, VIRGINIA FINANCIAL REPORT YEAR ENDED JUNE 30, 2023

COUNTY OF RAPPAHANNOCK, VIRGINIA FINANCIAL REPORT YEAR ENDED JUNE 30, 2023

Board of Supervisors

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Other Officials

Chief Judge of the Circuit Court	Douglas L. Flemming, Jr.
Clerk of the Circuit Court	. Margaret R. Ralph/Kaitlin Struckmann
Judge of the General District Court	Jessica H. Foster
Judge of Juvenile & Domestic Relations District Cou	rt Melissa Cupp
County Attorney	Arthur L. Goff
Commonwealth's Attorney	Arthur L. Goff
Commissioner of the Revenue	Mary Graham
Treasurer	Debra Knick
Sheriff	Connie S. Compton
Superintendent of Schools	Shannon Grimsley
Director of Department of Social Services	Gail A. Crooks
Librarian	Amanda Weakley
County Administrator	Garrey W. Curry, Jr.

Financial Report Year Ended June 30, 2023

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Rappahannock, Virginia, as of and for the year ended June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of County of Rappahannock, 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.

Restatement of Beginning Balances

As described in Note 27 to the financial statements, in 2023, the County restated beginning balances to reflect a prior year capital expenditures. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Rappahannock, Virginia's basic financial statements. The accompanying other supplementary information 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 other supplementary information and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the statistical information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements 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

Kobinson, Farmer, Cox, X societes

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2023, on our consideration of County of Rappahannock, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Rappahannock, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Rappahannock, Virginia's internal control over financial reporting and compliance.

Charlottesville, Virginia November 17, 2023

Basic Financial Statements

Government-Wide Financial Statements

		Primary Government		C	omponent Units		
	C	Governmental Activities		School Board	Broadband Authority	ſ	Recreational Facilities Authority
Assets: Cash and cash equivalents Investments Receivables, net	\$	10,470,880 1,818,403	\$	796,363 \$	124,677	\$	52,696
Due within one year Prepaid items Inventory		1,404,755 20,342		57,247 - 11,188	-		-
Due from component unit School Board Due from other governments Net pension asset		426,936 661,200		577,177 217,590	-		-
Net OPEB asset Capital assets:		-		7,674	-		-
Land and construction in progress Other capital assets, net of accumulated depreciation	_	1,930,867 4,360,433		7,892,844	<u>-</u>	_	20,000
Capital assets, net	\$_	6,291,300	\$	7,892,844 \$		\$_	152,339
Total assets	\$_	21,093,816	\$	9,560,083 \$	124,677	\$_	205,035
Deferred Outflows of Resources: Pension related items OPEB related items	\$_	612,126 174,987	\$	1,925,193 \$ 332,522	<u> </u>	\$_	- -
Total deferred outflows of resources	\$_	787,113	\$	2,257,715 \$		\$_	
Liabilities: Accounts payable and accrued liabilities Accrued interest Due to primary government Unearned revenue Long-term liabilities:	\$	742,726 7,868 - 78,835	\$	620,585 \$ - 426,936 162,058	- - - -	\$	391 - - -
Due within one year Due in more than one year	_	279,473 5,936,918	_	47,603 9,080,431	<u> </u>	_	-
Total liabilities	\$_	7,045,820	\$	10,337,613 \$		\$_	391
Deferred Inflows of Resources: Deferred revenue-property taxes Pension related items OPEB related items	\$	165,177 887,402 300,915	\$	- \$ 1,654,720 662,350	- - -	\$_	- - -
Total deferred inflows of resources	\$_	1,353,494	\$	2,317,070 \$		\$_	
Net Position: Net investment in capital assets Restricted for net pension asset Restricted for net OPEB asset Unrestricted (deficit)	\$	5,723,868 - - - 7,757,747	\$	7,883,742 \$ 217,590 7,674 (8,945,891)	- - - 124,677	\$	152,339 - - - 52,305
Total net position	\$ <u></u>	13,481,615	\$ <u></u>	(836,885)		\$_	204,644

			Program Revenues							
Functions/Programs		Expenses	Charges for Services	,	Operating Grants and Contributions		Capital Grants and Contributions			
Primary Government										
Governmental activities										
General government administration	\$	1,568,223	\$ 33,319	\$	240,841	\$	-			
Judicial administration		721,739	64,529		385,374		-			
Public safety		4,551,461	147,212		1,004,248		-			
Public works		1,128,307	134,911		1,478		-			
Health and welfare		2,848,925	-		1,821,817		-			
Education		8,998,202	-		-		-			
Parks, recreation and cultural		453,797	-		103,683		-			
Community development		411,275	1,622		-		-			
Interest on long-term debt	_	18,221	 -	_						
Total Primary Government	\$_	20,700,150	\$ 381,593	\$	3,557,441	\$	-			
Component Units										
Rappahannock County School Board	\$	15,948,269	\$ 148,975	\$	7,462,587	\$	-			
Rappahannock County Broadband Authority		2,953,447	-		-		_			
Rappahannock County Recreational Facilities Authority	_	51,304	 64,346	-						
Total Component Units	\$	18,953,020	\$ 213,321	\$	7,462,587	\$	-			

General Revenues

Taxes:

General property taxes, real and personal

Local sales and use taxes

Consumers' utility taxes

Taxes on recordation of wills

Meals and lodging taxes

Motor vehicle license

Other

Payment from County of Rappahannock -- Education Grants and contributions not restricted to specific programs Unrestricted revenues from use of money and property Miscellaneous

Total general revenues

Change in net position

Net position, beginning of year, as restated

Net position, end of year

Net (Expense) Revenue and Changes in Net Position

-	· · · · · · · · · · · · · · · · · · ·	`	. ,		Component Units		
_	Total Primary Government		School Board	-	Broadband Authority		Recreational Facilities Authority
\$	(1,294,063) (271,836) (3,400,001) (991,918) (1,027,108) (8,998,202) (350,114) (409,653) (18,221)	- <u>-</u>	- - - - - -	\$ - \$	- - - - - - -	\$	- - - - - - -
\$	- - -	\$	(8,336,707) - -	-	- (2,953,447) -	\$	- - 13,042
\$ <u></u>	-	\$	(8,336,707)	\$_	(2,953,447)	\$.	13,042
\$	14,515,940 1,019,149 178,860 134,270 557,203 213,355 222,728	\$	- - - - - - 8,990,428	\$	- - - - - -	\$	- - - - - -
	1,285,941 468,735 540,632		566,100	_	2,950,000	_	- 27 -
\$	19,136,813	\$	9,556,528	\$	2,950,000	\$	27
\$	2,375,697	\$	1,219,821	\$	(3,447)	\$	13,069
_	11,105,918		(2,056,706)	-	128,124	-	191,575
\$_	13,481,615	\$	(836,885)	\$	124,677	\$	204,644





Balance Sheet Governmental Funds At June 30, 2023

					Nonm	ajor		
	_	General Fund	Library Fund	Capital Projects Fund	ARPA Fund	Emergency Medical Transport Fund	· ·	Total Governmental Funds
Assets:								
Cash and cash equivalents	\$	10,349,268 \$	24,031 \$	- \$	29,435 \$	68,146	\$	10,470,880
Investments		-	1,818,403	-	-	-		1,818,403
Property taxes receivable, net		1,120,014	-	-	-	-		1,120,014
Accounts receivable		284,580	161	-	-	-		284,741
Prepaid items		20,068	274	-	-	-		20,342
Due from component unit		426,936	-	-	-	-		426,936
Due from other governments	_	611,200	<u> </u>	- -	50,000	-		661,200
Total assets	\$_	12,812,066 \$	1,842,869 \$	<u> </u>	79,435 \$	68,146	\$	14,802,516
Liabilities:								
Accounts payable and accrued liabilities	\$	662,879 \$	8,955 \$	3,826 \$	600 !	66,466	\$	742,726
Unearned revenue	_	<u> </u>	<u> </u>		78,835	-	_	78,835
Total liabilities	\$_	662,879 \$	8,955 \$	3,826 \$	79,435 \$	66,466	\$_	821,561
Deferred Inflows of Resources:								
Unavailable revenues-property taxes	\$_	1,082,572 \$	- \$	- \$_	- \$	-	\$_	1,082,572
Fund Balances:								
Nonspendable:								
Prepaid items	\$	20,068 \$	274 \$	- \$	- \$	-	\$	20,342
Corpus of permanent fund		-	425,513	-	-	-		425,513
Restricted:								
Tourism		42,462	-	-	-	-		42,462
Fire levy		11,330	-	-	-	-		11,330
Unspent grants and contributions Committed:		246,438	-	-	-	-		246,438
Capital projects		1,930,504						1,930,504
Fire and rescue strategic planning		60,000						60,000
Emergency medical transport		00,000	_	_		1,680		1,680
Library operations		<u>-</u>	1,408,127		_	1,000		1,408,127
Assigned:			1,400,127					1,400,127
Future expenditures		343,897	_	_	_	_		343,897
Unassigned	_	8,411,916		(3,826)		-	. <u> </u>	8,408,090
Total fund balances	\$	11,066,615 \$	1,833,914 \$	(3,826) \$	- \$	1,680	\$	12,898,383
Total liabilities, deferred inflows of								
resources, and fund balances	\$_	12,812,066 \$	1,842,869 \$	- \$	79,435 \$	68,146	\$	14,802,516

Total fund balances for governmental funds (Exhibit 3)

12,898,383

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position At June $30,\,2023$

Total fund balances for governmental funds (Exhibit 3)		Į.	12,070,303
Total net position reported for governmental activities in the statement of net position because:	are d	ifferent	
Capital assets used in governmental activities are not financial resources and therefore in the funds. Those assets consist of:	e are	not reported	
Land Construction in progress Buildings and improvements, net of depreciation Leased assets, net of depreciation Furniture, equipment, and vehicles net of depreciation School buildings, improvements and equipment, net of depreciation Other long-term assets are not available to pay for current-period expenditures and,	\$ -	1,705,907 224,960 1,240,940 192,384 2,611,381 315,728	6,291,300
therefore, are deferred in the funds. Unavailable revenues - property taxes Deferred outflows of resources are not available to pay for current period			917,395
expenditures and, therefore, are not reported in the funds. Deferred outflows - pension related items Deferred outflows - OPEB related items	\$_	612,126 174,987	787,113
Long-term liabilities, including bonds payable, are not due and payable in the cutherefore, are not reported in the funds.	rrent	t period and,	
Accrued interest payable General obligation bonds Premium on general obligation bonds Compensated absences Lease liabilities Net pension liability Net OPEB liability	\$	(7,868) (370,000) (2,624) (242,091) (194,808) (979,872) (824,495)	(6 224 250)
Accrued landfill remediation costs Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	_	(3,602,501)	(6,224,259)
Deferred inflows - pension related items Deferred inflows - OPEB related items	\$_	(887,402) (300,915)	(1,188,317)
Total net position of governmental activities (Exhibits 1 and 2)		\$	13,481,615

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds Year Ended June 30, 2023

Personal P									Nonmajor						
Charge for taxes		_			-		rojects				Medical Transport	_	Service	(Governmental
Common C	Revenues:														
Tegulatory licenses	Other local taxes	\$, ,	\$	- 9	\$	-	\$	-	\$	-	\$	- !	\$, ,
Fine and forfeitures	, i		166.836		_		-		_		_		_		166.836
Second proper			,		1,622		-		_		-		-		,
Miscellaneous \$88,805					,		-		_		-		_		,
Miscellaneous 353,948 24,490 162,197 540,635 Recovered costs 154,850 154,850 154,850 154,850 154,850 162,197 154,850 154,850 162,197 154,850 162,197 154,850 162,197 162,197 162,197 162,197 162,197 162,197 162,197 162,197 162,197 162,197 162,197 162,197 162,197 162,197 162,197 162,197 162,197 162,197 1			,		-		-		_		-		_		,
Recovered costs 154,850			,		24,490		-		_		162,197		-		,
Revenue from the Federal Government	Recovered costs				-		-		-		-		-		,
Total revenues \$2,047,846 \$177,297 \$1,467,701 \$162,197 \$2,524,855,041	Revenue from the Commonwealth		3,758,031		74,176		-		-		-		-		3,832,207
Current: Current: General government administration	Revenue from the Federal Government	_	1,005,215		5,960	_	-		1,467,701		-	_	-	_	2,478,876
Current: General government administration \$ 1,649,678 \$ - \$ 1,000,000 \$ - \$ \$. \$ 2,649,678 \$ 739,205	Total revenues	\$	23,047,846	\$	177,297	\$	-	\$_	1,467,701	\$_	162,197	\$_	- !	\$_	24,855,041
General government administration \$ 1,649,678 \$ \$ \$ \$ \$ \$ \$ \$ \$	Expenditures:														
Judicial administration 739,205	Current:														
Public safety 4,181,117 - 436,536 167,681 4,785,334 Public works 1,011,926 - 31,165 - 1,043,091 Health and welfare 2,965,991 - 2,965,991 - 3,165 - 3,065,991 Education - local community college 7,774 - 2,965,991 - 3,077,774 Education - public school system 8,911,530 - 3,077,03 - 3,077,03 - 3,077,03 - 3,077,03 - 3,077,03 - 426,400 Community development 424,724 - 3,077,03 <td< td=""><td>General government administration</td><td>\$</td><td>1,649,678</td><td>\$</td><td>- 9</td><td>\$</td><td>-</td><td>\$</td><td>1,000,000</td><td>\$</td><td>-</td><td>\$</td><td>- 1</td><td>\$</td><td>2,649,678</td></td<>	General government administration	\$	1,649,678	\$	- 9	\$	-	\$	1,000,000	\$	-	\$	- 1	\$	2,649,678
Public works 1,011,926 - 31,165 - 1,043,091 Health and welfare 2,965,991 - - - 2,965,991 Education - local community college 7,774 - - - 2,965,991 Education - public school system 8,911,530 - - - - 8,911,530 Parks, recreation and cultural 58,697 367,703 - - - - 426,400 Community development 424,724 - - - - 471,282 - - 424,724 Capital projects - - - 471,282 - - 8,620 -	Judicial administration		739,205		-		-		-		-		-		739,205
Health and welfare	Public safety		4,181,117		-		-		436,536		167,681		-		4,785,334
Education - local community college 7,774 - - 7,774 Education - public school system 8,911,530 - 8,911,530 Parks, recreation and cultural 58,697 367,703 - - 426,400 Community development 424,7724 - - - 424,7724 Capital projects 8,620 - - - 8,620 Nondepartmental 8,620 - - - 8,620 Debt service: Principal payments - - - - 185,000 185,000 Interest and fiscal charges - - - - - 185,000	Public works		1,011,926		-		-		31,165		-		-		1,043,091
Education - public school system Parks, recreation and cultural Parks, recreation and cultural 58,697 367,703 - - 8,911,530 426,400 427,220	Health and welfare		2,965,991		-		-		-		-		-		2,965,991
Parks, recreation and cultural Community development 58,697 d24,724 367,703 d25 -	Education - local community college		7,774		-		-		-		-		-		7,774
Community development 424,724 - - 471,282 424,724 - 471,282 471,282 471,282 471,282 471,282 471,282 471,282 471,282 471,282 471,282 471,282 471,282 471,282 58,620 8,620 - - - - 8,620 - - - - 8,620 - - - - 8,620 - - - - 8,620 - - - - 8,620 - - - - - 8,620 - - - - - 8,620 -	Education - public school system		8,911,530		-		-		-		-		-		8,911,530
Capital projects 471,282	Parks, recreation and cultural		58,697		367,703		-		-		-		-		426,400
Nondepartmental Debt service: 8,620 - - - - - - 8,620 - - - - - 8,620 -	Community development		424,724		-		-		-		-		-		424,724
Debt service: Principal payments - - - - - - 185,000	Capital projects		-		-		471,282		-		-				471,282
Interest and fiscal charges	•		8,620		-		-		-		-		-		8,620
Excess (deficiency) of revenues over expenditures \$ 3,088,584 \$ (190,406) \$ (471,282) \$ - \$ (5,484) \$ (206,275) \$ 2,215,137 Other financing sources (uses): Transfers in \$ - \$ 275,405 \$ 445,583 \$ - \$ - \$ 206,275 \$ 927,263 Transfers out (927,263) (927,263) Total other financing sources (uses) \$ (927,263) \$ 275,405 \$ 445,583 \$ - \$ - \$ 206,275 \$ - \$ (927,263) Net change in fund balance \$ 2,161,321 \$ 84,999 \$ (25,699) \$ - \$ (5,484) \$ - \$ 2,215,137 Fund balance, beginning of year, as restated 8,905,294 1,748,915 21,873 - 7,164 - 10,683,246		_	- -		<u>-</u>		-	_	-	_	-	_	,	_	,
expenditures \$ 3,088,584 \$ (190,406) \$ (471,282) - \$ (5,484) \$ (206,275) \$ 2,215,137 Other financing sources (uses): Transfers in Transfers out \$ 275,405 445,583 - \$ - \$ 206,275 927,263 Total other financing sources (uses) \$ (927,263) 275,405 445,583 - \$ - \$ - \$ 206,275 \$ 927,263 Net change in fund balance \$ (927,263) 275,405 445,583 - \$ - \$ - \$ 206,275 \$ - \$ Net change in fund balance \$ 2,161,321 84,999 (25,699) - \$ (5,484) - \$ 2,2215,137 Fund balance, beginning of year, as restated 8,905,294 1,748,915 21,873 - 7,164 - 10,683,246	Total expenditures	\$_	19,959,262	\$_	367,703	\$	471,282	\$_	1,467,701	\$_	167,681	\$_	206,275	\$_	22,639,904
Transfers in Transfers in Transfers out \$ - \$ 275,405 445,583 - \$ - \$ 206,275 927,263 Total other financing sources (uses) \$ (927,263) 275,405 445,583 - \$ - \$ 206,275 927,263 Net change in fund balance \$ 2,161,321 84,999 (25,699) - \$ (5,484) - \$ 2,215,137 Fund balance, beginning of year, as restated 8,905,294 1,748,915 21,873 - 7,164 - 10,683,246	•	\$_	3,088,584	\$_	(190,406)	\$ <u>(</u>	(471,282)	\$	-	\$	(5,484)	\$_	(206,275)	\$_	2,215,137
Total other financing sources (uses) \$ (927,263) \$ 275,405 \$ 445,583 \$ - \$ - \$ 206,275 \$ - \$ Net change in fund balance \$ 2,161,321 \$ 84,999 \$ (25,699) \$ - \$ (5,484) \$ - \$ 2,215,137 Fund balance, beginning of year, as restated 8,905,294 1,748,915 21,873 - 7,164 - 10,683,246	Transfers in	\$			275,405	\$	445,583	\$	-	\$	-	\$	206,275	\$	
Net change in fund balance \$ 2,161,321 \$ 84,999 \$ (25,699) \$ - \$ (5,484) \$ - \$ 2,215,137 Fund balance, beginning of year, as restated 8,905,294 1,748,915 21,873 - 7,164 - 10,683,246	Transfers out	-	(927,263)	_	-	_	-		-	_		_		_	(927,263)
Fund balance, beginning of year, as restated 8,905,294 1,748,915 21,873 - 7,164 - 10,683,246	Total other financing sources (uses)	\$_	(927,263)	\$_	275,405	\$	445,583	\$_				\$_	206,275	\$_	
	Net change in fund balance	\$	2,161,321	\$	84,999	\$	(25,699)	\$	-	\$	(5,484)	\$	- !	\$	2,215,137
Fund balance, end of year \$ 11,066,615 \$ 1,833,914 \$ (3,826) \$ - \$ 1,680 \$ - \$ 12,898,383	Fund balance, beginning of year, as restated	_	8,905,294		1,748,915		21,873				7,164	_		_	10,683,246
	Fund balance, end of year	\$	11,066,615	\$	1,833,914	\$	(3,826)	\$	-	\$	1,680	\$_		\$_	12,898,383

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2023

Net change in fund balances - total governmental funds (Exhibit 5) Ś 2,215,137 Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. Capital outlays 688,471 Depreciation (611, 193)Change in joint assets related to school board (1,620)(78,898)Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Property taxes (156,640)The issuance of long-term debt 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 net effect of these differences in the treatment of long-term debt and related items. Debt incurred: Accrued Landfill remediation costs \$ (238,822)Lease liabilities (88,015)Repayments: General obligation school bonds 185,000 Lease liabilities 62,363 Amortization of bond premium 3,278 (76, 196)

Some expenses reported in the Statement of Activities do no require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. This adjustment combines the net changes of the following:

Compensated absences	\$ 2	4,615	
Pension expense	36	9,023	
OPEB expense	()	2,786)	
Accrued interest on bonds and loans		4,164	395,016
Change in net position of governmental activities (Exhibit 2)		\$	2,375,697

Statement of Fiduciary Net Position - Fiduciary Funds At June 30, 2023 $\,$

	Custodial Funds			
	Special She			
	Welfare Fund	Funds		
Assets:				
Cash and cash equivalents	\$ 25,884 \$	11,822		
Total assets	\$ 25,884 \$	11,822		
Net Position:				
Restricted:				
Amounts held for others	\$ 25,884 \$	11,822		
Total net position	\$ 25,884 \$	11,822		

Statement of Changes in Fiduciary Net Position - Fiduciary Funds At June $30,\,2023$

	Custodial Funds			
	_	Special	Sheriff	
		Welfare Fund	Funds	
Additions:	•	0.050		
Charges for services Miscellaneous	\$ _	2,850	14,660	
Total additions	\$_	2,850	\$14,660	
Deductions: Special welfare Sheriff	\$ _	3,943	\$ - 14,285	
Total deductions	\$_	3,943	\$ 14,285	
Change in net position	\$	(1,093)	\$ 375	
Net Position: Net position, beginning of the year Net position, ending of the year	\$ <u></u>	26,977 25,884	\$ 11,447 \$ 11,822	

Notes to Financial Statements June 30, 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Narrative Profile

The County of Rappahannock (the County), located in northwest Virginia and bordered by the counties of Fauquier, Culpeper, Madison, Page and Warren, was founded in 1833. The County has a population of 7,252 and land area of 267 square miles.

The County is governed under the County Administrator - Board of Supervisors form of government. Rappahannock County engages in a comprehensive range of municipal services, including general government administration, public safety and administration of justice, education, health, welfare, human service programs, planning, community development and recreation, and cultural activities.

The financial statements of the County have been prepared in conformity with the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

The accompanying financial statements present the primary government and its discretely presented component units, entities for which the government is considered to be financially accountable. The discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize they are legally separate from the primary government.

Discretely Presented Component Units

The Rappahannock County School Board is responsible for elementary and secondary education within the County. School Board members are elected by the County voters. The School Board is fiscally dependent upon the County because the County's Board of Supervisors approves the School Board budget, provides substantial funding for operations and must approve any debt issuance. The Rappahannock County School Board does not prepare separate financial statements.

Rappahannock County Recreational Facilities Authority administers and maintains the Rappahannock County Recreation Center. The County's Board of Supervisors appoints the members of the Recreational Facilities Authority, and the County Administrator manages its operations. Because the County effectively controls the Authority, it has been presented as a component unit of the County. Recreational Facilities Authority does not prepare separate financial statements.

Recreational Facilities Authority operates as an enterprise fund and its accounts are maintained on the accrual basis of accounting.

Rappahannock Broadband Authority operates as an enterprise fund and its accounts are maintained on the accrual basis of accounting.

Notes to Financial Statements June 30, 2023 (Continued)

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

A. Financial Reporting Entity: (Continued)

Discretely Presented Component Units: (Continued)

Related Organization - The County's Board of Supervisors appoints the board members of the Rappahannock County Water and Sewer Authority; however, the County's accountability for the organization does not extend beyond making board appointments. The Water and Sewer Authority operates the Sperryville area water and sewer systems.

The Water and Sewer Authority is not included in the reporting entity. A copy of its financial statements can be obtained from the County Administrator's office.

B. Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, effects of interfund activity have 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.

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

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

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

Notes to Financial Statements June 30, 2023 (Continued)

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

B. Government-wide and Fund Financial Statements: (Continued)

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

<u>Budgetary comparison schedules</u> - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Governments provide budgetary comparison information in their annual reports, including the original budget and a comparison of final budget and actual results.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement* focus and the accrual basis of accounting. 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 as soon as 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 expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

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

Notes to Financial Statements June 30, 2023 (Continued)

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation: (Continued)

The County's fiduciary funds are presented in the fund financial statements by type (private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the County, these funds are not incorporated into the government-wide financial statements. The County does not report any private purpose trust funds.

The following is a brief description of the specific funds used by the County in fiscal year 2023.

- 1. Governmental Funds: The County has the following major funds for financial reporting purposes.
 - a. <u>General Fund</u>: The General Fund is the general operating fund for the County. This fund accounts for and reports all revenues and expenditures of the County which are not accounted for and reported in the other funds. The General Fund also includes the activities for E-911, the law library and landfill operations. The General Fund is considered a major fund for reporting purposes.
 - b. Special Revenue Funds: Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service. Special revenue funds consist of the Library Fund which is a major fund and the ARPA Fund and the Emergency Medical Transport Funds, which are considered nonmajor funds.
 - c. <u>Capital Projects Fund</u>: Capital project fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays. The Capital Projects Fund is considered a major fund for reporting purposes.
 - d. <u>Debt Service Fund</u>: Debt service fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service fund should also be used to report financial resources that are being accumulated for future debt service. The Debt Service Fund is considered a nonmajor fund for reporting purposes.

2. Fiduciary Funds (Custodial Funds):

Fiduciary Funds (Custodial Funds) - account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other government units, or other funds. The Custodial Funds consist of the Special Welfare Fund and the Sheriff Fund.

3. Component Units:

a. <u>Rappahannock County School Board</u>: Rappahannock County School Board has the following funds for financial reporting purposes:

Governmental Funds:

<u>School Operating Fund</u> - This 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 charges for services, appropriations from the County of Rappahannock and State and Federal grants.

Notes to Financial Statements June 30, 2023 (Continued)

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation: (Continued)

3. Component Units:

Governmental Funds: (Continued)

<u>School Cafeteria Fund</u> - This fund accounts for the operations of the School Board's food service program. Financing is provided primarily by food and beverage sales and State and Federal grants.

<u>School Activity Funds</u> - This fund accounts for the operations of the School Activity Fund for Rappahannock Elementary School and Rappahannock High School.

- b. <u>Rappahannock County Recreational Facilities Authority:</u> Rappahannock Recreational Facilities Authority consists of only one fund, which is an enterprise fund.
- c. <u>Rappahannock County Broadband Authority:</u> Rappahannock Broadband Authority consists of only one fund, which is an enterprise fund.

D. Budgets and Budgetary Accounting

The Board of Supervisors annually adopts budgets for the various funds of the primary government and component unit School Board. All appropriations are legally controlled at the department level for the primary government funds. The School Board appropriation is determined by the Board of Supervisors and controlled in total by the primary government.

The budgets are integrated into the accounting system and the budgetary data, as presented in the financial statements for all major funds with annual budgets, comparing the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedule for the major funds presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

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. Public hearings are conducted to obtain citizen comments. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

Notes to Financial Statements June 30, 2023 (Continued)

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

D. <u>Budgets and Budgetary Accounting: (Continued)</u>

- 2. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each fund can be revised only by the Board of Supervisors. 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. Public hearings are required to amend the budget if amendments exceed 1% of the original adopted budget or \$500,000 whichever is less.
- 3. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. The component unit School Board funds are integrated only at the level of legal adoption.
- 4. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 5. Appropriations lapse on June 30, for all County units.
- 6. All budgetary data presented in the accompanying financial statements is the original budget as of June 30, 2023, as adopted, appropriated and legally amended.
- 7. The expenditures budget is enacted through an annual appropriations ordinance. Appropriations are made at the departmental level for the primary government and at the function level for the School Board. If budget amendments exceed 1% of the original adopted budget, the Board of Supervisors may legally amend the budget only by following procedures used in the adoption of the original budget. The Board of Supervisors must approve all appropriations and transfers of appropriated amounts.

E. Cash and Cash Equivalents:

The government's 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.

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

F. 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 \$139,112 at June 30, 2023 and is comprised solely of property taxes.

Notes to Financial Statements June 30, 2023 (Continued)

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

G. Inventory and Prepaid Items

Inventory is stated at cost (first-in, first-out) which is not in excess of market value. It consists of expendable items held for consumption and is recorded as an expenditure when used (consumption method).

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.

H. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the County and Component Unit School Board as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. For infrastructure asset the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than \$50,000 are reported as capital assets.

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), 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, are depreciated/amortized using the straight-line method over the following estimated useful lives:

Buildings and improvements	20 to 40 years
Furniture, equipment and vehicles	5 to 10 years
Lease buildings and improvements	2 to 10 years
Lease furniture, equipment and vehicles	2 to 5 years

I. 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, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

Notes to Financial Statements June 30, 2023 (Continued)

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

I. Deferred Outflows/Inflows of Resources: (Continued)

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

J. Compensated Absences

The County and component unit School Board incur liabilities related to compensated absences (annual and sick leave benefits) when vested. Amounts of vested or accumulated leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

L. Long-Term Obligations

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

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

M. Fund Balance

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

Notes to Financial Statements June 30, 2023 (Continued)

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

M. Fund Balance: (Continued)

- Nonspendable fund balance amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance amounts that are available for any purpose; positive amounts are only reported in the general fund.

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).

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 10% of the actual GAAP basis expenditures and other financing sources and uses.

N. Net Position

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.

Notes to Financial Statements June 30, 2023 (Continued)

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

N. Net Position: (Continued)

- 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.

O. Net Position Flow Assumption

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

P. 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 net fiduciary 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.

Q. 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' net fiduciary 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 2—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.

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

<u>Investments</u>

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

The County has no formal investment policy addressing the various risks related to investments.

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2023 were rated by <u>Standard & Poor's</u> and the ratings are presented below using <u>Standard & Poor's</u> rating scale.

County's Rated Debt Investments' Valu	es	
Rated Debt Investments		Fair Quality Ratings
		AAAm
Virginia Investment Pool - Stable NAV Liquidity Pool	\$	3,021,238

Redemption Restrictions

The County has the option to have access to withdrawal funds twice a month, with a five-day period notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources, one-time outlays (disasters, immediate capital needs, state budget cuts, and etc.).

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County has measured fair value of the above VML/VACO Investment Pool investment at the net asset value (NAV).

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. If certain investments in any one issuer represent 5% of total investments, there must be a disclosure for the amount and issuer. At June 30, 2023, there is no portion of the County's portfolio, that exceed 5% of the total portfolio. At present the County does not have a policy related to custodial credit risk.

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

Interest Rate Risk

The County does not have a policy related to interest rate risk.

Investment Maturities

	Balance		
Investment Type	June 30, 2023	_	1 Year
Virginia Investment Pool - Stable NAV Liquidity Pool	\$ 3,021,238	\$	3,021,238

NOTE 3-PROPERTY TAXES:

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

NOTE 4-RECEIVABLES:

Receivables at June 30, 2023 consist of the following:

		Primary
		Government
	•	General
	_	Fund
Property taxes	\$	1,251,100
Utility taxes		14,978
Clerk of the circuit court		34,547
Meals taxes		146,669
Other		96,573
Subtotal	\$	1,543,867
Allowance for uncollectibles	_	(139,112)
Total receivables	\$	1,404,755
Reconciliation to Exhibit 1:	-	
Receivables, net due within one year	\$	1,404,755

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 5-DUE FROM OTHER GOVERNMENTAL UNITS:

	_	Governmental Activities		Component Unit
	_	General Fund	_	School Board
Rappahannock Water and Sewer Authority	\$	11,296	\$	-
Commonwealth of Virginia:				
Local sales tax		172,945		184,591
Communications sales and use tax		38,214		-
Comprehensive services act		100,609		-
Public assistance		34,141		-
Shared expenses and grants		98,458		-
E-911 wireless grant		8,523		-
Registrar & electoral board		58,109		-
Other		70		-
Federal government:				
Public assistance		62,083		-
Federal pass-through school funds		-		392,586
ARPA		50,000		· -
Other	_	26,752	_	_
	\$	661,200	\$	577,177

NOTE 6-INTERFUND ACTIVITY:

Primary Government:		
Transfers To/From Other Funds:		
Transfer from the General Fund to support operations		
of the Library Fund	\$	275,405
Transfer from the General Fund to support operations		
of the Capital Projects Fund		445,583
Transfer from the General Fund to support operations		
of the Debt Service Fund	_	206,275
Total primary government transfers to/from other funds	\$	927,263
Component Unit - School Board:		
Transfers To/From Other Funds:		
Transfer from the School Operating Fund for food service		
of the School Cafeteria Fund	\$_	95,000

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 7—CAPITAL ASSETS:

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2023.

Government	al Activities
------------	---------------

		Balance July 1, 2022	Beginning Balance Restatement		Increases		Decreases	Balance June 30, 2023
Capital assets not being depreciated:								
Land	\$	1,705,907 \$	- 9	\$	-	\$	- \$	1,705,907
Construction in progress	_	148,870		_	368,758		(292,668)	224,960
Total capital assets not being								
depreciated	\$_	1,854,777_\$	- 9	Ş_	368,758	Ş_	(292,668) \$	1,930,867
Other capital assets:								
Buildings and improvements	\$	3,434,863 \$	- !	\$	-	\$	- \$	3,434,863
Lease buildings and improvements		156,682	-		36,593		-	193,275
Lease furniture, equipment and vehicles		62,729	-		51,422		-	114,151
School buildings, improvements								
and equipment *		555,000	-		-		(185,000)	370,000
Furniture, equipment and vehicles	_	4,208,825	44,013	_	524,366		(63,282)	4,713,922
Total other capital assets	\$_	8,418,099 \$	44,013	\$_	612,381	\$_	(248,282) \$	8,826,211
Accumulated depreciation/amortization:								
Buildings and improvements	\$	2,095,687 \$	- 9	\$	98,236	\$	- \$	2,193,923
Lease buildings and improvements		33,030	-		39,041		-	72,071
Lease furniture, equipment and vehicles		18,849	-		24,122		-	42,971
School buildings, improvements								
and equipment *		160,374	-		83,750		(189,852)	54,272
Furniture, equipment and vehicles	_	1,716,029		_	449,794		(63,282)	2,102,541
Total accumulated depreciation/amortization	\$_	4,023,969 \$	- 9	\$_	694,943	\$_	(253,134) \$	4,465,778
Other capital assets, net	\$_	4,394,130 \$	44,013	\$_	(82,562)	\$_	4,852 \$	4,360,433
Net capital assets	\$_	6,248,907 \$	44,013	\$_	286,196	\$	(287,816) \$	6,291,300
Depreciation/amortization expense was allocated as	s follov	/s:						
General government administration				\$	98,865			
Judicial administration					11,398			
Public safety					340,006			
Public works					69,370			
Health and welfare					50,758			
Education					83,750			
Parks, recreation and cultural				_	40,796			
Total depreciation/amortization expense			9	\$_	694,943			

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 7—CAPITAL ASSETS: (CONTINUED)

Component Unit School Board							
		Balance July 1, 2022		Increases		Decreases	Balance June 30, 2023
Other capital assets: Buildings and improvements Lease equipment School buildings, improvements	\$	15,224,504 21,754	\$	55,281 -	\$	- \$ -	15,279,785 21,754
and equipment allocated to County * Furniture, equipment and vehicles	_	(555,000) 3,537,833	_	185,000 494,296		(58,958)	(370,000) 3,973,171
Total other capital assets	\$_	18,229,091	\$	734,577	\$_	(58,958) \$	18,904,710
Accumulated depreciation: Buildings and improvements Lease equipment School buildings, improvements	\$	8,287,858 6,367		383,567 6,367	\$	- \$	8,671,425 12,734
and equipment allocated to County * Furniture, equipment and vehicles	_	(160,374) 2,101,244		189,852 339,693		(83,750) (58,958)	(54,272) 2,381,979
Total accumulated depreciation	\$_	10,235,095	\$	919,479	\$_	(142,708) \$	11,011,866
Other capital assets, net	\$_	7,993,996	\$	(184,902)	\$_	83,750 \$	7,892,844
Net capital assets Depreciation expense allocated to education	\$_	7,993,996	\$ \$	(184,902) 919,479	\$ <u></u>	83,750 \$	7,892,844

*School Board capital assets are jointly owned by the County (primary government) and the component unit School Board. The County share of the School Board capital assets is in proportion to the debt owed on such assets by the County. The County reports depreciation on these assets as an element of its share of the costs of the public school system.

Reconciliation of primary government net investment in capital assets:

Net capital assets	\$ 6,291,300
Long-term debt applicable to capital assets at June 30, 2023	 (567,432)
Net investment in capital assets	\$ 5,723,868

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 7—CAPITAL ASSETS: (CONTINUED)

Component Unit Recreational Services Authority

		Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital assets not being depreciated: Land	\$_	20,000	\$ -	\$ -	\$ 20,000
Total capital assets not being depreciated	\$_	20,000	\$ -	\$ 	\$ 20,000
Other capital assets: Building and improvements Equipment	\$_	274,707 20,638	\$ 21,834	\$ -	\$ 296,541 20,638
Total other capital assets	\$_	295,345	\$ 21,834	\$ 	\$ 317,179
Accumulated depreciation: Building and improvements Equipment	\$_	157,982 14,686	\$ 10,771 1,401	\$ - -	\$ 168,753 16,087
Total accumulated depreciation	\$_	172,668	\$ 12,172	\$ 	\$ 184,840
Other capital assets, net	\$_	122,677	\$ 9,662	\$ -	\$ 132,339
Net capital assets	\$_	142,677	\$ 9,662	\$ 	\$ 152,339

NOTE 8-LONG-TERM OBLIGATIONS:

General Fund revenues are used to pay all long-term general obligation debt and compensated absences. School Fund revenues and appropriations from the General Fund are used to pay its compensated absences.

Primary Government

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

	_	Balance July 1, 2022	Issuances/ Additions	Retirements/ Reductions	Balance June 30, 2023	Amount Due One Year
Direct Borrowings and Placements:						
General obligation bonds	\$	555,000 \$	- \$	(185,000) \$	370,000 \$	185,000
Unamortized bond premiums		5,902	-	(3,278)	2,624	2,624
Compensated absences		266,706	-	(24,615)	242,091	24,209
Lease liabilities		169,156	88,015	(62,363)	194,808	67,640
Net pension liability		-	1,786,959	(807,087)	979,872	-
Net OPEB liabilties		960,710	224,634	(360,849)	824,495	-
Accrued landfill remediation costs	_	3,363,679	238,822		3,602,501	-
Total	\$_	5,321,153 \$	2,338,430 \$	(1,443,192) \$	6,216,391 \$	279,473

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

		Direct Borrowings and Placements						
Year Ending		General Obligation Bonds						
June 30,	_	Principal		Interest				
2024 2025	\$	185,000 185,000	\$	12,765 4,255				
Total	\$	370,000	\$	17,020				

Details of Long-term Indebtedness

	_	Amount Outstanding	<u>.</u> .	Amount Due in One Year
Direct Borrowings and Placements General Obligation Bonds:				
\$3,720,000, Series 2004, issued November 10, 2004, Virginia Public School Authority Bonds, due in annual installments ranging from \$185,000 to \$190,000 through July 2025, interest rates ranging from 4.10% to				
5.60%	\$	370,000	\$	185,000
Unamortized bond premiums	_	2,624		2,624
Total direct borrowings and placements	\$_	372,624	\$	187,624
Net pension liability	\$_	979,872	\$	
Net OPEB liabilities	\$_	824,495	\$	-
Accrued landill remediation costs	\$_	3,602,501	\$	-
Lease liabilities	\$_	194,808	\$	67,640
Compensated Absences	\$_	242,091	\$	24,209
Total long-term obligations	\$	6,216,391	\$	279,473

The County's outstanding notes from direct borrowings and direct placements related to governmental activities of \$372,624 contain a provision that in an event of default, outstanding amounts become immediately due if the County is unable to make payment.

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Federal Arbitrage Regulations

The County is in compliance with federal arbitrage regulations. Any arbitrage amounts that may be required to be paid are not material to the financial statements.

Component Unit School Board

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

	_	Balance July 1, 2022	Issuances/ Additions	Retirements/ Reductions	Balance June 30, 2023	Amount Due One Year
Compensated absences Lease liabilities Net pension liability Net OPEB liabilities	\$	311,434 \$ 15,451 5,446,589 2,029,098	101,119 - 5,148,656 459,030	\$ - \$ (6,349) (3,922,257) (454,737)	412,553 9,102 6,672,988 2,033,391	6,348 -
Total	\$_	7,802,572 \$	5,708,805	\$ (4,383,343) \$	9,128,034	47,603

NOTE 9—COMPENSATED ABSENCES:

The County and its component unit School Board have accrued the liability arising from all outstanding claims, judgments and compensated absences. The liability for future vacation and sick leave benefits is accrued when such benefits meet the following conditions:

The County's policy is to pay accrued vacation and compensatory time upon termination. In general, any compensatory and vacation time earned is limited to a maximum of 30 days. School Board and Social Services employees are also paid accrued vacation upon termination, although the amount able to be earned is not capped. Social Services employees are also paid unused sick leave upon termination; such pay is limited to the lesser of 25% of the unused balance or \$2,500.

Because the timing of the settlement of the liability for compensated absences is not estimable, the amount of vacation and sick pay not currently payable by the governmental funds is recorded as a current liability in the government-wide financial statements.

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 9—COMPENSATED ABSENCES: (CONTINUED)

The balances at June 30, 2023 are:

	Beginning Balance	Increase (Decrease)		Ending Balance
Primary Government: Governmental Activities	\$ 266,706	\$ (24,615)	\$_	242,091
Component Unit School Board	\$ 311,434	\$ 101,119	\$	412,553

NOTE 10-PENSION PLAN:

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 <u>Code of Virginia</u>, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

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

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

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

Benefit Structures (Continued)

- 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 creditable service or when the sum of their age plus and credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

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 <u>Code of Virginia</u> as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	49	28
Inactive members: Vested inactive members	9	4
Non-vested inactive members	16	14
Inactive members active elsewhere in VRS	51	4
Total inactive members	76	22
Active members	58	32
Total covered employees	183	82

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2023 was 12.46% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$458,165 and \$474,814 for the years ended June 30, 2023 and June 30, 2022, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2023 was 3.45% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$22,923 and \$40,523 for the years ended June 30, 2023 and June 30, 2022, respectively.

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

Net Pension Asset

The net pension liability (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 liabilities were measured as of June 30, 2022. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022.

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

Inflation 2.5%

Salary increases, including inflation 3.5% - 5.35%

Investment rate of return 6.75%, net of pension plan investment

expenses, including inflation

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 10-PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

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

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

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

Actuarial Assumptions - Public Safety Employee with Hazardous Duty Benefits

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

Inflation 2.5%

Salary increases, including inflation 3.5% - 4.75%

Investment rate of return 6.75%, net of pension plan investment

expenses, including inflation

Mortality rates:

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

Pre-Retirement:

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

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 10-PENSION PLAN: (CONTINUED)

Actuarial Assumptions - Public Safety Employee with Hazardous Duty Benefits (Continued)

Mortality rates: (Continued)

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

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

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

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

Discount Rate: (Continued)

June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2022, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

			Pr	imary Governmen	t	
	·		In	crease (Decrease))	
		Total Pension Liability (a)		Plan Fiduciary Net Position (b)		Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$	18,114,013	\$_	18,125,314	\$_	(11,301)
Changes for the year:						
Service cost	\$	427,060	\$	-	\$	427,060
Interest		1,221,407		-		1,221,407
Differences between expected and actual experience Contributions - employer Contributions - employee Net investment income Benefit payments, including refunds of employee contributions		(150,126) - - - - (892,323)		473,814 171,846 (15,989) (892,323)		(150,126) (473,814) (171,846) 15,989
Administrative expenses		-		(11,322)		11,322
Other changes	. —	-	—	(111,181)		111,181
Net changes	\$ <u></u>	606,018	٤_	(385,155)	\$_	991,173
Balances at June 30, 2022	\$	18,720,031	\$_	17,740,159	\$_	979,872

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 10-PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability (Asset): (Continued)

	 Component School Board (nonprofessional)								
	Increase (Decrease)								
	 Total		Plan		Net				
	 Pension Liability (a)		Fiduciary Net Position (b)		Pension Liability (Asset) (a) - (b)				
Balances at June 30, 2021	\$ 3,034,356	\$_	3,234,167	\$_	(199,811)				
Changes for the year:									
Service cost	\$ 57,929	\$	-	\$	57,929				
Interest	204,216		-		204,216				
Differences between expected									
and actual experience	(210,536)		-		(210,536)				
Contributions - employer	-		39,980		(39,980)				
Contributions - employee	-		34,787		(34,787)				
Net investment income	-		(3,442)		3,442				
Benefit payments, including refunds									
of employee contributions	(133,733)		(133,733)		-				
Administrative expenses	-		(2,011)		2,011				
Other changes	-		74		(74)				
Net changes	\$ (82,124)	\$	(64,345)	\$	(17,779)				
Balances at June 30, 2022	\$ 2,952,232	\$	3,169,822	\$_	(217,590)				

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

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

		Rate					
		1% Decrease		Current Discount	1% Increase		
	•	(5.75%)		(6.75%)	(7.75%)		
County	•						
Net Pension Liability (Asset)	\$	3,340,617	\$	979,872 \$	(959,092)		
Component Unit School Board (nonprofessional)							
Net Pension Liability (Asset)	\$	89,285	\$	(217,590) \$	(473,043)		

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2023, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$88,142 and (\$95,748), respectively. At June 30, 2023, 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:

Campanant Hait Cabaal

			Component Unit School			
	Primary Government		Board (nonp	rofessional)		
	Deferred	Deferred	Deferred	Deferred		
	Outflows of	Inflows of	Outflows of	Inflows of		
	Resources	Resources	Resources	Resources		
Differences between expected and actual experience	\$ - \$	366,597	\$ - 9	5 127,164		
Change in assumptions	153,961	-	12,887	-		
Net difference between projected and actual earnings on pension plan investments	-	520,805	-	90,775		
Employer contributions subsequent to the measurement date	458,165		22,923			
Total	\$ 612,126	887,402	\$ 35,810	217,939		

\$458,165 and \$22,923 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2024	\$ (392,646)	\$ (107,526)
2025	(236,394)	(79,200)
2026	(349,798)	(62,263)
2027	245,397	43,937
2028	-	-
Thereafter	_	-

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

Pension Plan Data

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

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by \$51.1-145 of the <u>Code of Virginia</u>, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,125,031 and \$1,041,212 for the years ended June 30, 2023 and June 30, 2022, respectively.

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

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

At June 30, 2023, the school division reported a liability of \$6,672,988 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion was .07009% as compared to .07016% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized pension expense of \$267,718. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 10-PENSION PLAN: (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, 2023, 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	\$	- \$	460,129
Net difference between projected and actual earnings on pension plan investments		-	870,018
Change of assumptions		629,128	-
Changes in proportion and differences between employer contributions and proportionate share of contributions		135,224	106,634
Employer contributions subsequent to the measurement date	_	1,125,031	
Total	\$	1,889,383	1,436,781

\$1,125,031 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2024	\$ (249,079)
2025	(279,806)
2026	(536,227)
2027	392,683
2028	-
Thereafter	-

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 10—PENSION PLAN: (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, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation 2.50%

Salary increases, including inflation 3.50% - 5.95%

Investment rate of return 6.75%, net of pension plan investment

expenses, including inflation

Mortality rates:

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

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 10-PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

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

Net Pension Liability

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

	acher Employee etirement Plan
Total Pension Liability	\$ 54,732,329
Plan Fiduciary Net Position	45,211,731
Employer's Net Pension Liability (Asset)	 9,520,598
Plan Fiduciary Net Position as a Percentage of the	
Total Pension Liability	82.61%

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Net Pension Liability: (Continued)

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

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

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

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

			Rate	
		1% Decrease Current Discount		1% Increase
		(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of	_			
the VRS Teacher Employee Retirement				
Plan Net Pension Liability (Asset)	\$	11,918,467 \$	6,672,988 \$	2,402,014

Pension Plan Fiduciary Net Position

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

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

Primary Government and Component Unit School Board

Aggregate Pension Information

	VRS Pension Plans							
	_	Deferred Outflows		Deferred Inflows	_	Net Pension Liability (Asset)	_	Pension Expense
Primary Government	_							
Primary Government Totals	\$ \$	612,126 612,126	\$ \$	887,402 887,402	\$ \$	979,872 979,872	\$ <u>-</u>	88,142 88,142
Component Unit School Board	_							
School Board Nonprofessional School Board Professional	\$	35,810 1,889,383	\$	217,939 1,436,781	\$	(217,590) 6,672,988	\$	(95,748) 267,718
Totals	\$	1,925,193	\$	1,654,720	\$	6,455,398	\$	171,970

NOTE 11—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 <u>Code of Virginia</u>, 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:

Notes to Financial Statements June 30, 2023 (Continued)

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Employees Covered by Benefit Terms

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

	Primary Government Number	Component Unit School Board (nonprofessional) Number
Inactive members or their beneficiaries currently receiving benefits	5	6
Inactive members: Vested inactive members	1	1
Total inactive members	6	7
Active members	17	32
Total covered employees	23	39

Notes to Financial Statements June 30, 2023 (Continued)

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

Contributions

The contribution requirements for active employees is governed by \$51.1-1402(E) of the <u>Code of Virginia</u>, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County's contractually required employer contribution rate for the year ended June 30, 2023 was .17% of covered employee compensation. The Component Unit School Board (nonprofessional)'s contractually required employer contribution rate for the year ended June 30, 2023 was .03% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the HIC Plan were \$1,617 and \$1,259 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions from the Component Unit School Board (nonprofessional) to the HIC Plan were \$262 and \$2,241 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net HIC OPEB Liability

The net HIC OPEB liability was measured as of June 30, 2022. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions

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

Inflation 2.5%

Salary increases, including inflation:

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

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 11-HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

Update to Pub-2010 public sector mortality tables. For
future mortality improvements, replace load with a
modified Mortality Improvement Scale MP-2020
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
Adjusted rates to better fit experience at each age and
service decrement through 9 years of service
No change
No change
No change
No change

Notes to Financial Statements June 30, 2023 (Continued)

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

Mortality Rates (pre-retirement, post-	Update to Pub-2010 public sector mortality tables.				
retirement healthy, and disabled)	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				

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 11-HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

^{**}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 11—HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Changes in Net HIC OPEB Liability (Asset)

		Primary Government				
		Increase (Decrease)				
		Total HIC OPEB Liability	Plan Fiduciary Net Position	Net HIC OPEB Liability (Asset)		
		(a)	(b)	(a) - (b)		
Balances at June 30, 2021	\$	29,385 \$	31,398 \$	(2,013)		
Changes for the year:						
Service cost	\$	1,075 \$	- \$	1,075		
Interest		1,895	-	1,895		
Differences between expected and actual experience	ce	2,603	-	2,603		
Assumption changes		10,143	-	10,143		
Contributions - employer		-	1,259	(1,259)		
Net investment income		-	113	(113)		
Benefit payments		(4,779)	(4,779)	-		
Administrative expenses		-	(50)	50		
Other changes			2,565	(2,565)		
Net changes	\$	10,937 \$	(892) \$	11,829		
Balances at June 30, 2022	\$	40,322 \$	30,506 \$	9,816		
		Component S	chool Board (nor	professional)		
			crease (Decrease	·		
		Total HIC OPEB	Plan Fiduciary	Net HIC OPEB		
		Liability	Net Position	Liability (Asset)		
		(a)	(b)	(a) - (b)		
Balances at June 30, 2021	\$	60,798 \$	60,002 \$			
Changes for the year:						
Service cost	\$	954 \$	- \$	954		
Interest	·	4,076	-	4,076		
Differences between expected and actual experience	ce	(12,997)	-	(12,997)		
Assumption changes		2,323	-	2,323		
Contributions - employer		-	2,214	(2,214)		
Net investment income		-	71	(71)		
Benefit payments		(2,730)	(2,730)	-		
Administrative expenses		-	(104)	104		
Other changes			645	(645)		
Net changes	\$	(8,374) \$	96 \$	(8,470)		
Balances at June 30, 2022	\$	52,424 \$	60,098 \$	(7,674)		

Notes to Financial Statements June 30, 2023 (Continued)

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

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

The following presents the County's HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the County's and Component Unit School Board (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%)		
County's Net HIC OPEB Liability (Asset)	\$ 14,543 \$	9,816 \$	5,799		
Component Unit School Board's (nonprofessional) Net HIC OPEB Liability (Asset)	\$ (2,670) \$	(7,674) \$	(11,991)		

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

For the year ended June 30, 2023, the County recognized HIC Plan OPEB expense of \$2,333. The Component Unit School Board (nonprofessional) recognized HIC Plan OPEB expense of (\$3,382). At June 30, 2023, reported deferred outflows of resources and deferred inflows of resources related to the County and Component Unit School Board (nonprofessional)'s HIC Plan from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Primary Government Differences between expected and actual experience	\$	4,160	\$ 1,157	
Net difference between projected and actual earnings on HIC OPEB plan investments		-	897	
Change in assumptions		9,196	95	
Employer contributions subsequent to the measurement date	_	1,617	 	
Total	\$_	14,973	\$ 2,149	

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 11—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)

		Deferred Outflows of Resources	Deferred Inflows of Resources
Component Unit School Board (nonprofessional) Differences between expected and actual experience	\$	538	\$ 12,200
Net difference between projected and actual earnings on HIC OPEB plan investments		-	1,466
Change in assumptions		2,154	-
Employer contributions subsequent to the measurement	date	262	 -
Total	\$	2,954	\$ 13,666

\$1,617 was reported as deferred outflows of resources related to the HIC OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2024. \$262 was reported as deferred outflows of resources related to the HIC OPEB resulting from the Component Unit School Board (nonprofessional)'s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30		Primary Government		Component Unit School Board (nonprofessional)
000 /	_	2.040		(2.454)
2024	\$	3,048	\$	(3,456)
2025		2,551		(2,928)
2026		1,606		(2,936)
2027		2,576		(1,260)
2028		1,426		(394)
Thereafter		-		-

HIC Plan Data

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

Notes to Financial Statements June 30, 2023 (Continued)

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

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 <u>Code of Virginia</u>, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount

Notes to Financial Statements June 30, 2023 (Continued)

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

Contributions: (Continued)

to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were \$86,079 and \$79,117 for the years ended June 30, 2023 and June 30, 2022, respectively.

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

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

At June 30, 2023, the school division reported a liability of \$876,331 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2022 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion of the VRS Teacher Employee HIC was .07016% as compared to .07030% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee HIC OPEB expense of \$63,844. 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, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
Differences between expected and actual experience	\$	-	\$	35,721		
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments		-		880		
Change in assumptions		25,602		2,238		
Change in proportionate share		17,872		26,359		
Employer contributions subsequent to the measurement date	_	86,079	_	-		
Total	\$	129,553	\$_	65,198		

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 12—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)

\$86,079 was 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	
2024	\$ (8,865)
2025	(7,645)
2026	(4,117)
2027	1,612
2028	87
Thereafter	(2,796)

Actuarial Assumptions

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

Inflation 2.50%

Salary increases, including inflation:

Teacher employees 3.50%-5.95%

Investment rate of return 6.75%, net of investment expenses,

including inflation

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 12—TEACHER EMPLOYEE-HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers (Continued)

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

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

Net Teacher Employee HIC OPEB Liability

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

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,470,891
Plan Fiduciary Net Position		221,845
Teacher Employee net HIC OPEB Liability (Asset)	\$	1,249,046
Plan Fiduciary Net Position as a Percentage	•	_
of the Total Teacher Employee HIC OPEB Liability		15.08%

Notes to Financial Statements June 30, 2023 (Continued)

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

Net Teacher Employee HIC OPEB Liability (Continued)

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

Long-Term Expected Rate of Return

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

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

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

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

Notes to Financial Statements June 30, 2023 (Continued)

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

Discount Rate

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

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

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

		Rate	
	1% Decrease	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	\$ 987,635 \$	876,331 \$	781,981

Teacher Employee HIC OPEB Fiduciary Net Position

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

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 13-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 <u>Code of Virginia</u>, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

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

Eligible Employees

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

Benefit Amounts

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

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 13-GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Contributions

The contribution requirements for the GLI Plan are governed by \$51.1-506 and \$51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$20,841 and \$19,588 for the years ended June 30, 2023 and June 30, 2022, respectively, for the County; \$4,707 and \$4,173 for the years ended June 30, 2023 and June 30, 2022, respectively, for the School Board (nonprofessional); \$38,415 and \$35,309 for the years ended June 30, 2023, respectively, for the School Board (professional).

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

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

At June 30, 2023, the entity reported a liability of \$200,843 for the County; \$42,745 for the School Board (nonprofessional); and \$361,951 for the School Board (professional) for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was .01670% as compared to .01620% at June 30, 2021 for the County. At June 30, 2022, the participating employer's proportion was .0360% as compared to .00350% at June 30, 2021 for the School Board (nonprofessional). At June 30, 2022, the participating employer's proportion was .03010% as compared to .03010% at June 30, 2021 for the School Board (professional).

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of \$8,287 (County), \$1,471 (School Board - nonprofessional), and \$7,932 (School Board - professional). 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.

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

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

		Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government Differences between expected and actual experience	\$	15,904	\$ 8,057
Net difference between projected and actual earnings on GLI OPEB program investments		-	12,550
Change in assumptions		7,491	19,563
Changes in proportionate share		14,114	2,748
Employer contributions subsequent to the measurement date		20,841	
Total	\$	58,350	\$ 42,918
Component Unit School Board (nonprofessional) Differences between expected and actual experience	\$	3,385	\$ 1,715
Net difference between projected and actual earnings on GLI OPEB program investments		-	2,671
Change in assumptions		1,594	4,164
Changes in proportionate share		628	318
Employer contributions subsequent to the measurement date		4,707	 -
Total	\$	10,314	\$ 8,868
Component Unit School Board (professional) Differences between expected and actual experience	\$	28,662	\$ 14,521
Net difference between projected and actual earnings on GLI OPEB program investments		-	22,617
Change in assumptions		13,500	35,256
Changes in proportionate share		8,370	9,189
Employer contributions subsequent to the measurement date	-	38,415	 -
Total	\$	88,947	\$ 81,583

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 13-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)

\$20,841 (County), \$4,707 (School Board nonprofessional), and \$38,415 (School Board professional) were reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30		Primary Government	Component Unit School Board (nonprofessional)	Component Unit School Board (professional)
2024	Ċ	(42) \$	((42) \$	(0.224)
2024	Ş	(42) \$	(643) \$	(9,231)
2025		796	(623)	(6,258)
2026		(8,304)	(2,130)	(17,137)
2027		2,417	384	4,399
2028		(276)	(249)	(2,824)
Thereafter		-	-	-

Actuarial Assumptions

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

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 13-GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

Mortality Rates (pre-retirement, post-	Update to Pub-2010 public sector mortality tables. For
retirement healthy, and disabled)	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

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 13-GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

Mortality Rates (pre-retirement, post-	Update to Pub-2010 public sector mortality tables. For
retirement healthy, and disabled)	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

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

NET GLI OPEB Liability

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

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

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

NET GLI OPEB Liability (Continued)

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.

Long-Term Expected Rate of Return

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

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

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

^{**}On October 10, 2021, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 13—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 at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

				Rate	
		1% Decrease		Current Discount	1% Increase
	-	(5.75%)	•	(6.75%)	 (7.75%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$	292,250	\$	200,843	\$ 126,974
School Board (nonprofessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$	62,200	\$	42,745	\$ 27,024
School Board (professional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$	526,682	\$	361,951	\$ 228,827

GLI Plan Fiduciary Net Position

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

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (OPEB):

Medical, Dental, and Life Insurance - Pay-as-you-Go (OPEB Plan):

County

Plan Description

In addition to the pension benefits described in Note 10, the County administers a single-employer defined benefit healthcare plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

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

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, 2023 was \$23,946.

Total OPEB Liability

The County's total OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation 2.50% per year as of June 30, 2022

Salary Increases The salary increase rate used the VRS Teacher's salary increase

assumption

Discount Rate 3.69% for accounting and funding disclosures as of June 30, 2022

The mortality rates for post-retirement retirees was calculated using the RP2014 Blue Collar Fully Generational Combined Healthy Table projected with Scale MP2014.

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

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Medical, Dental, and Life Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

County (Continued)

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The final equivalent single discount rate used for this year's valuation is 3.69%.

Changes in Total OPEB Liability

	_	Primary Government Total OPEB Liability
Balances at June 30, 2021	\$	772,680
Changes for the year:		
Service cost		65,380
Interest		14,654
Experience losses		4,996
Changes in assumptions		(219,928)
Benefit payments		(23,946)
Net changes	_	(158,844)
Balances at June 30, 2022	\$ _	613,836
	_	

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 (2.69%) or one percentage point higher (4.69%) than the current discount rate:

			Rate				
	1% Decrease		Current Discount		1% Increase		
_	(2.69%)		Rate (3.69%)		(4.69%)		
Ś	726,037	Ś	613,836	Ś	525.272		

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Medical, Dental, and Life Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

County (Continued)

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 (3.00%) or one percentage point higher (5.00%) than the current healthcare cost trend rates:

	Rates	
	Healthcare Cost	
1% Decrease	Trend	1% Increase
 to (3.00%)	(4.00%)	 to (5.00%)
\$ 505,360	\$ 613,836	\$ 757,513

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

For the year ended June 30, 2023, the County recognized OPEB expense in the amount of \$34,213. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	_	Deferred Outflows of Resouces	_	Deferred Inflows of Resources
Differences between expected and actual experience	\$	3,997	\$	79,284
Changes in assumptions		73,721		176,564
Employer contributions subsequent to the				
measurement date	_	23,946		-
Total	\$	101,664	\$	255,848

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	
2024	\$ (45,536)
2025	(37,174)
2026	(52,436)
2027	(42,984)
2028	-
Thereafter	-

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.

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 14-OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Medical, Dental, and Life Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

School Board

Plan Description

In addition to the pension benefits described in Note 10, the School Board administers a single-employer defined benefit healthcare plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

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

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2023 was \$15,640.

Total OPEB Liability

The School Board's total OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of February 1, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions

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

Inflation 2.50% per year as of July 1, 2022

Salary Increases The salary increase rate used the VRS Teacher's salary

increase assumption

Discount Rate 3.86% for accounting and funding disclosures as of June 30, 2023

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Medical, Dental, and Life Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

School Board (Continued)

Actuarial Assumptions (Continued)

The VRS demographic assumptions for teachers; and assumed no disability and no preretirement mortality.

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

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the 20-year GO bond index as of June 30, 2023. The final equivalent single discount rate used for this year's valuation is 3.86%.

Changes in Total OPEB Liability

	Component Unit School Board Total OPEB Liability
Balances at June 30, 2022	\$ 734,408
Changes for the year:	
Service cost	29,603
Interest	26,590
Changes in experience	(11,980)
Changes in assumptions	(10,617)
Benefit payments	(15,540)
Net changes	18,056
Balances at June 30, 2023	\$ 752,464

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 (2.86%) or one percentage point higher (4.86%) than the current discount rate:

		Rate		
	1% Decrease (2.86%)	Current Discount Rate (3.86%)		1% Increase (4.86%)
\$	816,363	\$ 752,364	- \$	692,317

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Medical, Dental, and Life Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

School Board (Continued)

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

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (2.94%) or one percentage point higher (4.94%) than the current healthcare cost trend rates:

_		Rates		
_	1% Decrease to 2.94%)	 Healthcare Cost Trend (3.94%)	_	1% Increase to 4.94%)
\$	662,493	\$ 752,364	\$	858,934

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

For the year ended June 30, 2023, the School Board recognized OPEB expense in the amount of (\$18,158). At June 30, 2023, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	_	Deferred Outflows of Resouces	 Deferred Inflows of Resources
Differences between expected and actual experience Changes in assumptions	\$_	44,290 56,464	\$ 204,553 288,482
Total	\$_	100,754	\$ 493,035

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Medical, Dental, and Life Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

School Board (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: (Continued)

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		
2024	\$	(74,351)
2025	·	(74,357)
2026		(73,485)
2027		(77,787)
2028		(89,072)
Thereafter		(3,229)

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.

Primary Government and Component Unit School Board

Aggregate OPEB Information

			Net OPEB	
	Deferred	Deferred	Liability	OPEB
	Outflows	Inflows	(Asset)	Expense
Primary Government				
VRS OPEB Plans:				
Group Life Insurance Program (Note 13):				
County	\$ 58,350 \$	42,918 \$	200,843 \$	8,287
County Health Insurance Credit Program (Note 11)	14,973	2,149	9,816	2,333
County Stand-Alone Plan (Note 14)	101,664	255,848	613,836	34,213
Totals	\$ 174,987 \$	300,915 \$	824,495 \$	44,833
Component Unit School Board				
VRS OPEB Plans:				
Group Life Insurance Program (Note 13):				
School Board Nonprofessional	\$ 10,314 \$	8,868 \$	42,745 \$	1,471
School Board Professional	88,947	81,583	361,951	7,932
School Board Health Insurance Credit Program (Note 11)	2,954	13,666	(7,674)	(3,382)
Teacher Health Insurance Credit Program (Note 12)	129,553	65,198	876,331	63,844
School Stand-Alone Plan (Note 14)	100,754	493,035	752,364	(18,158)
Totals	\$ 332,522 \$	662,350 \$	2,025,717 \$	51,707

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 15—LEASES:

The County has obtained various assets through long-term leases. The terms and conditions for these leases vary. The leases have fixed, periodic payments over the lease term. Individual lease information for long-term leases held as of June 30, 2023 is presented below:

Lease Description	Lease Description Initial Term Install		Discount Rate
Copiers - Xerox	60 Months	\$103 per month	6.00%
Copiers - Xerox	60 Months	\$146 per month	6.00%
Copiers - Xerox	60 Months	\$206 per month	6.00%
Copiers - Ricoh USA	60 Months	\$1,632 annually	6.00%
Copiers - Xerox	60 Months	\$124 per month	6.00%
Copiers - Xerox	60 Months	\$91 per month	6.00%
Copiers - Xerox	60 Months	\$91 per month	6.00%
Toyota Camry	36 Months	\$479 per month	6.00%
DSS Office Space	16 Months	\$2,926 per month	6.00%
Tower Site	60 Months	\$361 per month	6.00%
Toyota Rav4	36 Months	\$652 per month	6.00%
Toyota Highlander	36 Months	\$609 per month	6.00%

The future principal and interest payments as of June 30, 2023 were as follows:

				Primary (Governmen	t - Lease L	iabilities				
,		FY24	FY25	FY26	FY27	FY28	FY29-33	FY34-38	FY39-43	FY44-45	Total
<u>Buildings</u>	-										
Principal	\$	36,593 \$	18,394 \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	54,987
Interest		271	38	-	-	-	-	-	-	-	309
Total	\$	36,864 \$	18,432 \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	55,296
<u>Vehicles</u>											
Principal	\$	18,443 \$	14,358 \$	7,732 \$	- \$	- \$	- \$	- \$	- \$	- \$	40,533
Interest		2,431	1,244	266	-	-	-	-	-	-	3,941
Total	\$	20,874 \$	15,602 \$	7,998 \$	- \$	- \$	- \$	- \$	- \$	- \$	44,474
Land Improvements											
Principal	\$	2,411 \$	2,480 \$	2,552 \$	2,626\$	2,701 \$	14,723 \$	16,976 \$	19,572 \$	4,259 \$	68,300
Interest		1,915	1,846	1,774	1,700	1,625	6,907	4,654	2,058	66	22,545
Total	\$	4,326 \$	4,326 \$	4,326 \$	4,326 \$	4,326 \$	21,630 \$	21,630 \$	21,630 \$	4,325 \$	90,845
Copiers											
Principal	\$	10,194 \$	10,366 \$	5,133 \$	3,686 \$	1,609 \$	- \$	- \$	- \$	- \$	30,988
Interest		553	380	226	125	25	-	-	-	-	1,309
Total	\$	10,747 \$	10,746 \$	5,359 \$	3,811 \$	1,634 \$	- \$	- \$	- \$	- \$	32,297
Total Lease Liabilities											
Principal	\$	67,641 \$	45,598 \$	15,417 \$	6,312 \$	4,310 \$	14,723 \$	16,976 \$	19,572 \$	4,259 \$	194,808
Interest	\$	5,170 \$	3,508 \$	2,266 \$	1,825 \$	1,650 \$	6,907 \$	4,654 \$	2,058 \$	66 \$	28,104

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 15-LEASES: (CONTINUED)

The School Board has obtained copiers through long-term leases. The terms and conditions for these leases vary. The leases have fixed, periodic payments over the lease term. Individual lease information for long-term leases held as of June 30, 2023 is presented below:

Lease Description Initial Term		Installments	Discount Rate
Copiers - Ricoh USA	48 Months	\$539 per month	6.00%

The future principal and interest payments as of June 30, 2023 were as follows:

Component Unit School Board - Lease Liabilities

		Copiers		
Fiscal Year	 Principal	 Interest		 Total
2024	\$ 6,412	\$	61	\$ 6,473
2025	 2,690		7	 2,697
Total	\$ 9,102	\$	68	\$ 9,170

NOTE 16-UNAVAILABLE/DEFERRED/UNEARNED REVENUE:

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

	- -	Statements Governmental Activities	. <u>-</u>	Balance Sheet Governmental Funds
Primary Government: Unavailable/deferred revenue: Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of		-	- ٠	
Prepaid property taxes representing collections received for property taxes that are applicable to the subsequent budget year.	- -	165,177	, _	917,395
Total unavailable/deferred revenue	\$	165,177	\$	1,082,572

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 17—COMMITMENTS AND CONTINGENCIES:

Primary Government and Component Unit School Board:

Federal programs in which the County and its Component Unit School Board were audited in accordance with the provisions of Uniform Guidance. Pursuant to the provisions of this circular, all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

NOTE 18-LITIGATION:

At June 30, 2023, there are matters of litigation pending against the County. Counsel is of the opinion that no claim for damages will be awarded.

NOTE 19-SURETY BONDS:

Virginia Department of Risk Management & Surety:	
Margaret R. Ralph, Clerk of the Circuit Court	\$ 365,000
Debra Knick, Treasurer	300,000
Mary Graham, Commissioner of the Revenue	3,000
Connie S. Compton, Sheriff	30,000
Above constitutional officers' employees - blanket bond	50,000
Amy Rogers, Clerk of the School Board	10,000
Shannon Grimsley, Superintendent	10,000
United States Fidelity and Guaranty Company - Surety:	
All Department of Social Services Employees - blanket bond	100,000
Art Goff - Surety:	
Garrey W. Curry, County Administrator	1,000
Robert L. Whitson - Surety:	
Keir Whitson, Supervisor	1,000
James Donehey - Surety:	
Debbie Donehey, Supervisor	1,000
Cathy W. Frazier - Surety:	
Ronald L. Frazier, Supervisor	1,000
Ryan B. Allred - Surety:	
Christine Smith, Supervisor	1,000
Julia Carney - Surety:	
Van C. Carney, Supervisor	1,000

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 20—RISK MANAGEMENT:

The primary government and its component units are exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; workers' compensation claims and natural disasters.

The County contracts with the Virginia Association of Counties Municipal Liability Pool to provide for insurance coverages for these risks of loss. In the event of a loss deficit and depletion of all assets and available insurance of the Pool, the Pool may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The property coverage is for specific amounts based on values assigned to the insured properties. Liability coverage is for \$3,000,000.

The School Board contracts with private insurers for property and liability coverages. Property coverages are for specific property values and liability coverages are \$20,000,000 and \$2,000,000, respectively.

Unemployment Insurance:

The County and School Board are responsible for unemployment claims. The Virginia Employment Commission bills the County for all unemployment claims.

Employee Health Insurance:

The County and School Board have contracted with a private carrier for health insurance coverages.

Other:

The County and its component units have had no reductions in insurance coverages from the prior year. There have been no settlements in excess of insurance coverages for the past three years.

NOTE 21-ACCRUED LANDFILL REMEDIATION COST:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$3,602,501 reported as landfill closure and postclosure care liability at June 30, 2023, represents the cumulative amount reported based on the use of 100% of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2021. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The landfill was closed in December 2007.

The County has demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code.

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 22—INTERGOVERNMENTAL AGREEMENTS:

In March 2020, the County entered into a Landfill Use Agreement with the County of Page ("Page") that permits the County to use Page's Battle Creek landfill for waste disposal, provides for recyclables receipt and processing, and provides services for waste and recyclables hauling all at rates defined by the agreement. The term of the agreement is ten-years with two five-year extension options. In fiscal year 2023, the County paid Page \$298,115 in connection with the agreement.

In September 2016, the County entered into a Public Safety Radio System Upgrade Project together with Fauquier County and Culpeper County. The contract and associated Board actions share the overall cost of the regional project on a 50/40/10 basis among Fauquier/Culpeper/Rappahannock respectively. Rappahannock County's financial obligation for the project (10% of the total) is \$760,000. Following the warranty period, the County is responsible for 10% of the regional system maintenance cost. In FY 2023, the County paid L3Harris \$38,000, which equates to a 10% share of the annual maintenance service contract cost for the regional system.

NOTE 23—RELATED PARTY TRANSACTIONS:

The County pays the payroll for the Water and Sewer Authority, which then reimburses the County for the costs. The County recorded \$140,191 of such reimbursements in fiscal year 2023.

NOTE 24-DEFERRED COMPENSATION PLAN:

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan assets are not subject to claims from the County's general creditors.

NOTE 25—EXPENDITURES AND APPROPRIATIONS:

Expenditures exceeded appropriations in the following functions of the General Fund: nondepartmental (\$8,620).

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 26 -FUND BALANCE:

The following table provides additional information regarding the County's governmental fund balances as of June 30, 2023:

General Fund		Library Fund	_	Capital Projects Fund		Other Governmental Funds		Total Governmental Funds
20,068	\$	274 425,513	\$	- -	\$	- -	\$	20,342 425,513
20,068	\$_	425,787	\$	-	\$.	-	\$	445,855
42,462 11,330 246,438	\$	- -	\$	- - -	\$	- - -	\$	42,462 11,330 246,438
300,230	\$_	-	\$	-	\$	-	\$	300,230
1,930,504 60,000 - -	\$	- - - 1,408,127	\$	- - -	\$	- - 1,680 -	\$	1,930,504 60,000 1,680 1,408,127
1,990,504	\$_	1,408,127	\$		\$	1,680	\$	3,400,311
209,547 80,000 4,350 50,000	\$	- - -	\$	- - -	\$	- - -	\$	209,547 80,000 4,350 50,000
343,897	\$	-	- \$	-	\$	-	\$	343,897
8,411,816	\$	-	\$	(3,826)	\$	-	\$	8,407,990
11,066,515	\$	1,833,914	\$	(3,826)	\$	1,680	\$	12,898,283
	20,068 - 20,068 - 20,068 - 42,462 11,330 246,438 300,230 1,930,504 60,000 - 1,990,504 209,547 80,000 4,350 50,000 343,897 8,411,816	Fund 20,068 \$ 20,068 \$ 20,068 \$ 42,462 \$ 11,330 246,438 300,230 \$ 1,930,504 \$ 60,000 1,990,504 \$ 209,547 \$ 80,000 4,350	Fund 20,068 \$ 274 - 425,513 20,068 \$ 425,787 42,462 \$ - 11,330 - 246,438 - 300,230 \$ - 1,930,504 \$ - 60,000 1,408,127 1,990,504 \$ 1,408,127 209,547 \$ - 80,000 - 4,350 - 50,000 - 343,897 \$ - 8,411,816 \$ -	Fund Fund 20,068 \$ 274 \$ - 425,513 20,068 \$ 425,787 \$ 42,462 \$ - 11,330 - - 246,438 - - 300,230 \$ - 60,000 - - - 1,408,127 1,990,504 \$ 1,408,127 1,990,504 \$ 1,408,127 209,547 \$ - 80,000 - - 4,350 - - 50,000 - - 343,897 \$ - 8,411,816 \$ -	Fund Fund Projects Fund 20,068 \$ 274 \$ - 20,068 \$ 425,787 \$ - 42,462 \$ - \$ 11,330 - - 246,438 - - 300,230 \$ - \$ 60,000 - - - 1,408,127 - 1,990,504 \$ 1,408,127 - 209,547 \$ - \$ 80,000 - - 4,350 - - 50,000 - - 343,897 \$ - \$ 8,411,816 \$ - \$	Fund Fund Projects Fund 20,068 \$ 274 \$ - \$ - \$ 425,513 20,068 \$ 425,787 \$ - \$ 42,462 \$ - \$ - \$ - \$ 11,330 246,438 300,230 \$ - \$ - \$ 1,930,504 \$ - \$ - \$ - \$ 60,000 - 1,408,127 1,990,504 \$ 1,408,127 \$ - \$ 209,547 \$ - \$ - \$ 80,000 4,350 50,000 343,897 \$ - \$ - \$ 8,411,816 \$ - \$ (3,826) \$	General Fund Library Fund Capital Projects Fund Governmental Funds 20,068 \$ 274 \$ - \$ - \$ - \$ - 20,068 \$ 425,513 - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$	General Fund Library Fund Capital Projects Fund Governmental Funds 20,068 \$ 274 \$

NOTE 27 - RESTATEMENT OF BEGINNING BALANCES:

The County restated beginning balances to reflect a change in capital expenditures in the prior year. The change resulted in the following restatement of net position and fund balance:

	-	Net Position Primary Government Governmental Activities	 Fund Balance Capital Projects Fund
Balance, July 1, 2022, as previously stated	\$	11,040,032	\$ -
Prior year capital asset addition Restatement for prior year project	_	44,013 21,873	21,873
Balance, as restated at July 1, 2022	\$	11,105,918	\$ 21,873

Notes to Financial Statements June 30, 2023 (Continued)

NOTE 28—UPCOMING PRONOUNCEMENTS:

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

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

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

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

NOTE 29—COVID-19 PANDEMIC FUNDING AND SUBSEQUENT EVENTS:

The COVID-19 pandemic and its impact on operations continues to evolve. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2024.

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.

During 2022, the County received its share of the second half of the 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 \$63,835 from the allocation are reported as unearned revenue as of June 30.

During 2023, the County received a \$15,000 ARPA Tourism Grant. Unspent funds in the amount of \$15,000 of the grant is reported as unearned revenue as of June 30, 2023.





		Original Budget	Final Budget		Actual		Variance With Final Budget Positive (Negative)
Revenues:	_			-		-	(3 /
Revenue from local sources:							
Property taxes:				_		_	
Real property taxes	\$	10,650,000 \$	10,650,000	\$	10,668,787	\$	18,787
Real and personal public service corporation property taxes		430,000	430,000		351,249		(78,751)
Personal property taxes		2,232,000	2,232,000		2,180,668		(51,332)
Mobile home taxes		700	700		347		(353)
Fire real property taxes		957,000	957,000		956,904		(96)
Fire personal property taxes		190,000	190,000		196,724		6,724
Penalties		130,000	130,000		170,532		40,532
Interest	_	105,000	105,000	_	147,369	_	42,369
Total property taxes	\$_	14,694,700 \$	14,694,700	\$	14,672,580	\$_	(22,120)
Other local taxes:							
Local sales and use taxes	\$	993,000 \$	993,000	\$	1,019,149	\$	26,149
Consumers' utility taxes		175,000	175,000		178,860		3,860
Gross receipts tax		30,000	30,000		26,652		(3,348)
Motor vehicle licenses Bank franchise taxes		210,000 102,000	210,000 102,000		213,355 102,592		3,355 592
Taxes on recordation of wills		220,000	220,000		134,270		(85,730)
Additional tax on deeds		56,000	56,000		45,780		(10,220)
Meals and lodging taxes		483,000	483,000		557,203		74,203
E-911 telephone tax	_		-		47,704	_	47,704
Total other local taxes	\$_	2,269,000 \$	2,269,000	\$	2,325,565	\$_	56,565
Permits, privilege fees and							
regulatory licenses:		•					
Animal licenses	\$	8,000 \$	8,000	\$	7,371	Ş	(629)
Zoning fees		23,000 3,500	23,000 3,500		29,485		6,485
Land use application fees Building and related permits		3,500 145,000	145,000		3,618 124,710		118 (20,290)
Transfer fees		300	300		347		47
Other permits and fees		1,000	1,000		1,305		305
Total permits, privilege fees and regulatory	_	<u> </u>		_		-	
licenses	\$_	180,800 \$	180,800	\$	166,836	\$_	(13,964)
Fines and forfeitures:							
Law library	\$	750 \$	750	\$	692	\$	(58)
Court fines and forfeitures	_	115,000	115,000	_	123,638	_	8,638
Total fines and forfeitures	\$_	115,750 \$	115,750	\$_	124,330	\$_	8,580
Revenue from use of money and property:							
Revenue from use of money	\$	5,000 \$	5,000	\$	391,378	\$	386,378
Revenue from use of property	_	5,400	5,400	_	6,308	_	908
Total revenue from use of money and property	\$	10,400 \$	10,400	\$	397,686	\$	387,286
	_					-	

	_	Original Budget	Final Budget		Actual		Variance With Final Budget Positive (Negative)
Revenues (Continued):							
Revenue from local sources (continued):							
Charges for services:							
Sheriff fees	\$	- \$	-	\$	489	\$	489
Charges for Commonwealth's Attorney		500	500		567		67
Charges for concealed weapons fees		8,000	8,000		6,118		(1,882)
Charges for courthouse security fees		50,000	50,000		57,656		7,656
Charges for courthouse maintenance fees		4,800	4,800		5,614		814
Other sheriff charges		15,500	23,500		9,596		(13,904)
Tax collection fees		-	20,000		2,529		(17,471)
Charges for landfill fees	_	5,000	18,000	_	6,236	_	(11,764)
Total charges for services	\$_	83,800 \$	124,800	\$_	88,805	\$_	(35,995)
Miscellaneous:							
VPA refunds	\$	- \$	-	\$	4,755	\$	4,755
Opioid settlements		-	-		26,173		26,173
Miscellaneous	_	54,000	1,031,009	_	323,020	_	(707,989)
Total miscellaneous	\$_	54,000 \$	1,031,009	\$_	353,948	\$_	(677,061)
Recovered costs:							
Water and sewer authority	\$	175,000 \$	175,000	\$_	154,850	\$_	(20,150)
Total recovered costs	\$_	175,000 \$	175,000	\$_	154,850	\$_	(20,150)
Total revenue from local sources	\$_	17,583,450 \$	18,601,459	\$_	18,284,600	\$_	(316,859)
Intergovernmental: Revenue from the Commonwealth:							
Noncategorical aid:	<u></u>			,		,	
Rolling stock tax	\$	- \$		\$	69	\$	69
Communications sales and use tax		240,000	240,000		240,670		670
Motor vehicle carrier's tax		100	100		-		(100)
Auto rental DMV		-			1		1
Personal property tax relief	_	945,168	945,168	_	945,168	_	-
Total noncategorical aid	\$_	1,185,268 \$	1,185,268	\$	1,185,908	\$_	640

		Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues (Continued):					
Intergovernmental (continued):					
Revenue from the Commonwealth (continued):					
Categorical aid:					
Shared Expenses:					
Commonwealth's attorney	\$	181,000 \$	181,000 \$	186,142 \$	5,142
Sheriff		712,000	712,000	656,993	(55,007)
Commissioner of the Revenue		98,000	98,000	97,137	(863)
Treasurer		85,000	85,000	85,595	595
Registrar/electoral board		63,000	63,000	58,109	(4,891)
Clerk of the Circuit Court		200,000	200,000	199,232	(768)
Total shared expenses	\$_	1,339,000 \$	1,339,000 \$	1,283,208 \$	(55,792)
Welfare:		507 440 A	507 440 A	272 (74 Å	(424 =22)
Welfare administration and assistance	\$_	507,469 \$	507,469 \$	370,676 \$	(136,793)
Other categorical aid:					
Wireless grant	\$	61,952 \$	75,952 \$	52,899 \$	(23,053)
Litter control	,	4,500	1,478	1,478	-
Emergency preparedness grant		76,556	116,649	116,649	-
Asset forfeiture		-	-	28,847	28,847
Forestry sustainability		-	23,547	23,547	-
VJCCA grant		9,673	9,673	9,673	-
Comprehensive services		629,260	629,260	645,330	16,070
Four-for-life EMS		8,800	9,816	9,816	-
Fire programs		30,000	30,000	30,000	- (4,000)
Auto rental		1,000	1,000		(1,000)
Total other categorical aid	\$_	821,741 \$	897,375 \$	918,239 \$	20,864
Total categorical aid	\$_	2,668,210 \$	2,743,844 \$	2,572,123 \$	(171,721)
Total revenue from the Commonwealth	\$_	3,853,478 \$	3,929,112 \$	3,758,031 \$	(171,081)
Revenue from the Federal Government:					
Payments in lieu of taxes	\$_	94,000 \$	94,000 \$	100,033 \$	6,033
Categorical aid: Welfare:					
Administration and public assistance	Ś	922,170 \$	922,170 \$	805,811 \$	(116,359)
	Ť—	· -=, y	,.,,		(,557)

		Original Budget	Final Budget		Actual	Variance With Final Budget Positive (Negative)
Revenues (Continued):						
Intergovernmental (continued):						
Revenue from the Federal Government (continued):						
Other categorical aid:						
ARPA Act funds	\$	- \$	715,768	\$	- \$	(715,768)
Law enforcement grants	_	7,500	89,204	_	99,371	10,167
Total other categorical aid	\$_	7,500 \$	804,972	\$_	99,371 \$	(705,601)
Total categorical aid	\$_	929,670 \$	1,727,142	\$_	905,182 \$	(821,960)
Total revenue from the Federal						
Government	\$_	1,023,670 \$	1,821,142	\$_	1,005,215 \$	(815,927)
Total revenues	\$_	22,460,598 \$	24,351,713	\$_	23,047,846 \$	(1,303,867)
Expenditures:						
Current:						
General government administration:						
Board of supervisors	\$	430,451 \$	355,451	\$	168,901 \$	186,550
County administrator		572,429	570,573		511,656	58,917
Legal services		69,153	69,153		62,115	7,038
Other professional services		60,500	62,956		62,955	1
Commissioner of the Revenue		314,729	314,729		277,009	37,720
Treasurer		363,792	363,192		338,931	24,261
Land use administration		6,630	6,630		877	5,753
Electoral board and officials		64,853	68,430		42,684	25,746
Registrar	_	203,257	203,257	_	184,550	18,707
Total general government administration	\$_	2,085,794 \$	2,014,371	\$_	1,649,678 \$	364,693
Judicial administration:						
Circuit court	\$	20,750 \$	20,750	\$	13,573 \$	7,177
General district court		16,553	16,553		10,870	5,683
Commissioner of accounts		4,350	4,350		3,929	421
Law library		750	750		604	146
Juvenile probation service unit		54,934	61,927		11,460	50,467
Victim and witness assistance		76,556	80,309		71,380	8,929
Clerk of the circuit court		354,955	354,955		317,618	37,337
Commonwealth attorney	_	314,331	316,083	_	309,771	6,312
Total judicial administration	\$_	843,179 \$	855,677	\$_	739,205 \$	116,472

		Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures (Continued):	_				· 3 -/
Public safety:					
Sheriff	\$	2,266,888 \$	1,973,329 \$	1,690,777 \$	282,552
Contributions to fire departments and					
rescue squads		1,147,000	1,420,750	1,085,384	335,366
Forest fire extinction		8,544	8,544	8,544	-
Jail		390,000	390,000	370,354	19,646
Building inspector		231,632	231,632	225,033	6,599
Animal control		85,394	85,394	84,960	434
Medical examiner Asset forfeiture		500 18,000	500 18,000	100 14,230	400 3,770
Emergency services		506,845	514,861	488,072	26,789
Radio communications		154,450	104,450	83,005	21,445
E-911		268,583	268,583	130,658	137,925
2 /11	_	200,303	200,303	130,030	137,723
Total public safety	\$_	5,077,836 \$	5,016,043 \$	4,181,117 \$	834,926
Public works:					
Landfill	\$	663,632 \$	720,371 \$	723,913 \$	(3,542)
General properties		323,880	322,630	279,178	43,452
Other property maintenance	_	9,360	10,810	8,835	1,975
Total public works	\$_	996,872 \$	1,053,811 \$	1,011,926 \$	41,885
Health and welfare:					
Health department	\$	183,930 \$	183,930 \$	164,565 \$	19,365
Rappahannock-Rapidan Community				•	
Services Board		104,976	104,976	104,976	-
Public assistance and administration		1,867,699	1,867,699	1,530,192	337,507
Comprehensive Services Act		1,300,000	1,300,000	1,166,258	133,742
Comprehensive Services Acc	_	1,300,000	1,300,000	1,100,230	133,742
Total health and welfare	\$_	3,456,605 \$	3,456,605 \$	2,965,991 \$	490,614
Education:					
Community college	\$	7,774 \$	7,774 \$	7,774 \$	-
Appropriation to public school system		8,918,894	8,966,583	8,911,530	55,053
rippi opi i ation to pastio solicot system.	_	3,713,071			33,033
Total education	\$_	8,926,668 \$	8,974,357 \$	8,919,304 \$	55,053
Parks, recreation and cultural:					
Park authority and others	\$_	27,000 \$	58,697 \$	58,697 \$	
Total parks, recreation and cultural	\$	27,000 \$	58,697 \$	58,697 \$	<u>-</u>

		Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures (Continued):					
Community development:					
Planning commission	\$	92,771 \$	92,771 \$	41,214 \$	51,557
Zoning		99,533	102,033	100,385	1,648
Board of zoning appeals		15,000	15,000	12,032	2,968
Soil and water conservation district		27,834	27,834	27,834	-
VPI Extension Service		118,389	118,389	65,786	52,603
Public utility services		175,000	175,000	139,870	35,130
Tourism promotion	_	61,000	65,000	37,603	27,397
Total community development	\$_	589,527 \$	596,027 \$	424,724 \$	171,303
Nondepartmental:					
Refunds	\$_	- \$_	- \$_	8,620 \$	(8,620)
Total expenditures	\$_	22,003,481 \$	22,025,588 \$	19,959,262 \$	2,066,326
Excess (deficiency) of revenues over (under)					
expenditures	\$_	457,117 \$	2,326,125 \$	3,088,584 \$	762,459
Other financing sources (uses):					
Transfers in	\$	2,848,831 \$	3,440,383 \$	- \$	(3,440,383)
Transfers out	_	(3,305,948)	(3,924,280)	(927,263) \$	2,997,017
Total other financing sources (uses)	\$_	(457,117) \$	(483,897) \$	(927,263) \$	(443,366)
Net change in fund balance	\$	- \$	1,842,228 \$	2,161,321 \$	319,093
Fund balance, beginning of year	_		(1,842,228)	8,905,294	10,747,522
Fund balance, end of year	\$	- \$	- \$	11,066,615 \$	11,066,615

The budgetary data presented above is on the modified accrual basis of accounting which is in accordance with generally accepted accounting principles.

Budgetary Comparison Schedule Library Fund Year Ended June 30, 2023

	_	Original Budget	_	Final Budget	. =	Actual	`	Variance With Final Budget Positive (Negative)
Revenues:								
Fines and forfeitures	\$	1,200	\$	1,200	\$	1,622 \$	5	422
Use of money and property		600		600		71,049		70,449
Miscellaneous		10,500		10,500		24,490		13,990
Intergovernmental:								
Revenue from the Commonwealth		65,013		65,013		74,176		9,163
Revenue from the Federal Government	_	-	_	-	_	5,960		5,960
Total revenues	\$_	77,313	\$_	77,313	\$_	177,297 \$	<u> </u>	99,984
Expenditures:								
Parks, Recreation and Cultural:								
Library administration	\$	455,009	\$_	455,009	\$	367,703 \$	5	87,306
Total expenditures	ċ	4EE 000	_	455 000	ċ	247 702 .		97 204
Total expenditures	\$_	455,009	\$_	455,009	٠ -	367,703 \$	<u> </u>	87,306
Excess (deficiency) of revenues over (under)								
expenditures	\$_	(377,696)	\$_	(377,696)	\$	(190,406) \$	5	187,290
					_	_		
Other financing sources (uses):	<u>_</u>	277 (0)	Ļ	277 (0)	,	275 405 6		(402, 204)
Transfers in	\$_	377,696	۶_	377,696	۵-	275,405 \$	^ _	(102,291)
Net change in fund balance	\$	-	\$	-	\$	84,999 \$	5	84,999
Fund balance, beginning of year	_	-	_	-	_	1,748,915	_	1,748,915
Fund balance, end of year	\$_		\$_	-	\$_	1,833,914	<u> </u>	1,833,914

The budgetary data presented above is on the modified accrual basis of accounting which is in accordance with generally accepted accounting principles.

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Primary Government

For the Measurement Dates of June 30, 2014 through June 30, 2022 $\,$

		2022	2021	2020	2019	2018
Total pension liability						
Service cost	\$	427,060 \$	383,161 \$	385,776 \$	383,417 \$	338,030
Interest		1,221,407	1,177,460	1,090,614	1,068,345	1,012,216
Changes of assumptions		-	600,221	-	462,468	-
Differences between expected and actual experience		(150,126)	(1,088,807)	616,698	(144,370)	277,262
Benefit payments, including refunds of employee						
contributions		(892,323)	(803,733)	(809,230)	(940,152)	(711,183)
Net change in total pension liability	\$	606,018 \$	268,302 \$	1,283,858 \$	829,708 \$	916,325
Total pension liability - beginning		18,114,013	17,845,711	16,561,853	15,732,145	14,815,820
Total pension liability - ending (a)	\$_	18,720,031 \$	18,114,013 \$	17,845,711 \$	16,561,853 \$	15,732,145
Plan fiduciary net position						
Contributions - employer	\$	473,814 \$	434,773 \$	488,977 \$	470,051 \$	326,784
Contributions - employee		171,846	157,434	158,929	153,207	139,271
Net investment income		(15,989)	3,940,885	270,360	912,067	956,902
Benefit payments, including refunds of employee						
contributions		(892,323)	(803,733)	(809,230)	(940,152)	(711,183)
Administrative expense		(11,322)	(9,749)	(9,246)	(9,137)	(8,285)
Other		(111,181)	372	(325)	(571)	(852)
Net change in plan fiduciary net position	\$	(385,155) \$	3,719,982 \$	99,465 \$	585,465 \$	702,637
Plan fiduciary net position - beginning	_	18,125,314	14,405,332	14,305,867	13,720,402	13,017,765
Plan fiduciary net position - ending (b)	\$	17,740,159 \$	18,125,314 \$	14,405,332 \$	14,305,867 \$	13,720,402
County's net pension liability (asset) - ending (a) - (b)	\$	979,872 \$	(11,301) \$	3,440,379 \$	2,255,986 \$	2,011,743
Plan fiduciary net position as a percentage of the total						
pension liability		94.77%	100.06%	80.72%	86.38%	87.21%
Covered payroll	\$	3,627,374 \$	3,334,273 \$	3,341,739 \$	3,194,805 \$	2,883,532
County's net pension liability (asset) as a percentage						
of covered payroll		27.01%	-0.34%	102.95%	70.61%	69.77%

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.

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Primary Government

For the Measurement Dates of June 30, 2014 through June 30, 2022

	_	2017	2016	2015	2014
Total pension liability					
Service cost	\$	354,156 \$	342,047 \$	369,206 \$	370,323
Interest		976,714	944,521	897,349	842,948
Changes of assumptions		(229,279)	-	-	-
Differences between expected and actual experience		150,402	(137,274)	(64,310)	-
Benefit payments, including refunds of employee					
contributions	_	(778,449)	(600,361)	(456,350)	(415,886)
Net change in total pension liability	\$	473,544 \$	548,933 \$	745,895 \$	797,385
Total pension liability - beginning	_	14,342,276	13,793,343	13,047,448	12,250,063
Total pension liability - ending (a)	\$	14,815,820 \$	14,342,276 \$	13,793,343 \$	13,047,448
Plan fiduciary net position					
Contributions - employer	\$	310,711 \$	348,637 \$	347,257 \$	285,405
Contributions - employee	*	132,741	139,934	139,498	152,309
Net investment income		1,445,911	208,058	521,580	1,547,322
Benefit payments, including refunds of employee		, -,.	,	,	,- ,-
contributions		(778,449)	(600,361)	(456,350)	(415,886)
Administrative expense		(8,537)	(7,347)	(7,005)	(8,229)
Other		(1,272)	(87)	(112)	82
Net change in plan fiduciary net position	\$	1,101,105 \$	88,834 \$	544,868 \$	1,561,003
Plan fiduciary net position - beginning		11,916,660	11,827,826	11,282,958	9,721,955
Plan fiduciary net position - ending (b)	\$	13,017,765 \$	11,916,660 \$	11,827,826 \$	11,282,958
County's net pension liability (asset) - ending (a) - (b)	\$	1,798,055 \$	2,425,616 \$	1,965,517 \$	1,764,490
Plan fiduciary net position as a percentage of the total pension liability		87.86%	83.09%	85.75%	86.48%
Covered payroll	\$	2,736,390 \$	2,858,674 \$	2,810,867 \$	3,006,863
County's net pension liability (asset) as a percentage of covered payroll		65.71%	84.85%	69.93%	58.68%

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Component Unit School Board (nonprofessional)

For the Measurement Dates of June 30, 2014 through June 30, 2022

		2022	2021	2020	2019	2018
Total pension liability	_					
Service cost	\$	57,929 \$	58,471 \$	57,041 \$	53,925 \$	57,404
Interest		204,216	187,978	190,858	185,625	175,556
Changes of assumptions		-	80,709	-	64,475	-
Differences between expected and actual experience		(210,536)	(5,268)	(140,280)	36,521	86,307
Benefit payments, including refunds of employee contributions	_	(133,733)	(144,773)	(155,812)	(173,787)	(177,060)
Net change in total pension liability	\$	(82,124) \$	177,117 \$	(48,193) \$	166,759 \$	142,207
Total pension liability - beginning	_	3,034,356	2,857,239	2,905,432	2,738,673	2,596,466
Total pension liability - ending (a)	\$	2,952,232 \$	3,034,356 \$	2,857,239 \$	2,905,432 \$	2,738,673
	_					
Plan fiduciary net position						
Contributions - employer	\$	39,980 \$	38,085 \$	51,833 \$	50,171 \$	50,225
Contributions - employee		34,787	33,266	33,178	31,820	30,736
Net investment income		(3,442)	704,311	49,123	166,907	180,134
Benefit payments, including refunds of employee contributions		(133,733)	(144,773)	(155,812)	(173,787)	(177,060)
Administrative expense		(2,011)	(1,774)	(1,720)	(1,703)	(1,600)
Other	_	74	66	(59)	(105)	(159)
Net change in plan fiduciary net position	\$	(64,345) \$	629,181 \$	(23,457) \$	73,303 \$	82,276
Plan fiduciary net position - beginning	_	3,234,167	2,604,986	2,628,443	2,555,140	2,472,864
Plan fiduciary net position - ending (b)	\$	3,169,822 \$	3,234,167 \$	2,604,986 \$	2,628,443 \$	2,555,140
School Division's net pension liability (asset) - ending (a) - (b)	\$	(217,590) \$	(199,811) \$	252,253 \$	276,989 \$	183,533
Plan fiduciary net position as a percentage of the total						
pension liability		107.37%	106.58%	91.17%	90.47%	93.30%
,,						
Covered payroll	\$	772,701 \$	726,420 \$	722,142 \$	696,950 \$	668,930
School Division's net pension liability (asset) as a percentage						
of covered payroll		-28.16%	-27.51%	34.93%	39.74%	27.44%

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.

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

		2017	2016	2015	2014
Total pension liability	-	_			
Service cost	\$	60,047 \$	65,338 \$	68,699 \$	66,946
Interest		178,386	180,558	176,371	172,252
Changes of assumptions		(27,742)	-	-	-
Differences between expected and actual experience		(82,570)	(129,033)	(11,422)	-
Benefit payments, including refunds of employee contributions		(160,067)	(135,693)	(211,984)	(148,739)
Net change in total pension liability	\$	(31,946) \$	(18,830) \$	21,664 \$	90,459
Total pension liability - beginning		2,628,412	2,647,242	2,625,578	2,535,119
Total pension liability - ending (a)	\$	2,596,466 \$	2,628,412 \$	2,647,242 \$	2,625,578
Plan fiduciary net position					
Contributions - employer	\$	51,623 \$	68,526 \$	60,727 \$	74,895
Contributions - employee	•	31,684	32,238	31,235	34,236
Net investment income		273,195	38,857	100,673	314,954
Benefit payments, including refunds of employee contributions		(160,067)	(135,693)	(211,984)	(148,739)
Administrative expense		(1,618)	(1,409)	(1,479)	(1,718)
Other		(242)	(17)	(21)	17
Net change in plan fiduciary net position	\$	194,575 \$	2,502 \$	(20,849) \$	273,645
Plan fiduciary net position - beginning		2,278,289	2,275,787	2,296,636	2,022,991
Plan fiduciary net position - ending (b)	\$	2,472,864 \$	2,278,289 \$	2,275,787 \$	2,296,636
School Division's net pension liability (asset) - ending (a) - (b)	\$	123,602 \$	350,123 \$	371,455 \$	328,942
Plan fiduciary net position as a percentage of the total pension liability		95.24%	86.68%	85.97%	87.47%
Covered payroll	\$	672,593 \$	666,184 \$	636,899 \$	643,424
School Division's net pension liability (asset) as a percentage of covered payroll		18.38%	52.56%	58.32%	51.12%

Schedule of Employer's Share of Net Pension Liability (Asset) VRS Teacher Retirement Plan For the Measurement Dates of June 30, 2014 through June 30, 2022

	 2022	2021	2020	2019
Employer's Proportion of the Net Pension Liability (Asset)	0.07%	0.07%	0.07%	0.07%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,672,988 \$	5,446,589 \$	9,964,183 \$	9,104,481
Employer's Covered Payroll	6,538,634	6,217,610	5,995,676	6,063,155
Employer's Proportionate Share of the Net Pension Liabilty (Asset) as a Percentage of its Covered Payroll	102.05%	87.60%	166.19%	150.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%	85.46%	71.47%	73.51%

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.

_	2018	2017	2016	2015	2014
	0.07%	0.07%	0.07%	0.07%	0.08%
\$	8,208,000 \$	8,958,000 \$	10,348,000 \$	9,377,000 \$	9,212,000
	5,760,851	6,032,425	5,750,245	4,956,344	5,612,925
	142.48%	148.50%	179.96%	189.19%	164.12%
	74.81%	72.92%	68.28%	70.68%	70.88%

Date		Contractually Required Contribution (1)*		Contributions in Relation to Contractually Required Contribution (2)*	1	Contribution Deficiency (Excess) (3)		Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Governm	ent	• • •	•		-		_		
2023	\$	458,165	\$	458,165	\$	-	\$	3,859,401	11.87%
2022		474,814		474,814		-		3,627,374	13.09%
2021		434,773		434,773		-		3,334,273	13.04%
2020		488,977		488,977		-		3,341,739	14.63%
2019		470,051		470,051		-		3,194,805	14.71%
2018		332,438		332,438		-		2,883,532	11.53%
2017		310,480		310,480		-		2,736,390	11.35%
2016		354,761		354,761		-		2,858,674	12.41%
2015		348,829		348,829		-		2,810,867	12.41%
2014		365,635		285,652		79,983		3,006,863	9.50%
Component Unit S	Scho	ol Board (nonp	rof	essional)					
2023	\$	22,923	\$	22,923	\$	-	\$	871,708	2.63%
2022		40,523		40,523		-		772,701	5.24%
2021		38,085		38,085		-		726,420	5.24%
2020		51,948		51,948		-		722,142	7.19%
2019		50,171		50,171		-		696,950	7.20%
2018		50,266		50,266		-		668,930	7.51%
2017		53,039		53,039		-		672,593	7.89%
2016		69,749		69,749		-		666,184	10.47%
2015		66,683		66,683		-		636,899	10.47%
2014		71,870		71,870		-		643,424	11.17%
Component Unit S	Scho	ol Board (profe	ssi	onal)					
2023	\$	1,125,031	\$	1,125,031	\$	-	\$	7,113,929	15.81%
2022		1,041,212		1,041,212		-		6,538,634	15.92%
2021		992,623		992,623		-		6,217,610	15.96%
2020		909,878		909,878		-		5,995,676	15.18%
2019		880,877		880,877		-		6,063,155	14.53%
2018		891,929		891,929		-		5,760,851	15.48%
2017		820,730		820,730		-		6,032,425	13.61%
2016		793,976		793,976		-		5,750,245	13.81%
2015		803,179		803,179		-		4,956,344	16.21%
2014		654,467		654,467		-		5,612,925	11.66%

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

Notes to Required Supplementary Information - Pension Plans Year Ended June 30, 2023

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

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

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

Schedule of Changes in the County's Net OPEB Liability (Asset) and Related Ratios Health Insurance Credit (HIC) Plan Primary Government

For the Measurement Dates of June 30, 2018 through June 30, 2022

		2022	2021		2020		2019	2018
Total HIC OPEB Liability				_		_		
Service cost	\$	1,075	\$ 722	\$	795	\$	764	\$ 449
Interest		1,895	2,016		2,078		1,918	1,357
Differences between expected and actual experience		2,603	(1,817)		670		3,350	-
Changes in assumptions		10,143	903		-		824	8,964
Benefit payments		(4,779)	 (4,636)		(4,269)	_	(2,657)	 (2,873)
Net change in total HIC OPEB liability	\$	10,937	\$ (2,812)	\$	(726)	\$	4,199	\$ 7,897
Total HIC OPEB Liability - beginning		29,385	 32,197		32,923	_	28,724	 20,827
Total HIC OPEB Liability - ending (a)	\$	40,322	\$ 29,385	\$	32,197	\$	32,923	\$ 28,724
						-		
Plan fiduciary net position								
Contributions - employer	\$	1,259	\$ 1,080	\$	553	\$	535	\$ 116
Net investment income		113	6,895		599		1,939	2,223
Benefit payments		(4,779)	(4,636)		(4,269)		(2,657)	(2,873)
Administrative expense		(50)	(72)		(53)		(41)	(50)
Other		2,565	-		-		(2)	(173)
Net change in plan fiduciary net position	\$	(892)	\$ 3,267	\$	(3,170)	\$	(226)	\$ (757)
Plan fiduciary net position - beginning		31,398	28,131		31,301		31,527	32,284
Plan fiduciary net position - ending (b)	\$	30,506	\$ 31,398	\$	28,131	\$	31,301	\$ 31,527
	_					-		
County's net HIC OPEB liability (asset) - ending (a) - (b	\$	9,816	\$ (2,013)	\$	4,066	\$	1,622	\$ (2,803)
Plan fiduciary net position as a percentage of the tota	l							
HIC OPEB liability		75.66%	106.85%		87.37%		95.07%	109.76%
Covered payroll	\$	899,419	\$ 771,511	\$	789,634	\$	763,482	\$ 616,169
County's net HIC OPEB liability as a percentage of								
covered payroll		1.09%	-0.26%		0.51%		0.21%	-0.45%

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

Schedule of Changes in the County's Net OPEB Liability and Related Ratios Health Insurance Credit (HIC) Plan Component Unit School Board (nonprofessional) For the Measurement Dates of June 30, 2018 through June 30, 2022

	2022		2021	20	20		2019		2018
\$	954 \$	\$	1,263	5	1,182	\$	1,125	\$	1,528
	4,076		3,803		3,932		4,134		4,523
	-		-		959		-		-
	(12,997)		928	(-	1,286)		(3,267)		(6,976)
	2,323		325		-		1,190		-
	(2,730)		(3,715)	(3,703)		(4,261)		(4,989)
\$	(8,374) \$	\$	2,604	5 (1,916)	\$	(1,079)	\$	(5,914)
	60,798		58,194	6),110		61,189		67,103
\$	52,424 \$	\$	60,798	5	3,194	\$	60,110	\$	61,189
c	2 214	¢	2 106		2 221	¢	3 205	¢	4,683
7		Y	, ,		,	7	,	7	3,662
			,	(,		(4,989)
	` ' '		, ,	(, ,		` , ,		(74)
	, ,		-		-		` '		(222)
5		<u>, —</u>	10.886		469	- s-	, ,	s	3,060
*		*	, ,			*	,	*	44,285
\$		\$				\$	48,647	\$	47,345
_	(7.71)		704		070		11 112	_	12.011
\$	(7,674) \$	>	/96 \$)	9,078	\$	11,463	>	13,844
	114.64%		98.69%	8	4.40%		80.93%		77.38%
\$	772,701 \$	\$	726,420	72	2,142	\$	696,950	\$	668,930
	-0.99%		0.11%		1.26%		1.64%		2.07%
	\$\$ \$\$	\$ 954 4,076 (12,997) 2,323 (2,730) \$ (8,374) 60,798 \$ 52,424 \$ 71 (2,730) (104) 645 \$ 96 60,002 \$ 60,098 \$ (7,674) 114.64% \$ 772,701	\$ 954 \$ 4,076 \\ \(\text{-12,997} \) \(2,323 \\ \((2,730) \) \((8,374) \\ \(60,798 \\ \(52,424 \\ \(5 \) \(71 \\ \((2,730) \\ \((104) \\ \(645 \\ \(5 \) \(60,002 \\ \(5 \) \(60,008 \\ \(5 \) \((7,674) \\ \(5 \) \(114.64\) \(5 \) \(772,701 \\ \(5 \) \(5 \) \(772,701 \\ \(5 \) \(5 \) \(772,701 \\ \(5 \) \(772,701 \\ \(5 \) \(772,701 \\ \(5 \) \(772,701 \\ \(5 \) \(772,701 \\ \(772,701 \) \(772,701 \) \(772,701 \) \(772,701 \) \(772,701 \)	\$ 954 \$ 1,263 \$ 4,076 3,803 \$	\$ 954 \$ 1,263 \$ 64,076 3,803 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	\$ 954 \$ 1,263 \$ 1,182 4,076 3,803 3,932 959 (12,997) 928 (4,286) 2,323 325 - (2,730) (3,715) (3,703) \$ (8,374) \$ 2,604 \$ (1,916) 60,798 58,194 60,110 \$ 52,424 \$ 60,798 \$ 58,194 \$ 2,214 \$ 2,106 \$ 3,321 71 12,641 944 (2,730) (3,715) (3,703) (104) (146) (93) 645 \$ 96 \$ 10,886 \$ 469 60,002 49,116 48,647 \$ 60,098 \$ 60,002 \$ 49,116 \$ (7,674) \$ 796 \$ 9,078 114.64% 98.69% 84.40% \$ 772,701 \$ 726,420 \$ 722,142	\$ 954 \$ 1,263 \$ 1,182 \$ 4,076 3,803 3,932	\$ 954 \$ 1,263 \$ 1,182 \$ 1,125 4,076 3,803 3,932 4,134 959 (12,997) 928 (4,286) (3,267) 2,323 325 - 1,190 (2,730) (3,715) (3,703) (4,261) \$ (8,374) \$ 2,604 \$ (1,916) \$ (1,079) 60,798 58,194 60,110 61,189 \$ 52,424 \$ 60,798 \$ 58,194 \$ 60,110 \$ 2,214 \$ 2,106 \$ 3,321 \$ 3,205 71 12,641 944 2,973 (2,730) (3,715) (3,703) (4,261) (104) (146) (93) (64) 645 (551) \$ 96 \$ 10,886 \$ 469 \$ 1,302 60,002 49,116 48,647 47,345 \$ 60,098 \$ 60,002 \$ 49,116 \$ 48,647 \$ (7,674) \$ 796 \$ 9,078 \$ 11,463 114.64% 98.69% 84.40% 80.93% \$ 772,701 \$ 726,420 \$ 722,142 \$ 696,950	\$ 954 \$ 1,263 \$ 1,182 \$ 1,125 \$ 4,076 3,803 3,932 4,134

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

Schedule of Employer Contributions Health Insurance Credit (HIC) Plan Years Ended June 30, 2018 through June 30, 2023

Date		Contractually Required Contribution (1)		Contributions in Relation to Contractually Required Contribution (2)	· -	Contribution Deficiency (Excess) (3)	 Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Go	vern	ment						
2023	\$	1,617	\$	1,617	\$	-	\$ 951,229	0.17%
2022		1,259		1,259		-	899,419	0.14%
2021		1,080		1,080		-	771,511	0.14%
2020		553		553		-	789,634	0.07%
2019		534		534		-	763,482	0.07%
2018		142		142		-	616,169	0.02%
Component	Uni	t School Board (nor	nprofessional)				
2023	\$	262	\$	262	\$	-	\$ 871,708	0.03%
2022		2,241		2,241		-	772,701	0.29%
2021		2,107		2,107		-	726,420	0.29%
2020		3,322		3,322		-	722,142	0.46%
2019		3,206		3,206		-	696,950	0.46%
2018		4,678		4,678		-	668,930	0.70%

Schedule is intended to show information for 10 years. Information prior to the 2018 valuation is not available. However, additional years will be included as they become available.

Notes to Required Supplementary Information Health Insurance Credit (HIC) Plan Year Ended June 30, 2023

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 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

proyects
Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
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
Adjusted rates to better fit experience at each age and service decrement through 9 years of service
No change
No change
No change
No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	 Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2022	0.07016% \$	876,331	\$ 6,538,634	13.40%	15.08%
2021	0.07030%	902,349	6,217,610	14.51%	13.15%
2020	0.06839%	892,159	5,995,676	14.88%	9.95%
2019	0.06916%	905,372	5,800,973	15.61%	8.97%
2018	0.06977%	886,000	5,642,823	15.70%	8.08%
2017	0.07255%	920,000	5,725,695	16.07%	7.04%

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

Schedule of Employer Contributions Teacher Employee Health Insurance Credit (HIC) Plan Years Ended June 30, 2014 through June 30, 2023

_	Date	 Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	 Contribution Deficiency (Excess) (3)	 Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	2023	\$ 86,079	86,079	\$ -	\$ 7,113,929	1.21%
	2022	79,117	79,117	-	6,538,634	1.21%
	2021	75,233	75,233	-	6,217,610	1.21%
	2020	71,948	71,948	-	5,995,676	1.20%
	2019	69,612	69,612	-	5,800,973	1.20%
	2018	69,407	69,407	-	5,642,823	1.23%
	2017	63,555	63,555	-	5,725,695	1.11%
	2016	59,678	59,678	-	5,630,041	1.06%
	2015	58,715	58,715	-	5,539,166	1.06%
	2014	61,881	61,881	-	5,574,863	1.11%

Notes to Required Supplementary Information Teacher Employee Health Insurance Credit (HIC) Plan Year Ended June 30, 2023

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

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

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

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	 Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary G	overnment				
2022	0.01670%	200,843	\$ 3,627,374	5.54%	67.21%
2021	0.01620%	188,030	3,334,273	5.64%	67.45%
2020	0.01630%	271,352	3,346,889	8.11%	52.64%
2019	0.01630%	265,245	3,194,805	8.30%	52.00%
2018	0.01517%	230,000	2,883,532	7.98%	51.22%
2017	0.01483%	223,000	2,736,390	8.15%	48.86%
Componen	nt Unit School Board (no	nprofessional)			
2022	0.00360%	42,745	\$ 772,701	5.53%	67.21%
2021	0.00350%	40,983	726,420	5.64%	67.45%
2020	0.00350%	58,576	722,142	8.11%	52.64%
2019	0.00360%	57,767	696,950	8.29%	52.00%
2018	0.00352%	54,000	668,930	8.07%	51.22%
2017	0.00365%	55,000	672,593	8.18%	48.86%
Componen	nt Unit School Board (pro	ofessional)			
2022	0.03010% \$	361,951	\$ 6,538,634	5.54%	67.21%
2021	0.03010%	350,562	6,217,610	5.64%	67.45%
2020	0.02930%	488,301	6,021,347	8.11%	52.64%
2019	0.02959%	481,509	5,800,973	8.30%	52.00%
2018	0.02967%	451,000	5,642,823	7.99%	51.22%
2017	0.03104%	467,000	5,725,695	8.16%	48.86%

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

Schedule of Employer Contributions Group Life Insurance (GLI) Plan Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	 Contribution Deficiency (Excess) (3)	 Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Go	overnment				
2023	\$ 20,841	\$ 20,841	\$ -	\$ 3,859,401	0.54%
2022	19,588	19,588	-	3,627,374	0.54%
2021	18,005	18,005	-	3,334,273	0.54%
2020	17,404	17,404	-	3,346,889	0.52%
2019	16,613	16,613	-	3,194,805	0.52%
2018	15,113	15,113	-	2,883,532	0.52%
2017	14,229	14,229	-	2,736,390	0.52%
2016	13,722	13,722	-	2,858,674	0.48%
2015	13,492	13,492	-	2,810,867	0.48%
2014	14,433	14,433	-	3,006,863	0.48%
Componen	t Unit School Board	(nonprofessional)			
2023	\$ 4,707	\$ 4,707	\$ -	\$ 871,708	0.54%
2022	4,173	4,173	-	772,701	0.54%
2021	3,923	3,923	-	726,420	0.54%
2020	3,755	3,755	-	722,142	0.52%
2019	3,624	3,624	-	696,950	0.52%
2018	3,501	3,501	-	668,930	0.52%
2017	3,497	3,497	-	672,593	0.52%
2016	3,198	3,198	-	666,184	0.48%
2015	3,057	3,057	-	636,899	0.48%
2014	3,088	3,088	-	643,424	0.48%
Componen	t Unit School Board	(professional)			
2023	\$ 38,415	\$ 38,415	\$ -	\$ 7,113,929	0.54%
2022	35,309	35,309	-	6,538,634	0.54%
2021	33,575	33,575	-	6,217,610	0.54%
2020	31,311	31,311	-	6,021,347	0.52%
2019	30,165	30,165	-	5,800,973	0.52%
2018	29,573	29,573	-	5,642,823	0.52%
2017	29,774	29,774	-	5,725,695	0.52%
2016	27,181	27,181	-	5,662,753	0.48%
2015	26,645	26,645	-	5,551,020	0.48%
2014	26,759	26,759	-	5,574,863	0.48%

Notes to Required Supplementary Information Group Life Insurance (GLI) Plan Year Ended June 30, 2023

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

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios Primary Government

For the Measurement Dates of June 30, 2017 through June 30, 2022

	2017	2018	2019	2020	2021	2022
Total OPEB liability						
Service cost \$	41,607 \$	35,981 \$	37,016 \$	44,823 \$	55,131 \$	65,380
Interest	19,197	22,499	24,135	20,333	18,762	14,654
Changes in assumptions	(83,487)	(4,409)	(3,118)	79,290	70,007	(219,928)
Differences between expected and actual experience	-	2,981	(38,691)	(2,984)	(117,252)	4,996
Benefit payments	(31,000)	(16,848)	(30,690)	(26,316)	(33,378)	(23,946)
Net change in total OPEB liability \$	(53,683) \$	40,204 \$	(11,348) \$	115,146 \$	(6,730) \$	(158,844)
Total OPEB liability - beginning	689,091	635,408	675,612	664,264	779,410	772,680
Total OPEB liability - ending \$	635,408 \$	675,612 \$	664,264 \$	779,410 \$	772,680 \$	613,836
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
County's total OPEB liability (asset) as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A

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

Notes to Required Supplementary Information - Primary Government OPEB Year Ended June $30,\,2023$

Valuation Date: 3/14/2022 Measurement Date: 6/30/2022

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

Methods and assumptions used to determine OPEB liability:

Technous and assumptions used to determ	
Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.69% as of June 30, 2022
Inflation	2.50% per year as of June 30, 2022
Healthcare Trend Rate	The healthcare trend rate assumption starts at 4.00% in 2022
	and gradually increases to 5.20% by the year 2030; and
	decreases to 4.80% by 2060
Salary Increase Rates	The salary increase rate used the VRS Teacher's salary
	increase assumption
Retirement Age	The average age at retirement is 62
Mortality Rates	The VRS demographic assumptions for teachers; and assumed
	no disability and no preretirement mortality.

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios Component Unit - School Board

For the Measurement Dates of June 30, 2018 through June 30, 2023

		2018	2019	2020	2021	2022	2023
Total OPEB liability							
Service cost	\$	46,431 \$	47,929 \$	55,269 \$	75,377 \$	86,852 \$	29,603
Interest		29,848	31,840	30,629	27,583	24,191	26,590
Changes in assumptions		(3,547)	46,708	1,715	60,949	(389,891)	(10,617)
Differences between expected and actual experience		(3,395)	(12,277)	88,582	(16,900)	(249,578)	(11,980)
Benefit payments		(23,000)	(15,200)	(27,912)	(12,531)	(12,216)	(15,640)
Net change in total OPEB liability	\$	46,337 \$	99,000 \$	148,283 \$	134,478 \$	(540,642) \$	17,956
Total OPEB liability - beginning		846,952	893,289	992,289	1,140,572	1,275,050	734,408
Total OPEB liability - ending	\$	893,289 \$	992,289 \$	1,140,572 \$	1,275,050 \$	734,408 \$	752,364
Covered-employee payroll		N/A	N/A	N/A	N/A	N/A	N/A
School Board's total OPEB liability (asset) as a percent	ige	NIZA	NI/A	NI/A	N/A	NI/A	NI/A
of covered-employee payroll		N/A	N/A	N/A	N/A	N/A	N/A

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

Notes to Required Supplementary Information - School Board OPEB Year Ended June 30, 2023

Valuation Date: 2/1/2022 Measurement Date: 6/30/2023

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

Methods and assumptions used to determine OPEB liability:

,	,
Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.86% as of June 30, 2023
Inflation	2.50% per year as of June 30, 2023
Healthcare Trend Rate	The healthcare trend rate assumption starts at 3.94% in 2022
	and gradually decreases to 4.64% by the year 2050; and
	decreases to 3.94% by 2075
Salary Increase Rates	The salary increase rate used the VRS Teacher's salary
	increase assumption
Retirement Age	The average age at retirement is 62
Mortality Rates	The VRS demographic assumptions for teachers; and assumed no disability and no preretirement mortality.





Budgetary Comparison Schedule Capital Projects Fund Year Ended June 30, 2023

	_	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures:					
General government administration					
Space needs project	\$	300,000 \$,		•
County paygo project		80,000	80,000	25,354	54,646
Building envelope repairs		1,000,000	1,000,000	-	1,000,000
Garage and processing building Public safety		150,000	150,000	-	150,000
Sheriff paygo car		70,000	70,000	53,940	16,060
EMS transition		20,000	20,000	101,842	(81,842)
Sheriff radios		50,000	50,000	-	50,000
Sheriff HVAC replacement		-	-	27,709	(27,709)
Public works					
Refuse project		50,000	50,000	-	50,000
Education					
RCHS generator project	_			228,992	(228,992)
Total expenditures	\$_	1,720,000 \$	1,720,000	\$ 471,282	\$1,248,718_
Excess (deficiency) of revenues over (under)					
expenditures	\$_	(1,720,000) \$	(1,720,000)	\$ (471,282)	\$ 1,248,718
Other financing sources (uses):					
Transfers in	\$_	1,720,000 \$	1,720,000	\$ 445,583	\$ (1,274,417)
Net change in fund balance	\$	- \$	-	\$ (25,699)	\$ (25,699)
Fund balance, beginning of year, as restated	_			21,873	21,873
Fund balance, end of year	\$_	<u>-</u> \$		\$ (3,826)	\$ (3,826)

The budgetary data presented above is on the modified accrual basis of accounting which is in accordance with generally accepted accounting principles.



Discretely Presented Component Unit

School Board

Discretely Presented Component Unit School Board Combining Balance Sheet At June 30, 2023

	_	School Operating Fund	School Cafeteria Fund	School Activity Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$	529,351 \$	37,532	\$ 229,480 \$	· ·
Accounts receivable		57,247	-	-	57,247
Inventory		-	11,188	-	11,188
Due from other funds		-	3,348	-	3,348
Due from other governments	_	577,177			577,177
Total assets	\$_	1,163,775 \$	52,068	\$ 229,480 \$	1,445,323
Liabilities:					
Accounts payable	\$	63,674 \$	- !	\$ - \$	63,674
Accrued liabilities		529,301	27,610	-	556,911
Unearned revenue		140,516	21,542	-	162,058
Due to other funds		3,348	-	-	3,348
Due to primary government	_	426,936			426,936
Total liabilities	\$_	1,163,775 \$	49,152	\$\$	1,212,927
Fund Balances:					
Nonspendable:					
Inventory	\$	- \$	11,188	\$ - \$	11,188
Assigned:					
School food operations		-	(8,272)	-	(8,272)
School activity funds	_	<u> </u>	<u> </u>	229,480	229,480
Total fund balances	\$_	- \$	2,916	\$ 229,480 \$	232,396
Total liabilities and fund balances	\$	1,163,775 \$	52,068	\$ 229,480 \$	1,445,323

Discretely Presented Component Unit School Board Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position At June 30, 2023

Total fund balances for governmental funds (Exhibit 29)		\$	232,396
Total net position reported for governmental activities in the statement of net position are different because:	l		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:	l		
Buildings and improvements, net of depreciation Furniture, equipment and vehicles, net of depreciation Right of use assets, net of amortization	\$	6,608,360 1,591,192 9,020	
School Board capital assets in primary government, net of depreciation	_	(315,728)	7,892,844
The net pension asset is not an available resource and, therefore, is not reported in the funds.			217,590
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds. Pension related items OPEB related items	ı \$ _	1,925,193 332,522	2,257,715
Liabilities applicable to the School Board's governmental activities which are not due and/or payable in the current period are not reported as fund liabilities. Balances of such liabilities affecting net position are as follows:			
Compensated absences Lease liabilities Net pension liability/asset Net OPEB liability	\$	(412,553) (9,102) (6,672,988) (2,025,717)	(9,120,360)
Deferred inflows for the net difference between projected and actual earnings on pension plan investments	l		
Pension related items OPEB related items	\$ _	(1,654,720) (662,350)	(2,317,070)
Total net position of governmental activities (Exhibit 1)		\$	(836,885)

Discretely Presented Component Unit School Board Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds Year Ended June 30, 2023

	_	School Operating Fund		School Cafeteria Fund		School Activity Funds		Total Governmental Funds
Revenues:								
Charges for services	\$	-	\$	148,975	\$	-	\$	148,975
Miscellaneous		60,216		49,645		456,239		566,100
Intergovernmental:								
Contribution from primary government		8,911,530		-		-		8,911,530
Revenue from the Commonwealth		5,343,610		11,681		-		5,355,291
Revenue from the Federal Government	_	1,486,186		311,052		-		1,797,238
Total revenues	\$_	15,801,542	\$	521,353	\$_	456,239	\$	16,779,134
Expenditures:								
Current:								
Education:								
Instruction	\$	11,020,900	\$	-	\$	447,278	\$	11,468,178
Administration, attendance and health		1,896,536		-		-		1,896,536
Transportation		1,021,929		-		-		1,021,929
Operation and maintenance		1,206,835		-		-		1,206,835
Facilities		198,081		-		-		198,081
School food services		33,874		607,094		-		640,968
Technology	_	328,387		-		-		328,387
Total expenditures	\$_	15,706,542	\$_	607,094	\$_	447,278	\$	16,760,914
Excess (deficiency) of revenues over (under)								
expenditures	\$_	95,000	\$	(85,741)	\$	8,961	\$	18,220
Other financing sources (uses):								
Transfers in	\$	_	\$	95,000	ς	_	\$	95,000
Transfers out	7	(95,000)	7	-	7	_	7	(95,000)
	-	(70,000)			-			(70,000)
Total other financing sources (uses)	\$_	(95,000)	\$	95,000	\$_	-	\$	
Net change in fund balance	\$	-	\$	9,259	\$	8,961	\$	18,220
Fund balance, beginning of year	_	-		(6,343)		220,519	. ,	214,176
Fund balance, end of year	\$_	-	\$	2,916	\$	229,480	\$	232,396

Discretely Presented Component Unit School Board
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2023

Net change in fund balances - total governmental funds (Exhibit 31)

\$ 18,220

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

(180,050)

School Board capital assets are jointly owned by the County and School Board. The County share of School Board capital assets is in proportion to the debt owed on such by the County. The transfers to the School Board are affected by the relationship of the debt to assets on a year to year basis. The net transfer resulting from this relationship decreased the transfers to the School Board.

78,898

Special contributions received from the Commonwealth for the teacher cost sharing pool are not reported in governmental funds

310,058

The issuance of long-term debt provides current financial resources to governmental funds, while the repayments 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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amount is the net effect of these differences in the treatment of long-term debt and related items.

Lease principal payments

6,349

986,346

Some expenses reported in the Statement of Activities do no require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. Details supporting these changes are as follows:

Compensated absences Pension expense

(101,119) 994,100

OPEB expense

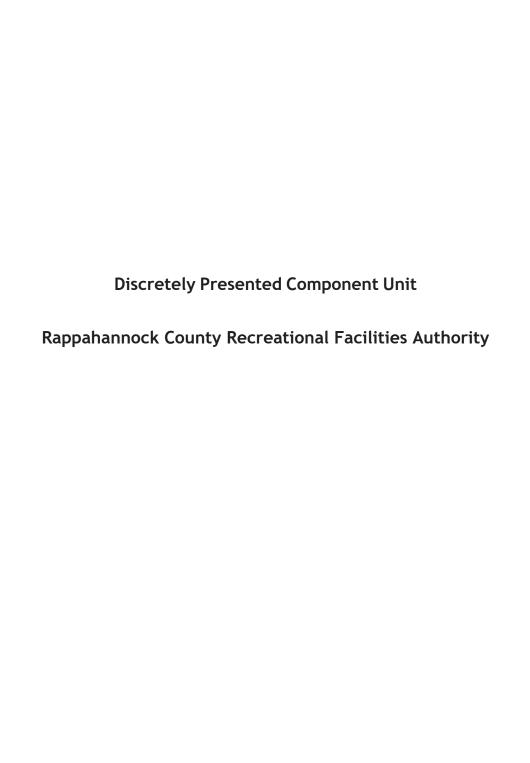
93,365

Change in net position of governmental activities (Exhibit 2)

\$ 1,219,821

Discretely Presented Component Unit School Board School Operating Fund Budgetary Comparison Schedule Year Ended June 30, 2023

Intergovernmental:			Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Intergovernmental: Appropriation from primary government						
Appropriation from primary government Revenue from the Commonwealth A,426,385 A,406,696 S,343,610 936,686 Revenue from the Federal Government 1,656,173 1,827,744 1,486,186 (341,557,414 Total revenues 15,455,414 16,154,986 15,801,542 (353,486) 15,801,542 (353,486) 15,801,542 (353,486) 16,154,986 16,154,986 (341,546) 16,154,986 16,154,986 (341,5		\$	453,962 \$	1,001,652	\$ 60,216	\$ (941,436)
Revenue from the Commonwealth Revenue from the Federal Government 4,426,385 1,406,696 5,343,610 936,6341,1327,744 1,486,186 (341,434,426,385 1,656,173 1,827,744 1,486,186 (341,434,426,385 1,6154,986 15,801,542 \$ (353,436,10) (341,436,186 1,656,173 1,827,744 1,486,186 (341,436,186 1,646,586 1,646,586 1,646,586 1,646,587 1,646,587 1,646,586 1,646,587 1,646,597 1,646,597 1,646,597 1,646,597 1,646,597 1,646,597 1,646,597 1,206,835 439,646,546 1,446,5	_					
Revenue from the Federal Government 1,656,173 1,827,744 1,486,186 (341,436) Total revenues \$ 15,455,414 \$ 16,154,986 \$ 15,801,542 \$ (353,433) Expenditures: Current: Education: \$ 9,678,545 \$ 10,378,117 \$ 11,020,900 \$ (642,73) Administration, attendance and health 1,692,494 1,692,494 1,896,536 (204,643) Transportation 1,214,927 1,214,927 1,021,929 192,729 Operation and maintenance 1,646,597 1,646,597 1,206,835 439,73 Facilities 199,907 199,907 198,081 1,4 School food services 396,942 396,942 33,874 363,0 Technology 328,311 328,311 328,387 15,706,542 \$ 150,5 Excess (deficiency) of revenues over (under) expenditures \$ 297,691 \$ 297,691 \$ 95,000 \$ (202,600) Other financing sources (uses): \$ 297,691 \$ 297,691 \$ 95,000 \$ (202,600)						(7,364)
Total revenues \$ 15,455,414 \$ 16,154,986 \$ 15,801,542 \$ (353,400) Expenditures: Current: Education: Instruction \$ 9,678,545 \$ 10,378,117 \$ 11,020,900 \$ (642,70) Administration, attendance and health 1,692,494 1,692,494 1,896,536 (204,40) Transportation 1,214,927 1,214,927 1,021,929 192,0 Operation and maintenance 1,646,597 1,646,597 1,206,835 439,70 Facilities 199,907 199,907 198,081 1,600,500 199,907 198,081 1,600,500 199,907 199,907 198,081 1,600,500 199,907 199,907 199,907 199,907 199,907 199,907 199,907 199,001 1,600,500 199,907 199,907 199,907 199,907 199,001 1,600,500 199,907 199,907 199,907 199,001 1,600,500 199,907 199,907 199,907 199,001 1,600,500 199,907 199,907 199,907 199,001 1,600,500 199,907 199,907 199,001 1,600,500 199,907 199,907 199,001 1,600,500 199,907 199,907 199,001 1,600,500 199,907 199,000 199,0						936,914
Expenditures: Current: Education: Instruction \$ 9,678,545 \$ 10,378,117 \$ 11,020,900 \$ (642,744) \$ (204,474) \$ (Revenue from the Federal Government	_	1,656,173	1,827,744	1,486,186	 (341,558)
Current: Education: Instruction \$ 9,678,545 \$ 10,378,117 \$ 11,020,900 \$ (642,744) Administration, attendance and health 1,692,494 1,692,494 1,896,536 (204,644) Transportation 1,214,927 1,214,927 1,021,929 192,94 Operation and maintenance 1,646,597 1,646,597 1,206,835 439,74 Facilities 199,907 199,907 198,081 1,87 School food services 396,942 396,942 33,874 363,67 Technology 328,311 328,331 328,387 Total expenditures \$ 15,157,723 \$ 15,857,295 \$ 15,706,542 \$ 150,706,	Total revenues	\$_	15,455,414 \$	16,154,986	\$ 15,801,542	\$ (353,444)
Education: Instruction \$ 9,678,545 \$ 10,378,117 \$ 11,020,900 \$ (642,7) Administration, attendance and health 1,692,494 1,692,494 1,896,536 (204,4) Transportation 1,214,927 1,214,927 1,021,929 192,5 Operation and maintenance 1,646,597 1,646,597 1,206,835 439,7 Facilities 199,907 199,907 198,081 1,3 School food services 396,942 396,942 33,874 363,6 Technology 328,311 328,311 328,387 Total expenditures \$ 15,157,723 \$ 15,857,295 \$ 15,706,542 \$ 150,706 Excess (deficiency) of revenues over (under) expenditures \$ 297,691 \$ 297,691 \$ 95,000 \$ (202,6) Other financing sources (uses):	Expenditures:					
Instruction \$ 9,678,545 \$ 10,378,117 \$ 11,020,900 \$ (642,7) Administration, attendance and health 1,692,494 1,692,494 1,896,536 (204,607) Transportation 1,214,927 1,214,927 1,021,929 192,607 Operation and maintenance 1,646,597 1,646,597 1,206,835 439,707 Facilities 199,907 199,907 198,081 1,607 School food services 396,942 396,942 33,874 363,607 Technology 328,311 328,311 328,331 328,387 Total expenditures \$ 15,157,723 \$ 15,857,295 \$ 15,706,542 \$ 150,507 Excess (deficiency) of revenues over (under) expenditures \$ 297,691 \$ 297,691 \$ 95,000 \$ (202,607) Other financing sources (uses):	Current:					
Administration, attendance and health Transportation Transportatio	Education:					
Transportation 1,214,927 1,214,927 1,021,929 192,9 Operation and maintenance 1,646,597 1,646,597 1,206,835 439,7 Facilities 199,907 199,907 198,081 1,8 School food services 396,942 396,942 33,874 363,6 Technology 328,311 328,311 328,387 Total expenditures \$ 15,157,723 \$ 15,857,295 \$ 15,706,542 \$ 150,7 Excess (deficiency) of revenues over (under) expenditures \$ 297,691 \$ 297,691 \$ 95,000 \$ (202,60) Other financing sources (uses):	Instruction	\$	9,678,545 \$	10,378,117	\$ 11,020,900	\$ (642,783)
Operation and maintenance 1,646,597 1,646,597 1,206,835 439,75 Facilities 199,907 199,907 198,081 1,8 School food services 396,942 396,942 33,874 363,0 Technology 328,311 328,311 328,387 Total expenditures \$ 15,157,723 \$ 15,857,295 \$ 15,706,542 \$ 150,7 Excess (deficiency) of revenues over (under) expenditures \$ 297,691 \$ 297,691 \$ 95,000 \$ (202,6) Other financing sources (uses): \$ 297,691	Administration, attendance and health		1,692,494	1,692,494	1,896,536	(204,042)
Facilities 199,907 199,907 198,081 1,8 School food services 396,942 396,942 33,874 363,6 Technology 328,311 328,311 328,387 Total expenditures \$ 15,157,723 \$ 15,857,295 \$ 15,706,542 \$ 150,706,542 Excess (deficiency) of revenues over (under) expenditures \$ 297,691 \$ 297,691 \$ 95,000 \$ (202,60) Other financing sources (uses):	Transportation		1,214,927	1,214,927	1,021,929	192,998
School food services 396,942 396,942 33,874 363,674 Technology 328,311 328,311 328,387 Total expenditures \$ 15,157,723 \$ 15,857,295 \$ 15,706,542 \$ 150,706,542 Excess (deficiency) of revenues over (under) expenditures \$ 297,691 \$ 297,691 \$ 95,000 \$ (202,600) Other financing sources (uses):	Operation and maintenance		1,646,597	1,646,597	1,206,835	439,762
Technology 328,311 328,311 328,387 Total expenditures \$ 15,157,723 \$ 15,857,295 \$ 15,706,542 \$ 150,706,542 Excess (deficiency) of revenues over (under) expenditures \$ 297,691 \$ 297,691 \$ 95,000 \$ (202,600) Other financing sources (uses):	Facilities		199,907	199,907	198,081	1,826
Total expenditures \$ 15,157,723 \$ 15,857,295 \$ 15,706,542 \$ 150,706,542	School food services		396,942	396,942	33,874	363,068
Excess (deficiency) of revenues over (under) expenditures \$ 297,691 \$ 297,691 \$ 95,000 \$ (202,600) \$ Other financing sources (uses):	Technology	_	328,311	328,311	328,387	 (76)
expenditures \$ 297,691 \$ 297,691 \$ 95,000 \$ (202,6) Other financing sources (uses):	Total expenditures	\$_	15,157,723 \$	15,857,295	\$ 15,706,542	\$ 150,753
Other financing sources (uses):	Excess (deficiency) of revenues over (under)					
	expenditures	\$_	297,691 \$	297,691	\$ 95,000	\$ (202,691)
Transfers out \$ (297.691) \$ (297.691) \$ (95.000) \$ 202.6	Other financing sources (uses):					
(277,071) y (277,071) y (73,000) y 202,t	Transfers out	\$_	(297,691) \$	(297,691)	\$ (95,000)	\$ 202,691
Net change in fund balance \$ - \$ - \$	Net change in fund balance	\$	- \$	- :	\$ -	\$ -
Fund balance, beginning of year	Fund balance, beginning of year		<u> </u>			 -
Fund balance, end of year \$ - \$ - \$	Fund balance, end of year	\$	- \$	- :	\$ -	\$ -



Discretely Presented Component Unit -- Rappahannock County Recreational Facilities Authority Proprietary Fund
Statement of Net Position
June 30, 2023

	F	roprietary Fund
	Ent	erprise Fund
Assets:		
Current Assets:		
Cash and cash equivalents	\$	52,696
Total current assets	\$	52,696
Capital Assets:		
Land	\$	20,000
Other capital assets, net of accumulated depreciation		132,339
Total capital assets, net	\$	152,339
Total assets	\$	205,035
Liabilities:		
Accounts payable	\$	391
Total liabilities	\$	391
Net Position:		
Investment in capital assets	\$	152,339
Unrestricted		52,305
Total net position	\$	204,644
Total liabilities and net position	\$	205,035

Discretely Presesnted Component Unit -- Rappahannock County Recreational Facilities Authority Proprietary Fund
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2023

	F	Proprietary Fund
	Ent	terprise Fund
Operating Revenues:		
Fodderstack race fees	\$	10,539
Donations		3,206
Grants		1,000
Forest sustain		23,547
Sponsorship		9,134
Contributions from the County		14,000
Pavilion fees		2,900
Other income		20
Total operating revenues	\$	64,346
Operating Expenses:		
Maintenance	\$	15,484
Office		5,536
Race expense		9,414
Park operations		2,231
Privacy fence		3,125
Free fishing day		2,691
Utilities		651
Depreciation		12,172
Total operating expenses	\$	51,304
Operating income (loss)	\$	13,042
Nonoperating Revenues:		
Interest income	\$	27
Change in net position	\$	13,069
Net position, beginning of year		191,575
Net position, end of year	\$	204,644

Discretely Presesnted Component Unit -- Rappahannock County Recreational Facilities Authority Proprietary Fund
Statement of Cash Flows
Year Ended June 30, 2023

	P	roprietary Fund
	Ent	erprise Fund
Cash flows from operating activities:		
Receipts from customers and users	\$	64,346
Payments for services		(38,741)
Net cash provided by (used for) operating activities	\$	25,605
Cash flows from capital and related financing activities: Purchase and contruction of capital assets	\$	(21,834)
Net cash provided by (used for) capital and related financing activities	ş	(21,834)
Cash flows from investing activities:	ć	27
Interest income	\$	27
Net cash provided by (used for) investing activities	\$	27
Net Increase (decrease) in cash and cash equivalents	\$	3,798
Cash and cash equivalents at beginning of year		48,898
Cash and cash equivalents at end of year	\$	52,696
Reconciliation of operating income to net cash provided by (used for) operating activities:		
Operating income (loss)	\$	13,042
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation	\$	12,172
Change in accounts payable		391
Net cash provided by (used for) operating activities	\$	25,605

Discretely Presented Component Unit

Rappahannock County Broadband Authority

Discretely Presented Component Unit -- Rappahannock County Broadband Authority Proprietary Fund
Statement of Net Position
June 30, 2023

		Proprietary Fund
	_	Enterprise Fund
Assets:		
Current Assets:		
Cash and cash equivalents	\$	124,677
Total current assets	\$_	124,677
Total assets	\$_	124,677
Net Position:		
Unrestricted	\$_	124,677
Total net position	\$	124,677

Discretely Presesnted Component Unit -- Rappahannock County Broadband Authority Proprietary Fund
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2023

	_	Proprietary Fund
	_	Enterprise Fund
Operating Revenues:		
Donations	\$	1,580,000
Contributions from the School Board		370,000
Contributions from the County	_	1,000,000
Total operating revenues	\$_	2,950,000
Operating Expenses:		
Public outreach	\$	400
Professional fees		2,942
Website		105
Broadband project	_	2,950,000
Total operating expenses	\$_	2,953,447
Operating income (loss)	\$_	(3,447)
Net position, beginning of year	\$_	128,124
Net position, end of year	\$_	124,677

Discretely Presesnted Component Unit -- Rappahannock County Broadband Authority Proprietary Fund
Statement of Cash Flows
Year Ended June 30, 2023

	_	Proprietary Fund
	E	nterprise Fund
Cash flows from operating activities:		
Receipts from customers and users	\$	2,950,000
Payments for services		(2,953,447)
Net cash provided by (used for) operating activities	\$	(3,447)
Net Increase (decrease) in cash and cash equivalents	\$	(3,447)
Cash and cash equivalents at beginning of year	_	128,124
Cash and cash equivalents at end of year	\$	124,677



Government-Wide Expenses by Function Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare
2014 \$	1,381,064 \$	586,282 \$	3,411,317 \$	1,135,337 \$	2,547,019
2015	1,505,816	527,648	3,390,514	871,474	2,659,547
2016	1,547,808	586,007	3,387,732	915,508	2,652,016
2017	1,433,621	618,077	3,398,518	1,651,603	2,786,542
2018	1,431,541	624,859	3,703,645	992,812	2,756,189
2019	1,452,127	593,426	3,798,238	1,084,769	3,156,724
2020	1,835,490	680,498	4,005,709	963,338	3,584,842
2021	2,058,131	732,652	4,407,853	819,838	3,309,664
2022	1,832,616	687,892	4,948,614	605,008	2,549,844
2023	1,568,223	721,739	4,551,461	1,128,307	2,848,925

_	Education	Parks, Recreation, and Culture	Community Development	Interest on Debt	Total
\$	8,784,501 \$	279,077 \$	292,962 \$	147,749 \$	18,565,308
	8,863,794	282,060	299,357	128,509	18,528,719
	9,167,980	310,419	303,058	107,623	18,978,151
	8,937,902	305,993	304,866	89,161	19,526,283
	9,097,245	335,211	305,337	70,645	19,317,484
	9,478,700	370,777	422,387	51,542	20,408,690
	9,216,704	356,186	404,535	40,133	21,087,435
	9,204,922	440,238	396,167	30,387	21,399,852
	9,113,523	412,333	369,282	74,737	20,593,849
	8,998,202	453,797	411,275	18,221	20,700,150

Government-Wide Revenues Last Ten Fiscal Years

	Program Revenues						
Fiscal Year		Charges for Services		Operating Grants and Contributions	_	Capital Grants and Contributions	
2014	\$	327,003	\$	2,719,264	\$	-	
2015	·	288,083	·	2,646,930		-	
2016		408,221		2,664,419		-	
2017		245,506		2,897,075		-	
2018		254,415		2,760,679		-	
2019		360,505		3,229,928		-	
2020		284,274		3,555,907		-	
2021		353,352		3,319,403		-	
2022		489,658		3,472,820		-	
2023		381,593		3,557,441		-	

_	General Revenues									
_	General Property Taxes	Other Local Taxes	Non- Categorical Aid		Revenues from the Use of Money & Property		Miscel- laneous		Gain on Sale of Capital Assets	Total
\$	11,985,197 \$	1,229,959 \$	1,379,154 \$	\$	147,877	\$	190,080	\$	- \$	17,978,534
	13,004,588	1,111,493	1,331,876		34,175		272,017		-	18,689,162
	13,586,234	1,308,666	1,369,662		307,860		13,054		-	19,658,116
	13,643,034	1,419,400	1,358,022		95,163		228,984		-	19,887,184
	13,634,230	1,437,601	1,349,431		192,816		1,262,464		-	20,891,636
	14,269,005	1,556,406	1,331,370		156,727		244,970		-	21,148,911
	14,525,242	1,634,905	1,606,511		126,201		354,448		-	22,087,488
	14,485,383	2,091,645	2,346,699		30,130		358,194		-	22,984,806
	14,863,123	2,409,669	1,317,874		28,830		311,347		-	22,893,321
	14,515,940	2,325,562	1,285,941		468,735		540,635		-	23,075,847

General Governmental Revenues by Source (1) Last Ten Fiscal Years

Fiscal Year	 General Property Taxes	Other Local Taxes	Permit Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property
2014	\$ 11,886,764 \$	1,229,959 \$	82,130 \$	127,152 \$	147,877
2015	13,027,716	1,111,493	104,253	102,833	34,175
2016	13,482,799	1,308,666	272,759	70,448	307,860
2017	13,664,079	1,419,400	103,425	82,175	97,853
2018	13,641,994	1,437,601	116,410	83,771	192,816
2019	14,396,358	1,556,406	160,579	124,900	156,727
2020	14,375,564	1,634,905	139,945	94,900	126,201
2021	14,696,952	2,091,645	177,109	104,324	30,130
2022	14,675,781	2,409,672	301,450	107,167	28,830
2023	14,672,580	2,325,565	166,836	125,952	468,735

⁽¹⁾ Includes General, School Construction, and Special Revenue Funds and Component Unit School Board

Charges for Services	Miscel- laneous	Recovered Costs	Intergovern- mental	Total
\$ 330,884 \$	221,010 \$	92,475 \$	7,508,393 \$	21,626,644
305,735	365,010	139,263	7,321,609	22,512,087
270,471	439,155	120,586	7,572,068	23,844,812
247,890	444,599	120,605	7,964,157	24,144,183
235,120	1,702,976	166,438	7,670,484	25,247,610
336,369	572,986	121,779	8,038,329	25,464,433
181,940	1,018,547	162,529	8,688,604	26,423,135
99,471	1,460,476	141,420	10,173,487	28,975,014
108,372	1,350,881	133,406	9,961,886	29,077,445
237,780	1,106,735	154,850	11,995,911	31,254,944

General Governmental Expenditures by Function (1) Last Ten Fiscal Years

Fiscal Year	 General Admini- stration	Judicial Admini- stration	Public Safety	Public Works	Health and Welfare	(2)(3) Education
2014	\$ 1,349,020 \$	583,408 \$	3,377,540 \$	1,130,404 \$	2,515,634 \$	12,026,150
2015	1,419,351	606,898	3,351,453	999,438	2,655,545	12,186,095
2016	1,527,735	602,513	3,387,465	998,299	2,674,751	12,676,152
2017	1,387,114	616,822	3,707,220	928,363	2,811,941	12,550,172
2018	1,436,785	643,327	3,819,313	1,072,549	2,789,119	12,748,883
2019	1,425,918	619,452	4,329,927	1,183,188	3,228,907	13,036,998
2020	1,571,325	669,086	4,028,524	1,129,708	3,549,081	13,295,629
2021	1,976,111	696,711	4,271,011	874,996	3,187,413	14,586,580
2022	1,603,946	717,951	4,663,631	841,811	2,699,790	15,010,829
2023	1,649,678	739,205	4,348,798	1,011,926	2,965,991	16,768,688

⁽¹⁾ Includes General, School Construction, and Special Revenue Funds and Component Unit School Board

⁽²⁾ Includes capital projects

⁽³⁾ Excludes appropriation to School Board from General Fund

_	Recreation and Cultural	Community Development	Capital Projects	Nondeparmental	Debt Service	Total
\$	223,917 \$	288,441 \$	4,521 \$	- \$	1,961,913 \$	23,460,948
	233,291	291,714	7,827	-	621,646	22,373,258
	265,019	295,316	9,277	-	599,844	23,036,371
	247,740	299,262	5,954	-	664,336	23,218,924
	291,388	308,481	-	33,917	646,065	23,789,827
	333,781	430,558	-	10,372	549,681	25,148,782
	310,381	401,333	642,495	17,666	384,730	25,999,958
	381,808	379,882	298,096	5,742	379,150	27,037,500
	388,187	385,833	573,972	18,189	368,226	27,272,365
	416,400	424,724	471,282	8,620	206,275	29,011,587

Assessed Value of Taxable Property (1) Last Ten Fiscal Years

Fiscal Year	 Real Estate	Personal Property	Mobile Homes	Public Utility Real Estate	Total
2014	\$ 1,536,218,200 \$	58,909,294 \$	122,470 \$	51,478,437 \$	1,646,728,401
2015	1,550,225,900	59,047,835	122,470	52,611,509	1,662,007,714
2016	1,564,616,400	61,911,080	112,620	54,113,898	1,680,753,998
2017	1,556,589,600	65,129,847	107,736	53,894,064	1,675,721,247
2018	1,569,222,700	66,425,294	111,236	54,458,837	1,690,218,067
2019	1,581,639,100	67,520,450	107,536	53,095,126	1,702,362,212
2020	1,591,454,200	68,603,060	107,536	56,829,491	1,716,994,287
2021	1,741,579,000	67,978,600	107,536	58,581,558	1,868,246,694
2022	1,750,522,100	76,252,865	107,336	56,711,431	1,883,593,732
2023	1,967,624,300	90,267,669	63,000	52,438,056	2,110,393,025

^{(1) 100%} fair market value

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year	(1) Total Tax Levy	(1) (2) Current Tax Collections	Percent of Levy Collected	(1) Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	(1) Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2014 \$	11,796,833 \$	11,332,726	96%	554,038	\$ 11,886,764	93%	1,058,154	9%
2015	12,679,789	12,285,035	97%	742,681	13,027,716	95%	1,063,316	8%
2016	13,064,300	12,708,790	97%	535,745	13,244,535	94%	1,162,174	9 %
2017	13,157,364	12,890,598	98%	478,951	13,369,549	93%	1,128,080	9 %
2018	13,311,194	12,977,555	97%	664,439	13,641,994	94%	1,145,881	9 %
2019	13,929,418	13,639,972	98%	492,064	14,132,036	94%	943,263	7 %
2020	14,671,247	14,250,607	97%	359,195	14,609,802	94%	1,004,708	7 %
2021	15,126,564	14,894,177	98%	436,650	15,330,827	95%	1,034,791	7 %
2022	15,542,545	15,125,242	97%	495,823	15,621,065	94%	1,162,377	7 %
2023	15,045,216	14,202,313	94%	470,267	14,672,580	91%	1,120,014	7%

⁽¹⁾ Exclusive of penalties and interest.

⁽²⁾ Includes personal property tax reimbursements from the Commonwealth

Property Tax Rates (1) Last Ten Fiscal Years

	Pe	ersonal Property		Real Estate			
		Fire	Total		Fire	Total	
Fiscal	Personal	Personal	Personal	Real	Real	Real	
Years	 Property	Property	Property	Estate	Estate	Estate	
2014	\$ 4.25 \$	0.20 \$	4.45 \$	0.65 \$	0.04 \$	0.69	
2015	4.25	0.20	4.45	0.65	0.05	0.70	
2016	4.25	0.20	4.45	0.65	0.05	0.70	
2017	4.25	0.20	4.45	0.65	0.05	0.70	
2018	4.25	0.20	4.45	0.67	0.06	0.73	
2019	4.25	0.20	4.45	0.67	0.06	0.73	
2020	4.25	0.20	4.45	0.67	0.06	0.73	
2021	4.25	0.20	4.45	0.67	0.06	0.73	
2022	4.25	0.20	4.45	0.67	0.06	0.73	
2023	3.10	0.20	3.30	0.55	0.05	0.60	

⁽¹⁾ Per \$100 of assessed value, including fire levy

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

Fiscal Year	Population (1)	Assessed Value (2)	Bonded Debt (3)	Ratio of General Obligation Debt to Assessed Value	_	Net Bonded Debt per Capita
2014	7,373 \$	1,646,728,401 \$	3,805,000	0%	\$	516
2015	7,373	1,662,007,714	3,365,000	0%		456
2016	7,373	1,680,753,998	2,920,000	0%		396
2017	7,388	1,675,721,247	2,465,000	0%		334
2018	7,388	1,690,218,067	2,005,000	0%		271
2019	7,252	1,702,362,212	1,540,000	0%		212
2020	7,370	1,716,994,287	1,220,000	0%		166
2021	7,370	1,868,246,694	890,000	0%		121
2022	7,407	1,883,593,732	555,000	0%		75
2023	7,502	2,231,575,485	370,000	0%		49

⁽¹⁾ US Census Bureau

⁽²⁾ From Table 5

⁽³⁾ Includes all long-term general obligation bonded debt and Literary Fund Loans. Excludes compensated absences, revenue bonds and landfill obligations.

Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures Last Ten Fiscal Years

Fiscal Year	 Principal	Interest	Total Debt Service (2)	Total General Governmental Expenditures (1)	Ratio of Debt Service to General Governmental Expenditures
2014	\$ 494,521 \$	196,270 \$	690,791 \$	23,460,948	3%
2015	444,102	177,544	621,646	22,373,258	3%
2016	445,000	154,844	599,844	23,036,371	3%
2017	455,000	131,951	586,951	23,218,924	3%
2018	460,000	108,680	568,680	23,789,827	2%
2019	465,000	84,681	549,681	25,148,782	2%
2020	320,000	64,730	384,730	25,999,958	1%
2021	330,000	49,150	379,150	27,037,500	1%
2022	335,000	33,226	368,226	27,272,365	1%
2023	185,000	21,275	206,275	29,011,587	1%

⁽¹⁾ Includes General, School Construction, and Special Revenue Funds and Component Unit School Board

⁽²⁾ Includes all general obligation debt. Does not include revenue bonds.





ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements

Performed in Accordance with Government Auditing Standards

The Honorable Members of the Board of Supervisors County of Rappahannock, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Rappahannock, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise County of Rappahannock, Virginia's basic financial statements, and have issued our report thereon dated November 17, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

Coloinson, Farmer, Cox, Esociates

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

Purpose of This Report

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

Charlottesville, Virginia November 17, 2023



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

The Honorable Members of the Board of Supervisors County of Rappahannock, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Rappahannock, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Rappahannock, Virginia's major federal programs for the year ended June 30, 2023. County of Rappahannock, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, County of Rappahannock, Virginia compiled, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (Continued)

Koloinson, Farmer, Cox, Esociates

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

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

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

Charlottesville, Virginia November 17, 2023

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number		Federal Expenditures
Program of Cluster Fitte	Number	Number		xperialcares
Department of Agriculture: Pass - through payments: State Department of Agriculture:				
National School Lunch Proram - Food Distribution (Child Nutrition Cluster)	10.555	2022IN109941	\$	31,894
Department of Education: National School Lunch Program (Child Nutrition Cluster)	10.555	2022IN109941	_	201,556
Total National School Lunch Program			\$	233,450
School Breakfast Program (Child Nutrition Cluster)	10.553	2022IN109941		74,020
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	2022IN109941		2,955
Total Child Nutrition Cluster			\$	310,425
Pandemic EBT Administrative Costs	10.649	Unknown	\$	628
Department of Social Services:				
State Administrative Matching Grants for Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010122/0010121	_	211,710
Total Department of Agriculture			\$_	522,763
Department of Health and Human Services: Pass - through payments: Department of Social Services:				
Title IV-E Prevention Program	93.472	1140123	\$	1,827
Sexual Risk Avoidance Education	93.060	1110123		49
MaryLee Allen Promoting Safe and Stable Families	93.556	0950122/0950121		25,900
Temporary Assistance for Needy Families (TANF)	93.558	0400122/0400121		80,896
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500122/0500121		281
Low-Income Home Energy Assistance Child Care Mandatory and Matching Funds of the Child Care and	93.568	0600422/0600421		15,896
Development Fund (CCDF Cluster)	93.596	0760122/0760121		19,303
Chafee Education and Training Vouchers Program (ETV)	93.599	9160122		1,648
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900122/0900121		149
Foster Care - Title IV-E	93.658	1100122/1100121		58,613
Adoption Assistance	93.659	1120122/1120121		191,778
Social Services Block Grant	93.667	1000122/1000121		71,179
Chafee Foster Care Independence Program for Successful Transition to Adulthood Elder Abuse Prevention Inverventions Program	93.674 93.747	9150122/9150121 8000222/8000321		14,076 2,684
Children's Health Insurance Program	93.747	0540122/0540121		2,66 4 942
Medical Assistance Program (Medicaid Cluster)	93.778	1200122/1200121		108,880
Total Department of Health and Human Services			\$	594,101
Department of Justice: Pass - through payments: Department of Criminal Justice:				
Crime Victim Assistance Edward Byrne Memorial Justice Assistance Grant Program	16.575 16.738	Not Available Not Available	\$	71,352 3,092
Total Department of Justice			\$	74,444
Institute of Musuem and Library Services: Pass - through payments: The Library of Virginia: Grants to States	45.310	Not Available	\$	5,960
			_	

Schedule of Expenditures of Federal Awards Year Ended June 30, 2023 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	<u>E</u>	Federal expenditures
Department of Treasury: Pass - through payments: Virginia Department of Accounts:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds Local Assistance and Tribal Consistency Fund	21.027 21.032	Not Available Not Available	\$	1,446,479 100,000
Total Department of Treasury			\$_	1,546,479
Department of Homeland Security: Pass - through payments: Department of Emergency Management:				
Hazard Mitigation Grant	97.039	Not Available	\$_	15,000
Department of Transportation: Pass - through payments: Department of Motor Vehicles: State and Community Highway Safety (Highway Safety Cluster)	20.600	60507-53000	\$	9,927
Department of Education: Pass - through payments: Department of Education:				
Career and Technical Education Basic Grants to States	84.048	V048A210046 V048A220046	\$	17,277
Supporting Effective Instruction State Grants	84.367	S367A210044 S367A220044		38,583
Title I Grants to Local Educational Agencies	84.010	S010A210046 S010A220046		149,373
Student Support and Academic Enrichment Program	84.424	Not available		16,532
Competitive Grants for State Assessments	84.368	Not available		4,880
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	Not available		893,060
Special Education Grants to States (Special Education Cluster (IDEA))	84.027	H027A210107 H027A220107		280,985
Special Education Preschool Grants (Special Education Cluster (IDEA))	84.173	H173A210112 H173A220112	_	6,717
Total Special Education Cluster			\$_	287,702
Total Department of Education			\$_	1,407,407
Total expenditures of federal awards			\$_	4,176,081

See accompanying notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2023

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

- 1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- 2) Pass-through entity identifying numbers are presented where available.

Note 3 - Food Distribution

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

Note 4 - Subrecipients

No awards were passed through to subrecipients.

Note 5 - De Minimis Cost Rate

The County did not elect to use the 10-percent de minimis indirect cost rate under Uniform Guidance.

Note 6 - Loan Balances

The County has no loan guarantees which are subject to reporting requirements for the current year.

Note 7 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:		
General Fund	\$	1,005,215
Library Fund		5,960
ARPA Fund		1,467,701
Total Primary Government	\$_	2,478,876
Component Unit School Board:		
School Operating Fund	\$	1,486,186
School Cafeteria Fund		311,052
Total Component Unit School Board	\$	1,797,238
Less Payments in Lieu of Taxes not reported on Schedule of	_	
Expenditures of Federal Awards	\$_	(100,033)
Total federal expenditures per basic financial statements	\$_	4,176,081
Total expenditures of federal awards per the Schedule of Expenditures	-	
of Federal Awards	\$_	4,176,081

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

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Significant deficiency(ies) identified?

None reported

Noncompliance material to financial statements noted?

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

Significant deficiency(ies) identified?

None reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

Identification of major programs:

Assistance Listing # Name of Federal Program or Cluster

21.027 Coronavirus State and Local Fiscal Recovery Funds

84.425D Elementary and Secondary School Emergency Relief (ESSER) Fund

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

Auditee qualified as low-risk auditee?

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Prior Year Findings and Questioned Costs

None

Section V - Commonwealth of Virginia Findings and Questioned Costs

None

