

COUNTY OF LEE, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

COUNTY OF LEE, VIRGINIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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INTRODUCTORY SECTION

COUNTY OF LEE, VIRGINIA

BOARD OF SUPERVISORS

Larry Mosley, Vice Chair
Sidney Kolb

D. D. Leonard, Chair

Robert Smith
Charles Slemph, Jr.

COUNTY SCHOOL BOARD

Mike Kidwell, Vice Chair
Nancy Garrett

Vera Ely, Chair

Garry Williams
Rob Hines

COUNTY WELFARE BOARD

Eleanor Chadwell
Michelle Warner

Wade Wilson, Chair

Linda Wampler
Crystal Willis

OTHER OFFICIALS

Clerk of the Circuit Court	Rene Lamey
Commonwealth's Attorney.....	Harrison Fuller Cridlin
Commissioner of the Revenue	Christopher Jones
Treasurer	Nathan Cope
Sheriff.....	Gary B. Parsons
Superintendent of Schools.....	Brian Dean
Director of Social Services.....	Trevor Hensley
County Administrator.....	Rob Wright
County Attorney.....	Stacy E. Munsey

FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

**To the Honorable Members of the Board of Supervisors
County of Lee, Virginia
Jonesville, 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 Lee, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County of Lee, Virginia's basic financial statements as listed in the table of contents.

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

We did not audit the financial statements of Lee County Economic Development Authority or the Lee County School Activity Funds which represent 3.97 percent and 3.11 percent, respectively, of the assets and revenues of the discretely presented component units as of June 30, 2024. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Lee County Economic Development Authority or the Lee County School Activity Funds, is based solely on the report of the other auditors.

Basis for Opinion

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 Lee, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Lee, 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' Responsibility 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 Lee, 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 Lee, 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, 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 and other auditors 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 Lee, Virginia's basic financial statements. The accompanying other supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2025, on our consideration of the County of Lee, 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 solely is 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 Lee, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Lee, Virginia's internal control over financial reporting and compliance.



Blacksburg, Virginia
October 9, 2025

Basic Financial Statements

County of Lee, Virginia
Statement of Net Position
As of June 30, 2024

	Primary Government		Component Units			
	Governmental Activities	School Board	Public Service Authority	Economic Development Authority	Hospital Authority	
ASSETS						
Cash and cash equivalents	\$ 8,411,969	\$ 3,093,768	\$ 1,179,815	\$ 207,360	\$ 440,974	
Cash held at schools	-	836,175	-	-	-	
Investments	29,433	-	-	-	-	
Receivables (net of allowance for uncollectibles):						
Taxes receivable	13,967,332	-	-	-	-	
Accounts receivable	1,395,725	-	622,762	-	-	
Notes receivable	938,567	-	-	34,946	-	
Grants receivable	-	-	116,533	-	-	
Due from component unit	3,054,247	-	-	-	-	
Due from other governmental units	3,534,877	4,018,126	-	-	-	
Prepaid items	65,673	1,481,557	47,923	-	2,692	
Restricted assets:						
Cash and cash equivalents	-	824,827	814,461	-	-	
Investments	-	-	48,139	-	-	
Net pension asset	-	-	318,097	-	-	
Capital assets (net of accumulated depreciation):						
Land	918,786	649,210	81,843	669,851	-	
Buildings and improvements	11,374,775	12,245,063	44,091,644	1,247,751	-	
Machinery and equipment	3,067,612	7,035,159	373,912	254,697	-	
Construction in progress	687,757	438,948	1,086,785	16,508	-	
Lease assets:						
Machinery and equipment	-	6,335	-	-	-	
Total assets	\$ 47,446,753	\$ 30,629,168	\$ 48,781,914	\$ 2,431,113	\$ 443,666	
DEFERRED OUTFLOWS OF RESOURCES						
Pension related items	\$ 742,120	\$ 7,224,615	\$ 12,708	\$ -	\$ -	
OPEB related items	722,880	4,875,835	16,123	-	-	
Total deferred outflows of resources	\$ 1,465,000	\$ 12,100,450	\$ 28,831	\$ -	\$ -	
LIABILITIES						
Accounts payable	\$ 1,516,303	\$ 1,956,801	\$ 281,077	\$ 263	\$ -	
Accounts payable - construction	438,152	75,104	116,533	-	-	
Accrued wages	-	2,034,304	-	-	-	
Customers' deposits	-	-	226,903	-	-	
Accrued interest payable	29,662	-	28,731	-	-	
Due to primary government	-	3,054,247	-	-	-	
Unearned grant revenue	1,956,668	1,512,366	-	-	-	
Long-term liabilities:						
Due within one year	688,976	689,798	732,835	627,963	-	
Due in more than one year	7,440,756	46,771,508	14,638,422	526,700	-	
Total liabilities	\$ 12,070,517	\$ 56,094,128	\$ 16,024,501	\$ 1,154,926	\$ -	
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - property taxes	\$ 12,268,149	\$ -	\$ -	\$ -	\$ -	
Deferred revenue - prepaid taxes	42,087	-	-	-	-	
Pension related items	800,900	3,855,498	43,183	-	-	
OPEB related items	1,095,482	1,391,312	7,140	-	-	
Total deferred inflows of resources	\$ 14,206,618	\$ 5,246,810	\$ 50,323	\$ -	\$ -	
NET POSITION						
Net investment in capital assets	\$ 12,574,554	\$ 20,293,198	\$ 30,316,460	\$ 1,034,144	\$ -	
Restricted:						
Future pension costs	-	-	318,097	-	-	
Opioid Settlement Fund	1,147,396	-	-	-	-	
Cafeteria operations	-	105,687	-	-	-	
Health Insurance	-	637,763	-	-	-	
Retirement	-	25,617	-	-	-	
Headstart program	-	41,193	-	-	-	
Coal road expenses	84,361	-	-	-	-	
Debt service	-	-	635,697	-	-	
Unrestricted (deficit)	8,828,307	(39,714,778)	1,465,667	242,043	443,666	
Total net position (deficit)	\$ 22,634,618	\$ (18,611,320)	\$ 32,735,921	\$ 1,276,187	\$ 443,666	

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

County of Lee, Virginia
Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating		Primary Government	Component Units		
			Grants and Contributions	Capital Grants and Contributions		School Board	Public Service Authority	Economic Development Authority
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 1,731,196	\$ 591	\$ 415,866	\$ -	\$ (1,314,739)	\$ -	\$ -	\$ -
Judicial administration	1,652,887	6,589	1,630,934	-	(15,364)	-	-	-
Public safety	7,877,010	119,061	2,457,672	120,000	(5,180,277)	-	-	-
Public works	3,236,142	215,735	16,527	157,722	(2,846,158)	-	-	-
Health and welfare	14,481,659	51,850	11,776,732	-	(2,653,077)	-	-	-
Education	4,455,861	-	-	-	(4,455,861)	-	-	-
Parks, recreation, and cultural	393,588	35,055	-	-	(358,533)	-	-	-
Community development	675,622	52,985	252,623	-	180,302	-	-	-
Interest on long-term debt	84,501	-	-	-	(84,501)	-	-	-
Total governmental activities	\$ 34,588,466	\$ 481,866	\$ 16,550,354	\$ 828,038	\$ (16,728,208)	\$ -	\$ -	\$ -
Total primary government	\$ 34,588,466	\$ 481,866	\$ 16,550,354	\$ 828,038	\$ (16,728,208)	\$ -	\$ -	\$ -
COMPONENT UNITS:								
School Board	\$ 49,057,095	\$ 759,212	\$ 47,258,676	\$ -	\$ -	\$ (1,039,207)	\$ -	\$ -
Public Service Authority	6,372,537	4,598,255	-	1,236,002	-	-	(538,280)	-
Economic Development Authority (EDA)	92,550	600	-	-	-	-	-	(91,950)
Hospital Authority	12,042	-	-	-	-	-	-	(12,042)
Total component units	\$ 55,534,224	\$ 5,358,067	\$ 47,258,676	\$ 1,236,002	\$ -	\$ (1,039,207)	\$ (538,280)	\$ (91,950)
General revenues:								
General property taxes					\$ 10,247,070	\$ -	\$ -	\$ -
Other local taxes:								
Local sales and use taxes					2,021,749	-	-	-
Consumer's utility taxes					434,267	-	-	-
Meals taxes					226,138	-	-	-
Motor vehicle licenses					730,275	-	-	-
Taxes on recordation and wills					87,039	-	-	-
Other local taxes					56,225	-	-	-
Unrestricted revenues from use of money					134,335	4,728	38,494	12,578
Miscellaneous					794,015	1,746,027	20,995	3,358
Contributions from Lee County					-	4,395,047	-	-
Grants and contributions not restricted to specific programs					2,238,375	-	-	-
Total general revenues					\$ 16,969,488	\$ 6,145,224	\$ 59,489	\$ 6,937
Change in net position					\$ 241,280	\$ 5,106,017	\$ (478,791)	\$ (85,013)
Net position (deficit) - beginning					22,393,338	(23,717,337)	33,214,712	1,361,200
Net position (deficit) - ending					\$ 22,634,618	\$ (18,611,320)	\$ 32,735,921	\$ 1,276,187

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

County of Lee, Virginia
Balance Sheet
Governmental Funds
As of June 30, 2024

	<u>General</u>	<u>Airport Project</u>	<u>Capital Improvements</u>	<u>Nonmajor Coal Road Improvement</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 7,818,875	\$ -	\$ 510,356	\$ 82,738	\$ 8,411,969
Investments	29,433	-	-	-	29,433
Receivables (net of allowance for uncollectibles):					
Taxes receivable	13,967,332	-	-	-	13,967,332
Accounts receivable	1,394,102	-	-	1,623	1,395,725
Due from component unit	3,054,247	-	-	-	3,054,247
Due from other governmental units	2,790,637	744,240	-	-	3,534,877
Prepaid items	44,380	21,293	-	-	65,673
Notes receivable	938,567	-	-	-	938,567
Total assets	\$ 30,037,573	\$ 765,533	\$ 510,356	\$ 84,361	\$ 31,397,823
LIABILITIES					
Accounts payable - operating	\$ 1,509,734	\$ -	\$ 6,569	\$ -	\$ 1,516,303
Accounts payable - capital	-	438,152	-	-	438,152
Unearned grant revenue	1,956,668	-	-	-	1,956,668
Total liabilities	\$ 3,466,402	\$ 438,152	\$ 6,569	\$ -	\$ 3,911,123
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	\$ 13,803,577	\$ -	\$ -	\$ -	\$ 13,803,577
Unavailable revenue - prepaid taxes	42,087	-	-	-	42,087
Unavailable revenue - tipping fees	10,512	-	-	-	10,512
Unavailable revenue - opioid settlement	923,040	-	-	-	923,040
Total deferred inflows of resources	\$ 14,779,216	\$ -	\$ -	\$ -	\$ 14,779,216
FUND BALANCES					
Nonspendable:					
Notes receivable	\$ 911,985	\$ -	\$ -	\$ -	\$ 911,985
Prepaid items	44,380	-	-	-	44,380
Restricted:					
Coal road expenses	-	-	-	84,361	84,361
Opioid Settlement Fund	224,356	-	-	-	224,356
Assigned:					
County capital projects funds	-	327,381	-	-	327,381
Economic development funds	405,913	-	-	-	405,913
School carryover funds	4,089,856	-	-	-	4,089,856
School capital projects funds	29,433	-	503,787	-	533,220
Unassigned	6,086,032	-	-	-	6,086,032
Total fund balances	\$ 11,791,955	\$ 327,381	\$ 503,787	\$ 84,361	\$ 12,707,484
Total liabilities, deferred inflows of resources, and fund balances	\$ 30,037,573	\$ 765,533	\$ 510,356	\$ 84,361	\$ 31,397,823

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

County of Lee, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
As of June 30, 2024

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	12,707,484
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$	918,786	
Buildings and improvements		11,374,775	
Machinery and equipment		3,067,612	
Construction in progress		687,757	16,048,930

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

Unearned revenue - tipping fees	\$	10,512	
Unearned revenue - opioid settlement		923,040	
Unavailable revenue - property taxes		1,535,428	2,468,980

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

Pension related items	\$	742,120	
OPEB related items		722,880	1,465,000

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

Bonds payable	\$	(3,036,224)	
Accrued interest payable		(29,662)	
Net pension liability		(1,787,960)	
Landfill closure and postclosure liability		(96,728)	
Compensated absences		(606,273)	
Net OPEB liabilities		(2,602,547)	(8,159,394)

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

Pension related items	\$	(800,900)	
OPEB related items		(1,095,482)	(1,896,382)

Net position of governmental activities	\$	22,634,618
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The notes to the financial statements are an integral part of this statement.

County of Lee, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	<u>General</u>	<u>Airport Project</u>	<u>Capital Improvements</u>	<u>Nonmajor Coal Road Improvement</u>	<u>Total</u>
REVENUES					
General property taxes	\$ 10,379,207	\$ -	\$ -	\$ -	\$ 10,379,207
Other local taxes	3,553,235	-	-	2,458	3,555,693
Permits, privilege fees, and regulatory licenses	81,562	-	-	-	81,562
Fines and forfeitures	3,311	-	-	-	3,311
Revenue from the use of money and property	205,049	-	-	461	205,510
Charges for services	323,114	-	-	-	323,114
Miscellaneous	389,139	-	-	-	389,139
Recovered costs	351,386	-	-	-	351,386
Intergovernmental:					
Commonwealth	11,511,526	233,862	-	-	11,745,388
Federal	7,277,203	549,077	45,099	-	7,871,379
Total revenues	<u>\$ 34,074,732</u>	<u>\$ 782,939</u>	<u>\$ 45,099</u>	<u>\$ 2,919</u>	<u>\$ 34,905,689</u>
EXPENDITURES					
Current:					
General government administration	\$ 2,043,539	\$ -	\$ -	\$ -	\$ 2,043,539
Judicial administration	1,637,571	-	-	-	1,637,571
Public safety	8,284,573	-	-	-	8,284,573
Public works	2,836,006	-	-	478	2,836,484
Health and welfare	14,562,216	-	-	-	14,562,216
Education	4,406,966	-	-	-	4,406,966
Parks, recreation, and cultural	393,588	-	-	-	393,588
Community development	342,619	-	137,620	-	480,239
Nondepartmental	54,893	-	-	-	54,893
Capital projects	402,813	780,838	-	-	1,183,651
Debt service:					
Principal retirement	205,334	-	-	-	205,334
Interest and other fiscal charges	116,121	-	-	-	116,121
Total expenditures	<u>\$ 35,286,239</u>	<u>\$ 780,838</u>	<u>\$ 137,620</u>	<u>\$ 478</u>	<u>\$ 36,205,175</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,211,507)</u>	<u>\$ 2,101</u>	<u>\$ (92,521)</u>	<u>\$ 2,441</u>	<u>\$ (1,299,486)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 259,152	\$ 74,992	\$ -	\$ 334,144
Transfers out	(334,144)	-	-	-	(334,144)
Total other financing sources (uses)	<u>\$ (334,144)</u>	<u>\$ 259,152</u>	<u>\$ 74,992</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ (1,545,651)	\$ 261,253	\$ (17,529)	\$ 2,441	\$ (1,299,486)
Fund balances - beginning	13,337,606	66,128	521,316	81,920	14,006,970
Fund balances - ending	<u>\$ 11,791,955</u>	<u>\$ 327,381</u>	<u>\$ 503,787</u>	<u>\$ 84,361</u>	<u>\$ 12,707,484</u>

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

County of Lee, Virginia
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2024

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

Net change in fund balances - total governmental funds	\$	(1,299,486)
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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 detail of items supporting this adjustment:

Capital outlays	\$ 2,359,542	
Depreciation expenses	(1,326,310)	1,033,232

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

Increase (decrease) in unavailable revenue - property taxes	\$ (132,137)	
Increase (decrease) in unavailable revenue - opioid settlement	404,876	
Increase (decrease) in unavailable revenue - tipping fees	2,704	275,443

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

Debt issued or incurred:		
Increase in landfill closure and postclosure liability	\$ (3,090)	
Principal repayments:		
Bonds payable	171,157	
Notes payable	34,177	202,244

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Decrease (increase) in compensated absences	\$ (84,710)	
Decrease (increase) in premiums	10,722	
Decrease (increase) in accrued interest payable	20,898	
Change in net pension liability and related items	181,645	
Change in net OPEB liabilities and related items	(98,708)	29,847

Change in net position of governmental activities	\$	241,280

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

County of Lee, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2024

	<u>Custodial Fund</u> <u>Special Welfare</u>
ASSETS	
Cash and cash equivalents	<u>279,031</u>
Total assets	<u><u>\$ 279,031</u></u>
NET POSITION	
Restricted - amounts held for social services clients	<u>279,031</u>
Total net position	<u><u>\$ 279,031</u></u>

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

County of Lee, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2024

	<u>Custodial Fund</u> <u>Special Welfare</u>
ADDITIONS	
Gifts, donations, and aid	\$ 156,886
Revenue from the use of money	<u>2,263</u>
Total additions	<u>\$ 159,149</u>
DEDUCTIONS	
Special welfare payments	\$ 81,579
Total deductions	<u>\$ 81,579</u>
Net increase (decrease) in fiduciary net position	\$ 77,570
Total net position, beginning of year	<u>201,461</u>
Total net position, end of year	<u><u>\$ 279,031</u></u>

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

County of Lee, Virginia

Notes to Financial Statements June 30, 2024

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

Blended component units - None

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

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

The Lee County Public Service Authority (PSA) provides water and sewer service to residents of Lee County. The County provides support to the Authority and appoints all of the Authority's Board members. As such, the Authority is considered a component unit of the County. The Authority issues separate financial statements that may be obtained by writing to P.O. Box 830, Jonesville, VA 24263.

The Lee County Economic Development Authority (EDA), encourages and provides financing for economic development in the County. The Economic Development Authority board members are appointed by the Board of Supervisors. The Economic Development Authority is fiscally dependent upon the County because the County provides significant funding and approves all debt issuances. As such, the Authority is considered a component unit of the County. The Authority issues separate financial statements that may be obtained by writing to P.O. Box 912, Jonesville, VA 24263.

The Lee County Hospital Authority provides hospital services to the County. The Hospital Authority board members are appointed by the Board of Supervisors. As such, the Authority is considered a component unit of the County. The Authority issues separate financial statements that may be obtained by writing to P.O. Box 912, Jonesville, VA 24263.

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

A. Financial Reporting Entity (continued)

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

Jointly Governed Organizations:

The County and other localities participate in supporting the Lonesome Pine Regional Library. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2024, the County contributed \$237,678 to the Library.

The County, along with the Counties of Wise and Scott and the City of Norton participate in supporting the Planning District I Community Services Board. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2024, the County contributed \$191,203 to the Community Services Board.

The County, along with a number of other localities, participates in supporting the Southwest Virginia Regional Jail Authority. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2024, the County paid \$2,467,648 to the Authority for inmate per diem charges.

The County and other localities participate in supporting the Appalachian Juvenile Commission. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2024, the County contributed \$158,380 to the Commission.

B. Government-wide and fund financial statements

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

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.

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

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

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

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

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

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

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

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

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

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

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

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

The County's fiduciary fund is presented in the fund financial statements. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

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

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

The County reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts and reports for all financial resources of the general government, except those required to be accounted for in other funds. The general fund includes the activities of the Virginia Public Assistance, Juror, Garage, Debt Service, Coronavirus Relief and Children's Services Act Funds.

The Capital Improvements and Airport Project funds are reported as major *capital projects funds*. Both funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital facilities.

The County reports the following nonmajor governmental fund:

The Coal Road Improvement fund is reported as the County's only nonmajor *special revenue fund*. Special Revenue Funds account for the proceeds of specific revenue sources (other than those dedicated for major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Additionally, the County reports the following fund types:

Fiduciary Funds account for assets held by the County in a trustee capacity or as custodian for individuals, private organizations, other governmental units, or other funds. These funds include Custodial Funds, which include the Special Welfare Fund. These funds utilize the accrual basis of accounting. Fiduciary Funds are not included in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

The Component Unit School Board reports the following major governmental funds:

School Operating Fund - 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 Lee, and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

School Head Start Fund - This fund of the School Board accounts for and reports all revenues and expenditures applicable to the head start operations of the public school system. Revenues are derived primarily from federal grants. The School Head Start Fund is considered a major fund of the School Board for financial reporting purposes.

The Component Unit School Board reports a nonmajor special revenue fund for School Activity. This fund reports activities of accounts held at each school and maintained by the school principal.

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

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

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

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

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

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

1. Cash and cash equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Receivables and payables

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

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

3. Property taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of November 1st. Real estate taxes are payable on October 31st. Personal property taxes are due and collectible annually on October 31st. The County bills and collects its own property taxes.

4. Allowance for uncollectible accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$319,006 at June 30, 2024 and is comprised entirely of property taxes.

5. Use of estimates

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

Notes to Financial Statements (continued)
June 30, 2024

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

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

6. Prepaid items

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

7. Capital assets

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	30
Building improvements	20-30
Structures, lines, and accessories	20-40
Machinery and equipment	4-30
Leases - machinery and equipment	5

8. Compensated absences

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

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

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

9. Long-term obligations

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

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

10. Fund balance

The County reports fund balance in accordance with current reporting standards and has classified fund balance into the following five categories:

Nonspendable -items that cannot be spent because they are not in spendable form, such as prepaid items and inventory or are required to be maintained intact (corpus of a permanent fund).

Restricted -items that are restricted by external parties such as creditors or imposed by grants, law or legislation.

Committed -items that have been committed, modified, or rescinded by formal action by the entity's "highest level of decision-making authority"; which the County of Lee, Virginia considers to be the Board of Supervisors.

Assigned -items that have been allocated by committee action where the government's intent is to use the funds for a specific purpose. The County of Lee, Virginia considers this level of authority to be the Board of Supervisors or any Committee granted such authority by the Board of Supervisors.

Unassigned -this category is for any balances that have no restrictions placed upon them; 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 of Lee, Virginia's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The County has \$956,365 of nonspendable fund balance at year end, which consists of \$44,380 or prepaid items and \$911,985 that is related to notes receivable.

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

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

11. Net position

Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related 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 also included in this component of net position.

12. 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.

13. 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 Retirement Plan, and the additions to/deductions from the County's Retirement Plan's fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

14. Other Postemployment Benefits (OPEB)

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

In addition to the above OPEB plans the County, DSS, and School Board have local OPEB plans related to health insurance. Each entity allows their retirees to stay on the employer health insurance after leaving employment which generates an implicit rate subsidy. See related notes for further information.

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

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

15. 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 (expenditure/expense) until then. The County has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources, 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 and tipping fees receivable are reported in the governmental funds balance sheet. The unavailable property tax amount is comprised of uncollected property taxes due prior to June 30th, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. The unavailable tipping fees are comprised of uncollected tipping fees that are not available for funding of current expenditures. Under the accrual basis, 2nd half installments of taxes levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, and opioid settlements are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

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

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

16. Leases

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

Lessee

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

Lessor

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

Key Estimates and Judgments

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

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

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

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to April 1st, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All non-fiduciary funds have legally adopted budgets.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the departmental level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and the General Capital Projects Funds. The School Operating Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of expenditures over appropriations

For fiscal year 2024, the CSA department exceeded appropriations.

C. Deficit fund balance

At June 30, 2024, there were no funds with a deficit balance.

Notes to Financial Statements (continued)
June 30, 2024

Note 3-Deposits and Investments:

Deposits:

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

Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Custodial Credit Risk (Investments):

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Neither the County nor its discretely presented component unit has an investment policy for custodial credit risk. As of June 30, 2024, the County and the Component Unit - School Board did not hold any investments that were subject to custodial credit risk.

Concentration of Credit Risk:

At June 30, 2024, the County did not have any investments meeting the definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

Credit Risk of Debt Securities

The County has not adopted an investment policy for credit risk. The County’s rated debt investments as of June 30, 2024 were rated by Standard & Poor’s and/or an equivalent national rating organization and the ratings are presented below using the Standard & Poor’s rating scale.

County's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	AAAm
SNAP	\$ 29,433
Money Market Mutual Fund	200,000
Total	\$ 229,433

The Money Market Mutual Fund was reported as cash and cash equivalents due to its liquidity.

Notes to Financial Statements (continued)
June 30, 2024

Note 3-Deposits and Investments: (continued)

External Investment Pool:

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

Interest Rate Risk:

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

Investment Maturities (in years)			
Investment Type	Fair Value		1 Year
SNAP	\$	29,433	\$ 29,433

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 categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The County maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

(If there has been a change in valuation technique that has a significant effect on the result (e.g., changing from an expected cash flow technique or the use of an additional valuation technique), document that specific change, and the reason(s) for making it.)

County of Lee, Virginia

Notes to Financial Statements (continued)
June 30, 2024

Note 3-Deposits and Investments: (continued)

Fair Value Measurements (continued)

The County has the following recurring fair value measurements as of June 30, 2024:

Investment Type	Fair Value Measurement Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Mutual Funds	\$ 200,000	\$ -	\$ -
Total	\$ 200,000	\$ -	\$ -

Note 4-Due from Other Governmental Units:

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

	Primary Government	Component Unit School Board
<u>Commonwealth of Virginia:</u>		
Sales tax	\$ -	\$ 674,701
Categorical aid-shared expenses	274,625	-
Noncategorical aid	211,621	-
Virginia public assistance funds	381,059	-
Other categorical aid	1,590,963	65,506
<u>Federal Government:</u>		
Categorical Aid	673,469	-
Public assistance funds	403,140	-
School grants	-	3,277,919
Totals	\$ 3,534,877	\$ 4,018,126

County of Lee, Virginia

Notes to Financial Statements (continued)
June 30, 2024

Note 5-Interfund/Component-Unit Obligations and Transfers:

Component unit obligations at June 30, 2024 consisted of the following:

<u>Fund</u>	<u>Due to Primary Government/ Component Unit</u>	<u>Due from Primary Government/ Component Unit</u>
Primary Government:		
General Fund	\$ -	\$ 3,054,247
Component Unit:		
School Board:		
School operating Fund	\$ 3,054,247	\$ -

The amounts above do not include notes receivable supported by a promissory note as described in Note 12.

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 334,144
Airport Capital Projects Fund	259,152	-
Capital Improvements Fund	74,992	-
Total	\$ 334,144	\$ 334,144
School Activity Fund	\$ 186,388	\$ -
School Operating Fund	-	186,388
Total	\$ 186,388	\$ 186,388

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

County of Lee, Virginia

Notes to Financial Statements (continued)
June 30, 2024

Note 6-Long-Term Obligations:

Primary Government - Governmental Activities Obligations:

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

	Balance July 1, 2023	Increases/ Issuances	Decreases/ Issuances	Balance June 30, 2024
Direct borrowings and direct placements:				
General obligation bonds	\$ 1,185,157	\$ -	\$ (105,157)	\$ 1,080,000
Premium on general obligation bond	33,287	-	(10,722)	22,565
Lease revenue bonds	1,999,659	-	(66,000)	1,933,659
Secured notes payable (1)	34,177	-	(34,177)	-
Net pension liability	2,232,674	2,896,211	(3,340,925)	1,787,960
Net OPEB liabilities	2,489,384	1,785,165	(1,672,002)	2,602,547
Landfill closure and postclosure liability	93,638	3,090	-	96,728
Compensated absences	521,563	475,882	(391,172)	606,273
Total	\$ 8,589,539	\$ 5,160,348	\$ (5,620,155)	\$ 8,129,732

(1) These notes payable are secured by the assets underlying the loans, sheriff vehicles, and a front loader.

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

Year Ending June 30,	Direct Borrowings and Direct Placements			
	General Obligation Bonds		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2025	\$ 100,000	\$ 40,515	\$ 126,000	\$ 65,104
2026	105,000	35,339	127,000	60,834
2027	110,000	29,910	133,000	56,447
2028	115,000	24,804	139,000	51,857
2029	120,000	20,645	142,000	47,115
2030-2034	530,000	38,517	791,000	158,541
2035-2037	-	-	475,659	27,439
Totals	\$ 1,080,000	\$ 189,730	\$ 1,933,659	\$ 467,337

County of Lee, Virginia

Notes to Financial Statements (continued)
June 30, 2024

Note 6-Long-Term Obligations: (continued)

Primary Government - Governmental Activities Obligations: (continued)

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Direct Borrowings and Direct Placements:		
<i>General Obligation Bonds:</i>		
\$1,920,000 VPSA general obligation bond issued May 2013 maturing annually in principal installments varying from \$60,000 to \$140,000. Interest is payable annually at rates varying from 3.05% to 5.05% through 2034.	\$ 1,080,000	\$ 100,000
Subtotal	\$ 1,080,000	\$ 100,000
Plus: Premium on general obligation bond	22,565	8,271
Total General Obligation Bonds	<u>\$ 1,102,565</u>	<u>\$ 108,271</u>
<i>Lease Revenue Bonds:</i>		
\$2,491,000 lease revenue refunding bond issued May 2016 maturing annually in principal installments varying from \$71,000 to \$184,000. Interest is payable annually at 3.375% through 2037.	\$ 1,933,659	\$ 126,000
Total Direct Borrowings and Direct Placements	<u>\$ 3,036,224</u>	<u>\$ 234,271</u>
Other Obligations:		
Landfill Closure and Postclosure Liability	\$ 96,728	\$ -
Net Pension Liability	1,787,960	-
Net OPEB Liabilities	2,602,547	-
Compensated Absences	606,273	454,705
Total Other Obligations	<u>\$ 5,093,508</u>	<u>\$ 454,705</u>
Total Long-Term Obligations	<u>\$ 8,129,732</u>	<u>\$ 688,976</u>

Default Provisions:

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

The County's secured notes payable would be deemed due in full immediately upon default. Those notes payable are also secured by County vehicles.

County of Lee, Virginia

Notes to Financial Statements (continued)
June 30, 2024

Note 6-Long-Term Obligations: (continued)

Discretely Presented Component Unit-School Board-Obligations:

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

	Balance July 1, 2023	Increases/ Issuances	Decreases/ Issuances	Balance June 30, 2024
Net pension liability	\$ 27,252,522	\$ 10,734,469	\$ (10,569,141)	\$ 27,417,850
Net OPEB liabilities	15,646,481	5,368,852	(1,889,470)	19,125,863
Early retirement incentive plan liability	70,190	-	(70,190)	-
Compensated absences	998,816	661,476	(749,112)	911,180
Lease liabilities	82,535	-	(76,122)	6,413
Total	\$ 44,050,544	\$ 16,764,797	\$ (13,354,035)	\$ 47,461,306

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

Year Ending June 30,	Lease Liabilities	
	Principal	Interest
2025	\$ 6,413	\$ 11

Details of long-term obligations:

	Interest Rates	Implementation Date	Final Maturity Date	Installment Amounts	Amount of Original Issue	Total Amount	Amount Due Within One Year
Lease Liabilities:							
School copier leases	2.00%	7/1/2021	7/1/2024	\$6,423	\$367,067	\$ 6,413	\$ 6,413
Total lease liabilities						\$ 6,413	\$ 6,413
Other Obligations:							
Net pension liability						\$ 27,417,850	\$ -
Net OPEB liabilities						19,125,863	-
Compensated absences						911,180	683,385
Total Long-Term Obligations						\$ 47,461,306	\$ 689,798

Note 7-Pension Plans:

Plan Description

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

Benefit Structures

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

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

Note 7—Pension Plans: (continued)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	133	179
Inactive members:		
Vested	21	9
Non-Vested	36	52
Active Elsewhere in VRS	41	21
Total inactive members	98	82
Active members	140	98
Total covered employees	371	359

Note 7—Pension Plans: (continued)

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2024 was 10.35% 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 \$670,352 and \$618,717 for the years ended June 30, 2024 and June 30, 2023, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2024 was 28.47% 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 Lee County School Board's nonprofessional employees were \$682,840 and \$685,278 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net Pension Liability

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

Notes to Financial Statements (continued)
June 30, 2024

Note 7—Pension Plans: (continued)

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County’s and Component Unit School Board’s (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

County of Lee, Virginia

Notes to Financial Statements (continued)
June 30, 2024

Note 7—Pension Plans: (continued)

Actuarial Assumptions - General Employees (continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

Note 7—Pension Plans: (continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Note 7—Pension Plans: (continued)***Long-term Expected Rate of Return***

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

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

*The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

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

County of Lee, Virginia

Notes to Financial Statements (continued)
June 30, 2024

Note 7—Pension Plans: (continued)

Discount Rate

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

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2022	\$ 33,520,725	\$ 31,288,051	\$ 2,232,674
Changes for the year:			
Service cost	\$ 634,079	\$ -	\$ 634,079
Interest	2,241,917	-	2,241,917
Changes of assumptions	-	-	-
Differences between expected and actual experience	(433,550)	-	(433,550)
Contributions - employer	-	618,756	(618,756)
Contributions - employee	-	295,711	(295,711)
Net investment income	-	1,992,108	(1,992,108)
Benefit payments, including refunds of employee contributions	(1,882,442)	(1,882,442)	-
Administrative expenses	-	(20,215)	20,215
Other changes	-	800	(800)
Net changes	\$ 560,004	\$ 1,004,718	\$ (444,714)
Balances at June 30, 2023	\$ 34,080,729	\$ 32,292,769	\$ 1,787,960

County of Lee, Virginia

Notes to Financial Statements (continued)
June 30, 2024

Note 7—Pension Plans: (continued)

Changes in Net Pension Liability

	Component Unit - School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2022	\$ 16,011,486	\$ 9,164,463	\$ 6,847,023
Changes for the year:			
Service cost	\$ 185,752	\$ -	\$ 185,752
Interest	1,054,500	-	1,054,500
Changes of assumptions	-	-	-
Differences between expected and actual experience	(366,158)	-	(366,158)
Contributions - employer	-	685,151	(685,151)
Contributions - employee	-	111,336	(111,336)
Net investment income	-	579,903	(579,903)
Benefit payments, including refunds of employee contributions	(1,150,043)	(1,150,043)	-
Administrative expenses	-	(5,898)	5,898
Other changes	-	233	(233)
Net changes	\$ (275,949)	\$ 220,682	\$ (496,631)
Balances at June 30, 2023	\$ 15,735,537	\$ 9,385,145	\$ 6,350,392

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County of Lee, Virginia

Notes to Financial Statements (continued)
June 30, 2024

Note 7—Pension Plans: (continued)

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

The following presents the net pension liability of the County and Lee County School Board (nonprofessional) using the discount rate of 6.75%, as well as what the County's and Lee County 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:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
County			
Net Pension Liability (Asset)	\$ 6,168,424	\$ 1,787,960	\$ (1,912,837)
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 7,925,774	\$ 6,350,392	\$ 5,012,235

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

For the year ended June 30, 2024, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$488,749 and \$55,414, respectively. At June 30, 2024, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit-School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,651	\$ 291,402	\$ -	\$ 158,114
Change in assumptions	41,117	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	509,498	-	155,174
Employer contributions subsequent to the measurement date	670,352	-	682,840	-
Total	\$ 742,120	\$ 800,900	\$ 682,840	\$ 313,288

County of Lee, Virginia

Notes to Financial Statements (continued)
June 30, 2024

Note 7—Pension Plans: (continued)

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

\$670,352 and \$682,840 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2025	\$ (434,789)	\$ (265,852)
2026	(755,496)	(186,306)
2027	443,850	133,556
2028	17,303	5,314
2029	-	-
Thereafter	-	-

Pension Plan Data

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

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.

Note 7—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2024 was 16.62% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$3,575,577 and \$3,397,808 for the years ended June 30, 2024 and June 30, 2023, respectively.

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

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

At June 30, 2024, the school division reported a liability of \$21,067,458 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion was 0.2084% as compared to 0.2143% at June 30, 2022.

For the year ended June 30, 2024, the school division recognized pension expense of \$1,543,247. 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.

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County of Lee, Virginia

Notes to Financial Statements (continued)
June 30, 2024

Note 7—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

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

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

	Component Unit-School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,809,713	\$ 822,142
Change in assumptions	955,062	-
Net difference between projected and actual earnings on pension plan investments	-	1,369,810
Changes in proportion and differences between employer contributions and proportionate share of contributions	201,423	1,350,258
Employer contributions subsequent to the measurement date	3,575,577	-
Total	\$ <u>6,541,775</u>	\$ <u>3,542,210</u>

Notes to Financial Statements (continued)
June 30, 2024

Note 7—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

\$3,575,577 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Component Unit School Board (professional)</u>
2025	\$ (830,977)
2026	(1,639,458)
2027	1,581,569
2028	312,854
2029	-
Thereafter	-

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

Note 7—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

Actuarial Assumptions (Continued)

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvements:

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Note 7—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

Net Pension Liability

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

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

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

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

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 37,345,088	\$ 21,067,458	\$ 7,685,906

County of Lee, Virginia

Notes to Financial Statements (continued)
June 30, 2024

Note 7—Pension Plans: (continued)

Component Unit School Board (Professional) (continued)

Pension Plan Fiduciary Net Position

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

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 742,120	\$ 800,900	\$ 1,787,960	\$ 488,749	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	682,840	313,288	6,350,392	55,414
School Board Professional	-	-	-	-	6,541,775	3,542,210	21,067,458	1,543,247
Totals	<u>\$ 742,120</u>	<u>\$ 800,900</u>	<u>\$ 1,787,960</u>	<u>\$ 488,749</u>	<u>\$ 7,224,615</u>	<u>\$ 3,855,498</u>	<u>\$ 27,417,850</u>	<u>\$ 1,598,661</u>

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County of Lee, Virginia

Notes to Financial Statements (continued)
June 30, 2024

Note 8-Capital Assets:

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

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 918,786	\$ -	\$ -	\$ 918,786
Construction in progress	198,555	780,838	(291,636)	687,757
Total capital assets not being depreciated	<u>\$ 1,117,341</u>	<u>\$ 780,838</u>	<u>\$ (291,636)</u>	<u>\$ 1,606,543</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 26,178,003	\$ 573,857	\$ -	\$ 26,751,860
Machinery and equipment	7,364,399	1,296,483	(423,609)	8,237,273
Total capital assets being depreciated	<u>\$ 33,542,402</u>	<u>\$ 1,870,340</u>	<u>\$ (423,609)</u>	<u>\$ 34,989,133</u>
Accumulated depreciation:				
Buildings and improvements	\$ (14,546,234)	\$ (830,851)	\$ -	\$ (15,377,085)
Machinery and equipment	(5,097,811)	(495,459)	423,609	(5,169,661)
Total accumulated depreciation	<u>\$ (19,644,045)</u>	<u>\$ (1,326,310)</u>	<u>\$ 423,609</u>	<u>\$ (20,546,746)</u>
Total capital assets being depreciated, net	<u>\$ 13,898,357</u>	<u>\$ 544,030</u>	<u>\$ -</u>	<u>\$ 14,442,387</u>
Governmental activities capital assets, net	<u>\$ 15,015,698</u>	<u>\$ 1,324,868</u>	<u>\$ (291,636)</u>	<u>\$ 16,048,930</u>

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

Governmental activities:

General government administration	\$ 51,739
Judicial Administration	17,067
Public safety	306,686
Public works	585,184
Health and welfare	120,331
Education	48,895
Community development	196,408
Total depreciation expense-primary government	<u>\$ 1,326,310</u>

County of Lee, Virginia

Notes to Financial Statements (continued)
June 30, 2024

Note 8-Capital Assets: (continued)

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

Discretely Presented Component Unit - School Board:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated/amortized:				
Land	\$ 528,889	\$ 120,321	\$ -	\$ 649,210
Construction in progress	179,359	745,883	(486,294)	438,948
Total capital assets not being depreciated/amortized	<u>\$ 708,248</u>	<u>\$ 866,204</u>	<u>\$ (486,294)</u>	<u>\$ 1,088,158</u>
Capital assets, being depreciated/amortized:				
Buildings and improvements	\$ 29,646,916	\$ 1,441,183	\$ -	\$ 31,088,099
Machinery and equipment	12,041,060	3,697,568	(156,239)	15,582,389
Right-to-use machinery and equipment	230,291	-	-	230,291
Total capital assets being depreciated/amortized	<u>\$ 41,918,267</u>	<u>\$ 5,138,751</u>	<u>\$ (156,239)</u>	<u>\$ 46,900,779</u>
Accumulated depreciation:				
Buildings and improvements	\$ (17,661,778)	\$ (1,181,258)	\$ -	\$ (18,843,036)
Machinery and equipment	(7,759,811)	(943,080)	155,661	(8,547,230)
Right-to-use machinery and equipment	(149,168)	(74,788)	-	(223,956)
Total accumulated depreciation/amortization	<u>\$ (25,570,757)</u>	<u>\$ (2,199,126)</u>	<u>\$ 155,661</u>	<u>\$ (27,614,222)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 16,347,510</u>	<u>\$ 2,939,625</u>	<u>\$ (578)</u>	<u>\$ 19,286,557</u>
Governmental activities capital assets, net	<u>\$ 17,055,758</u>	<u>\$ 3,805,829</u>	<u>\$ (486,872)</u>	<u>\$ 20,374,715</u>

All depreciation above was charged to the education function of the Component Unit-School Board.

Note 9-Risk Management:

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

County of Lee, Virginia

Notes to Financial Statements (continued)
June 30, 2024

Note 10-Commitments and Contingencies:

Commitments

At June 30, 2024, the County and School Board had the following outstanding construction commitments:

Project	Amount of Contract	Amount Outstanding	Accounts Payable	Retainage Payable
Airport Electrical Design	\$ 782,893	\$ 279,264	\$ 418,853	\$ 19,299
Flatwoods Primary School - Head Start renovations	264,891	-	75,104	-

Contingencies

Federal programs in which the County and its component units participate were audited in accordance with the provisions of Uniform Guidance. Pursuant to these provisions 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, future disallowances of current grant program expenditures, if any, would be immaterial.

Note 11-Surety Bonds:

Primary Government:

Travelers Casualty and Surety Company of America

Rene Lamey, Clerk of the Circuit Court	\$ 500,000
Nathan Cope, Treasurer	400,000
Christopher Jones, Commissioner of the Revenue	3,000
Gary Parsons, Sheriff	30,000

Note 12-Notes Receivable:

Due from:	Amount Outstanding:	Interest Rate:	Security:
Lee County EDA*	\$ 451,875	0.00%	None
Lee County PSA*	32,500	0.00%	None
Town of Pennington Gap IDA	454,192	3.00%	None
Total	<u>\$ 938,567</u>		

*Notes receivable are due from discretely presented component units.

County of Lee, Virginia

Notes to Financial Statements (continued)
June 30, 2024

Note 13-Landfill Closure and Postclosure Liability:

State and federal laws and regulations required the County to place a final cover on its landfill site and to perform certain maintenance and monitoring functions at the site for ten years after closure. The County has closed its landfill. The \$96,728 liability is the total estimated post closure care liability at June 30, 2024 and represents what it would cost to perform all postclosure care in 2024. This liability also includes the estimated closure costs for the transfer station. Actual costs for postclosure monitoring may change due to inflation, deflation, changes in technology, or changes in regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the Department of Environmental Quality's assurance requirements for landfill postclosure costs.

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

Note 14-Unavailable/Deferred Revenue:

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

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 1,535,428
2nd half assessments due in December 2024	12,268,149	12,268,149
Prepaid property taxes due in December 2024 but paid in advance by taxpayers	42,087	42,087
Opioid settlement receivable	-	923,040
Unavailable tipping fees representing uncollected billings that are not available for funding of current expenditures	-	10,512
Total	\$ 12,310,236	\$ 14,779,216

Note 15-Other Postemployment Benefits - County Health Insurance:

Plan Description

In addition to the pension benefits described in Note 7, the County administers a single employer defined benefit healthcare plan, The Lee County Other Postemployment Benefits 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

The plan provides participation by eligible retirees and their dependents in the health insurance programs available to employees. The plan will provide retiring employees the option to continue health insurance offered by the County. To be eligible, the employee must be 50 with 10 years of service or 55 with 5 years of service.

Plan Membership

At June 30, 2024 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	84
Total retirees with coverage	<u>1</u>
Total	<u><u>85</u></u>

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, 2024 was \$9,940.

Actuarial Assumptions

The total OPEB liability in the July 1, 2023 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, 2023 2.50% per year as of June 30, 2024
Salary Increase Rates	Graded rate increases that consist of an inflation rate of 2.50%, a productivity component of 1.00%, and a variable merit component dependent on years of service
Discount Rate	3.65% as of June 30, 2023 3.93% as of June 30, 2024
Actuarial Cost Method	Entry Age Normal

County of Lee, Virginia

Notes to Financial Statements (continued)
June 30, 2024

Note 16-Other Postemployment Benefits - County Health Insurance: (continued)

Actuarial Assumptions (continued)

The mortality rates for active employees were calculated using the Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates..

The mortality rates for healthy retirees were calculated using the Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The mortality rates for disabled retirees were calculated using the Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

Discount Rate

The discount rate was 3.65% for June 30, 2023 and 3.93% for June 30, 2024. The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	
Balances at June 30, 2023	\$	410,266
Changes for the year:		
Service cost		29,580
Interest		15,875
Economic/Demographic Gains or Losses		50,046
Changes in assumptions		(6,656)
Benefit payments		(9,940)
Net changes	\$	78,905
Balances at June 30, 2024	\$	489,171

Note 15-Other Postemployment Benefits - County Health Insurance: (continued)***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following amounts present the total OPEB liability of the 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 (2.93%) or one percentage point higher (4.93%) than the current discount rate:

Discount Rate		
1% Decrease (2.93%)	Current (3.93%)	1% Increase (4.93%)
\$ 537,693	\$ 489,171	\$ 445,930

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 (-2.30% increasing to an ultimate rate of 2.90%) or one percentage point higher (-0.30% increasing to an ultimate rate of 4.90%) than the current healthcare cost trend rates:

Healthcare Cost Trend Rate		
1% Decrease (-2.30% increasing to 2.90%)	Current (-1.30% increasing to 3.90%)	1% Increase (-0.30% increasing to 4.90%)
\$ 429,515	\$ 489,171	\$ 560,044

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

For the year ended June 30, 2024, the County recognized OPEB expense in the amount of \$15,552. At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 70,165	\$ 127,349
Changes of assumptions	849	57,277
Total	<u>\$ 71,014</u>	<u>\$ 184,626</u>

Notes to Financial Statements (continued)
June 30, 2024

Note 15-Other Postemployment Benefits - County Health Insurance: (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:

<u>Year Ended June 30,</u>	<u>Primary Government</u>
2025	\$ (29,903)
2026	(36,320)
2027	(42,846)
2028	(12,943)
2029	6,998
Therafter	1,402

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

Note 16-Other Postemployment Benefits - Department of Social Services (DSS) Health Insurance:

Plan Description

In addition to the pension benefits described in Note 7, the DSS administers a single employer defined benefit healthcare plan, The Lee County Social Services Other Postemployment Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the DSS's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

The plan provides participation by eligible retirees and their dependents in the health insurance programs available to employees. The plan will provide retiring employees the option to continue health insurance offered by the DSS. To be eligible, the employee must be 50 with 10 years of service or 55 with 5 years of service.

Plan Membership

At June 30, 2024 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	52
Total retirees with coverage	<u>2</u>
Total	<u><u>54</u></u>

Notes to Financial Statements (continued)
June 30, 2024

Note 16-Other Postemployment Benefits - Department of Social Services (DSS) Health Insurance:
(continued)

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the DSS Board. The amount paid by the DSS for OPEB as the benefits came due during the year ended June 30, 2024 was \$20,301.

Actuarial Assumptions

The total OPEB liability in the July 1, 2023 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, 2023 2.50% per year as of June 30, 2024
Salary Increase Rates	Graded rate increases that consist of an inflation rate of 2.50%, a productivity component of 1.00%, and a variable merit component dependent on years of service
Discount Rate	3.65% as of June 30, 2023 3.93% as of June 30, 2024
Actuarial Cost Method	Entry Age Normal

The mortality rates for active employees were calculated using the Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates..

The mortality rates for healthy retirees were calculated using the Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The mortality rates for disabled retirees were calculated using the Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

Discount Rate

The discount rate was 3.65% for June 30, 2024 and 3.93% for June 30, 2024. The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Note 16-Other Postemployment Benefits - Department of Social Services (DSS) Health Insurance:
(continued)

Changes in Total OPEB Liability

	Primary Government - DSS Total OPEB Liability	
Balances at June 30, 2023	\$	168,528
Changes for the year:		
Service cost		17,460
Interest		6,421
Economic/Demographic Gains or Losses		46,669
Changes in assumptions		(14,813)
Benefit payments		(20,301)
Net changes	\$	35,436
Balances at June 30, 2024	\$	203,964

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

The following amounts present the total OPEB liability of the DSS, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current discount rate:

Discount Rate		
1% Decrease (2.93%)	Current (3.93%)	1% Increase (4.93%)
\$ 213,886	\$ 203,964	\$ 194,215

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

The following presents the total OPEB liability of the DSS, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.30% decreasing to an ultimate rate of 2.90%) or one percentage point higher (7.30% decreasing to an ultimate rate of 4.90%) than the current healthcare cost trend rates:

Healthcare Cost Trend Rate		
1% Decrease (5.30% decreasing to 2.90%)	Current (6.30% decreasing to 3.90%)	1% Increase (7.30% decreasing to 4.90%)
\$ 187,235	\$ 203,964	\$ 222,779

Notes to Financial Statements (continued)
June 30, 2024

Note 16-Other Postemployment Benefits - Department of Social Services (DSS) Health Insurance:
(continued)

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

For the year ended June 30, 2024, the DSS Board recognized OPEB expense in the amount of \$15,013. At June 30, 2024, the DSS reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 36,298	\$ 12,734
Changes of assumptions	3,465	11,864
Total	<u>\$ 39,763</u>	<u>\$ 24,598</u>

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,	Primary Government - DSS
2025	\$ 2,502
2026	2,502
2027	6,621
2028	3,540
2029	-
Therafter	-

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

Note 17-Other Postemployment Benefits - School Board Health Insurance:

Plan Description

In addition to the pension benefits described in Note 7, the School Board administers a single employer defined benefit healthcare plan, The Lee County Public Schools Other Postemployment Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

The plan provides participation by eligible retirees and their dependents in the health insurance programs available to employees. The plan will provide retiring employees the option to continue health insurance offered by the School Board. To be eligible, the employee must be 50 with 20 years of service of 65 with 5 years of service.

Notes to Financial Statements (continued)
June 30, 2024

Note 17-Other Postemployment Benefits - School Board Health Insurance: (continued)

Plan Membership

At June 30, 2024 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	520
Total retirees with coverage	30
Total spouse of retirees with coverage	3
Total beneficiaries	0
Total	553

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 for OPEB as the benefits came due during the year ended June 30, 2024 was \$577,381.

Actuarial Assumptions

The total OPEB liability in the July 1, 2023 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, 2023 2.50% per year as of June 30, 2024
Salary Increase Rates	Graded rate increases that consist of an inflation rate of 2.50%, a productivity component of 1.00%, and a variable merit component dependent on years of service
Discount Rate	3.65% as of June 30, 2023 3.93% as of June 30, 2024
Actuarial Cost Method	Entry Age Normal

The mortality rates for active employees were calculated using the Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The mortality rates for healthy retirees were calculated using the Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The mortality rates for disabled retirees were calculated using the Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

Notes to Financial Statements (continued)
June 30, 2024

Note 17-Other Postemployment Benefits - School Board Health Insurance: (continued)

Discount Rate

The discount rate was 3.65% for June 30, 2023 and 3.93% for June 30, 2024. The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Changes in Total OPEB Liability

	Component Unit School Board Total OPEB Liability	
Balances at June 30, 2023	\$	11,219,817
Changes for the year:		
Service cost		435,976
Interest		414,993
Economic/Demographic Gains or Losses		1,717,737
Changes in assumptions		1,658,705
Benefit payments		(577,381)
Net changes	\$	3,650,030
Balances at June 30, 2024	\$	14,869,847

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 (2.93%) or one percentage point higher (4.93%) than the current discount rate:

Discount Rate		
1% Decrease (2.93%)	Current (3.93%)	1% Increase (4.93%)
\$ 16,058,367	\$ 14,869,847	\$ 13,762,335

Notes to Financial Statements (continued)
June 30, 2024

Note 17-Other Postemployment Benefits - School Board Health Insurance: (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 (4.00% decreasing to an ultimate rate of 2.90%) or one percentage point higher (6.00% decreasing to an ultimate rate of 4.90%) than the current healthcare cost trend rates:

Healthcare Cost Trend Rate		
1% Decrease (4.00% decreasing to 2.90%)	Current (5.00% decreasing to 3.90%)	1% Increase (6.00% decreasing to 4.90%)
\$ 13,360,066	\$ 14,869,847	\$ 16,617,315

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

For the year ended June 30, 2024, the School Board recognized OPEB expense in the amount of \$1,456,918. At June 30, 2024, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,275,409	\$ -
Changes of assumptions	1,735,957	777,590
Total	<u>\$ 4,011,366</u>	<u>\$ 777,590</u>

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,	Component Unit School Board
2025	\$ 598,410
2026	598,410
2027	598,410
2028	463,212
2029	404,410
Thereafter	570,924

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

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

Plan Description

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

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured 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 \$9,254 as of June 30, 2024.

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

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ($1.34\% \times 60\%$) and the employer component was 0.54% ($1.34\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the Group Life Insurance Plan from the County were \$37,382 and \$34,293 for the years ended June 30, 2024 and June 30, 2023, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (Nonprofessional) were \$13,491 and \$13,483 for the years ended June 30, 2024 and June 30, 2023, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (Professional) were \$116,422 and \$110,516 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution. The entity did not record a proportionate share in the financial statements.

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

Primary Government

At June 30, 2024, the entity reported a liability of \$323,335 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was 0.02700% as compared to 0.02760% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$15,167. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

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

Component Unit School Board (Nonprofessional)

At June 30, 2024, the entity reported a liability of \$127,127 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was 0.01060% as compared to 0.01090% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$6,435. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Component Unit School Board (Professional)

At June 30, 2024, the entity reported a liability of \$1,041,964 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.08690% as compared to 0.09070% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$16,785. 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.

County of Lee, Virginia

Notes to Financial Statements (continued)
June 30, 2024

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

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

At June 30, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)		Component Unit School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 32,293	\$ 9,815	\$ 12,697	\$ 3,859	\$ 104,067	\$ 31,629
Net difference between projected and actual earnings on GLI OPEB plan investments	-	12,993	-	5,109	-	41,872
Change in assumptions	6,911	22,402	2,717	8,808	22,272	72,191
Changes in proportionate share	17,967	11,005	10,015	8,146	7,826	97,022
Employer contributions subsequent to the measurement date	37,382	-	13,491	-	116,422	-
Total	<u>\$ 94,553</u>	<u>\$ 56,215</u>	<u>\$ 38,920</u>	<u>\$ 25,922</u>	<u>\$ 250,587</u>	<u>\$ 242,714</u>

\$37,382, \$13,491, and \$116,422 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)	Component Unit School Board (professional)
2025	\$ (975)	\$ (494)	\$ (37,067)
2026	(11,565)	(4,749)	(64,946)
2027	7,852	2,208	(3,086)
2028	3,747	1,830	(5,755)
2029	1,897	712	2,305
Thereafter	-	-	-

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

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023. The assumptions include several employer groups. 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.

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

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

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

Actuarial Assumptions (continued)

Mortality Rates - Teachers (continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

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

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

Actuarial Assumptions (continued)

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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.

Notes to Financial Statements (continued)
June 30, 2024**Note 18-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)****Actuarial Assumptions (continued)****Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees (continued)**

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. 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, 2023, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

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

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

Note 18-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)***Long-Term Expected Rate of Return***

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

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

*The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2023, the rate contributed by 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.

County of Lee, Virginia

Notes to Financial Statements (continued)
June 30, 2024

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

Discount Rate (continued)

From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 479,283	\$ 323,335	\$ 197,250
Component Unit School Board's (nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	188,442	127,127	77,554
Component Unit School Board's (professional) proportionate share of the GLI Plan Net OPEB Liability	1,544,516	1,041,964	635,647

GLI Program Fiduciary Net Position

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

Note 19—Health Insurance Credit (HIC) Plan - Component Unit School Board (Nonprofessional):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Notes to Financial Statements (continued)
June 30, 2024

Note 19—Health Insurance Credit (HIC) Plan - Component Unit School Board (Nonprofessional):
(continued)

Employees Covered by Benefit Terms

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

	<u>Component Unit School Board (nonprofessional)</u>
Inactive members or their beneficiaries currently receiving benefits	<u>126</u>
Inactive members:	
Vested inactive members	<u>3</u>
Total inactive members	<u>129</u>
Active members	<u>119</u>
Total covered employees	<u>248</u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board’s (Nonprofessional) contractually required employer contribution rate for the year ended June 30, 2024 was 1.21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board (nonprofessional) to the HIC Plan were \$30,231 and \$29,907 for the years ended June 30, 2024 and June 30, 2023, respectively.

Notes to Financial Statements (continued)
June 30, 2024

Note 19—Health Insurance Credit (HIC) Plan - Component Unit School Board (Nonprofessional):
(continued)

Net HIC OPEB Liability

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

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

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Note 19—Health Insurance Credit (HIC) Plan - Component Unit School Board (Nonprofessional):
(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.

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Notes to Financial Statements (continued)
June 30, 2024

Note 19—Health Insurance Credit (HIC) Plan - Component Unit School Board (Nonprofessional):
(continued)

Long-Term Expected Rate of Return

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

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

*The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Notes to Financial Statements (continued)
June 30, 2024

Note 19—Health Insurance Credit (HIC) Plan - Component Unit School Board (Nonprofessional):
(continued)

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2023, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Component Unit School Board (nonprofessional)		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 545,435	\$ (17,244)	\$ 562,679
Changes for the year:			
Service cost	\$ 4,530	\$ -	\$ 4,530
Interest	19,472	-	19,472
Benefit changes	-	-	-
Differences between expected and actual experience	55,523	-	55,523
Assumption changes	(9,141)	-	(9,141)
Contributions - employer	-	29,907	(29,907)
Net investment income	-	-	-
Benefit payments	(44,552)	(44,552)	-
Administrative expenses	-	-	-
Other changes	-	-	-
Net changes	\$ 25,832	\$ (14,645)	\$ 40,477
Balances at June 30, 2023	\$ 571,267	\$ (31,889)	\$ 603,156

Note 19—Health Insurance Credit (HIC) Plan - Component Unit School Board (Nonprofessional):
(continued)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Component Unit School Board's (Nonprofessional)			
Net HIC OPEB Liability	\$ 660,774	\$ 603,156	\$ 554,117

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

For the year ended June 30, 2024, the School Board (Nonprofessional) recognized HIC Plan OPEB expense of \$147,111. At June 30, 2024, the School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the School Board's (nonprofessional) HIC Plan from the following sources:

	Component Unit School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 153,564	\$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	-	3,500
Change in assumptions	45,339	5,485
Employer contributions subsequent to the measurement date	30,231	-
Total	\$ 229,134	\$ 8,985

Note 19—Health Insurance Credit (HIC) Plan - Component Unit School Board (Nonprofessional):
(continued)

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

\$30,231 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's (Nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Component Unit School Board (Nonprofessional)</u>
2025	\$ 119,717
2026	64,348
2027	6,183
2028	(330)
2029	-
Thereafter	-

HIC Plan Data

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

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

Plan Description

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

Note 20- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Plan Description (continued)

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2024 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$260,316 and \$247,373 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$4 million to the VRS Teacher HIC Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution. The entity did not record a proportionate share in the financial statements.

Notes to Financial Statements (continued)
June 30, 2024

Note 20- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

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

At June 30, 2024, the school division reported a liability of \$2,483,769 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2023 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion of the VRS Teacher Employee HIC Program was 0.20500% as compared to 0.21144% at June 30, 2022.

For the year ended June 30, 2024, the school division recognized VRS Teacher Employee HIC OPEB expense of \$143,538. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

At June 30, 2024, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 109,323
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	1,246	-
Change in assumptions	57,818	2,503
Change in proportionate share and differences between actual and expected contributions	26,448	224,275
Employer contributions subsequent to the measurement date	<u>260,316</u>	<u>-</u>
Total	<u>\$ 345,828</u>	<u>\$ 336,101</u>

Notes to Financial Statements (continued)
June 30, 2024

Note 20- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

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

\$260,316 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2025	\$	(60,083)
2026		(59,858)
2027		(42,773)
2028		(45,341)
2029		(27,762)
Thereafter		(14,772)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

Note 20- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Actuarial Assumptions (continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Note 20- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2023, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

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

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

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Note 20- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)***Long-Term Expected Rate of Return***

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

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

*The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

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

Notes to Financial Statements (continued)
June 30, 2024

Note 20- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2023, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2023 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

The following presents the school division's proportionate share of the VRS Teacher Employee HIC Program 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	\$ 2,809,420	\$ 2,483,769	\$ 2,207,808

Teacher Employee HIC OPEB Fiduciary Net Position

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

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

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

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

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2024 was \$830 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA from the entity were \$63,495 and \$52,502 for the years ended June 30, 2024 and June 30, 2023, respectively.

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

At June 30, 2024, the entity reported a liability of \$1,586,077 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2023 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2023 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2023, the entity's proportion was 0.3956% as compared to 0.4171% at June 30, 2022.

For the year ended June 30, 2024, the entity recognized LODA OPEB expense \$186,829. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

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County of Lee, Virginia

Notes to Financial Statements (continued)
June 30, 2024

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

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

At June 30, 2024, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 84,603	\$ 298,657
Net difference between projected and actual earnings on LODA OPEB program investments	-	4,640
Change in assumptions	352,286	327,058
Change in proportionate share	17,166	199,688
Employer contributions subsequent to the measurement date	<u>63,495</u>	<u>-</u>
Total	\$ <u>517,550</u>	\$ <u>830,043</u>

\$63,495 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2025	\$ (33,601)
2026	(33,455)
2027	(26,127)
2028	(30,231)
2029	(48,620)
Thereafter	(203,954)

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

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023. 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:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.00%-4.75%
Ages 65 and older	5.25%-4.75%
Year of ultimate trend rate:	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	3.86%, including inflation*

*Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.86% was used since it approximates the risk-free rate of return.

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

Notes to Financial Statements (continued)
June 30, 2024

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

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers with Public Safety Employees (continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Net LODA OPEB Liability

The net OPEB liability (NOL) for the LODA Program represents the program's total OPEB liability determined, less the associated fiduciary net position. As of the measurement date of June 30, 2023, NOL amounts for the LODA Program are as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 406,211
Plan Fiduciary Net Position	5,311
LODA Net OPEB Liability (Asset)	<u>\$ 400,900</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.31%

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program’s investments was set at 3.86% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments’ 6.75% assumption. Instead, the assumed annual rate of return of 3.86% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Fidelity Fixed Income General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2023.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.86%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2023, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

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

The following presents the covered employer’s proportionate share of the net LODA OPEB liability using the discount rate of 3.86%, as well as what the covered employer’s proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.86%) or one percentage point higher (4.86%) than the current rate:

	Discount Rate		
	1% Decrease (2.86%)	Current (3.86%)	1% Increase (4.86%)
County's proportionate share of the LODA Net OPEB Liability	\$ 1,778,370	\$ 1,586,077	\$ 1,423,401

County of Lee, Virginia

Notes to Financial Statements (continued)
June 30, 2024

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

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

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

	Health Care Trend Rates		
	1% Decrease (6.00% decreasing to 3.75%)	Current (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
County's proportionate share of the LODA Net OPEB Liability	\$ 1,345,047	\$ 1,586,077	\$ 1,884,752

LODA OPEB Fiduciary Net Position

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

Note 22-OPEB Summary:

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense
Stand-Alone Plan								
County (Note 15)	\$ 71,014	\$ 184,626	\$ 489,171	\$ 15,552	\$ -	\$ -	\$ -	\$ -
Social Services (Note 16)	39,763	24,598	203,964	15,013	-	-	-	-
School Board (Note 17)	-	-	-	-	4,011,366	777,590	14,869,847	1,456,918
VRS OPEB Plans:								
GLI Plan (Note 18)								
County	94,553	56,215	323,335	15,167	-	-	-	-
School Board Nonprofessional	-	-	-	-	38,920	25,922	127,127	6,435
School Board Professional	-	-	-	-	250,587	242,714	1,041,964	16,785
HIC Plan (Note 19)								
School Board Nonprofessional	-	-	-	-	229,134	8,985	603,156	147,111
Teacher HIC Plan (Note 20)	-	-	-	-	345,828	336,101	2,483,769	143,538
Line of Duty Act (LODA) (Note 21)	517,550	830,043	1,586,077	186,829	-	-	-	-
Totals	\$ 722,880	\$ 1,095,482	\$ 2,602,547	\$ 232,561	\$ 4,875,835	\$ 1,391,312	\$ 19,125,863	\$ 1,770,787

Notes to Financial Statements (continued)
June 30, 2024

Note 23-Self Health Insurance:

The Lee County School Board established a limited risk management program for health insurance. Premiums are paid into the Anthem health plan account from the School Board and are available to pay claims, reinsurance, and administrative costs of the program. During the fiscal year 2024, a total of \$5,972,339 was paid in benefits and administrative costs. Claims for the fiscal year totaled \$6,107,189. Incurred but not reported claims of \$187,064 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Changes in the claims liability for the current and two prior fiscal years are as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Fiscal Year</u>
2023-24	\$ 52,214	\$ 6,107,189	\$ (5,972,339)	\$ 187,064
2022-23	172,026	6,132,347	(6,252,159)	52,214
2021-22	754,090	4,567,513	(5,149,577)	172,026

As of June 30, 2024, the School Board held funds totaling \$637,763 for the payment of claims and costs associated with the self-health insurance program. These funds are reported as restricted cash in the accompanying financial statements.

Note 24-Litigation:

At June 30, 2024, the only significant County matter outstanding is a notice of a potential claim asserting a wrongful death against Lee County. The County only recently received this notice and no further information is available as of release of the financial statements.

At June 30, 2024, the only significant School Board matter outstanding is a claim of breach of contract against the Lee County School Board in the amount of \$500,000. The School Board believes the case would be partially covered by insurance, if necessary, but intends to contest the matter vigorously.

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Note 25-COVID-19 Pandemic Funding:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the County, COVID-19 impacted various parts of its 2024 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. 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.

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.

On June 10, 2021, the County received its share of the first half of the CSLFRF funds. The County received the second half of the CSLFRF funds on July 25, 2022. 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 \$1,724,096 from the initial allocation are reported as unearned revenue as of June 30.

ESF Funding

The CARES Act also established the Education Stabilization Fund (ESF) and allocated \$30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor's Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2020 and added \$81.9 billion to the ESF. In March 2021, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than \$170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

Note 26-Upcoming Pronouncements:

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

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

Note 26-Upcoming Pronouncements: (Continued)

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

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

Required Supplementary Information

County of Lee, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
General property taxes	\$ 10,785,589	\$ 10,785,589	\$ 10,379,207	\$ (406,382)
Other local taxes	3,392,938	3,392,938	3,553,235	160,297
Permits, privilege fees, and regulatory licenses	77,000	88,086	81,562	(6,524)
Fines and forfeitures	6,000	6,000	3,311	(2,689)
Revenue from the use of money and property	108,205	108,205	205,049	96,844
Charges for services	393,950	403,708	323,114	(80,594)
Miscellaneous	128,522	187,451	389,139	201,688
Recovered costs	187,500	238,817	351,386	112,569
Intergovernmental:				
Commonwealth	11,413,841	11,631,389	11,511,526	(119,863)
Federal	4,738,725	4,805,999	7,277,203	2,471,204
Total revenues	\$ 31,232,270	\$ 31,648,182	\$ 34,074,732	\$ 2,426,550
EXPENDITURES				
Current:				
General government administration	\$ 2,329,808	\$ 2,362,213	\$ 2,043,539	\$ 318,674
Judicial administration	1,563,679	1,769,816	1,637,571	132,245
Public safety	8,340,929	8,692,808	8,284,573	408,235
Public works	2,734,589	2,874,409	2,836,006	38,403
Health and welfare	11,863,146	11,863,146	14,562,216	(2,699,070)
Education	5,741,119	8,553,541	4,406,966	4,146,575
Parks, recreation, and cultural	412,936	422,694	393,588	29,106
Community development	479,275	489,275	342,619	146,656
Nondepartmental	1,925,000	1,724,578	54,893	1,669,685
Capital projects	347,291	460,313	402,813	57,500
Debt service:				
Principal retirement	205,334	205,334	205,334	-
Interest and other fiscal charges	129,988	129,988	116,121	13,867
Total expenditures	\$ 36,073,094	\$ 39,548,115	\$ 35,286,239	\$ 4,261,876
Excess (deficiency) of revenues over (under) expenditures	\$ (4,840,824)	\$ (7,899,933)	\$ (1,211,507)	\$ 6,688,426
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (334,144)	\$ (334,144)
Total other financing sources (uses)	\$ -	\$ -	\$ (334,144)	\$ (334,144)
Net change in fund balances	\$ (4,840,824)	\$ (7,899,933)	\$ (1,545,651)	\$ 6,354,282
Fund balances - beginning	4,840,824	7,899,933	13,337,606	5,437,673
Fund balances - ending	\$ -	\$ -	\$ 11,791,955	\$ 11,791,955

County of Lee, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Primary Government
Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 634,079	\$ 592,409	\$ 559,291	\$ 549,002	\$ 518,996	\$ 501,462	\$ 553,015	\$ 523,986	\$ 519,855	\$ 497,545
Interest	2,241,917	2,167,997	1,974,289	1,946,862	1,904,254	1,901,147	1,814,713	1,779,690	1,795,642	1,696,544
Differences between expected and actual experience	(433,550)	47,330	365,448	(317,455)	28,476	(913,317)	212,734	(366,190)	(556,334)	-
Changes in assumptions	-	-	1,069,031	-	814,648	-	115,569	(1,376,489)	-	-
Benefit payments, including refunds of employee contributions	(1,882,442)	(1,626,146)	(1,755,307)	(1,790,061)	(1,465,132)	(1,024,678)	(1,497,842)	(1,374,746)	(1,324,920)	(1,324,920)
Net change in total pension liability	\$ 560,004	\$ 1,181,590	\$ 2,212,752	\$ 388,948	\$ 1,801,242	\$ 64,614	\$ 1,198,189	\$ 560,997	\$ 344,417	\$ 869,169
Total pension liability - beginning	\$ 33,520,725	\$ 32,339,135	\$ 30,126,383	\$ 29,727,435	\$ 27,936,193	\$ 27,871,579	\$ 26,673,390	\$ 26,117,393	\$ 25,767,976	\$ 24,898,807
Total pension liability - ending (a)	\$ 34,080,729	\$ 33,520,725	\$ 32,339,135	\$ 30,126,383	\$ 29,737,435	\$ 27,936,193	\$ 27,871,579	\$ 26,673,390	\$ 26,112,393	\$ 25,767,976
Plan fiduciary net position										
Contributions - employer	\$ 618,756	\$ 503,336	\$ 447,192	\$ 443,131	\$ 431,908	\$ 463,180	\$ 455,072	\$ 593,517	\$ 583,877	\$ 577,169
Contributions - employee	295,711	289,376	277,274	253,479	246,634	243,322	260,932	250,978	240,822	239,677
Net investment income	1,992,108	(23,804)	7,057,887	511,626	1,702,848	1,817,907	2,750,162	390,544	1,024,065	3,117,027
Benefit payments, including refunds of employee contributions	(1,882,442)	(1,626,146)	(1,755,307)	(1,790,061)	(1,465,132)	(1,024,678)	(1,497,842)	(1,376,489)	(1,374,746)	(1,324,920)
Administrative expense	(20,215)	(20,168)	(18,080)	(17,902)	(17,297)	(15,963)	(16,354)	(14,461)	(14,367)	(17,085)
Other	800	735	660	(590)	(1,068)	(2,421)	(168)	(215)	164	164
Net change in plan fiduciary net position	\$ 1,004,718	\$ (878,671)	\$ 6,009,626	\$ (600,317)	\$ 897,893	\$ 1,082,163	\$ 1,949,549	\$ (156,079)	\$ 459,436	\$ 2,592,032
Plan fiduciary net position - beginning	\$ 31,288,051	\$ 32,166,722	\$ 26,157,096	\$ 26,757,413	\$ 25,859,520	\$ 24,777,357	\$ 22,827,808	\$ 22,524,451	\$ 19,932,419	\$ 19,932,419
Plan fiduciary net position - ending (b)	\$ 32,292,769	\$ 31,288,051	\$ 32,166,722	\$ 26,157,096	\$ 26,757,413	\$ 25,859,520	\$ 24,777,357	\$ 22,827,808	\$ 22,983,887	\$ 22,524,451
County's net pension liability (asset) - ending (a) - (b)	\$ 1,787,960	\$ 2,232,674	\$ 172,413	\$ 3,969,287	\$ 2,980,022	\$ 2,076,673	\$ 3,094,222	\$ 3,845,582	\$ 3,128,506	\$ 3,243,525
Plan fiduciary net position as a percentage of the total pension liability	94.75%	93.34%	99.47%	86.82%	89.98%	92.57%	88.90%	85.58%	88.02%	87.41%
Covered payroll										
County's net pension liability as a percentage of covered payroll	28.11%	37.12%	3.26%	74.41%	58.09%	41.34%	63.12%	78.54%	65.28%	67.82%

County of Lee, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 185,752	\$ 165,999	\$ 169,681	\$ 182,892	\$ 178,176	\$ 175,267	\$ 179,744	\$ 173,589	\$ 182,298	\$ 176,934
Interest	1,054,500	1,072,472	1,022,491	1,004,954	1,010,963	1,004,915	990,523	948,050	944,384	932,718
Differences between expected and actual experience	(366,158)	(355,241)	33,098	236,904	(4,490)	(50,174)	(28,640)	484,389	(92,679)	-
Changes in assumptions	-	-	550,029	-	356,596	-	92,928	-	-	-
Benefit payments, including refunds of employee contributions	(1,150,043)	(1,188,443)	(1,213,230)	(1,116,663)	(1,061,819)	(1,036,839)	(1,021,060)	(977,492)	(985,772)	(900,230)
Net change in total pension liability	\$ (275,949)	\$ (305,213)	\$ 562,669	\$ 308,087	\$ 479,026	\$ 93,169	\$ 213,495	\$ 628,536	\$ 48,231	\$ 209,422
Total pension liability - beginning	16,011,486	16,316,699	15,754,630	15,444,543	14,967,517	14,874,348	14,660,853	14,032,317	13,984,066	13,774,664
Total pension liability - ending (a)	\$ 15,735,537	\$ 16,011,486	\$ 16,316,699	\$ 15,754,630	\$ 15,444,543	\$ 14,967,517	\$ 14,874,348	\$ 14,660,853	\$ 14,032,317	\$ 13,984,066
Plan fiduciary net position										
Contributions - employer	\$ 685,151	\$ 630,186	\$ 551,057	\$ 563,187	\$ 538,551	\$ 559,501	\$ 539,130	\$ 520,334	\$ 498,642	\$ 412,585
Contributions - employee	111,336	105,988	93,315	98,475	95,490	93,652	91,102	89,193	86,145	83,036
Net investment income	579,903	(6,694)	2,125,227	157,383	533,020	583,537	894,797	126,337	347,642	1,096,282
Benefit payments, including refunds of employee contributions	(1,150,043)	(1,188,443)	(1,213,230)	(1,116,663)	(1,061,819)	(1,036,839)	(1,021,060)	(977,492)	(985,772)	(900,230)
Administrator charges	(5,898)	(6,047)	(5,681)	(5,591)	(5,579)	(5,241)	(5,414)	(4,950)	(5,081)	(6,222)
Other	233	187	198	(182)	(335)	(514)	(790)	(56)	(77)	58
Net change in plan fiduciary net position	\$ 220,682	\$ (464,823)	\$ 1,550,886	\$ (303,391)	\$ 99,328	\$ 194,496	\$ 497,765	\$ (246,634)	\$ (58,501)	\$ 687,509
Plan fiduciary net position - beginning	9,164,463	9,629,286	8,078,400	8,381,791	8,282,463	8,082,967	7,590,202	7,836,836	7,895,337	7,207,828
Plan fiduciary net position - ending (b)	\$ 9,385,145	\$ 9,164,463	\$ 9,629,286	\$ 8,078,400	\$ 8,381,791	\$ 8,282,463	\$ 8,082,967	\$ 7,590,202	\$ 7,836,836	\$ 7,895,337
School Division's net pension liability (asset) - ending (a) - (b)	\$ 6,350,392	\$ 6,847,023	\$ 6,687,413	\$ 7,676,230	\$ 7,064,752	\$ 6,685,054	\$ 6,786,381	\$ 7,070,651	\$ 6,195,481	\$ 6,088,749
Plan fiduciary net position as a percentage of the total pension liability	59.64%	57.24%	59.01%	51.28%	54.26%	55.34%	54.38%	51.77%	55.85%	56.46%
Covered payroll	\$ 2,430,030	\$ 2,254,836	\$ 2,051,562	\$ 2,146,154	\$ 2,034,505	\$ 1,978,801	\$ 1,929,643	\$ 1,833,085	\$ 1,753,809	\$ 1,661,330
School Division's net pension liability as a percentage of covered payroll	261.33%	303.66%	325.97%	357.67%	347.25%	337.83%	351.69%	385.72%	353.26%	366.50%

County of Lee, Virginia
Schedule of Employer's Share of Net Pension Liability (Asset)
VRS Teacher Retirement Plan
Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2023

Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
				Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4)	
(1)	(2)	(3)	(4)	(5)	(6)
2023	0.2084%	\$ 21,067,458	\$ 20,444,789	103.05%	82.45%
2022	0.2143%	20,405,499	19,040,676	107.17%	82.61%
2021	0.2137%	16,592,068	18,676,707	88.84%	85.46%
2020	0.2277%	33,140,695	19,736,030	167.92%	71.47%
2019	0.2226%	29,294,108	18,598,431	157.51%	73.51%
2018	0.2335%	27,460,000	18,792,032	146.13%	72.92%
2017	0.2334%	28,707,000	18,154,850	158.12%	72.92%
2016	0.2326%	32,600,000	17,634,275	184.87%	68.28%
2015	0.2407%	30,289,000	17,714,196	170.99%	70.68%
2014	0.0234%	28,300,000	17,188,687	164.64%	70.88%

County of Lee, Virginia
Schedule of Employer Contributions
Pension Plans
For the Years Ended June 30, 2015 through June 30, 2024

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2024	\$ 670,352	\$ 670,352	\$ -	\$ 6,919,773	9.69%
2023	618,717	618,717	-	6,360,792	9.73%
2022	503,332	503,332	-	6,015,253	8.37%
2021	447,191	447,191	-	5,290,495	8.45%
2020	443,128	443,128	-	5,334,614	8.31%
2019	431,906	431,906	-	5,129,624	8.42%
2018	463,180	463,180	-	5,023,489	9.22%
2017	455,072	455,072	-	4,902,120	9.28%
2016	593,517	593,517	-	4,896,347	12.12%
2015	583,877	583,877	-	4,792,290	12.18%
Component Unit School Board (nonprofessional)					
2024	\$ 682,840	\$ 682,840	\$ -	\$ 2,498,401	27.33%
2023	685,278	685,278	-	2,430,030	28.20%
2022	628,392	628,392	-	2,254,836	27.87%
2021	551,057	551,057	-	2,051,562	26.86%
2020	562,397	562,397	-	2,146,154	26.20%
2019	539,363	539,363	-	2,034,505	26.51%
2018	559,501	559,501	-	1,978,801	28.27%
2017	539,130	539,130	-	1,929,643	27.94%
2016	520,334	520,334	-	1,833,085	28.39%
2015	498,642	498,642	-	1,753,809	28.43%
Component Unit School Board (professional)					
2024	\$ 3,575,577	\$ 3,575,577	\$ -	\$ 21,513,701	16.62%
2023	3,397,808	3,397,808	-	20,444,789	16.62%
2022	3,184,036	3,184,036	-	19,040,676	16.72%
2021	3,023,744	3,023,744	-	18,676,707	16.19%
2020	3,021,691	3,021,691	-	19,736,030	15.31%
2019	2,848,282	2,848,282	-	18,598,431	15.31%
2018	3,110,689	3,110,689	-	18,792,032	16.55%
2017	2,661,501	2,661,501	-	18,154,850	14.66%
2016	2,479,379	2,479,379	-	17,634,275	14.06%
2015	2,490,616	2,490,616	-	17,714,196	14.06%

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

County of Lee, Virginia
Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2024

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

County of Lee, Virginia
Schedule of Changes in Total OPEB Liability and Related Ratios
Primary Government - County
For the Measurement Dates of June 30, 2018 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	\$ 29,580	\$ 29,189	\$ 38,507	\$ 36,268	\$ 34,425	\$ 31,655	\$ 32,443
Interest	15,875	14,421	15,009	14,835	20,118	20,648	18,273
Economic/demographic gains or losses	50,046	-	(239,714)	-	122,161	-	-
Changes in assumptions	(6,656)	(4,072)	(74,465)	2,973	(41,481)	17,318	(16,717)
Benefit payments	(9,940)	(14,806)	(20,149)	(45,156)	(36,061)	(26,207)	(17,415)
Net change in total OPEB liability	\$ 78,905	\$ 24,732	\$ (280,812)	\$ 8,920	\$ 99,162	\$ 43,414	\$ 16,584
Total OPEB liability - beginning	410,266	385,534	666,346	657,426	558,264	514,850	498,266
Total OPEB liability - ending	\$ 489,171	\$ 410,266	\$ 385,534	\$ 666,346	\$ 657,426	\$ 558,264	\$ 514,850
Covered-employee payroll	\$ 4,254,296	\$ 3,869,466	\$ 3,869,466	\$ 3,460,190	\$ 3,460,190	\$ 3,155,900	\$ 3,155,900
County's total OPEB liability (asset) as a percentage of covered-employee payroll	11.50%	10.60%	9.96%	19.26%	19.00%	17.69%	16.31%

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

County of Lee, Virginia
Schedule of Changes in Total OPEB Liability and Related Ratios
Primary Government - DSS
For the Measurement Dates of June 30, 2018 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	\$ 17,460	\$ 15,140	\$ 16,655	\$ 13,749	\$ 12,433	\$ 12,092	\$ 12,319
Interest	6,421	6,070	4,066	4,050	8,293	8,702	7,633
Economic/demographic gains or losses	46,669	-	(30,929)	-	(25,051)	-	-
Changes in assumptions	(14,813)	(669)	8,418	243	(32,095)	4,197	(4,201)
Benefit payments	(20,301)	(16,576)	(10,357)	(21,557)	(15,600)	(10,935)	(6,596)
Net change in total OPEB liability	\$ 35,436	\$ 3,965	\$ (12,147)	\$ (3,515)	\$ (52,020)	\$ 14,056	\$ 9,155
Total OPEB liability - beginning	168,528	164,563	176,710	180,225	232,245	218,189	209,034
Total OPEB liability - ending	\$ 203,964	\$ 168,528	\$ 164,563	\$ 176,710	\$ 180,225	\$ 232,245	\$ 218,189
Covered-employee payroll	\$ 2,252,282	\$ 1,969,000	\$ 1,969,000	\$ 1,494,000	\$ 1,494,000	\$ 1,466,200	\$ 1,466,200
DSS's total OPEB liability (asset) as a percentage of covered-employee payroll	9.06%	8.56%	8.36%	11.83%	12.06%	15.84%	14.88%

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

County of Lee, Virginia
Schedule of Changes in Total OPEB Liability and Related Ratios
Component Unit School Board
For the Measurement Dates of June 30, 2018 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	\$ 435,976	\$ 372,235	\$ 483,270	\$ 447,891	\$ 296,104	\$ 242,204	\$ 254,040
Interest	414,993	396,109	248,289	249,529	332,870	353,088	331,443
Economic/demographic gains or losses	1,717,737	-	705,729	-	845,920	-	-
Changes in assumptions	1,658,705	(99,504)	(1,088,422)	44,856	713,964	311,429	(312,796)
Benefit payments	(577,381)	(528,003)	(559,925)	(587,329)	(531,873)	(614,457)	(600,038)
Net change in total OPEB liability	\$ 3,650,030	\$ 140,837	\$ (211,059)	\$ 154,947	\$ 1,656,985	\$ 292,264	\$ (327,351)
Total OPEB liability - beginning	11,219,817	11,078,980	11,290,039	11,135,092	9,478,107	9,185,843	9,513,194
Total OPEB liability - ending	\$ 14,869,847	\$ 11,219,817	\$ 11,078,980	\$ 11,290,039	\$ 11,135,092	\$ 9,478,107	\$ 9,185,843
Covered-employee payroll	\$ 23,173,444	\$ 19,396,055	\$ 19,396,055	\$ 21,640,069	\$ 21,640,069	\$ 19,788,600	\$ 19,788,600
School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	64.17%	57.85%	57.12%	52.17%	51.46%	47.90%	46.42%

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

County of Lee, Virginia
Notes to Required Supplementary Information
For the Year Ended June 30, 2024

County, DSS, and School Board

Valuation Date: 7/1/2023

Measurement Date: 6/30/2024

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.65% as of June 30, 2023; 3.93% as of June 30, 2024
Inflation	2.50% per year as of June 30, 2023 and June 30, 2024
Healthcare Trend Rate - County	The healthcare trend rate assumption starts at (1.30)% for July 1, 2022 increasing to an ultimate rate of 3.90% by July 1, 2072
Healthcare Trend Rate - DSS	The healthcare trend rate assumption starts at 6.30% for July 1, 2023 decreasing to an ultimate rate of 3.90% by July 1, 2072
Healthcare Trend Rate - School Board	The healthcare trend rate assumption starts at 5.00% for July 1, 2022 decreasing to an ultimate rate of 3.90% by July 1, 2072
Salary Increase Rates	Graded rate increases that consist of an inflation rate of 2.50%, a productivity component of 1.00%, and a variable merit component dependent on years of service
Participation Percentage - County and DSS	30% of future retirees are assumed to elect medical coverage upon retirement and 30% of future retirees are assumed to include their spouse in coverage.
Participation Percentage - School Board	60% of future retirees are assumed to elect medical coverage upon retirement if they are enrolled in the School Board Early Retirement Incentive Program (ERIP). 30% of future retirees are assumed to elect medical coverage upon retirement if they are not. 20% of future retirees are assumed to include their spouse in coverage.
Retirement Age	For VRS Plan 1 employees the average age is 65. For Plan 2 and Hybrid employees the average age of retirement is estimated based on probability of retirement. The participation percentage is 35% when the retiree's age and years of service total 90.
Mortality Rates - Active Employees	Calculated using the Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.
Mortality Rates - Healthy Retirees	Calculated using the Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.
Mortality Rates - Disabled Retirees	Calculated using the Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (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)
2023	0.0270% \$	323,335 \$	6,350,537	5.09%	69.30%
2022	0.0276%	332,090	5,999,281	5.54%	67.21%
2021	0.0257%	298,869	5,300,578	5.64%	67.45%
2020	0.0259%	432,729	5,334,614	8.11%	52.64%
2019	0.0262%	425,855	5,129,624	8.30%	52.00%
2018	0.0265%	402,000	5,023,489	8.00%	51.22%
2017	0.0266%	401,000	4,902,120	8.18%	48.86%

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

County of Lee, Virginia
Schedule of Employer Contributions - County
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2015 through June 30, 2024

Date	Contributions in Relation to				Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	
2024	\$ 37,382	\$ 37,382	\$ -	\$ 6,922,546	0.54%
2023	34,293	34,293	-	6,350,537	0.54%
2022	32,396	32,396	-	5,999,281	0.54%
2021	28,623	28,623	-	5,300,578	0.54%
2020	27,751	27,751	-	5,334,614	0.52%
2019	26,689	26,689	-	5,129,624	0.52%
2018	26,162	26,162	-	5,023,489	0.52%
2017	25,516	25,516	-	4,907,011	0.52%
2016	23,502	23,502	-	4,896,347	0.48%
2015	23,026	23,026	-	4,797,165	0.48%

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (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)
2023	0.0106% \$	127,127 \$	2,496,925	5.09%	69.30%
2022	0.0109%	130,765	2,362,513	5.53%	67.21%
2021	0.0099%	115,728	2,052,998	5.64%	67.45%
2020	0.0106%	177,398	2,146,154	8.27%	52.64%
2019	0.0104%	168,910	2,034,505	8.30%	52.00%
2018	0.0104%	159,000	1,978,801	8.04%	51.22%
2017	0.0105%	158,000	1,938,562	8.15%	48.86%

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

County of Lee, Virginia
Schedule of Employer Contributions - School Board Nonprofessional
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2015 through June 30, 2024

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2024	\$ 13,491	\$ 13,491	\$ -	\$ 2,498,401	0.54%
2023	13,483	13,483	-	2,496,925	0.54%
2022	12,758	12,758	-	2,362,513	0.54%
2021	11,084	11,084	-	2,052,998	0.54%
2020	11,160	11,160	-	2,146,154	0.52%
2019	10,605	10,605	-	2,034,505	0.52%
2018	10,325	10,325	-	1,978,801	0.52%
2017	10,081	10,081	-	1,938,562	0.52%
2016	8,799	8,799	-	1,833,085	0.48%
2015	8,418	8,418	-	1,753,809	0.48%

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (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)
2023	0.0869%	\$ 1,041,964	\$ 20,465,864	5.09%	69.30%
2022	0.0907%	1,092,236	19,732,703	5.54%	67.21%
2021	0.0905%	1,053,898	18,689,886	5.64%	67.45%
2020	0.0960%	1,601,916	19,736,030	8.12%	52.64%
2019	0.0949%	1,543,950	18,598,431	8.30%	52.00%
2018	0.0991%	1,505,000	18,847,785	7.99%	51.22%
2017	0.0998%	1,502,000	18,412,748	8.16%	48.86%

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

County of Lee, Virginia
Schedule of Employer Contributions - School Board Professional
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2015 through June 30, 2024

Date	Contributions in Relation to				Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	
2024	\$ 116,422	\$ 116,422	\$ -	\$ 21,559,658	0.54%
2023	110,516	110,516	-	20,465,864	0.54%
2022	106,557	106,557	-	19,732,703	0.54%
2021	100,838	100,838	-	18,689,886	0.54%
2020	102,577	102,577	-	19,736,030	0.52%
2019	96,523	96,523	-	18,598,431	0.52%
2018	97,842	97,842	-	18,847,785	0.52%
2017	95,746	95,746	-	18,412,748	0.52%
2016	85,537	85,537	-	17,820,171	0.48%
2015	86,241	86,241	-	17,966,977	0.48%

County of Lee, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2024

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Lee, Virginia
Schedule of Changes in the School Board Nonprofessional's Net OPEB Liability and Related Ratios
 Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2023

	2023	2022	2021	2020	2019	2018	2017
Total HIC OPEB Liability							
Service cost	\$ 4,530	\$ 7,437	\$ 9,181	\$ 3,951	\$ 3,863	\$ 3,777	\$ 4,000
Interest	19,472	8,726	4,662	16,748	19,521	19,189	20,000
Changes of benefit terms	-	-	-	13,898	-	-	-
Differences between expected and actual experience	55,523	91,208	243,509	10,481	(2,366)	11,439	-
Changes of assumptions	(9,141)	81,703	9,593	-	6,121	-	(5,000)
Benefit payments	(44,552)	(80,400)	(82,321)	(82,127)	(33,657)	(25,655)	(23,000)
Net change in total HIC OPEB liability	\$ 25,832	\$ 108,674	\$ 184,624	\$ (37,049)	\$ (6,518)	\$ 8,750	\$ (4,000)
Total HIC OPEB Liability - beginning	545,435	436,761	252,137	289,186	295,704	286,954	291,000
Total HIC OPEB Liability - ending (a)	\$ 571,267	\$ 545,435	\$ 436,761	\$ 252,137	\$ 289,186	\$ 295,704	\$ 287,000
Plan fiduciary net position							
Contributions - employer	\$ 29,907	\$ 23,236	\$ 20,311	\$ 19,897	\$ 18,894	\$ 19,589	\$ 19,000
Net investment income	-	(1)	1	734	4,165	4,941	8,000
Benefit payments	(44,552)	(80,400)	(82,321)	(82,127)	(33,657)	(25,655)	(23,000)
Administrator charges	-	-	-	11	(79)	(109)	-
Other	-	101,856	-	(1)	(5)	(405)	-
Net change in plan fiduciary net position	\$ (14,645)	\$ 44,691	\$ (62,009)	\$ (61,486)	\$ (10,682)	\$ (1,639)	\$ 4,000
Plan fiduciary net position - beginning	(17,244)	(61,935)	74	61,560	72,242	73,881	70,000
Plan fiduciary net position - ending (b)	\$ (31,889)	\$ (17,244)	\$ (61,935)	\$ 74	\$ 61,560	\$ 72,242	\$ 74,000
School Board's net HIC OPEB liability - ending (a) - (b)	\$ 603,156	\$ 562,679	\$ 498,696	\$ 252,063	\$ 227,626	\$ 223,462	\$ 213,000
Plan fiduciary net position as a percentage of the total HIC OPEB liability	-5.58%	-3.16%	-14.18%	0.03%	21.29%	24.43%	25.78%
Covered payroll	\$ 2,471,641	\$ 2,340,538	\$ 2,051,562	\$ 2,146,154	\$ 2,029,302	\$ 1,978,801	\$ 1,929,643
School Board's net HIC OPEB liability as a percentage of covered payroll	24.40%	24.04%	24.31%	11.74%	11.22%	11.29%	11.04%

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

County of Lee, Virginia
Schedule of Employer Contributions - School Board Nonprofessional
Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2015 through June 30, 2024

Date	Contributions in Relation to		Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution			
	(1)	(2)	(3)	(4)	(5)
2024	\$ 30,231	\$ 30,231	\$ -	\$ 2,498,401	1.21%
2023	29,907	29,907	-	2,471,641	1.21%
2022	23,171	23,171	-	2,340,538	0.99%
2021	20,286	20,286	-	2,051,562	0.99%
2020	19,861	19,861	-	2,146,154	0.93%
2019	18,921	18,921	-	2,029,302	0.93%
2018	19,589	19,589	-	1,978,801	0.99%
2017	19,157	19,157	-	1,929,643	0.99%
2016	17,048	17,048	-	1,833,085	0.93%
2015	16,310	16,310	-	1,753,809	0.93%

County of Lee, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2024

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

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

County of Lee, Virginia
Schedule of School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2023

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)
				(5)	
2023	0.2050%	\$ 2,483,769	\$ 20,444,089	12.15%	17.90%
2022	0.2114%	2,640,984	19,706,518	13.40%	15.08%
2021	0.2112%	2,711,283	18,681,364	14.51%	13.15%
2020	0.2251%	2,936,727	19,736,030	14.88%	9.95%
2019	0.2212%	2,895,723	18,598,431	15.57%	8.97%
2018	0.2328%	2,956,000	18,828,086	15.70%	8.08%
2017	0.2324%	2,948,000	18,337,536	16.08%	7.04%

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2024	\$ 260,316	\$ 260,316	\$ -	\$ 21,513,701	1.21%
2023	247,373	247,373	-	20,444,089	1.21%
2022	238,449	238,449	-	19,706,518	1.21%
2021	226,295	226,295	-	18,681,364	1.21%
2020	236,484	236,484	-	19,736,030	1.20%
2019	222,296	222,296	-	18,598,431	1.20%
2018	231,143	231,143	-	18,828,086	1.23%
2017	203,547	203,547	-	18,337,536	1.11%
2016	188,003	188,003	-	17,736,164	1.06%
2015	189,655	189,655	-	17,891,981	1.06%

County of Lee, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2024

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

County of Lee, Virginia
Schedule of Employer's Share of Net LODA OPEB Liability
Line of Duty Act (LODA) Program
For the Measurement Dates of June 30, 2017 through June 30, 2023

Date (1)	Employer's Proportion of the Net LODA OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) (3)	Covered- Employee Payroll * (4)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
2023	0.3956%	\$ 1,586,077	N/A	N/A	1.31%
2022	0.4171%	1,578,500	N/A	N/A	1.87%
2021	0.4272%	1,884,049	N/A	N/A	1.68%
2020	0.4492%	1,881,403	N/A	N/A	1.02%
2019	0.4601%	1,650,846	N/A	N/A	0.79%
2018	0.4488%	1,407,000	N/A	N/A	0.60%
2017	0.4669%	1,227,000	N/A	N/A	1.30%

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

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

County of Lee, Virginia
Schedule of Employer Contributions
Line of Duty Act (LODA) Program
For the Years Ended June 30, 2017 through June 30, 2024

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered- Employee Payroll * (4)	Contributions as a % of Covered - Employee Payroll (5)
2024	\$ 63,495	\$ 63,495	\$ -	N/A	N/A
2023	52,502	52,502	-	N/A	N/A
2022	57,443	57,443	-	N/A	N/A
2021	61,049	61,049	-	N/A	N/A
2020	61,049	61,049	-	N/A	N/A
2019	61,754	61,754	-	N/A	N/A
2018	47,800	47,800	-	N/A	N/A
2017	50,354	50,354	-	N/A	N/A

*
The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

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

County of Lee, Virginia
Notes to Required Supplementary Information
Line of Duty Act (LODA) Program
For the Year Ended June 30, 2024

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2022 valuation were based on results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

Other Supplementary Information

County of Lee, Virginia
Capital Projects Fund - Airport Project
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2024

	Airport Project Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Commonwealth	\$ 234,000	\$ 234,000	\$ 233,862	\$ (138)
Federal	550,000	550,000	549,077	(923)
Total revenues	<u>\$ 784,000</u>	<u>\$ 784,000</u>	<u>\$ 782,939</u>	<u>\$ (1,061)</u>
EXPENDITURES				
Capital projects	<u>\$ 800,000</u>	<u>\$ 800,000</u>	<u>\$ 780,838</u>	<u>\$ 19,162</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (16,000)</u>	<u>\$ (16,000)</u>	<u>\$ 2,101</u>	<u>\$ 18,101</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 16,000</u>	<u>\$ 16,000</u>	<u>\$ 259,152</u>	<u>\$ 243,152</u>
Total other financing sources (uses)	<u>\$ 16,000</u>	<u>\$ 16,000</u>	<u>\$ 259,152</u>	<u>\$ 243,152</u>
Net change in fund balances	\$ -	\$ -	\$ 261,253	\$ 261,253
Fund balances - beginning	-	-	66,128	66,128
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 327,381</u>	<u>\$ 327,381</u>

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

	Capital Improvements Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental:				
Federal	\$ 556,585	\$ 556,585	\$ 45,099	\$ (511,486)
Total revenues	\$ 556,585	\$ 556,585	\$ 45,099	\$ (511,486)
EXPENDITURES				
Current:				
Community development	\$ 556,585	\$ 556,585	\$ 137,620	\$ 418,965
Total expenditures	\$ 556,585	\$ 556,585	\$ 137,620	\$ 418,965
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (92,521)	\$ (92,521)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 74,992	\$ 74,992
Total other financing sources and uses	\$ -	\$ -	\$ 74,992	\$ 74,992
Net change in fund balances	\$ -	\$ -	\$ (17,529)	\$ (17,529)
Fund balances - beginning	-	-	521,316	521,316
Fund balances - ending	\$ -	\$ -	\$ 503,787	\$ 503,787

County of Lee, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Fund - Coal Road Improvement
For the Year Ended June 30, 2024

	Coal Road Improvement Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other local taxes	\$ -	\$ 452	\$ 2,458	\$ 2,006
Revenue from the use of money and property	-	-	461	461
Total revenues	\$ -	\$ 452	\$ 2,919	\$ 2,467
EXPENDITURES				
Current:				
Public works	\$ -	\$ 452	\$ 478	\$ (26)
Total expenditures	\$ -	\$ 452	\$ 478	\$ (26)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 2,441	\$ 2,441
Net change in fund balances	\$ -	\$ -	\$ 2,441	\$ 2,441
Fund balances - beginning	-	-	81,920	81,920
Fund balances - ending	\$ -	\$ -	\$ 84,361	\$ 84,361

County of Lee, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
As of June 30, 2024

	School Operating Fund	School Head Start Fund	Nonmajor School Activity Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,052,575	\$ 41,193	\$ -	\$ 3,093,768
Cash held at individual schools	-	-	836,175	836,175
Due from other governmental units	4,018,126	-	-	4,018,126
Prepaid items	1,481,557	-	-	1,481,557
Total assets	<u>\$ 8,552,258</u>	<u>\$ 41,193</u>	<u>\$ 836,175</u>	<u>\$ 9,429,626</u>
LIABILITIES				
Accounts payable - operations	\$ 1,745,020	\$ -	\$ 24,717	\$ 1,769,737
Accrued liabilities	2,034,304	-	-	2,034,304
Accounts payable - construction	75,104	-	-	75,104
Due to primary government	3,054,247	-	-	3,054,247
Unearned revenue	1,512,366	-	-	1,512,366
Total liabilities	<u>\$ 8,421,041</u>	<u>\$ -</u>	<u>\$ 24,717</u>	<u>\$ 8,445,758</u>
FUND BALANCES				
Nonspendable	\$ 1,481,557	\$ -	\$ -	\$ 1,481,557
Restricted:				
Head Start program	-	41,193	-	41,193
Cafeteria operations	105,600	-	87	105,687
Retirement	25,617	-	-	25,617
Committed				
School activities	-	-	811,371	811,371
Unassigned	(1,481,557)	-	-	(1,481,557)
Total fund balances	<u>\$ 131,217</u>	<u>\$ 41,193</u>	<u>\$ 811,458</u>	<u>\$ 983,868</u>
Total liabilities and fund balances	<u>\$ 8,552,258</u>	<u>\$ 41,193</u>	<u>\$ 836,175</u>	<u>\$ 9,429,626</u>

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total fund balances per above \$ 983,868

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

Land	\$ 649,210	
Construction in progress	438,948	
Buildings and improvements	12,245,063	
Machinery and equipment	7,035,159	
Lease assets - machinery and equipment	<u>6,335</u>	20,374,715

Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.

637,763

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

Pension related items	\$ 7,224,615	
OPEB related items	<u>4,875,835</u>	12,100,450

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

Compensated absences	\$ (911,180)	
Lease liabilities	(6,413)	
Net pension liability	(27,417,850)	
Net OPEB liabilities	<u>(19,125,863)</u>	(47,461,306)

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

Pension related items	\$ (3,855,498)	
OPEB related items	<u>(1,391,312)</u>	(5,246,810)

Net position of governmental activities		<u>\$ (18,611,320)</u>
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County of Lee, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2024

	School Operating Fund	School Head Start Fund	Nonmajor School Activity Fund*	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 1,864	\$ -	\$ -	\$ 1,864
Charges for services	528,910	-	230,302	759,212
Miscellaneous	113,281	2,570	1,630,176	1,746,027
Recovered costs	1,108,340	3,541	-	1,111,881
Intergovernmental:				
Local government	4,346,152	-	-	4,346,152
Commonwealth	33,767,746	-	-	33,767,746
Federal	11,243,453	1,940,118	-	13,183,571
Total revenues	<u>\$ 51,109,746</u>	<u>\$ 1,946,229</u>	<u>\$ 1,860,478</u>	<u>\$ 54,916,453</u>
EXPENDITURES				
Current:				
Education	\$ 51,280,656	\$ 1,941,410	\$ 2,067,475	\$ 55,289,541
Debt service:				
Principal retirement	76,122	-	-	76,122
Interest and other fiscal charges	955	-	-	955
Total expenditures	<u>\$ 51,357,733</u>	<u>\$ 1,941,410</u>	<u>\$ 2,067,475</u>	<u>\$ 55,366,618</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (247,987)</u>	<u>\$ 4,819</u>	<u>\$ (206,997)</u>	<u>\$ (450,165)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 186,388	\$ 186,388
Transfers out	(186,388)	-	-	(186,388)
Total other financing sources and uses	<u>\$ (186,388)</u>	<u>\$ -</u>	<u>\$ 186,388</u>	<u>\$ -</u>
Net change in fund balances	\$ (434,375)	\$ 4,819	\$ (20,609)	\$ (450,165)
Fund balances - beginning	565,592	36,374	832,067	1,434,033
Fund balances - ending	<u>\$ 131,217</u>	<u>\$ 41,193</u>	<u>\$ 811,458</u>	<u>\$ 983,868</u>

Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above \$ (450,165)

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 detail of items supporting this adjustment:

Capital outlays	\$ 5,518,661	
Depreciation and amortization expenses	(2,199,126)	3,319,535

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (578)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal Payments

Lease liabilities		\$ 76,122
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

(Increase) decrease in compensated absences	\$ 87,636	
(Increase) decrease in early retirement incentive plan liability	70,190	
Non-employer contribution to net pension liability	307,359	
Change in net pension liabilities and related items	2,552,120	
Change in net OPEB liabilities and related items	(754,845)	2,262,460

Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. (101,357)

Change in net position of governmental activities		<u>\$ 5,106,017</u>
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*The School Activity Fund does not require a legally adopted budget.

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

	School Operating Fund			School Head Start Fund		
	Budgeted Amounts		Variance with Final Budget Positive (Negative)	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original	Final		Original	Final	
REVENUES						
Revenue from the use of money and property	\$ -	\$ -	\$ 1,864	\$ -	\$ -	\$ -
Charges for services	220,853	220,853	528,910	-	-	-
Miscellaneous	40,000	40,000	113,281	-	-	2,570
Recovered costs	763,910	763,910	1,108,340	-	-	3,541
Intergovernmental:						
Local government	5,680,570	8,492,726	4,346,152	-	-	-
Commonwealth	34,623,046	35,167,855	33,767,746	-	-	-
Federal	9,659,788	13,102,634	11,243,453	1,618,181	1,780,581	159,537
Total revenues	\$ 50,988,167	\$ 57,787,978	\$ 51,109,746	\$ 1,618,181	\$ 1,780,581	\$ 165,648
EXPENDITURES						
Current:						
Education	\$ 50,909,583	\$ 57,709,394	\$ 51,280,656	\$ 1,618,181	\$ 1,780,581	\$ (160,829)
Debt service:						
Principal retirement	76,122	76,122	-	-	-	-
Interest and other fiscal charges	2,462	2,462	955	-	-	-
Total expenditures	\$ 50,988,167	\$ 57,787,978	\$ 51,357,733	\$ 1,618,181	\$ 1,780,581	\$ (160,829)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (247,987)	\$ -	\$ -	\$ 4,819
OTHER FINANCING SOURCES (USES)						
Transfers out	\$ -	\$ -	\$ (186,388)	\$ -	\$ -	\$ -
Total other financing sources and uses	\$ -	\$ -	\$ (186,388)	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ (434,375)	\$ -	\$ -	\$ 4,819
Fund balances - beginning	-	-	565,592	-	-	36,374
Fund balances - ending	\$ -	\$ -	\$ 131,217	\$ -	\$ -	\$ 41,193

County of Lee, Virginia
Statement of Net Position
Discretely Presented Component Unit - School Board
Internal Service Fund
As of June 30, 2024

	Self- Insurance <u>Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 824,827
Total assets	<u>\$ 824,827</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 187,064
Total liabilities	<u>\$ 187,064</u>
NET POSITION	
Restricted	\$ 637,763
Total net position	<u>\$ 637,763</u>

County of Lee, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - School Board
Internal Service Fund
For the Year Ended June 30, 2024

	Self- Insurance <u>Fund</u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 6,002,968
Total operating revenues	<u>\$ 6,002,968</u>
OPERATING EXPENSES	
Insurance claims and expenses	\$ 6,107,189
Total operating expenses	<u>\$ 6,107,189</u>
Operating income (loss)	<u>\$ (104,221)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	<u>\$ 2,864</u>
Change in net position	\$ (101,357)
Total net position - beginning	<u>739,120</u>
Total net position - ending	<u><u>\$ 637,763</u></u>

County of Lee, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - School Board
Internal Service Fund
For the Year Ended June 30, 2024

	Self- Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 6,002,968
Payments for claims and expenses	(5,974,339)
Net cash provided by (used for) operating activities	<u>\$ 28,629</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	\$ 2,864
Net cash provided by (used for) investing activities	<u>\$ 2,864</u>
Net increase (decrease) in cash and cash equivalents	\$ 31,493
Cash and cash equivalents - beginning	793,334
Cash and cash equivalents - ending	<u><u>\$ 824,827</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	<u>\$ (104,221)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Increase (decrease) in accounts payable	\$ 132,850
Total adjustments	<u>\$ 132,850</u>
Net cash provided by (used for) operating activities	<u><u>\$ 28,629</u></u>

County of Lee, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 6,155,289	\$ 6,155,289	\$ 6,214,622	\$ 59,333
Real and personal public service corporation taxes	545,000	545,000	474,099	(70,901)
Personal property taxes	3,061,500	3,061,500	2,638,355	(423,145)
Mobile home taxes	95,300	95,300	103,596	8,296
Machinery and tools taxes	376,000	376,000	269,385	(106,615)
Merchant's capital	70,000	70,000	99,561	29,561
Business personal property	202,500	202,500	251,298	48,798
Penalties	145,000	145,000	147,113	2,113
Interest	135,000	135,000	181,178	46,178
Total general property taxes	\$ 10,785,589	\$ 10,785,589	\$ 10,379,207	\$ (406,382)
Other local taxes:				
Local sales and use taxes	\$ 1,903,738	\$ 1,903,738	\$ 2,021,749	\$ 118,011
Meals Tax	220,000	220,000	226,138	6,138
Consumers' utility and consumption taxes	437,300	437,300	434,267	(3,033)
Coal severance taxes	5,000	5,000	-	(5,000)
Oil and gas severance taxes	6,000	6,000	4,438	(1,562)
Motor vehicle licenses	697,300	697,300	730,275	32,975
Bank stock taxes	37,500	37,500	32,153	(5,347)
Taxes on recordation and wills	82,500	82,500	87,039	4,539
Hotel and motel room taxes	3,500	3,500	17,077	13,577
Amusement tax	100	100	99	(1)
Total other local taxes	\$ 3,392,938	\$ 3,392,938	\$ 3,553,235	\$ 160,297
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 600	\$ 600	\$ 1,247	\$ 647
Zoning and subdivision permits	4,000	4,000	6,705	2,705
Transfer fees	900	900	1,042	142
Gun permits	3,500	3,500	3,535	35
Contractor's licenses	15,000	15,000	17,140	2,140
Building permits	53,000	64,086	51,893	(12,193)
Total permits, privilege fees, and regulatory licenses	\$ 77,000	\$ 88,086	\$ 81,562	\$ (6,524)
Fines and forfeitures:				
Court fines and forfeitures	\$ 6,000	\$ 6,000	\$ 3,311	\$ (2,689)
Revenue from use of money and property:				
Revenue from use of money	\$ 34,500	\$ 34,500	\$ 133,874	\$ 99,374
Revenue from use of property	73,705	73,705	71,175	(2,530)
Total revenue from use of money and property	\$ 108,205	\$ 108,205	\$ 205,049	\$ 96,844
Charges for services:				
Charges for excess clerk fees	\$ 600	\$ 600	\$ 631	\$ 31
Charges for courthouse maintenance	3,000	3,000	4,970	1,970
Charges for courthouse security	21,500	21,500	36,409	14,909
Charges for Commonwealth's Attorney	2,000	2,000	2,647	647
Charges for inmates	750	750	1,090	340
Charges for aviation fuel	135,000	135,000	52,985	(82,015)
Charges for sanitation, waste removal and recycling	219,500	219,500	189,839	(29,661)
Charges for parks and recreation	-	9,758	15,730	5,972
Charges for garage services	11,000	11,000	18,222	7,222
Other charges for services	600	600	591	(9)
Total charges for services	\$ 393,950	\$ 403,708	\$ 323,114	\$ (80,594)

County of Lee, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 59,400	\$ 77,219	179,015	\$ 101,796
Opioid Abatement Funding	69,122	79,122	176,512	97,390
Contributions	-	31,110	33,612	2,502
Total miscellaneous	\$ 128,522	\$ 187,451	\$ 389,139	\$ 201,688
Recovered costs:				
Health department	\$ -	\$ -	\$ 15,816	\$ 15,816
Insurance recovery	35,000	55,644	60,076	4,432
Welfare refunds and recoveries	-	-	155,663	155,663
Regional jail	-	-	22,270	22,270
Delinquent tax collection fees	79,500	79,500	34,146	(45,354)
Other recovered costs	73,000	103,673	63,415	(40,258)
Total recovered costs	\$ 187,500	\$ 238,817	\$ 351,386	\$ 112,569
Total revenue from local sources	\$ 15,079,704	\$ 15,210,794	\$ 15,286,003	\$ 75,209
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 99,500	\$ 99,500	\$ 117,614	\$ 18,114
Mobile home titling tax	90,000	90,000	152,993	62,993
Motor vehicle rental tax	5,700	5,700	6,529	829
Telecommunications taxes	299,700	299,700	275,397	(24,303)
Grantor's tax	27,500	27,500	32,401	4,901
Personal property tax relief funds	798,646	798,646	798,646	-
Shared gaming/casino taxes	750,000	750,000	625,470	(124,530)
Total noncategorical aid	\$ 2,071,046	\$ 2,071,046	\$ 2,009,050	\$ (61,996)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 564,046	\$ 599,509	\$ 586,091	\$ (13,418)
Sheriff	1,876,979	1,876,979	1,843,413	(33,566)
Commissioner of revenue	169,670	169,670	170,756	1,086
Treasurer	115,485	123,928	142,537	18,609
Registrar/electoral board	80,534	80,534	95,423	14,889
Clerk of the Circuit Court	398,170	410,053	412,645	2,592
Total shared expenses	\$ 3,204,884	\$ 3,260,673	\$ 3,250,865	\$ (9,808)
Other categorical aid:				
Public assistance and welfare administration	\$ 4,049,641	\$ 4,049,641	\$ 3,065,676	\$ (983,965)
Children's services act	1,627,877	1,627,877	2,617,113	989,236
Law enforcement grants	30,000	105,060	85,958	(19,102)
Litter control grant	9,000	16,527	16,527	-
School resource officer	43,521	43,521	37,077	(6,444)
Fire programs	79,000	79,000	89,874	10,874
Records preservation grant	79,139	79,139	-	(79,139)
Planning grant	35,000	35,000	20,000	(15,000)
Commissioner of revenue grant	-	-	3,650	3,650
Victim-witness grant	38,691	38,691	30,322	(8,369)
Four-for-life payments	21,500	21,500	78,468	56,968

County of Lee, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
E-911 wireless grant	\$ 75,500	\$ 75,500	\$ 91,401	\$ 15,901
Asset forfeitures	32,000	111,172	98,503	(12,669)
Opioid revenue	13,542	13,542	13,542	-
Other state aid	3,500	3,500	3,500	-
Total other categorical aid	<u>\$ 6,137,911</u>	<u>\$ 6,299,670</u>	<u>\$ 6,251,611</u>	<u>\$ (48,059)</u>
Total categorical aid	<u>\$ 9,342,795</u>	<u>\$ 9,560,343</u>	<u>\$ 9,502,476</u>	<u>\$ (57,867)</u>
Total revenue from the Commonwealth	<u>\$ 11,413,841</u>	<u>\$ 11,631,389</u>	<u>\$ 11,511,526</u>	<u>\$ (119,863)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	<u>\$ 207,000</u>	<u>\$ 207,000</u>	<u>\$ 229,325</u>	<u>\$ 22,325</u>
Categorical aid:				
Public assistance and welfare administration	\$ 3,809,014	\$ 3,809,014	\$ 3,932,789	\$ 123,775
Children's services act	123,313	123,313	123,313	-
Justice assistance grant	480,000	540,000	538,534	(1,466)
Victim witness grant	63,342	63,342	63,342	-
Workforce grants	-	-	2,024,299	2,024,299
Law enforcement grants	20,000	20,000	16,415	(3,585)
Local Assistance and Tribal Consistency Fund	-	-	75,181	75,181
Domestic violence grant	36,056	43,330	41,382	(1,948)
American Rescue Plan Act (ARPA) Funds	-	-	232,623	232,623
Total categorical aid	<u>\$ 4,531,725</u>	<u>\$ 4,598,999</u>	<u>\$ 7,047,878</u>	<u>\$ 2,448,879</u>
Total revenue from the federal government	<u>\$ 4,738,725</u>	<u>\$ 4,805,999</u>	<u>\$ 7,277,203</u>	<u>\$ 2,471,204</u>
Total General Fund	<u>\$ 31,232,270</u>	<u>\$ 31,648,182</u>	<u>\$ 34,074,732</u>	<u>\$ 2,426,550</u>
Nonmajor Special Revenue Fund:				
Coal Road Improvement Fund:				
Revenue from local sources:				
Other local taxes:				
Coal road severance taxes	<u>\$ -</u>	<u>\$ 452</u>	<u>\$ 2,458</u>	<u>\$ 2,006</u>
Revenue from use of money and property:				
Revenue from the use of money	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 461</u>	<u>\$ 461</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ 452</u>	<u>\$ 2,919</u>	<u>\$ 2,467</u>
Total Coal Road Improvement Fund	<u>\$ -</u>	<u>\$ 452</u>	<u>\$ 2,919</u>	<u>\$ 2,467</u>

County of Lee, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Funds:				
Airport Project Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
State aviation grant	\$ 234,000	\$ 234,000	\$ 233,862	\$ (138)
Total categorical aid	\$ 234,000	\$ 234,000	\$ 233,862	\$ (138)
Total revenue from the Commonwealth	\$ 234,000	\$ 234,000	\$ 233,862	\$ (138)
Revenue from the federal government:				
Categorical aid:				
Airport Improvement Grant	\$ 550,000	\$ 550,000	\$ 549,077	\$ (923)
Total categorical aid	\$ 550,000	\$ 550,000	\$ 549,077	\$ (923)
Total revenue from the federal government	\$ 550,000	\$ 550,000	\$ 549,077	\$ (923)
Total Airport Project Fund	\$ 784,000	\$ 784,000	\$ 782,939	\$ (1,061)
Capital Projects Funds:				
Capital Improvements Fund:				
Intergovernmental revenues:				
Revenue from the federal government:				
Categorical aid:				
Community development block grant	\$ 556,585	\$ 556,585	\$ 42,599	\$ (513,986)
ARC grants	-	-	2,500	2,500
Total categorical aid	\$ 556,585	\$ 556,585	\$ 45,099	\$ (511,486)
Total revenue from the federal government	\$ 556,585	\$ 556,585	\$ 45,099	\$ (511,486)
Total Capital Improvements Fund	\$ 556,585	\$ 556,585	\$ 45,099	\$ (511,486)
Total Primary Government	\$ 32,572,855	\$ 32,989,219	\$ 34,905,689	\$ 1,916,470
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,864	\$ 1,864
Charges for services:				
Charges for education	\$ -	\$ -	\$ 200	\$ 200
Cafeteria sales	175,853	175,853	221,637	\$ 45,784
Payments from other localities	40,000	40,000	291,357	251,357
Transportation of pupils	5,000	5,000	15,716	10,716
Total charges for services	\$ 220,853	\$ 220,853	\$ 528,910	\$ 308,057
Miscellaneous:				
Other miscellaneous	\$ 40,000	\$ 40,000	\$ 113,281	\$ 73,281

County of Lee, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Recovered costs:				
JROTC revenues	\$ 52,000	\$ 52,000	\$ 58,524	\$ 6,524
Medicaid reimbursements	450,000	450,000	353,745	(96,255)
E-rate reimbursements	241,910	241,910	177,972	(63,938)
Other recovered costs	20,000	20,000	518,099	498,099
Total recovered costs	\$ 763,910	\$ 763,910	\$ 1,108,340	\$ 344,430
Total revenue from local sources	\$ 1,024,763	\$ 1,024,763	\$ 1,752,395	\$ 727,632
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Lee, Virginia	\$ 5,680,570	\$ 8,492,726	\$ 4,346,152	\$ (4,146,574)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 4,901,752	\$ 4,504,136	\$ 4,693,123	\$ 188,987
Basic school aid	13,058,145	13,703,294	13,702,506	(788)
Compensation Supplement	2,177,936	2,217,834	2,217,834	-
Gifted and talented	123,503	125,781	125,781	-
Remedial education	604,041	615,181	615,181	-
Special education	1,823,351	1,922,371	1,922,371	-
Textbook payment	297,260	302,742	302,742	-
Vocational standards of quality payments	-	-	6,160	6,160
Social security-instructional	862,274	878,177	878,177	-
Retirement-instructional	2,011,973	2,049,080	2,049,080	-
Group life	60,629	61,747	61,747	-
State lottery payments	2,725,538	2,754,644	1,322,284	(1,432,360)
Special education foster children	54,132	54,132	81,677	27,545
Special education homebound	47,379	51,044	30,357	(20,687)
Early reading intervention	188,975	154,816	154,816	-
Career and technology	-	-	9,302	9,302
School food programs	46,620	46,620	24,898	(21,722)
Vocational education	947,604	965,080	965,080	-
GED prep program	16,465	16,465	16,346	(119)
At risk payments	2,477,099	2,477,099	2,522,225	45,126
Composite index hold harmless	452,522	452,522	452,522	-
Alternative education	253,286	253,286	-	(253,286)
Primary class size	840,860	834,505	834,505	-
VPSA technology	310,000	310,000	310,000	-
Mentor teacher program	1,038	711	711	-
Standards of Learning algebra readiness	81,835	81,641	81,641	-
English as a second language	3,783	1,261	2,049	788
Other state funds	255,046	333,686	384,631	50,945
Total categorical aid	\$ 34,623,046	\$ 35,167,855	\$ 33,767,746	\$ (1,400,109)
Total revenue from the Commonwealth	\$ 34,623,046	\$ 35,167,855	\$ 33,767,746	\$ (1,400,109)
Revenue from the federal government:				
Categorical aid:				
Rural and low income schools	\$ 91,656	\$ 91,656	\$ 103,985	\$ 12,329
Title I	2,199,059	2,199,059	1,700,797	(498,262)
COVID-19 ESSER	4,253,457.00	6,955,510.00	4,306,107	(2,649,403)

County of Lee, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid: (Continued)				
Title VI-B, special education flow-through	\$ 903,568	\$ 903,568	\$ 903,568	\$ -
Vocational education	104,619	104,619	105,250	631
Student support	165,964	165,964	159,070	(6,894)
Title VI-B, special education pre-school	29,871	29,871	29,916	45
School food programs	1,684,796	1,684,796	2,171,775	486,979
USDA Distance Learning and Telemedicine Grant	-	740,793	740,793	-
EPA clean school bus rebates program	-	-	789,994	789,994
Forest reserve funds	22,500	22,500	17,943	(4,557)
Improving teacher quality	204,298	204,298	214,255	9,957
Total categorical aid	<u>\$ 9,659,788</u>	<u>\$ 13,102,634</u>	<u>\$ 11,243,453</u>	<u>\$ (1,859,181)</u>
Total revenue from the federal government	<u>\$ 9,659,788</u>	<u>\$ 13,102,634</u>	<u>\$ 11,243,453</u>	<u>\$ (1,859,181)</u>
Total School Operating Fund	<u>\$ 50,988,167</u>	<u>\$ 57,787,978</u>	<u>\$ 51,109,746</u>	<u>\$ (6,678,232)</u>
Special Revenue Fund:				
School Head Start Fund:				
Revenue from local sources:				
Miscellaneous:				
Contributions	\$ -	\$ -	\$ 2,570	\$ 2,570
Recovered costs:				
Other recovered costs	\$ -	\$ -	\$ 3,541	\$ 3,541
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,111</u>	<u>\$ 6,111</u>
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Head Start	\$ 1,618,181	\$ 1,780,581	\$ 1,769,143	\$ (11,438)
USDA	-	-	170,975	170,975
Total categorical aid	<u>\$ 1,618,181</u>	<u>\$ 1,780,581</u>	<u>\$ 1,940,118</u>	<u>\$ 159,537</u>
Total revenue from the federal government	<u>\$ 1,618,181</u>	<u>\$ 1,780,581</u>	<u>\$ 1,940,118</u>	<u>\$ 159,537</u>
Total School Head Start Fund	<u>\$ 1,618,181</u>	<u>\$ 1,780,581</u>	<u>\$ 1,946,229</u>	<u>\$ 165,648</u>
Nonmajor Special Revenue Fund:				
School Activity Fund:				
Revenue from local sources:				
Charges for services:				
Other charges for services	\$ -	\$ -	\$ 230,302	\$ 230,302
Total charges for services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 230,302</u>	<u>\$ 230,302</u>
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 1,630,176	\$ 1,630,176
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,630,176</u>	<u>\$ 1,630,176</u>
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,860,478</u>	<u>\$ 1,860,478</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 52,606,348</u>	<u>\$ 59,568,559</u>	<u>\$ 54,916,453</u>	<u>\$ (4,652,106)</u>

County of Lee, Virginia
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 142,050	\$ 142,050	\$ 113,265	\$ 28,785
Housing authority	3,000	3,000	2,825	175
RADA	1,938	1,938	485	1,453
Total legislative	\$ 146,988	\$ 146,988	\$ 116,575	\$ 30,413
General and financial administration:				
County administrator	\$ 260,263	\$ 260,263	\$ 218,776	\$ 41,487
Audit and financial consulting services	114,325	114,325	112,325	2,000
Legal services	22,800	22,800	22,098	702
Commissioner of revenue	414,591	414,591	412,389	2,202
Central purchasing	53,245	53,245	53,142	103
Treasurer	353,730	362,173	356,453	5,720
Delinquent tax collections	37,000	37,000	33,751	3,249
Central accounting	70,254	70,344	70,699	(355)
Central garage	160,897	181,541	173,232	8,309
Data processing	56,400	58,855	58,855	-
Reassessment	275,177	275,177	62,983	212,194
Total general and financial administration	\$ 1,818,682	\$ 1,850,314	\$ 1,574,703	\$ 275,611
Board of elections:				
Electoral board and officials	\$ 87,761	\$ 88,534	\$ 88,538	\$ (4)
Registrar	276,377	276,377	263,723	12,654
Total board of elections	\$ 364,138	\$ 364,911	\$ 352,261	\$ 12,650
Total general government administration	\$ 2,329,808	\$ 2,362,213	\$ 2,043,539	\$ 318,674
Judicial administration:				
Courts:				
Circuit court	\$ 69,962	\$ 93,182	\$ 73,490	\$ 19,692
General district court	3,450	6,050	4,955	1,095
Clerk of the circuit court	645,297	679,467	587,712	91,755
Juvenile and domestic relations court	3,475	3,475	2,922	553
Victim and witness assistance	101,983	101,983	93,664	8,319
Special magistrates	1,000	1,000	510	490
Total courts	\$ 825,167	\$ 885,157	\$ 763,253	\$ 121,904
Commonwealth's attorney:				
Commonwealth's attorney	\$ 738,512	\$ 884,659	\$ 874,318	\$ 10,341
Total judicial administration	\$ 1,563,679	\$ 1,769,816	\$ 1,637,571	\$ 132,245
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,634,240	\$ 3,767,966	\$ 3,668,888	\$ 99,078
Domestic violence	47,924	55,198	55,176	22
Courtroom security	66,492	88,060	74,602	13,458
E-911	556,146	612,056	574,921	37,135
School resource officer	52,317	52,317	44,018	8,299
Total law enforcement and traffic control	\$ 4,357,119	\$ 4,575,597	\$ 4,417,605	\$ 157,992

County of Lee, Virginia
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Volunteer fire department	\$ 322,206	\$ 322,206	\$ 299,399	\$ 22,807
COVID-19 fire and rescue	-	120,000	120,000	-
Emergency medical services	115,350	115,350	130,589	(15,239)
Emergency services	68,007	75,821	75,586	235
Total fire and rescue services	<u>\$ 505,563</u>	<u>\$ 633,377</u>	<u>\$ 625,574</u>	<u>\$ 7,803</u>
Correction and detention:				
Jail operations	\$ 2,790,854	\$ 2,790,854	\$ 2,567,119	\$ 223,735
Lee County Works Program	104,716	105,672	105,848	(176)
Juvenile probation and detention	158,380	158,380	158,380	-
Total correction and detention	<u>\$ 3,053,950</u>	<u>\$ 3,054,906</u>	<u>\$ 2,831,347</u>	<u>\$ 223,559</u>
Inspections:				
Building	\$ 184,534	\$ 184,534	\$ 181,085	\$ 3,449
Other protection:				
Animal control	\$ 239,263	\$ 243,894	\$ 228,582	\$ 15,312
Medical examiner	500	500	380	120
Total other protection	<u>\$ 239,763</u>	<u>\$ 244,394</u>	<u>\$ 228,962</u>	<u>\$ 15,432</u>
Total public safety	<u>\$ 8,340,929</u>	<u>\$ 8,692,808</u>	<u>\$ 8,284,573</u>	<u>\$ 408,235</u>
Public works:				
Sanitation and waste removal:				
Waste collection	\$ 1,472,513	\$ 1,595,884	\$ 1,598,413	\$ (2,529)
Waste disposal	919,750	919,750	900,272	19,478
Landfill	50,000	50,000	40,797	9,203
Litter control	11,550	19,077	12,925	6,152
Total sanitation and waste removal	<u>\$ 2,453,813</u>	<u>\$ 2,584,711</u>	<u>\$ 2,552,407</u>	<u>\$ 32,304</u>
Maintenance of general buildings and grounds:				
General properties	\$ 280,776	\$ 289,698	\$ 283,599	\$ 6,099
Total maintenance of general buildings and grounds	<u>\$ 280,776</u>	<u>\$ 289,698</u>	<u>\$ 283,599</u>	<u>\$ 6,099</u>
Total public works	<u>\$ 2,734,589</u>	<u>\$ 2,874,409</u>	<u>\$ 2,836,006</u>	<u>\$ 38,403</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 255,960	\$ 255,960	\$ 255,960	\$ -
Mental health and mental retardation:				
Community services board	\$ 191,203	\$ 191,203	\$ 191,203	\$ -

County of Lee, Virginia
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Public assistance and welfare administration	\$ 11,098,394	\$ 11,098,394	\$ 11,778,165	\$ (679,771)
Tax relief for the elderly	258,789	258,789	258,789	-
Workforce grants	-	-	2,024,299	(2,024,299)
Other welfare services and contributions	58,800	58,800	53,800	5,000
Total welfare	<u>\$ 11,415,983</u>	<u>\$ 11,415,983</u>	<u>\$ 14,115,053</u>	<u>\$ (2,699,070)</u>
Total health and welfare	<u>\$ 11,863,146</u>	<u>\$ 11,863,146</u>	<u>\$ 14,562,216</u>	<u>\$ (2,699,070)</u>
Education:				
Other instructional costs:				
Contributions to Community Colleges	\$ 60,549	\$ 60,815	\$ 60,814	\$ 1
Contribution to County School Board	5,680,570	8,492,726	4,346,152	4,146,574
Total education	<u>\$ 5,741,119</u>	<u>\$ 8,553,541</u>	<u>\$ 4,406,966</u>	<u>\$ 4,146,575</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 70,000	\$ 70,000	\$ 70,000	\$ -
Tourism	38,500	38,500	9,359	29,141
Thomas Walker pool	66,758	76,516	76,551	(35)
Total parks and recreation	<u>\$ 175,258</u>	<u>\$ 185,016</u>	<u>\$ 155,910</u>	<u>\$ 29,106</u>
Library:				
Lonesome Pine Regional Library	<u>\$ 237,678</u>	<u>\$ 237,678</u>	<u>\$ 237,678</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 412,936</u>	<u>\$ 422,694</u>	<u>\$ 393,588</u>	<u>\$ 29,106</u>
Community development:				
Planning and community development:				
Lenowisco	\$ 41,878	\$ 41,878	\$ 41,878	\$ -
Economic Development Authority Board stipends	6,791	6,791	5,176	1,615
Board of zoning appeals	4,117	4,117	2,033	2,084
Planning commission	4,835	4,835	3,511	1,324
Community development	143,878	153,878	93,048	60,830
Lee County Airport	134,877	134,877	75,100	59,777
Public Service Authority Board stipends	3,230	3,230	1,751	1,479
Total planning and community development	<u>\$ 339,606</u>	<u>\$ 349,606</u>	<u>\$ 222,497</u>	<u>\$ 127,109</u>
Environmental management:				
Contribution to soil and water district	<u>\$ 49,266</u>	<u>\$ 49,266</u>	<u>\$ 49,266</u>	<u>\$ -</u>
Cooperative extension program:				
Extension office	<u>\$ 90,403</u>	<u>\$ 90,403</u>	<u>\$ 70,856</u>	<u>\$ 19,547</u>
Total community development	<u>\$ 479,275</u>	<u>\$ 489,275</u>	<u>\$ 342,619</u>	<u>\$ 146,656</u>

County of Lee, Virginia
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Nondepartmental:				
General expenses	\$ 1,900,000	\$ 1,711,841	\$ 44,657	\$ 1,667,184
Refunds	-	1,086	1,086	-
Miscellaneous	25,000	11,651	9,150	2,501
Total nondepartmental	<u>\$ 1,925,000</u>	<u>\$ 1,724,578</u>	<u>\$ 54,893</u>	<u>\$ 1,669,685</u>
Capital projects:				
Courthouse renovations	\$ 347,291	\$ 347,690	\$ 290,190	\$ 57,500
COVID-19 Public Service Authority capital contributions	-	112,623	112,623	-
Total capital projects	<u>\$ 347,291</u>	<u>\$ 460,313</u>	<u>\$ 402,813</u>	<u>\$ 57,500</u>
Debt service:				
Principal retirement	\$ 205,334	\$ 205,334	\$ 205,334	\$ -
Interest and other fiscal charges	129,988	129,988	116,121	13,867
Total debt service	<u>\$ 335,322</u>	<u>\$ 335,322</u>	<u>\$ 321,455</u>	<u>\$ 13,867</u>
Total General Fund	<u>\$ 36,073,094</u>	<u>\$ 39,548,115</u>	<u>\$ 35,286,239</u>	<u>\$ 4,261,876</u>
Nonmajor Special Revenue Fund:				
Coal Road Improvement Fund:				
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ -	\$ 452	\$ 478	\$ (26)
Total Coal Road Improvement Fund	<u>\$ -</u>	<u>\$ 452</u>	<u>\$ 478</u>	<u>\$ (26)</u>
Airport Project Fund:				
Capital projects:				
Capital projects expenditures:				
Airport improvements	\$ 800,000	\$ 800,000	\$ 780,838	\$ 19,162
Total Airport Project Fund	<u>\$ 800,000</u>	<u>\$ 800,000</u>	<u>\$ 780,838</u>	<u>\$ 19,162</u>
Capital Projects Fund:				
Capital Improvements Fund:				
Community development:				
Planning and community development:				
Water and sewer contributions	\$ 556,585	\$ 556,585	\$ 137,620	\$ 418,965
Total Capital Improvements Fund	<u>\$ 556,585</u>	<u>\$ 556,585</u>	<u>\$ 137,620</u>	<u>\$ 418,965</u>
Total Primary Government	<u>\$ 37,429,679</u>	<u>\$ 40,905,152</u>	<u>\$ 36,205,175</u>	<u>\$ 4,699,977</u>
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health	\$ 3,398,000	\$ 3,398,000	\$ 2,906,679	\$ 491,321
Instruction costs:				
Instruction	\$ 28,282,660	\$ 30,184,355	\$ 29,630,296	\$ 554,059

County of Lee, Virginia
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board (Continued)				
School Operating Fund: (Continued)				
Education: (Continued)				
Operating costs:				
Pupil transportation	\$ 2,060,190	\$ 4,260,190	\$ 4,493,489	\$ (233,299)
Operation and maintenance of school plant	5,007,213	9,905,329	8,485,641	1,419,688
Food services and non-instructional operations	3,794,370	3,794,370	2,954,622	839,748
Facilities	5,000,000	2,800,000	408,456	2,391,544
Technology	3,367,150	3,367,150	2,401,473	965,677
Total operating costs	<u>\$ 19,228,923</u>	<u>\$ 24,127,039</u>	<u>\$ 18,743,681</u>	<u>\$ 5,383,358</u>
Total education	<u>\$ 50,909,583</u>	<u>\$ 57,709,394</u>	<u>\$ 51,280,656</u>	<u>\$ 6,428,738</u>
Debt service:				
Principal	\$ 76,122	\$ 76,122	\$ 76,122	\$ -
Interest	2,462	2,462	955	1,507
Total debt service	<u>\$ 78,584</u>	<u>\$ 78,584</u>	<u>\$ 77,077</u>	<u>\$ 1,507</u>
Total School Operating Fund	<u>\$ 50,988,167</u>	<u>\$ 57,787,978</u>	<u>\$ 51,357,733</u>	<u>\$ 6,430,245</u>
Special Revenue Fund:				
School Head Start Fund:				
Education:				
Operating costs:				
Operation of Head Start program	\$ 1,618,181	\$ 1,780,581	\$ 1,941,410	\$ (160,829)
Total School Head Start Fund	<u>\$ 1,618,181</u>	<u>\$ 1,780,581</u>	<u>\$ 1,941,410</u>	<u>\$ (160,829)</u>
Nonmajor Special Revenue Fund:				
School Activity Fund:				
Education:				
Instructional services:				
Other instructional services	\$ -	\$ -	\$ 2,067,475	\$ (2,067,475)
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,067,475</u>	<u>\$ (2,067,475)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 52,606,348</u>	<u>\$ 59,568,559</u>	<u>\$ 55,366,618</u>	<u>\$ 4,201,941</u>

Other Statistical Information

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2014-15	\$ 1,674,667	\$ 1,032,393	\$ 4,797,009	\$ 2,598,554	\$ 7,868,449	\$ 4,785,003	\$ 529,431	\$ 377,682	\$ 164,480	\$ 23,827,668
2015-16	1,236,676	908,855	5,273,487	2,164,068	7,994,289	2,861,708	546,643	455,125	213,702	21,654,553
2016-17	1,280,155	1,031,469	5,440,000	2,264,130	8,210,746	5,167,171	572,794	388,366	184,699	24,539,530
2017-18	1,345,920	1,054,513	5,784,987	2,290,057	7,888,474	3,266,541	457,539	1,220,391	178,167	23,486,589
2018-19	1,326,871	1,012,446	6,028,286	2,272,455	9,862,627	5,034,206	453,192	495,179	206,643	26,691,905
2019-20	1,430,047	1,229,444	6,711,656	2,480,316	10,872,896	4,663,216	455,952	1,138,263	172,043	29,153,833
2020-21	1,731,772	1,240,351	7,826,978	2,450,930	10,784,479	2,700,150	478,115	3,346,973	179,725	30,739,473
2021-22	1,522,319	1,277,256	5,818,296	2,520,734	11,124,229	2,870,171	569,965	1,514,398	128,148	27,345,516
2022-23	1,634,597	1,501,954	7,542,921	4,434,546	12,721,540	3,278,219	542,235	3,640,012	108,603	35,404,627
2023-24	1,731,196	1,652,887	7,877,010	3,236,142	14,481,659	4,455,861	393,588	675,622	84,501	34,588,466

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Revenues from Use of Money and Property	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total	
2014-15	\$ 391,806	\$ 9,174,855	\$ 17,000	\$	\$ 9,284,419	\$ 2,437,621	\$ 88,767	\$ 130,475	\$ 1,583,800	\$ 23,108,743	
2015-16	304,439	9,286,956	545,415		9,413,541	2,433,363	91,731	154,560	1,588,283	23,818,288	
2016-17	409,602	9,501,413	238,883		9,416,374	2,348,716	93,411	180,866	1,598,415	23,787,680	
2017-18	362,794	9,616,869	614,633		9,401,036	2,438,443	102,684	96,512	1,874,132	24,507,103	
2018-19	335,031	11,281,703	99,980		9,770,564	2,444,499	141,226	104,658	1,575,034	25,752,695	
2019-20	303,211	12,089,002	872,209		9,811,066	2,799,484	109,196	49,224	1,569,530	27,602,922	
2020-21	315,626	16,814,625	414,204		9,575,812	3,203,605	108,089	147,747	1,548,909	32,128,617	
2021-22	426,755	13,800,532	341,705		9,844,143	3,230,343	27,517	869,155	1,575,726	30,115,876	
2022-23	476,907	14,956,396	5,106,931		11,186,744	3,409,501	38,988	231,377	1,546,652	36,953,496	
2023-24	481,866	16,550,354	828,038		10,247,070	3,555,693	134,335	794,015	2,238,375	34,829,746	

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Capital Projects	Debt Service	Total
2014-15	\$ 1,816,613	\$ 1,070,181	\$ 4,861,877	\$ 2,114,023	\$ 7,945,407	\$ 36,103,450	\$ 337,321	\$ 376,291	\$ 19,883	\$ 106,284	\$ 537,961	\$ 55,289,291
2015-16	1,405,618	960,385	5,462,812	1,863,565	8,201,547	35,313,755	357,867	463,243	30,429	1,311,379	2,167,141	57,537,741
2016-17	1,379,545	1,051,408	5,830,341	1,669,848	8,295,771	39,650,960	377,744	389,926	32,662	92,354	722,420	59,492,979
2017-18	1,592,446	1,111,986	6,340,021	1,748,011	7,988,986	40,359,342	303,273	1,220,508	20,884	501,347	656,979	61,843,783
2018-19	1,490,011	1,128,396	6,414,025	2,046,401	10,063,400	39,661,030	311,380	499,484	68,994	20,812	1,017,825	62,721,758
2019-20	1,514,931	1,178,860	6,782,113	1,866,801	10,847,452	40,792,348	292,328	1,139,243	48,491	321,367	933,722	65,717,656
2020-21	1,778,015	1,174,756	8,301,616	1,859,045	10,611,417	41,776,617	279,290	2,919,000	22,775	64,450	928,767	69,715,748
2021-22	1,629,652	1,324,176	6,630,686	1,954,831	11,187,396	49,468,275	319,221	1,495,912	53,231	18,408	1,050,519	75,132,307
2022-23	1,813,951	1,492,250	7,538,924	2,180,195	12,822,727	52,758,321	357,486	450,467	45,686	1,657,238	567,058	81,684,303
2023-24	2,043,539	1,637,571	8,284,573	2,836,484	14,562,216	55,350,355	393,588	342,619	54,893	402,813	398,532	86,307,183

(1) Includes General and Special Revenue Funds of the Primary Government and its Discretely Presented Component Units.

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

Table 4

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

Fiscal Year	Revenue from the										Total
	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)		
2014-15	\$ 9,356,898	\$ 2,437,621	\$ 65,553	\$ 2,557	\$ 89,609	\$ 670,028	\$ 163,916	\$ 1,243,334	\$ 41,532,295	\$ 55,561,811	
2015-16	9,133,324	2,433,363	53,901	3,754	94,557	453,485	171,130	1,253,055	41,467,802	55,064,371	
2016-17	9,793,770	2,348,716	60,884	1,065	98,251	714,165	328,744	1,517,237	45,463,161	60,325,993	
2017-18	9,346,137	2,438,443	73,612	628	106,305	436,659	193,962	1,105,773	46,491,233	60,192,752	
2018-19	9,958,690	2,444,499	36,718	1,448	147,733	487,318	145,361	1,120,496	46,432,585	60,774,848	
2019-20	9,309,337	2,799,484	50,847	823	112,694	362,743	64,458	1,174,897	49,365,876	63,241,159	
2020-21	9,728,479	3,203,605	89,625	171	109,040	334,126	592,967	1,516,449	56,692,379	72,266,841	
2021-22	9,746,631	3,230,343	88,970	1,655	96,508	628,332	1,356,441	1,784,642	59,794,776	76,728,298	
2022-23	10,923,286	3,409,501	84,679	10,404	110,493	810,561	1,841,742	1,281,010	64,728,733	83,200,409	
2023-24	10,379,207	3,555,693	81,562	3,311	207,374	1,082,326	2,135,166	1,463,267	65,740,046	84,647,952	

(1) Includes General and Special Revenue Funds of the Primary Government and its Discretely Presented Component Units.

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

Table 5

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

Fiscal Year	Total Tax Levy (1, 2)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2014-15	\$ 8,840,676	\$ 8,058,024	91.15%	\$ 789,531	\$ 8,847,555	100.08%	\$ 1,556,832	17.61%
2015-16	8,846,998	8,172,731	92.38%	499,254	8,671,985	98.02%	1,761,686	19.91%
2016-17	8,970,226	8,319,766	92.75%	888,007	9,207,773	102.65%	1,424,410	15.88%
2017-18	9,124,280	8,967,635	98.28%	640,322	9,607,957	105.30%	1,533,230	16.80%
2018-19	9,451,899	9,441,957	99.89%	712,102	10,154,059	107.43%	1,276,714	13.51%
2019-20	9,556,971	9,150,241	95.74%	475,678	9,625,919	100.72%	1,793,015	18.76%
2020-21	9,938,406	9,461,230	95.20%	520,191	9,981,421	100.43%	1,707,379	17.18%
2021-22	10,124,566	9,570,402	94.53%	488,212	10,058,614	99.35%	1,822,002	18.00%
2022-23	11,298,738	10,631,544	94.09%	563,662	11,195,206	99.08%	1,953,025	17.29%
2023-24	10,547,462	9,999,944	94.81%	590,829	10,590,773	100.41%	2,018,190	19.13%

(1) Exclusive of penalties and interest.

(2) Adjusted for tax supplements and exonerations

Table 6

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

Fiscal Year	Real Estate (2) (4)	Personal Property and Mobile Homes (3)	Machinery and Tools	Merchant's Capital	Public Utility (1) Real Estate and Personal Property	Total
2014-15	\$ 893,516,153	\$ 157,875,864	\$ 35,105,052	\$ 5,005,906	\$ 67,704,281	\$ 1,159,207,256
2015-16	894,666,051	157,268,434	31,980,335	4,795,659	77,899,412	1,166,609,891
2016-17	943,846,489	162,526,640	24,656,658	4,974,615	88,010,662	1,224,015,064
2017-18	946,739,182	162,526,640	26,069,337	4,762,661	90,332,400	1,230,430,220
2018-19	961,334,798	169,223,843	35,184,102	4,882,682	85,107,847	1,255,733,272
2019-20	966,243,274	171,273,811	31,255,386	5,144,914	87,233,857	1,261,151,242
2020-21	959,532,274	172,949,046	28,230,631	6,058,350	88,613,760	1,255,384,061
2021-22	971,426,342	173,821,553	29,170,601	5,048,854	86,465,709	1,265,933,059
2022-23	975,022,484	234,893,042	28,239,663	5,390,737	85,518,779	1,329,064,705
2023-24	976,976,721	211,296,968	25,709,397	5,893,322	76,128,333	1,296,004,741

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

(2) Includes minerals.

(3) Includes business property.

(4) Original assessments presented above.

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital
2014-15	\$ 0.65	\$ 2.00	\$ 2.00	\$ 1.41
2015-16	0.65	2.00	2.00	1.41
2016-17	0.62	2.00	2.00	1.41
2017-18	0.62	2.00	2.00	1.41
2018-19	0.62	2.00	2.00	1.41
2019-20	0.62	2.00	2.00	1.41
2020-21	0.62	2.00	2.00	1.41
2021-22	0.62	2.00	2.00	1.41
2022-23	0.62	2.00	2.00	1.41
2023-24	0.62	2.00	2.00	1.41

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands)	Gross Bonded Debt (2)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2014-15	25,474	\$ 1,159,207	\$ 3,578,907	\$ 3,578,907	0.31%	\$ 140
2015-16	25,587	1,166,610	2,321,827	2,321,827	0.20%	91
2016-17	25,587	1,224,015	2,165,908	2,165,908	0.18%	85
2017-18	25,587	1,230,430	2,095,386	2,095,386	0.17%	82
2018-19	25,587	1,255,733	1,908,304	1,908,304	0.15%	75
2019-20	25,587	1,261,151	1,763,597	1,763,597	0.14%	69
2020-21	25,587	1,255,384	1,529,760	1,529,760	0.12%	60
2021-22	22,116	1,265,933	1,376,750	1,376,750	0.11%	62
2022-23	21,699	1,329,065	1,218,444	1,218,444	0.09%	56
2023-24	21,699	1,296,005	1,080,000	1,080,000	0.08%	50

(1) Bureau of the Census.

(2) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.
Excludes revenue bonds, secured notes payable, landfill closure/post-closure care liability, lease liabilities, and compensated absences.

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2014-15	\$ 338,578	\$ 199,383	\$ 537,961	\$ 55,289,291	0.97%
2015-16	1,901,338	237,595	2,138,933	57,537,741	3.72%
2016-17	535,454	186,966	722,420	59,492,979	1.21%
2017-18	473,314	183,665	656,979	61,843,783	1.06%
2018-19	805,419	212,406	1,017,825	62,721,758	1.62%
2019-20	732,194	201,528	933,722	65,717,656	1.42%
2020-21	722,415	206,352	928,767	69,715,748	1.33%
2021-22	816,746	156,695	973,441	75,132,307	1.30%
2022-23	359,888	130,092	489,980	81,684,303	0.60%
2023-24	205,334	116,121	321,455	86,307,183	0.37%

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

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

COMPLIANCE SECTION



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

**To the Honorable Members of the Board of Supervisors
County of Lee, Virginia
Jonesville, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Lee, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County of Lee, Virginia's basic financial statements, and have issued our report thereon dated October 9, 2025. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit - Lee County Economic Development Authority, and the School Activity Fund of the discretely presented component unit - Lee County School Board, as described in our report on the County of Lee, Virginia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

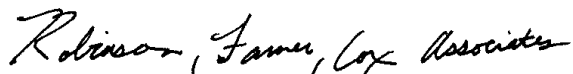
As part of obtaining reasonable assurance about whether the County of Lee, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as 2024-003, 2024-004, 2024-005, 2024-006, and 2024-007.

County of Lee, Virginia's Response to Findings

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

Purpose of This Report

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



Blacksburg, Virginia
October 9, 2025



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

**To the Honorable Members of the Board of Supervisors
County of Lee, Virginia
Jonesville, Virginia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Lee, Virginia's compliance with the types of compliance requirements subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Lee, Virginia's major federal programs for the year ended June 30, 2024. The County of Lee, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. In our opinion, the County of Lee, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2024.

The County of Lee, Virginia's basic financial statements include the operations of the Lee County Public Service Authority, Lee County Economic Development Authority, and Lee County Hospital Authority, which are not included in the County's schedule of expenditures of federal awards during the year ended June 30, 2024. Our audit, described below, did not include the operations of the Lee County Public Service Authority, Lee County Economic Development Authority, or Lee County Hospital Authority because the component units issued separate audited financial statements in accordance with the *Uniform Guidance*, if applicable.

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 Lee, 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 opinions on compliance for each major federal program. Our audit does not provide a legal determination of County of Lee, 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 Lee, 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 Lee, 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 Lee, 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 Lee, 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 Lee, 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 Lee, 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-008. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

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

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

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

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



Blacksburg, Virginia
October 9, 2025

County of Lee, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal ALN	Pass-through Entity Identifying Number	Federal Expenditures	Subrecipient Expenditures
Department of Health and Human Services:				
Direct Payments:				
Head Start Cluster:				
Head Start	93.600	Not applicable	\$ 1,769,143	
Pass Through Payments:				
Virginia Department of Social Services:				
MaryLee Allen Promoting Safe and Stable Families	93.556	0950122, 0950123	\$ 6,329	
Temporary Assistance for Needy Families	93.558	0400123, 0400124	436,907	
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500123, 0500124	1,927	
Low-Income Home Energy Assistance	93.568	0600423, 0600424	97,083	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900122, 0900123	361	
Social Services Block Grant	93.667	1000123, 1000124	518,428	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150122, 9150123	19,629	
Children's Health Insurance Program	93.767	0540123, 0540124	6,835	
Medicaid Cluster:				
Medical Assistance Program	93.778	1200123, 1200124	589,903	
Foster Care - Title IV-E	93.658	1100123, 1100124	536,948	
Adoption Assistance	93.659	1120123, 1120124	922,692	
CCDF Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760123, 0760124	91,121	
Chafee Education and Training Vouchers Program (ETV)	93.599	9160123	808	
Title IV-E Prevention Program	93.472	1140123, 1140124	8,002	
Guardianship Assistance	93.090	1110123, 1110124	40,288	
Adoption and Legal Guardianship Incentive Payments	93.603	1130120, 1130122	5,206	
Elder Abuse Prevention Interventions Program	93.747	8000221	7,981	
Total Department Health and Human Services-pass through			\$ 3,290,448	
Total Department of Health and Human Services			\$ 5,059,591	
Department of Agriculture:				
Direct Payments:				
Distance Learning and Telemedicine Loans and Grants	10.855	Not applicable	\$ 740,793	
Community Facilities Loans and Grants	10.766	Not applicable	92,500	
Pass Through Payments:				
Child Nutrition Cluster:				
Virginia Department of Agriculture and Consumer Services:				
Food Distribution (Note C)	10.555	Not available	\$ 123,423	
Virginia Department of Education:				
School Nutrition Program (SNP) Supply Chain Assistance (SCA) Funds	10.555	APE411080	58,155	
National School Lunch Program	10.555	APE402540	1,386,928	\$ 1,568,506
School Breakfast Program	10.553	APE40253	578,058	
Summer Food Service Program for Children	10.559	APE603020, APE603030	21,955	\$ 2,168,519
Virginia Department of Education:				
COVID-19 Pandemic EBT Administrative Cost	10.649	DOE865560		3,256
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to States	10.665	APE438410		17,943
Virginia Department of Health:				
Child and Adult Care Food Program	10.558	VDH48020		170,975
Virginia Department of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010123, 0010124 0040123, 0040124		743,776
Total Department of Agriculture			\$ 3,937,762	
Department of Justice:				
Pass Through Payments:				
Virginia Department of Criminal Justice Services:				
Crime Victim Assistance	16.575	2020V2GX0048, 15POVC21GG00602ASSI	\$ 63,342	
Violence Against Women Formula Grants	16.588	15JOVW22GG00455STOP, 15JOVW23GG00605STOP	41,382	
Total Department of Justice			\$ 104,724	
Environmental Protection Agency:				
Direct Payments:				
Clean School Bus Program	66.045	Not applicable	\$ 789,994	

County of Lee, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2024

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal ALN	Pass-through Entity Identifying Number	Federal Expenditures	Subrecipient Expenditures
Department of Treasury:				
Direct Payments:				
Local Assistance and Tribal Consistency Fund	21.032	Not applicable	\$ 75,181	
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	Not available	232,623	\$ 112,623
Pass Through Payments:				
Virginia Department of Criminal Justice Services:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	538,534	
Virginia Department of Social Services:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	9122222	21,878	
Total Department of Treasury			\$ 868,216	\$ 112,623
Department of Transportation:				
Direct Payments:				
Airport Improvement Program	20.106	Not applicable	\$ 456,577	
Pass Through Payments:				
Virginia Department of Motor Vehicles:				
Highway Safety Cluster:				
National Priority Safety Programs	20.616	BM2HVE-2023-53346-23346, BM2HVE-2024-54334-24334, FM60T-2023-53370-23370	10,423	
Alcohol Open Container Requirements	20.607	ENF_AL-2024-54141-24141	5,992	
Total Department of Transportation			\$ 472,992	
Appalachian Regional Commission:				
Pass Through Payments:				
Virginia Department of Housing and Community Development:				
Appalachian Area Development	23.002	HCD49301	\$ 2,500	\$ 2,500
Department of Housing and Urban Development:				
Pass Through Payments:				
Virginia Department of Housing and Community Development:				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	HCD50790	\$ 42,599	\$ 42,599
Department of Labor				
Pass Through Payments:				
Virginia Community College System:				
Workforce Innovation and Opportunity Act Cluster:				
WIOA Adult Program	17.258	534027	\$ 662,372	\$ 662,372
WIOA Dislocated Worker Formula Grants	17.278	534027	470,691	470,691
WIOA Youth Activities	17.259	534027	891,236	891,236
Total Department of Labor			\$ 2,024,299	\$ 2,024,299
Department of Education:				
Pass Through Payments:				
Virginia Department of Education:				
Career and Technical Education - Basic Grants to States	84.048	APE600310, APE600311	\$ 105,250	
Student Support and Academic Enrichment Program	84.424	APE602810	159,070	
Rural Education	84.358	APE434810	103,985	
Supporting Effective Instruction State Grants	84.367	APE614800	214,255	
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief (ESSER) III	84.425U	APE501830, APE501930	4,306,107	
Title I: Grants to Local Educational Agencies	84.010	APE429010	1,700,797	
Special Education Cluster (IDEA)				
Special Education - Grants to States	84.027	APE430710, APE402870	\$ 903,568	
Special Education - Preschool Grants	84.173	APE625210	29,916	933,484
Total Department of Education			\$ 7,522,948	
Total Expenditures of Federal Awards			\$ 20,825,625	\$ 2,182,021

County of Lee, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2024

Notes to the Schedule of Expenditures of Federal Awards

Note A -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Lee, Virginia and its discretely presented component unit - School Board under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance). Because the Schedule presents only a selected portion of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Note B -- Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (3) The County did not elect the 10% de minimis indirect cost rate because they only request direct costs for reimbursement.

Note C -- Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2024, the Lee County School Board had food commodities totaling \$0 in inventory.

Note D -- Relationship to the Financial Statements:

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 7,277,203
Payments in Lieu of Taxes	(229,325)
Airport Project Fund	549,077
Capital Improvements Fund	45,099
Total primary government	<u>\$ 7,642,054</u>

Component Unit School Board:

School Operating Fund	\$ 11,243,453
School Head Start Fund	1,940,118
Total Component Unit School Board	<u>\$ 13,183,571</u>

Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	<u>\$ 20,825,625</u>
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County of Lee, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	Yes

Federal Awards

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

ALN	Name of Federal Program or Cluster
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds (ARPA)
84.425	COVID-19 Education Stabilization Fund
17.258/17.259/17.278	Workforce Innovation and Opportunity Act Cluster
10.561	Supplemental Nutrition Assistance Program (SNAP)
93.659	Adoption Assistance
66.045	Clean School Bus Program

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

County of Lee, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section II - Financial Statement Findings

2024-001 - Material Weakness

Criteria:	An auditee should have sufficient controls in place to produce financial statements in accordance with applicable standards. Furthermore, reliance on the auditor to propose adjustments necessary to comply with reporting standards is not a component of such controls.
Condition:	The financial statements as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP). As such, the auditor proposed adjustments that were material to the financial statements.
Cause:	The County and School Board do not have proper controls in place to detect and correct adjustments in closing their year end financial statements.
Effect:	There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected by the County's or School Board's internal controls over financial reporting.
Recommendation:	The County and School Board should review the auditors' proposed audit adjustments for the fiscal year and develop a plan to ensure the trial balances and related schedules are accurately presented for audit going forward.
Management's Response:	The County and School Board will review the auditors' proposed audit adjustments for the fiscal year and will develop a plan of action to ensure that all adjusting entries are made prior to final audit fieldwork next year.

2024-002 - Material Weakness

Criteria:	The audited financial statements are required to be on file with the Auditor of Public Accounts of the Commonwealth of Virginia by December 15th of each year.
Condition:	The audited financial statements were not filed by December 15, 2024.
Cause:	The adjusted trial balances for audit were provided to the auditors on June 16, 2025 and the required component unit audit reports were not issued until October 2025.
Effect:	The audited financial statements are not issued in compliance with the Code of Virginia time requirements. As a result, the financial information is not included in the annual Comparative Cost Report issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Finally, the audited financial statements as provided to the County and School Board will not provide timely information to make proper decisions.
Recommendation:	We recommend the County ensure financial information is maintained in an accurate and efficient manner to expedite the financial preparation process for audit.
Management's Response:	The County will continue to work to improve its financial closing process in order to improve timeliness going forward.

County of Lee, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section II - Financial Statement Findings (Continued)

2024-003 - Material Noncompliance

Criteria:	Social Services is required to reconcile the amounts reported to the LASER system for reimbursement to the general ledger.
Condition:	All 12 months of the LASER submissions did not reconcile to the Bright accounting system general ledger resulting in a cumulative net variance of \$134,409 of underreported expenditures to LASER. Further, the LASER submission was not done timely for December 2023 resulting in no reimbursement for the month of December. These expenses were included in the January 2024 submission.
Cause:	The Social Services office has experienced significant turnover in the last several years and is working through the reconciliation process.
Effect:	Social Services may not be in compliance with State requirements and is likely receiving either too much funding or too little funding from the state and federal revenue sources during a given month.
Recommendation:	We recommend Social Services implement a reconciliation process to ensure the expenditures reported in LASER agree exactly to the Bright accounting system in a timely manner.
Management's Response:	We will change our reconciliation process to ensure a proper balancing with the County accounting records to ensure an accurate LASER request.

2024-004 - Material Noncompliance

Criteria:	The County and its volunteer agencies participate in the Virginia Retirement System Line of Duty Act (LODA) Plan. The LODA Plan requires covered employees be meet eligibility criteria as specified in Plan documents.
Condition:	The County includes volunteer agencies in the LODA Plan but was unable to document the eligibility of any of the volunteer members.
Cause:	The County has difficulty obtaining up to date enrollment and position reports from the volunteer agencies and rolls forward prior listings for each annual renewal.
Effect:	The County has 200 volunteers included in its 232 individuals covered in the LODA Plan and therefore a majority of the participants may or may not be eligible for the Plan.
Recommendation:	Management should obtain an accurate position listing for each volunteer agency prior to allowing them to continue participating in the VRS LODA Plan. Further, the listing should include required census (full name, gender, date of birth, agency, and personnel type) information with supporting documentation to allow for testing in accordance with the Auditor of Public Accounts' (APA) <i>Specifications for Counties, Cities, and Towns</i> .
Management's Response:	Management will attempt to obtain updated and complete information from the volunteer agencies to ensure only eligible participants are included.

County of Lee, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section II - Financial Statement Findings (Continued)

2024-005 - Material Noncompliance

Criteria:	The County receives grant funding from the Virginia Department of Fire Programs known as Aid to Locality (ATL) funding. The County is required to complete annual reporting on the balance, receipt, and disbursement of these funds.
Condition:	The auditors were provided a copy of the fiscal year 2023 ATL Annual report filed during fiscal year 2024, but not provided the supporting reconciliation and documentation as required.
Cause:	The County did not maintain proper documentation of expenditures claimed in the report.
Effect:	The County may not be in compliance with State requirements.
Recommendation:	We recommend the County annually reconcile the ATL Annual report and have a proper review of the report to ensure it agrees to the County's general ledger and maintain records of same for audit.
Management's Response:	Management concurs with the recommendations and will implement those changes.

2024-006 - Material Noncompliance

Criteria:	Social Services administers the Children's Services Act (CSA) program. Among those requirements, the Code of Virginia § 2.2-5206 requires the Agency to authorize and monitor expenditure of funds by each family assessment planning team.
Condition:	Social services was unable to locate vendor contracts and invoices for several payments made during the year.
Cause:	Social Services overlooked these missing documents.
Effect:	Social Services may not be in compliance with State requirements.
Recommendation:	We recommend Social Services periodically review case files and ensure all documentation exists before paying for the necessary service.
Management's Response:	Management concurs with the recommendations and will implement those changes.

County of Lee, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section II - Financial Statement Findings (Continued)

2024-007 - Material Noncompliance

Criteria:	Social Services administers the Children's Services Act (CSA) program. Among those requirements, the Code of Virginia § 2.2-5206 requires the Agency to authorize and monitor expenditure of funds and file reimbursement requests not less than quarterly.
Condition:	Social services filed a reimbursement request on September 9, 2024 that included payment for service dates ranging between January 2024 and July 2024.
Cause:	Social services incurred staffing turnover in the CSA program and it was noted that the program had gotten behind in receiving and paying invoices, as well as requesting related reimbursements.
Effect:	Social Services may not be in compliance with State requirements.
Recommendation:	We recommend Social Services work with vendors to ensure they are sending invoices in a timely manner and then process the invoices quickly to ensure timely payment and reimbursement.

Section III - Federal Award Findings and Questioned Costs

2024-008 - COVID-19 Coronavirus State and Local Fiscal Recovery Funds (ARPA) - (21.027)

Agency:	Department of Treasury
Federal Award Number/Year:	2021
Program & ALN:	COVID-19 Coronavirus State and Local Fiscal Recovery Funds (ARPA) - 21.027
Pass-through Entities:	Virginia Department of Criminal Justice Services
Compliance Requirement:	Procurement
Finding Type:	Finding reported in accordance with 2 CFR section 200.516(a) and material weakness of internal controls surrounding procurement requirements.
Criteria:	Per single audit requirements, recipients are required to procure goods and services purchased with ARPA funds for items that do not fall under the revenue loss category.
Condition:	The County did not properly procure sheriff equipment purchased with Law Enforcement Equipment Grant funding.
Cause:	The County did not have a proper review process of federal grants and failed to follow federal procurement guidelines
Effect:	The County did not properly follow federal procurement guidelines.
Recommendation:	Management should ensure federal purchasing policy guidelines are properly followed
Views of Responsible Officials and Planned Corrective Action:	The County concurs with the finding. The County will ensure all purchases are properly procured going forward.

County of Lee, Virginia
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

Finding 2023-001

Finding Type: Material Weakness

Condition: The financial statements as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP). As such, the auditor proposed adjustments that were material to the financial statements.

Recommendation: The County and School Board should review the auditors' proposed audit adjustments for the fiscal year and develop a plan to ensure the trial balances and related schedules are accurately presented for audit.

Current Status: Finding 2023-001 is recurring in fiscal year 2024 as 2024-001 and reported as a material weakness.

Finding 2023-002

Finding Type: Material Weakness

Condition: The audit information was not available for the auditors to begin their audit until March 14, 2024. Therefore, the audited financial statements were not filed by December 15, 2023.

Recommendation: We recommend the County ensure financial information is maintained in an accurate and efficient manner to expedite the financial preparation process for audit.

Current Status: Finding 2023-002 is recurring in fiscal year 2024 as 2024-002 and reported as a material weakness.

Finding 2023-003

Finding Type: Material Noncompliance

Condition: The School Board materially spent more than its appropriation during fiscal year 2023.

Recommendation: We recommend the School Board ensure the budgeted appropriations are sufficient for upcoming expenditures and implement a process to monitor available funds throughout the fiscal year.

Current Status: Finding 2023-003 was corrected during fiscal year 2024.

Finding 2023-004

Finding Type: Material Noncompliance

Condition: The County includes volunteer agencies in the LODA Plan but was unable to document the eligibility of any of the volunteer members.

Recommendation: Management should obtain an accurate position listing for each volunteer agency prior to allowing them to continue participating in the VRS LODA Plan. Further, the listing should include required census (full name, gender, date of birth, agency, and personnel type) information with supporting documentation to allow for testing in accordance with the Auditor of Public Accounts' (APA) Specifications for Counties, Cities, and Towns.

Current Status: Finding 2023-004 is recurring in fiscal year 2024 as 2024-004 and reported as a state noncompliance finding.

County of Lee, Virginia
Summary Schedule of Prior Audit Findings (Continued)
For the Year Ended June 30, 2024

Finding 2023-005

Finding Type: Material Noncompliance

Condition: The auditors were not provided a copy of the fiscal year 2022 ATL Annual report filed during fiscal year 2023 and supporting reconciliation as required.

Recommendation: We recommend the County annually reconcile the ATL Annual report and have a proper review of the report to ensure it agrees to the County's general ledger and maintain records of same for audit.

Current Status: Finding 2023-005 is recurring in fiscal year 2024 as 2024-005 and reported as a state noncompliance finding.

Finding 2023-006

Finding Type: Material Noncompliance

Condition: Social services was unable to locate Individual Family Service Plans (IFSP) for several payments made during the year.

Recommendation: We recommend Social Services periodically review IFSPs and ensure the period covers the pending expenditure as well as provides a budget sufficient to pay for the necessary service.

Current Status: Social Services corrected the issue above during fiscal year 2024.

Finding 2023-007

Finding Type: Federal Noncompliance Finding -WIOA Cluster (17.258/17.259/17.278)

Condition: Funds are requested for drawdown by the subrecipient without the County reviewing and approving documentation.

Recommendation: We recommend the County obtain, review, and approve the reimbursement requests prior to submission. Further, we recommend the County obtain and review periodic financial statements and/or underlying documentation and obtain a copy of the annual audit report in accordance with Uniform Guidance.

Current Status: The County corrected the issue above during fiscal year 2024.