

COUNTY
OF
ROCKBRIDGE
VIRGINIA



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ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

COUNTY OF ROCKBRIDGE, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Prepared by

Ashton Harrison, Director of Fiscal Services

County of Rockbridge, Virginia

COUNTY OF ROCKBRIDGE, VIRGINIA

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023

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COUNTY OF ROCKBRIDGE, VIRGINIA

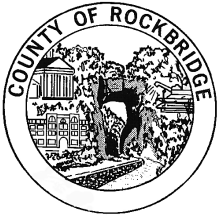
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ssuter@rockbridgecountvva.gov

County of Rockbridge

Office of the County Administrator
and Clerk to the Board of Supervisors

150 South Main Street
Lexington, Virginia 24450

County Board of Supervisors

LESLIE E. AYERS
Buffalo
Magisterial District

DANIEL E. LYONS
Kerrs Creek
Magisterial District

DAVID B. MCDANIEL
Natural Bridge
Magisterial District

R. W. DAY
South River
Magisterial District

A.J. "JAY" LEWIS, II
Walkers Creek
Magisterial District

December 19, 2023

To the Honorable Board of Supervisors and the Citizens of the County of Rockbridge, Virginia:

Commonwealth of Virginia law requires that every general-purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2023.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Robinson, Farmer, Cox Associates, Certified Public Accountants, have issued an unmodified ("clean") opinion on the County of Rockbridge's financial statements for the year ended June 30, 2023. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and evaluating the overall financial statement presentation. This examination was conducted using guidelines set forth by Government Auditing Standards and the Specification for Audits of Counties, Cities and Towns, issued by the Auditor of Public Accounts. The independent auditor's report is located at the front of the financial section of this document.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of a management discussion analysis (MD&A). The MD&A complements the letter of transmittal and should be read in conjunction with it. The County of Rockbridge MD&A immediately follows the independent auditor's report.

Profile of Rockbridge County

The County of Rockbridge was formed in 1778 and named after the Natural Bridge of Virginia, a historic geological wonder located in the southern part of the County. Two-thirds of the County's 607 square miles came from Botetourt County to the south and the remainder from Augusta County to the north. Rockbridge County is located in the southern portion of the Shenandoah Valley between the Alleghany and Blue Ridge Mountain ranges. Two major interstates, I-81 and I-64, intersect near the geographical center of the County, creating a superb transportation corridor. Thousands of tourists annually traverse the 17 miles of the Blue Ridge Parkway which lies along the County's eastern border. Many enjoy visits to the region's 95,371 acres of National Forest and Wildlife Management areas and the James and Maury Rivers, as well as the 1,400-acre Natural Bridge State Park. Additionally, the 560-acre Virginia Horse Center is located in the center of Rockbridge County, just north of the City of Lexington. The Center provides year-round activities including equine competition events, major horse sales, instructional classes, and recreation opportunities.

The County of Rockbridge is a political subdivision of the Commonwealth of Virginia that is administered by a five-member Board of Supervisors. Policy-making and legislative authority are vested in the governing body (Board). Board members are elected by magisterial district and serve four-year, staggered terms. The Board appoints the County Administrator who oversees the County's operations.

The Board of Supervisors adopted mission, vision, and values statements on March 11, 2013. The Board envisions a community defined by first-class educational programs for youth and adults, enhanced through widespread and quality access to broadband connectivity; where our citizens enjoy a healthy, safe environment, and where rural character, scenic beauty and agricultural roots are respected, protected and balanced with sensible and managed growth to include high-technology development and promotion of local agriculture and outdoor recreation as part of the economic base; and where the levels of services provided meet or exceed the expectations of our residents at every level; and where our youth and succeeding generations can grow, play, and economically thrive. The Board has a mission to provide leadership, responsibly allocate resources, and establish policies which will promote safety, protection of our rural environment, education, and managed growth in a manner which is at all times open, honest, and respectful. In every interaction the Board will adhere to the tenets of integrity, openness, mutual respect, innovation and adaptability, humility, accountability, and loyalty.

The County of Rockbridge provides a full range of services, including law enforcement protection; building inspections; licenses and permits; refuse and recycling collection centers; and recreational facilities. Local volunteer fire and rescues departments, supplemented by career Fire-Rescue staffing, deliver emergency medical response and transport services as well as fire protection when needed. The County furnishes support to the volunteer agencies through cash contributions for operational and capital expenditures and annual inspection and/or certification of equipment.

Rockbridge County is financially accountable for a legally separate school division (education), a public service authority (water & sewer), and a solid waste authority (refuse & disposal). Each organization is a component unit or blended component unit within the County's financial statements.

The Board of Supervisors adopts an initial budget for the fiscal year no later than May 31 preceding the beginning of the fiscal year on July 1, unless events beyond the Board's control preclude such action. This annual budget serves as the foundation for the Rockbridge County's financial planning and control. The budget is prepared by fund, function, department, and object class. Department heads may request to transfer resources within a department to meet changing program needs during a fiscal cycle. Transfers between departments, however, are coordinated between the County Administrator, Finance Director and the Board Finance Committee.

Local Economy

The County of Rockbridge is a rural locality in the Shenandoah Valley at the heart a major transportation network with direct access to air, rail, and highway transportation. Rockbridge County is approximately 45 miles north of Roanoke, VA; 140 miles west of Richmond, VA; and 190 miles southwest of Washington, D.C. Distances to multi-state markets for area industries are Baltimore, MD - 210 miles; Greensboro, NC - 145 miles; New York, NY - 460 miles; Cincinnati, OH- 460 miles; and Atlanta, GA- 440 miles.

Rockbridge County has a diverse economy which includes manufacturing, trucking, agriculture, forestry, tourism, and retail shops. Over the past ten plus years, the County's economy has remained relatively stable. None of its top employers have closed or experienced significant layoffs.

The top five industries by employment in Rockbridge County are retail trade (1,126), local government (982), manufacturing (827), accommodations and food services (698), and health care and social assistance (570). The top five average weekly wages were in the following sectors: federal government (\$1,134), finance and insurance (\$1,075), construction (\$1,028), professional and technical services (\$1,004, and manufacturing (\$965).

Rockbridge is comprised of over 384,000 acres; 35% is land in farms and 55% is in forest, to include the George Washington and Thomas Jefferson National Forests. According to the 2017 census of agriculture, 134,789 acres of land is utilized by 752 farms in Rockbridge County. The three sawmills and timber harvesting operations in Rockbridge employed over 200 people and shipped raw and finished timber products both domestically and internationally. This information will be updated with the next census of agriculture which was completed in 2023, but the data will not be available until 2024.

The Commonwealth of Virginia's population was 8,096,604 in 2011 and 8,655,608 in 2021. Rockbridge County's population was 22,090 in 2012, and 22,498 in 2021. The median household income in Rockbridge County in 2021 was \$57,828. In the Commonwealth of Virginia, the median household income equaled \$80,615 in 2021.

In 2022, the Rockbridge region (Rockbridge, Lexington, Buena Vista, Glasgow and Goshen) was included in a regional housing study spearheaded by the Central Shenandoah Planning District Commission. The following data is from the preliminary data obtained during the study.

The region's population was approximately 36,600 people in 2023, comprising 13,631 total households with over a third of those households being in the County. The homeownership rate in the County is 76%. Most households in the region are one or two-person households (71%) with the remaining being three-person plus households. There are approximately 4,000 single-person households.

The Rockbridge region offers a housing stock affordable to many occupations including educators and healthcare practitioners, however those in service and support occupations may struggle to find affordable housing, especially those who are living independently or supporting a family as a single earner. Future development in the Rockbridge region should be focused on adding variety to the existing housing stock and serving households with identifiable needs.

The unemployment rate was 3.60% in the County for FYE 2023 and 2.9%. The unemployment rate in the County has continued to stay low. The civilian labor force in 2022 was 11,307. The labor participation rate is 74 percent based on the ACS 2021 survey.

In the fiscal year ending June 30, 2023 there were 687 building permits issued in Rockbridge County with a combined total value of \$44,743,987. Building permits decreased by 19, or 3%, over the last fiscal year. The total value figure is down \$1,716,482, or 4%, from FYE 2022.

Over the past fiscal year, the Office of Community Development has coordinated on numerous business licenses. As of August 2023, there are 1,648 licensed business licenses: 82 less than 2022. The vast majority of business license holders in the County are sole proprietors and small business owners, along with framing and agricultural operations. Additionally, there are 32 companies that are defined as manufacturers.

In 2023, several new establishments, including Starbucks, Chick-fil-A, Dunkin' Donuts, Augusta Forensic Nursing Center, and Jersey Mike's, opened their doors. The True Hilton is on schedule, and an additional hotel is set to be completed between 2024 and 2025. Journey Outdoor relocated from Lexington to Rockbridge, seamlessly continuing its successful business operations and community engagement.

Furthermore, X Factors Solutions transitioned its operations and headquarters from Nevada to Virginia in October 2023. By occupying a previously vacant building in the Natural Bridge Industrial Park, the company contributed to local employment by hiring a workforce of 30 individuals.

Public School System

The Rockbridge County Public School (RCPS) system currently serves approximately 2,600 students in kindergarten through 12th grade. RCPS operates four elementary schools for kindergarten through fifth grade, one middle school for grades six through eight, and one high school (shared with the City of Lexington) for grades nine through twelve. All schools are accredited by the State Department of Education.

All of the County schools have received major renovations in recent years. In 2023, a \$14 million renovation of the Rockbridge Innovation Center (formerly Floyd S. Kay) was begun to provide students with a modern facility for the Career & Technical Education (CTE) program.

RCPS serves a diverse student population and takes pride in meeting the educational needs of all students. Our teachers strive to include pedagogical strategies that transform teacher-centered traditional classrooms into more student-centered, highly engaging, deeper learning settings for all students. Because many of our students will someday be employed in careers that have yet to be invented, we connect students to real-world problems with an overarching emphasis on communication, collaboration, creative thinking, critical thinking, and civic-mindedness. When these skills are taught in tandem with maintaining high expectations and delivering content-rich curricula in a rigorous academic and Career & Technical Education (CTE) program, students will be better prepared for life in the 21st-century world beyond high school graduation.

To this end, RCPS continues a transformation of CTE offerings at both the middle school and high school level to 21st-century programs. RCPS's goal is for interested students to begin their CTE educational experience at the middle school so they may earn industry certifications earlier during their high school career. These early certifications will, in turn, lead to internship and work-based learning opportunities prior to high school graduation creating a more prepared workforce for business and industry. Rigorous academic expectations are a standard of RCPS.

Higher Education

Within the Rockbridge County boundaries lie a unique set of higher education campuses offering various degrees. Washington and Lee, a private liberal arts university, ranks as the ninth oldest institution of higher learning in the nation and second oldest in the Commonwealth of Virginia (1749). The Virginia Military Institute is the first state-supported military college in the United States (1839) and is consistently ranked as one of the best public colleges in the nation. Southern Virginia University is a private, 4-year liberal arts college tracing its founding to 1867. Mountain Gateway Community College - Rockbridge Regional Center accommodates a diversity of day and night courses to support the pursuit of associate degrees, certification programs, and workforce training. More than a dozen additional two- and four-year institutions of higher education are within 140 miles of Rockbridge County.

Long-term financial planning and major initiatives

The County of Rockbridge has a responsibility to its citizens to account for public funds, to manage its finances wisely, and to allocate its resources efficiently and effectively in order to provide the governmental services desired by the public. The primary objective of establishing financial management policies is to provide a framework wherein sound financial decisions may be made for the long-term development and stability of the County. The Board of Supervisors adopted a comprehensive set of financial policies on July 14, 2014 to include: Operating Budget, Capital Budget, Asset Maintenance and Replacement, Financial Reporting, Debt, and Fund Balance/Reserves. The policies can be found online at www.co.rockbridge.va.us.

On January 26, 2015, the Board of Supervisors updated their strategic priorities. The targeted changes will drive planning efforts and future funding decisions. The approved strategic priorities remain unchanged and are listed below:

1. Continued dedication to a local solution to regional waste challenges.
2. Continued dedication to provision of Fire and EMS services which meet or exceed the expectations of the public served.
3. Proactively position the County to create and subsequently take full advantage of economic development opportunities in a nimble and responsive fashion.
4. Continued exploration of all opportunities for regional cooperation which are operationally and economically sensible and in the best interest of our citizens, with a focus on consideration of the potential to revisit major agreements such as the Annexation and Immunity Agreement with the City of Lexington.
5. Remain dedicated to ensuring the long-term viability of the County through proactive financial planning, with a focus on an ever-improving budget process.

In accordance with Section 15.2-2239 of the Code of Virginia, Rockbridge County prepares and annually updates a Capital Improvement Program (CIP). The CIP is intended to guide the acquisition and construction of the County's capital improvement plan by identifying needed capital projects/purchases, estimating their costs, listing the fiscal year each should begin, and determining the optimum method of funding them within our fiscal capabilities. A copy of the CIP is available online at www.co.rockbridge.va.us.

As has become the standard, overall budget development for FY 2024 was again assisted via consideration of and adherence to the Board's overall Mission, Vision, and Values statements as well as budget priorities adopted in October 2023, as noted below:

1. The Board has a legal and/or moral obligation to fund debt-service payments, federal and state mandates, and existing contracts. Funding for these requirements will be included in the budget.
2. The Board will strive to support services that provide a critical "safety net" for citizens in need due to circumstances beyond their control, including child and social services programs. For their part, service agencies must pursue opportunities to enhance efficiencies or leverage current capabilities to optimize the delivery of these vital services.
3. Funding for public education, fire and EMS services, law enforcement, health and welfare, and solid waste management shall be leading objectives for the fiscal year. These budget categories may be determined to need and realize increased funding compared to prior years.
4. The Board will maintain a quality workforce via a compensation and benefits plan that is regionally competitive, with a continued focus on affordable health care options for individuals and families.

Relevant Financial Policies

The County of Rockbridge Fund Balance and Reserve Policy includes the goal to maintain a fund balance for cash liquidity purposes that will provide sufficient cash flow to minimize the possibility of short-term revenue anticipation borrowing. At the close of each fiscal year, the County's unassigned General Fund balance should be equal to at least 20% of the County's total General Fund expenditures (i.e., General Fund expenditures plus School Fund operating expenditures less County contribution to School Division). If the County does not meet its target, it will develop a plan during the annual budget adoption process to replenish the unassigned fund balance to the 20% target level over a period of not more than three (3) years. The County's unassigned fund balance in the General Fund is 39.45% for fiscal year ended June 30, 2023.

A complete copy of the Financial Policies and Guidelines is available online at www.co.rockbridge.va.us.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Rockbridge for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirement and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the dedicated service and strong commitment of the entire staffs of the Finance Department and the Office of the Treasurer. We also wish to thank all government departments for their assistance in providing the data necessary to prepare this report. In addition, credit is due to the Board of Supervisors for their unfailing support for maintaining the highest standards of professionalism in the management of Rockbridge County's finances.

Respectfully submitted,



Spencer H. Suter
County Administrator



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

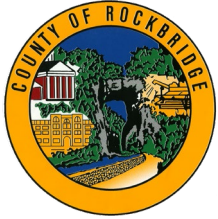
**County of Rockbridge
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

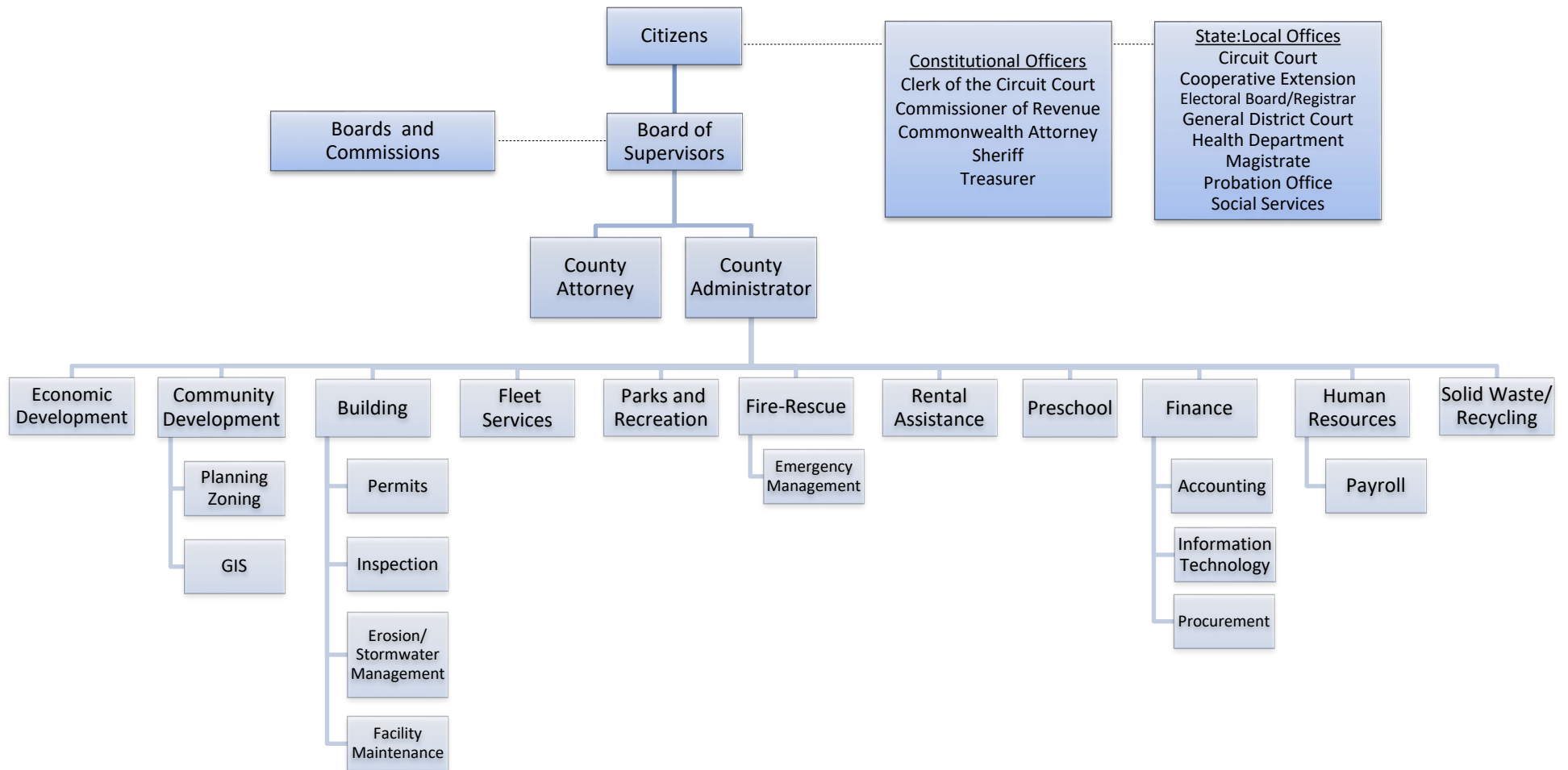
June 30, 2022

Christopher P. Morill

Executive Director/CEO



County of Rockbridge



COUNTY OF ROCKBRIDGE, VIRGINIA

BOARD OF SUPERVISORS

David B. McDaniel, Chairman
Leslie E. Ayers, Vice-Chair
Daniel E. Lyons
Albert “Jay” Lewis, II
R. W. Day

ROCKBRIDGE COUNTY APPOINTED OFFICIALS

County Administrator.....Spencer H. Suter
County Attorney.....Vickie L. Huffman

COUNTY SCHOOL BOARD

Neil D. Whitmore, Chairman
Kathy Burant, Vice-Chairman
Corey Berkstresser
Wendy W. Lovell
Catie Brown

SCHOOL DIVISION APPOINTED OFFICIALS

Superintendent of Schools.....Dr. Phillip Thompson
Clerk of the School Board.....Rhonda Humphries

LEGISLATIVE ELECTION

Presiding Judge of the Circuit Court.....Honorable Christopher B. Russell
Chief Judge of the Circuit Court.....Honorable Joel R. Branscom
Judge of the General District Court.....Honorable Christopher M. Billias
Judge of the Juvenile & Domestic District Court.....Honorable Correy R. Smith

CONSTITUTIONAL OFFICERS

Clerk of the Circuit Court.....Michelle M. Trout
Commissioner of the Revenue.....David C. Whitesell
Commonwealth’s Attorney.....Jared L. Moon
Sheriff.....G.S. Funkhouser
Treasurer.....Betty S. Trovato

FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Restatement of Beginning Balances

As described in Note 30 to the financial statements, in 2023, the County restated beginning balances to correct the previously issued financial statements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of County of Rockbridge, 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 Rockbridge, Virginia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2023, on our consideration of County of Rockbridge, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Rockbridge, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Rockbridge, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Assoc.

Staunton, Virginia
December 19, 2023

Management's Discussion and Analysis

As management of the County of Rockbridge, Virginia, we offer the readers of the County's financial statements this narrative. The narrative provides an overview and analysis of our financial activities for the fiscal year ending June 30, 2023.

Financial Highlights

Government-wide Financial Statements

The combined total assets and deferred outflows of the County of Rockbridge, Virginia exceeded its liabilities and deferred inflows by \$49,757,298 (net position) at the close of the most recent fiscal year. Of the total net position, \$53,012,763 is associated with governmental activities and (\$3,255,465) is associated with business-type activities. Of the governmental activities net position, \$39,356,636 may be used to meet the government's ongoing obligations to creditors and citizens. There is \$2,251,726 presented under governmental activities which are restricted to ensure the availability of funds for specific functions, programs and anticipated liabilities (ex. future capital projects, the annual pass-through funding to USDA for Virginia Horse Center debt, \$4 for Life expenditures, fire service program expenses, the Rental Assistance Program, Opioid Abatement, school health insurance, and special revenue funds). For the year ending June 30, 2023, the governmental activities assets include \$11,838,476 in taxes receivable while \$10,040,793 is reflected as deferred inflows of resources for property taxes. This is shown to meet GASB requirements. The \$11,838,476 in taxes receivable are booked in the first half of calendar year 2023, but because of twice-a-year tax billing, second half real estate taxes of \$10,040,793 are not due until December 2023 and are shown as a deferred revenue. When compared to the restated net position at year's end June 30, 2022, the total combined net position increased by \$5,332,419 (up 11.33%). The business-type activities net position is down \$576,193 compared to FY 2022. The primary reason for the change in net position involves operating expenses of \$387,521 attributable to an increase in expenses attributable to the measurement of pension and OPEB related items.

Fund Financial Statements

At the close of the fiscal year June 30, 2023, the County's governmental funds reported a combined ending fund balance of \$43,674,996. This is an increase of \$4,839,590 (up 12.46%) compared to the fund balance from the previous fiscal year. The increase in total fund balance is associated with collections in general property, other local taxes, and one-time federal funding. General property tax revenue was up \$1,591,994 over FY 2022 as real estate, public service corporation, and personal property revenues surpassed anticipated levels. Other local taxes, which includes sales, meals, lodging, recordation, and business license receipts, exceeded prior year levels by \$372,429. Local sales taxes increased by \$220,964, business license taxes increased by \$283,407, motor vehicle licenses declined by \$460,293, taxes on recordation and wills declined by \$159,931, cigarette taxes increased by \$150,555, and admissions tax increased by \$171,129. Revenue from the use of money and property increased by \$978,005. Revenues from the Commonwealth of Virginia increased by \$1,999,189, including \$178,048 of shared expenses from the Compensation Board and \$159,447 increase in school resource officer grant funding recorded in the General Fund, and \$1,499,308 in state school construction grant revenue recorded in the School Capital Projects Fund. Federal funding is up \$600,690 as a result of receiving increased educational stabilization funds of \$646,913 in the School Capital Projects Fund and local assistance and tribal consistency fund grant of \$105,972 in 2023, partially offset by receiving \$249,500 of homeland security grant in 2022 and none in 2023. The total unassigned fund balance is reported as \$29,861,632, or 68.37% of total fund balance, and is available to meet the County's fund balance policy, unanticipated budget requests, costs to manage local emergencies and/or disasters, capital improvement projects, and the government's discretionary spending.

The \$29,861,632 of unassigned fund balance also represents 39.45% of total General Fund expenditures (i.e., General Fund expenditures plus School Fund operating expenditures less County contribution to School Division). This is a 2.19-point increase in fund balance to expenditure ratio compared to year ending June 30, 2022, still above the County's fund balance policy, which requires a 20% unassigned fund balance to expenditures ratio.

The County Capital Project Funds were established in FY 2016 to proactively establish dedicated fund sources for capital improvement plan (CIP) projects. This category includes: A) new construction and major upgrades to County facilities; and B) procurement of new vehicles and major equipment. FY 2023 facility projects involved the following: 1) additional construction Sallings Mountain Collection Center at a cost of \$245,533, 2) initial procurement costs associated with new Health and Human Services Building of \$271,735. Vehicle and equipment replacement efforts involved: 1) Sheriff Office vehicles (\$628,583); 2) Fire/EMS Vehicle (\$50,998). The FY 2023 fund balance reflects \$267,975 to source ongoing and future CIP projects. The School Capital Projects Fund ended fiscal year 2023 with a fund balance of \$320,310, an increase of \$314,411 over the prior fiscal year. The reduction reflects additional HVAC improvement projects at Mountain Valley Elementary School at a cost of \$1,638,715, CTE Building renovation costs of \$542,403, Rockbridge County High School projects for stadium bleachers (\$157,000) and kitchen HVAC (\$154,300), and School Transportation Office renovation of \$66,322.

The Non-major Governmental Funds were first reported in FY 2021 to meet GASB 84 guidance on fiduciary activities. The two funds include restricted fund balances for the Veterans Memorial and Employee Benefit accounts. These funds ended June 30, 2023, at \$10,252, no change from FY 2022.

Overview of the Financial Statements

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

Local government accounting and financial reporting originally focused on funds that were designed to enhance and demonstrate fiscal accountability. Now, and in accordance with GASB 34, fund statements are accompanied by government-wide financial statements, to ensure objectives of operational accountability will also be met. These objectives will provide financial statement users with confirmation from the government that public monies have been used to comply with public decisions, and to confirm that operating objectives were met efficiently and effectively and can be met in the future.

Government-wide Financial Statements

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

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

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

The *government-wide financial statements* separate *governmental activities* and *business-type activities* of the County. *Governmental activities* are principally supported by taxes and intergovernmental revenues. They include general government administration; judicial administration; public safety; public works; health and welfare; parks, recreation and cultural; community development; and transfers to other funds.

Business-type activities recover all or a significant portion of their costs through user fees and charges. The County shows the Blue Ridge Resource Authority (BRRA) as a business-type activity.

The *government-wide financial statements* include, in addition to the primary government, four component units: 1) the Rockbridge County School Board, 2) the Rockbridge Area Social Services Board, 3) the Rockbridge Regional Jail Commission, and 4) the Rockbridge County Public Service Authority. Although the component units are legally separate entities, the County is accountable or financially accountable for them. A primary government is accountable for an organization if the primary government appoints a majority of the organization's governing body. A primary government is financially accountable if, in addition, either the government is able to impose its will on the organization or the organization is capable of imposing specific financial burdens on the primary government. For example, the primary government may approve debt issuances, rate structures, and/or provide significant funding for operations of the component unit.

Fund Financial Statements

The *fund financial statements* present only major or significant funds. A fund is a group of related accounts used to maintain control over resources that are segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

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

Proprietary funds

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

The Blue Ridge Resource Authority is a blended component unit/business-type activity of the County of Rockbridge. The Authority's financial statements are shown as a proprietary/enterprise fund in the County's fund financial statements. The Authority owns the only permitted landfill site within the County of Rockbridge. The Authority has a separate annual financial report that provides more financial details.

Fiduciary funds

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

Notes to the financial statements

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

Government-wide Financial Analysis

Net Position

As noted, net position may serve as a useful indicator of a government's financial position. For the County of Rockbridge, combined total assets exceeded liabilities by \$49,757,298 at the end of the fiscal year.

The County's net position is divided into three categories: (1) net investment in capital assets, (2) restricted, and (3) unrestricted. A comparative analysis has been provided below.

COUNTY OF ROCKBRIDGE'S NET POSITION						
June 30, 2023						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 62,302,351	\$ 57,184,364	\$ 6,026,070	\$ 5,375,787	\$ 68,328,421	\$ 62,560,151
Capital Assets	58,299,843	61,231,859	9,095,896	10,160,343	67,395,739	71,392,202
Total Assets	\$ 120,602,194	\$ 118,416,223	\$ 15,121,966	\$ 15,536,130	\$ 135,724,160	\$ 133,952,353
Deferred Outflows of Resources	\$ 2,844,931	\$ 3,224,651	\$ 62,169	\$ 54,444	\$ 2,907,100	\$ 3,279,095
Long-term liabilities	\$ 50,981,418	\$ 53,697,548	\$ 18,175,656	\$ 16,703,100	\$ 69,157,074	\$ 70,400,648
Other liabilities	7,380,124	6,916,418	182,309	1,456,897	7,562,433	8,373,315
Total liabilities	\$ 58,361,542	\$ 60,613,966	\$ 18,357,965	\$ 18,159,997	\$ 76,719,507	\$ 78,773,963
Deferred Inflows of Resources	\$ 12,072,820	\$ 13,922,757	\$ 81,635	\$ 109,849	\$ 12,154,455	\$ 14,032,606
Net Position:						
Net investment in capital assets	\$ 11,404,401	\$ 10,931,274	\$ 1,757,211	\$ 3,294,678	\$ 13,161,612	\$ 14,225,952
Unrestricted (deficit)	39,356,636	34,880,806	(5,979,506)	(5,973,950)	33,377,130	28,906,856
Restricted	2,251,726	1,292,071	966,830	-	3,218,556	1,292,071
Total net position	\$ 53,012,763	\$ 47,104,151	\$ (3,255,465)	\$ (2,679,272)	\$ 49,757,298	\$ 44,424,879

Governmental Activities

For the County, investment in capital assets (i.e., land, buildings, machinery, and equipment), net of related outstanding debt used to acquire those assets is \$11,404,401 which represents 21.51% of total net position. The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. It is also of note that a portion of the capital assets is used to encourage economic development and in turn may produce future revenue for operations in either fees or sale of property.

During the year ending June 30, 2023, total governmental liabilities decreased by \$2,252,424. There were no new debt issuances in FY23, however, principal repayments of indebtedness based on scheduled debt amortization amounted to \$3,505,451. Our net pension liability increased by \$831,297 as a result of increased actuarial estimated costs. Short-term liabilities increased by \$463,706, primarily due to an increase in vendor payables of \$502,744.

The restricted net position represents resources that are subject to external or internal restrictions based on how the specific funds may be used. The restricted net position for fiscal year 2023 included assets restricted by both types of constraints. The Board of Supervisors approved restricting \$209,661 for future capital improvement projects for either the County or School Division. State code restricts local occupancy tax to support Virginia Horse Center debt-service payments (\$1,458,801 restricted in FY 2023). Staff continued to use restricted accounts to identify and manage state funds for the local fire service programs (\$53,912), the \$4 for Life (rescue) program (\$116,713), the rental assistance office (\$35,086), school health insurance (\$80,000), opioid abatement funds (\$80,093) and local special revenue funds (\$10,252). This reflects a \$2,044,518 balance in restricted net position, up \$1,017,998 or 99,17%.

The unrestricted net position is \$39,356,636, representing 74.23% of total net position, can be used to meet the government's ongoing obligations to citizens and creditors. At the end of the fiscal year, the County's governmental activities realized increases in two of the three categories of combined total net position. These changes in net position include an increase in net investment in capital assets of \$473,127; restricted assets were higher by \$1,017,998; and unrestricted assets were up by \$4. For the year ending June 30, 2022, the governmental activity total net position increased by \$4,417,487 from last fiscal year.

Business-type Activities

As identified earlier in the highlights of the government-wide financial statements, the business-type activities/enterprise fund (landfill) net position decreased by \$576,193. This results from operating revenues increasing by \$54,540 while operating expenses rose by \$387,521. This increase was primarily due to an increase in expenses attributable to the measurement of pension and OPEB related items of \$273,388. There was an overall increase in various wage and fringe benefit line items of \$79,378. There was a net increase in ground water monitoring, leachate treatment, gas compliance and permit fees of \$37,542.

Changes in Net Position

The following table presents the revenues and expenses of the governmental and business-type activities. Following the table is a brief highlight and discussion on key elements of Rockbridge County's change in net position.

COUNTY OF ROCKBRIDGE'S CHANGES IN NET POSITION						
June 30, 2023						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 2,025,872	\$ 1,820,058	\$ 2,810,808	\$ 2,761,470	\$ 4,836,680	\$ 4,581,528
Operating grants	4,032,174	3,580,571	-	-	4,032,174	3,580,571
Capital grants	2,446,221	300,000	-	-	2,446,221	300,000
General Revenues:						
Property taxes	32,457,498	31,408,889	-	-	32,457,498	31,408,889
Other taxes	13,573,502	13,201,073	-	-	13,573,502	13,201,073
Use of money and property	1,033,557	78,805	98,669	(2,194)	1,132,226	76,611
Other	1,092,168	1,323,291	41,644	36,442	1,133,812	1,359,733
Grants and contributions not restricted to specific programs	2,805,566	2,803,414	-	-	2,805,566	2,803,414
Transfers	(350,000)	-	350,000	-	-	-
Total Revenues	\$ 59,116,558	\$ 54,516,101	\$ 3,301,121	\$ 2,795,718	\$ 62,417,679	\$ 57,311,819
Expenses:						
General						
General Govt. Admin	\$ 3,271,211	\$ 3,655,968	\$ -	\$ -	\$ 3,271,211	\$ 3,655,968
Judicial administration	2,007,414	1,943,970	-	-	2,007,414	1,943,970
Public safety	12,867,536	11,824,665	-	-	12,867,536	11,824,665
Public works	4,049,961	3,455,765	3,877,314	3,385,427	7,927,275	6,841,192
Health and welfare	2,241,830	1,752,445	-	-	2,241,830	1,752,445
Education	20,483,792	19,574,461	-	-	20,483,792	19,574,461
Parks, recreation, and culture	1,538,317	1,508,941	-	-	1,538,317	1,508,941
Community development	3,309,784	2,680,373	-	-	3,309,784	2,680,373
Non-departmental	2,223,164	2,087,480	-	-	2,223,164	2,087,480
Interest on long-term debt	1,214,937	1,293,991	-	-	1,214,937	1,293,991
Total expenses	\$ 53,207,946	\$ 49,778,059	\$ 3,877,314	\$ 3,385,427	\$ 57,085,260	\$ 53,163,486
Increase (decrease) net position	\$ 5,908,612	\$ 4,738,042	\$ (576,193)	\$ (589,709)	\$ 5,332,419	\$ 4,148,333
Net position - beginning, as restated	47,104,151	42,366,109	(2,679,272)	(2,089,563)	44,424,879	40,276,546
Net position - ending	\$ 53,012,763	\$ 47,104,151	\$ (3,255,465)	\$ (2,679,272)	\$ 49,757,298	\$ 44,424,879

Governmental Activities

Governmental activities increased the County's net position by \$5,908,612. Key elements relating to FY 2023 activities compared to the prior fiscal year will be discussed below.

Total revenues increased by \$4,600,457 (up 8.44%). The following table provides a breakdown on the various revenues sources as of June 30, 2023

Type	Revenue	% of Total
Charges for services	\$ 2,025,872	3.43%
Operating grants	4,032,174	6.82%
Capital grants	2,446,221	4.14%
Property taxes	32,457,498	54.89%
Other taxes	13,573,502	22.96%
Use of money and property	1,033,557	1.75%
Other general revenue	1,092,168	1.85%
Grants and contributions not restricted to specific programs	2,805,566	4.75%
Transfers	(350,000)	-0.59%
Total Revenues	\$ 59,116,558	100.00%

Component changes in governmental revenues from FY 2022 to FY 2023 include:

- The largest source of revenues is property taxes. Property tax revenue rose by \$1,591,994 (up 5.14%). Real property, public service corporation, personal property, and machinery and tools tax revenue increased as a result of growth in the assessed values and/or collection levels. The real estate tax rate in 2023 was lowered from \$0.74 to \$0.61 per \$100 of assessed value based on a reassessment resulting in an increased in assessed value of \$587,479,900 to \$3,320,159,400 and the personal property tax relief applied to vehicle property tax stayed fairly constant as it went from \$2,633,700 to \$2,646,389. Personal property tax rates were reduced from \$4.50 to \$3.80 per \$100 of assessed value for personal use vehicles, however assessed values for personal property across all categories increased by \$79,359,052, generally related to increased prices in vehicles related to shortage of supply due to the pandemic.
- Other local taxes increased by \$372,429 (up 2.82%). Almost all categories of other local taxes increased as compared to the prior year, except for motor vehicle licenses (which decreased by \$460,293) and taxes on recordation and wills (which decreased by \$159,931). The most prominent increases were realized in local sales tax (\$220,964); business license taxes (\$283,407); cigarette tax (\$150,555); and admissions tax (\$171,129).
- Operating grants increased by \$451,603 (up 12.61%). This typically reflects federal and state funding for the rental assistance, fire services, emergency management, soil and water conservation, victim-witness programs, and other categorical aid. There were slight fluctuations in all of these categories as compared to the prior year. There was a homeland security grant program in FY 2022 of \$249,500 and none in FY 2023. Increases were sustained in the areas of shared services from the compensation board for the elected officials' offices of \$178,048; the school resources officer grant of \$159,447; state and local fiscal recovery funds of \$47,692. There was also a local assistance and tribal consistency federal grant of \$105,972 for the first time in FY 2023.
- Non-restricted grants or contributions decreased by \$2,152 (down .08%). These receipts are linked to state-shared revenues for rolling stock, mobile home sales, timber sales, motor vehicle rentals, state recordation fees, personal property tax relief funding, and payments in lieu of taxes.
- Charges for services increased by \$205,814 (up 11.31%) due to an increase in garage services charges of \$81,551 as compared to FY 2022. There were also increases in charges for court fines and forfeitures of \$131,533 and more modest fluctuations in other service categories of revenue.

- Other general revenues were lower by \$231,123 (down 17.47%) resulting from miscellaneous collections (public transportation/recycling cost-share, patron refunds/rebates, sale of surplus equipment, sale of recyclables/scrap) coming in lower than the previous year.
- Use of money and property increased by \$954,752 (up 1211.54%). Interest rates have been their strongest in many years and cash reserves allowed the county to generate significant earnings on their savings and investments.
- Capital grants rose \$2,146,221 (up 715.41%). There was an increase education stabilization federal program grant of \$646,913 during FY 2023 and there was a receipt of a school construction grant in the amount of \$1,499,308.

The following table reflects the distribution of FY 2023 governmental expenditures. Overall expenses increased by \$3,429,887 (up 6.89%) over the same period in FY 2022. For FY 2023, the Board's expenditure priorities included public education, public safety, public works, safety net programs, and economic development. As shown in the table below, education expenses account for 38.51% of total expenses, clearly the most significant category of expense for the County.

Type	Expense	% of Total
General Govt. Admin	\$ 3,271,211	6.15%
Judicial administration	2,007,414	3.77%
Public safety	12,867,536	24.18%
Public works	4,049,961	7.62%
Health and welfare	2,241,830	4.21%
Education	20,483,792	38.51%
Parks, recreation, and culture	1,538,317	2.89%
Community development	3,309,784	6.22%
Non-departmental	2,223,164	4.18%
Interest on long-term debt	1,214,937	2.28%
Total Expenses	\$ 53,207,946	100.01%

Component changes from FY 2022 to FY 2023 include:

- Education expenses increased by \$909,331 (up 4.65%). County funding of School Division operations were less than last fiscal year (down \$715,245). During FY 2023, the School Board was able to take advantage for a significant increase in state and federal grant funding, and therefore was able to maintain expenditures while demanding less required funding from the County.
- Public Safety reflects an increase of \$1,042,871 (up 8.82%). Expenditure growth in this category comes largely from Fire and Rescue Services (increase of \$328,019, primarily due to increases in wages and fringes), Consolidated Dispatch office (decrease of \$141,097 due to decrease in required cost of service maintenance contracts), Contribution to Regional Jail Commission (increase of \$492,532). The other departments in the Public Safety function, including sheriff's office, building inspections, special enforcement and other protective services had modest fluctuations.
- Public Works increased by \$594,196 (up 17.19%). The Refuse/Recycling department sustained increased costs of \$153,078, attributable in part to wages and fringe benefits, but also to contracted services and pickup services at unstaffed sites. This department also includes the County's cost-share for the landfill operation which had a reduced cost of \$52,237 as compared to FY 2022. The Combined Courthouse building, and grounds costs increased by \$59,836. The County Fleet Services department sustained an increase of \$391,970 compared to the prior year, primarily attributable to salaries and wages and a significant increase in cost or repairs, parts, and fuel. In addition.

- General government administration decreased by \$384,757 (down 10.52%). Reassessment costs declined by \$120,068 as compared to FY 2022. There was also a negative adjustment of \$160,225 attributable to this functional category for the net change in pension and other post-employment benefit liabilities and deferred items.
- Community Development increased by \$629,411 (up 23.48%). There was an increase in economic development department expenses of \$245,627, attributable to a transportation grant (\$46,670 increase), park site development (\$18,868 increase), county economic incentive (\$92,390 increase), VEDP State Grant (\$31,500 increase), tour program contributions (\$29,272 increase), horse center debt payment contributions of lodging tax (\$57,845 increase), Goshen capital projects contributions (\$53,004 decrease).
- Health and Welfare reflects an increase of \$489,385 (up 27.93%). The County's cost-share funding for the Comprehensive Services Act, the Department of Social Services, the regional State Health Department, and Rockbridge Area Community Services Board are included in this category.
- Non-departmental was up \$135,684 (up 6.50%). The Modified Voluntary Settlement of Annexation and Immunity payment from Rockbridge County to Lexington City; debt-service payments; and transfers to other funds and reserves are accounted in this function.
- Judicial Administration increased by \$63,444 (up 3.26%), reflecting minimal change from last fiscal year. This category includes fiscal support for the Clerk of the Circuit Court; Circuit, General, Juvenile & Domestic Courts; Commonwealth's Attorney Office; and the Victim-Witness Program.
- Long-term debt interest payments decreased by \$79,054 (down 6.11%) based on debt payment schedules.
- Parks, Recreation and Cultural increased by \$29,376 (up 1.95%). This functional category includes the Parks and Recreation, Preschool, and Contributions to County Libraries, all of which sustained modest fluctuations.

Business-type Activities

The business-type activities/enterprise fund (Landfill Fund) total net position ended at a deficit of (\$3,255,465) as of June 30, 2023.

In May 2020, the Authority adopted the FY 2021 master fee table. The tipping fees include members (Rockbridge County and Lexington City) at \$59.50; member jurisdiction commercial at \$61.50; municipal customer at \$74.38; and non-jurisdictional commercial at \$76.88. Tipping fee operating revenues for FY 2023 increased by \$49,338 (up 1.79%). Commercial fees increased by \$80,272, Rockbridge County fees decreased by \$42,848, and other categories fluctuated slightly.

Operational expenses, without depreciation of \$1,074,449 reflect an increase of \$159,362 compared to FY 2022. The primary drivers are salaries and fringes, (up \$92,258) contractual services (up \$26,956) and other charges (up \$39,643) versus last fiscal year. The BRRA ended FY 2023 with a net operating income of \$632,656 (a decrease of \$46,712).

Non-operating expenses of \$1,558,849 include the landfill closure/post-closure liability of \$1,465,610; and interest expense of \$191,908. There was also a transfer from the County of Rockbridge in the amount of \$350,000, reflecting the forgiveness of an advance. The combination of operational and non-operational transactions reflects a net decrease of \$576,193 in total net position.

Financial Analysis of the Government's Funds

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

Governmental funds

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

At the end of the fiscal year, the County's total governmental funds reported combined ending fund balances of \$43,674,996, an increase of \$4,839,590 over the prior fiscal year (up 12.46%). The combined change is primarily linked to activities in the General Fund which is discussed below.

The General Fund is the primary operating fund of the County. As of June 30, 2023, unassigned fund balance of the General Fund was \$29,861,632. This is an increase in unassigned fund balance of \$3,600,460 (up 13.71%) compared with the previous fiscal year. The total fund balance of the General Fund is \$43,076,459. This is an increase over the previous year of \$4,871,886 (up 12.75%). General Fund revenues exceeded expenditures by \$4,871,886 in FY 2023. The increase in fund balance is largely attributable to property taxes exceeding budgeted revenue of \$1,769,598 and other local taxes exceeding budgeted revenue of \$1,074,852 (mainly local sales and use, business licenses, and meals and lodging taxes). Community development functional expenditures were \$4,669,800 under budget and Education functional expenditures were \$1,222,812 under budget.

As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures (General Fund and School Operating Fund = "General Fund"). Unassigned fund balance represents 39.45% of total "General Fund" expenditures which deducts the local transfer to the School Board component unit of \$15,399,971 for operational support. The Board of Supervisors financial policy is to maintain a minimum of 20% unassigned fund balance to expenditures ratio. The General Fund's total fund balance (\$43,076,459) represents 57.69% of total General Fund expenditures.

The County Capital Projects Fund reflects the accounting for the Construction Projects and Capital Purchases Funds, both of which align with our 5-year CIP. The net change in fund balance, down \$346,707 to \$267,975, results from the use of reserves to source projects identified earlier in the fund financial statement highlights. In addition, the School Capital Projects Fund is up \$314,411 to \$320,310, reflecting significant Commonwealth Construction grant of \$1,499,308 and federal education stabilization fund grant of \$946,913 used to finance continued HVAC replacement projects at Mountain View Elementary and Maury River Middle Schools, technical education building renovation, bleachers at the High School, and the transportation office building.

Lastly, Non-major Governmental Funds, new in FY 2021, represents fund balances formerly identifies as agency funds for the Veteran's Memorial (\$8,088) and Employee Benefits (\$2,164) accounts.

Proprietary funds

The County's proprietary fund statements (Landfill Fund) provide the same type of information found in the government-wide financial statements, but in more detail.

The BRRA owns, maintains, and operates a permitted landfill. The previously active, unlined landfill cell was limited to construction and debris fill on December 31, 2017 in accordance with the VA DEQ approval of the landfill's second extension request. Based on previously-agreed-to terms and conditions, the Authority submitted the required engineering documents to the VA DEQ that permitted the unlined facility to remain open until June 30, 2022. The Phase 1 project to cap this section of the formerly active cell was completed in FY 2021. The post-closure monitoring liability attributable to Phase I is \$5,261,740. The closure/post-closure liability on Cell 1 is up to \$4,927,134 based on the June 30, 2023 capacity used percentage (99.95%) and on Cell 2 is up to \$588,221 based on capacity used of 14%. The Landfill Fund net position decreased \$576,193 compared to FY 2022 as a result of operating revenues exceeding expenses by \$632,656 offset by nonoperating expenses totaling \$1,558,849, including \$1,465,610 of increase in landfill closure and post-closure monitoring costs. Additional information is provided in a separate BRRA financial report.

General Fund Budgetary Highlights

The difference between the originally budgeted appropriations and the final, amended-budget appropriations was a \$2,214,213 increase. This is 3.89% of the total original budget. The actual expenditures were \$7,596,046 below the final appropriation total. This total is 12.86% below the final budget. The major components of these appropriation changes are:

- The Board of Supervisors appropriated \$1.6 million in additional appropriations for various capital projects including, but not limited to, Sheriff vehicles, purchase of land for future joint Human Services building, improvements to solid waste collection sites, upgrades to the emergency dispatch system, and security doors at all schools.
- The Board authorized the appropriation of \$193,000 in unassigned reserves to source the costs for and gas, oil and diesel fuel of the central garage.
- The Board authorized the appropriation of \$308,000 from unassigned reserves to source the

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets for its governmental activities as of June 30, 2023 was \$58,299,843 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, machinery and equipment, and construction in progress. This is a decrease of \$2,932,016 from the previous fiscal year, or -4.79%. The building and systems category is down \$2,797,268. This results from County depreciation expense (\$1,849,916), additions (\$777,635), and the allocation of debt-financed school assets based on current year repayments (\$1,724,987). Machinery and equipment totals are up \$3,944,912 compared to 2022, the difference between \$4,706,767 in improvements and \$659,188 in depreciation, and the allocation of debt financed school assets of a net (\$102,667). Construction in progress is down \$4,081,113 and reflects the completion of significant HVAC improvement projects at two elementary schools in the County.

The County's investment in capital assets for its business-type activities is \$9,095,896, a decrease of \$1,064,447 (down 10.48%) from the previous year. In FY 2023, the primary change in total capital assets is depreciation of \$1,073,201.

COUNTY OF ROCKBRIDGE'S CAPITAL ASSETS							
Net of Depreciation							
	Governmental Activities		Business-type Activities		Total		
	2023	2022	2023	2022	2023	2022	
Land	\$ 1,828,992	\$ 1,828,992	\$ 531,037	\$ 531,037	\$ 2,360,029	\$ 2,360,029	
Buildings and systems	51,012,374	53,809,642	8,231,718	9,141,142	59,244,092	62,950,784	
Machinery & equipment	5,434,740	1,489,828	329,712	483,487	5,764,452	1,973,315	
Construction in progress	19,297	4,100,410	-	-	19,297	4,100,410	
Leases	4,440	2,987	3,429	4,677	7,869	7,664	
Total	\$ 58,299,843	\$ 61,231,859	\$ 9,095,896	\$ 10,160,343	\$ 67,395,739	\$ 71,392,202	

Additional information on the County's capital assets can be found in the Note 17 to the financial statements.

Long-term debt

At the end of fiscal year 2023, the County had the following outstanding debt:

COUNTY OF ROCKBRIDGE'S LONG-TERM OBLIGATIONS						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 29,408,717	\$ 31,884,168	\$ -	\$ -	\$ 29,408,717	\$ 31,884,168
Revenue bonds	14,580,000	15,285,000	7,335,214	8,100,322	21,915,214	23,385,322
Literary loans	-	-	-	-	-	-
Notes payable	3,796,000	4,121,000	-	32,084	3,796,000	4,153,084
Lease liabilities	4,300	2,997	3,471	4,702	7,771	7,699
Compensated absences	519,066	505,284	32,249	28,459	551,315	533,743
Net pension liability	1,978,831	1,147,534	-	-	1,978,831	1,147,534
Net OPEB liability	694,504	751,565	27,627	31,586	722,131	783,151
Landfill closure liability	-	-	10,777,095	9,311,485	10,777,095	9,311,485
Total long-term obligations	\$ 50,981,418	\$ 53,697,548	\$ 18,175,656	\$ 17,508,638	\$ 69,157,074	\$ 71,206,186

The County's total long-term debt includes the Rockbridge County School Board debt and the business-type activities debt (BRRRA). For the year, the total, combined long-term debt decreased by \$2,049,112 to a total of \$69,157,074. The decrease reflects changes in long-term obligations for governmental and business-type activities. There were no new debt issuances in FY 2023, however, this was the second year the County had to report lease obligations pursuant to GASB 87, of which \$5,068 were issued in FY 2023, less retirements of \$4,996, resulting in June 30, 2023 balances of \$7,771. The governmental and business-type activities' compensated absences, net pension liability, and net OPEB liability are included in the long-term debt to meet GASB requirements. These categories changed as follows: 1) compensated absences (increased \$17,572); 2) net pension liability (decreased \$831,297); and 3) net OPEB liability (down \$61,020). Lastly, the landfill's closure/post-closure liability increased by \$1,465,610 to \$10,777,095 from FY 2022 levels. Please refer to Note 19 for additional details of closure and post-closure monitoring liabilities.

Additional information on the County's long-term debt can be found in Note 6 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- The development of the FY 2024 budget was also influenced by various internal and external and internal factors. The predominant external factor affecting the budget was the improving economy. The improving economy has led to increased forecasts in tax revenue; in particular, sales, meals, and lodging taxes are forecasted to increase over \$1.5 million. However, as with individuals and businesses, the county government faces increased costs due to inflation and that has a countervailing effect on increased revenues. Overall, the Board of Supervisors have adopted a budget that does not require using reserves to support operating expenses.
- The predominant internal factor influencing the budget was ensuring County departments are adequately staffed and employees are appropriately compensated. The Board of Supervisors approved an additional three fire firefighters/EMT's during FY 2023 and FY 2024 will be the first full year of funding for those positions. An additional Fire & Rescue instructor position has also been included in the FY 2024 budget. Furthermore, thanks in part to grant funding, an additional three school resources officers were approved in FY 2023 to ensure there is one school resource officer at every school. Lastly, the Board of Supervisors approved a 5% raise for all Constitutional Office and County employees.

- The Board of Supervisors FY 2024 funding priorities include meeting legal and/or moral obligation to fund debt-service payments, federal and state mandates, and existing contracts; supporting services that provide a critical “safety net” for citizens in need due to circumstances beyond their control, including child and social services programs; funding public education, public safety, health and welfare, and solid waste management; and maintaining a quality workforce via a compensation and benefits plan that is regionally competitive, with a continued focus on affordable health care options for individuals and families.
- The FY 2024 Budget anticipates utilizing \$1,268,778 from reserves mostly for capital projects.
- The Rockbridge County population was 22,641 in 2023 remaining unchanged since 2022 according to the Weldon Cooper Center. Minimal change in population has occurred over the past two decades and no substantial shift is anticipated in the next fiscal year.
- The real estate tax rate in 2023 was lowered from \$0.74 to \$0.61 per \$100 of assessed value based on the six-year reassessment effective January 1, 2023. The Board of Supervisors increased the personal property tax rate from \$3.80 to \$4.25 as used vehicles prices have more normalized since the COVID-19 pandemic.
- The unemployment rate was 3.60% in FY 2023, an increase of 0.80% from FY 2022. With new businesses starting and an active economic development department, the budget outlook is cautiously optimistic for the near future.

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

Requests for Information

This financial report is designed to provide readers with a general overview of the County of Rockbridge finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Rockbridge County Administrator, 150 S. Main Street, Lexington, Virginia 24450.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

County of Rockbridge, Virginia

Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 40,053,529	\$ 3,094,371	\$ 43,147,900
Investments	-	-	-
Receivables (net of allowance for uncollectibles):			
Taxes receivable	11,838,476	-	11,838,476
Accounts receivable	1,547,398	168,888	1,716,286
Lease receivable	-	72,649	72,649
Interest receivable	-	1,723	1,723
Internal balances	(35,879)	35,879	-
Due from component units	2,654,389	-	2,654,389
Due from other governmental units	1,210,754	-	1,210,754
Inventories	247,021	-	247,021
Advances to other entities	4,460,353	-	4,460,353
Prepaid items	326,310	-	326,310
Restricted assets:			
Cash and cash equivalents	-	2,612,473	2,612,473
Net pension asset	-	40,087	40,087
Capital assets (net of accumulated depreciation):			
Land	1,828,992	531,037	2,360,029
Buildings and improvements	51,012,374	8,231,718	59,244,092
Machinery and equipment	5,434,740	329,712	5,764,452
Utility plant and equipment	-	-	-
Construction in progress	19,297	-	19,297
Lease assets-building	-	-	-
Lease assets-equipment	4,440	3,429	7,869
Total assets	\$ 120,602,194	\$ 15,121,966	\$ 135,724,160
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ 893,575	\$ -	\$ 893,575
Pension related items	1,769,226	37,235	1,806,461
OPEB related items	182,130	24,934	207,064
Total deferred outflows of resources	\$ 2,844,931	\$ 62,169	\$ 2,907,100
LIABILITIES			
Accounts payable	\$ 1,968,067	\$ 107,907	\$ 2,075,974
Accrued interest payable	616,257	74,402	690,659
Due to primary government	-	-	-
Performance deposits	41,753	-	41,753
Due to other governments	408,211	-	408,211
Unearned revenue	4,345,836	-	4,345,836
Deposits payable	-	-	-
Long-term liabilities:			
Due within one year	3,650,906	599,418	4,250,324
Due in more than one year	47,330,512	17,576,238	64,906,750
Total liabilities	\$ 58,361,542	\$ 18,357,965	\$ 76,719,507
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue-property taxes	\$ 10,040,793	\$ -	\$ 10,040,793
Lease related items	-	71,487	71,487
Pension related items	1,844,880	-	1,844,880
OPEB related items	187,147	10,148	197,295
Total deferred inflows of resources	\$ 12,072,820	\$ 81,635	\$ 12,154,455
NET POSITION			
Net investment in capital assets	\$ 11,404,401	\$ 1,757,211	\$ 13,161,612
Restricted			
Fire funds	53,912	-	53,912
Rental assistance	35,086	-	35,086
Capital projects	209,661	-	209,661
Four for life	116,713	-	116,713
Opioid abatement	287,301	-	287,301
School health insurance	80,000	-	80,000
Virginia Horse Center debt service	1,458,801	-	1,458,801
Special revenue funds	10,252	-	10,252
Reserve fund by participating localities	-	-	-
Employee pensions	-	40,087	40,087
Debt service	-	926,743	926,743
Unrestricted (deficit)	39,356,636	(5,979,506)	33,377,130
Total net position	\$ 53,012,763	\$ (3,255,465)	\$ 49,757,298

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

Exhibit 1

Component Unit				
School Board	Rockbridge Area Social Services	Rockbridge Regional Jail Commission	Rockbridge Public Service Authority	
\$ 1,096,287	\$ 756,704	\$ -	\$ 7,435,390	
7,869	-	-	-	
-	-	-	-	
374,902	31,243	6,844	700,267	
-	-	-	14,945	
-	-	-	277	
-	-	-	-	
-	-	-	-	
1,395,214	1,515,360	485,003	-	
62,925	-	-	88,333	
-	-	-	-	
637,767	-	-	-	
-	-	183,204	78,970	
681,063	841,663	-	-	
117,555	-	-	410,596	
25,370,392	-	2,114,477	36,747	
4,929,177	41,239	352,707	173,014	
-	-	-	23,298,548	
2,421,207	-	-	8,318	
-	181,776	-	-	
36,245	9,544	9,469	-	
<u>\$ 37,130,603</u>	<u>\$ 3,377,529</u>	<u>\$ 3,151,704</u>	<u>\$ 32,245,405</u>	
\$ -	\$ -	\$ -	\$ -	
4,959,018	19,222	531,648	113,677	
1,301,756	26,388	47,085	8,166	
<u>\$ 6,260,774</u>	<u>\$ 45,610</u>	<u>\$ 578,733</u>	<u>\$ 121,843</u>	
\$ 366,126	\$ 1,332,860	\$ 175,209	\$ 543,344	
50	423	6	14,811	
1,705,752	948,637	-	-	
-	-	-	-	
-	21,810	-	-	
302,630	-	-	-	
-	-	-	79,152	
103,481	126,061	64,623	934,026	
27,234,481	211,210	914,507	9,686,525	
<u>\$ 29,712,520</u>	<u>\$ 2,641,001</u>	<u>\$ 1,154,345</u>	<u>\$ 11,257,858</u>	
\$ -	\$ -	\$ -	\$ -	
-	-	-	14,610	
5,064,147	270,078	507,260	66,121	
2,266,338	20,909	44,772	13,111	
<u>\$ 7,330,485</u>	<u>\$ 290,987</u>	<u>\$ 552,032</u>	<u>\$ 93,842</u>	
\$ 32,837,680	\$ 38,507	\$ 2,467,135	\$ 13,434,995	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	393,000	-	
681,063	841,663	-	-	
-	-	-	-	
(27,170,371)	(389,019)	(836,075)	7,580,553	
<u>\$ 6,348,372</u>	<u>\$ 491,151</u>	<u>\$ 2,024,060</u>	<u>\$ 21,015,548</u>	

County of Rockbridge, Virginia

Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 3,271,211	\$ -	\$ 569,573	\$ -
Judicial administration	2,007,414	726,728	1,055,691	-
Public safety	12,867,536	45,207	1,939,602	-
Public works	4,049,961	772,994	149,180	-
Health and welfare	2,241,830	-	21,431	-
Education	20,483,792	-	23,302	2,446,221
Parks, recreation, and cultural	1,538,317	112,129	-	-
Community development	3,309,784	368,814	273,395	-
Nondepartmental	2,223,164	-	-	-
Interest on long-term debt	1,214,937	-	-	-
Total governmental activities	\$ 53,207,946	\$ 2,025,872	\$ 4,032,174	\$ 2,446,221
Business-type activities:				
Blue Ridge Resource Authority	\$ 3,877,314	\$ 2,810,808	\$ -	\$ -
Total business-type activities	\$ 3,877,314	\$ 2,810,808	\$ -	\$ -
Total primary government	\$ 57,085,260	\$ 4,836,680	\$ 4,032,174	\$ 2,446,221
COMPONENT UNITS:				
Governmental activities:				
School Board	\$ 35,950,645	\$ 1,855,332	\$ 23,855,431	\$ -
Rockbridge Area Social Services Board	9,135,555	-	9,329,309	-
Rockbridge Regional Jail Commission	5,735,395	3,048,568	2,939,792	-
Business-type activities:				
Rockbridge Public Service Authority	4,478,459	4,001,144	-	367,931
Total component units	\$ 55,300,054	\$ 8,905,044	\$ 36,124,532	\$ 367,931
General revenues and transfers:				
General property taxes				
Local sales tax				
Consumers utility tax				
Business license tax				
Meals tax				
Motor vehicle licenses				
Lodging tax				
Other local taxes				
Unrestricted revenues from use of money				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position (deficit) - beginning, as restated				
Net position (deficit) - ending				

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

Net (Expense) Revenue and Changes in Net Position						
Primary Government			Component Unit			
Governmental Activities	Business-type Activities	Total	School Board	Rockbridge Area Social Services	Rockbridge Regional Jail Commission	Rockbridge Public Service Authority
\$ (2,701,638)	\$ -	\$ (2,701,638)	\$ -	\$ -	\$ -	\$ -
(224,995)	-	(224,995)	-	-	-	-
(10,882,727)	-	(10,882,727)	-	-	-	-
(3,127,787)	-	(3,127,787)	-	-	-	-
(2,220,399)	-	(2,220,399)	-	-	-	-
(18,014,269)	-	(18,014,269)	-	-	-	-
(1,426,188)	-	(1,426,188)	-	-	-	-
(2,667,575)	-	(2,667,575)	-	-	-	-
(2,223,164)	-	(2,223,164)	-	-	-	-
(1,214,937)	-	(1,214,937)	-	-	-	-
<u>\$ (44,703,679)</u>	<u>\$ -</u>	<u>\$ (44,703,679)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ (1,066,506)</u>	<u>\$ (1,066,506)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ (1,066,506)</u>	<u>\$ (1,066,506)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (44,703,679)</u>	<u>\$ (1,066,506)</u>	<u>\$ (45,770,185)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (10,239,882)	\$ -	\$ -	\$ -
-	-	-	-	193,754	-	-
-	-	-	-	-	252,965	-
-	-	-	-	-	-	(109,384)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,239,882)</u>	<u>\$ 193,754</u>	<u>\$ 252,965</u>	<u>\$ (109,384)</u>
\$ 32,457,498	\$ -	\$ 32,457,498	\$ -	\$ -	\$ -	\$ -
4,027,554	-	4,027,554	-	-	-	-
1,278,430	-	1,278,430	-	-	-	-
1,269,349	-	1,269,349	-	-	-	-
2,696,966	-	2,696,966	-	-	-	-
63,685	-	63,685	-	-	-	-
3,159,409	-	3,159,409	-	-	-	-
1,078,109	-	1,078,109	-	-	-	-
1,033,557	98,669	1,132,226	25	-	79	23,963
1,092,168	41,644	1,133,812	1,278,656	-	109,946	9,363
2,805,566	-	2,805,566	17,227,625	-	-	274,670
(350,000)	350,000	-	-	-	-	-
<u>\$ 50,612,291</u>	<u>\$ 490,313</u>	<u>\$ 51,102,604</u>	<u>\$ 18,506,306</u>	<u>\$ -</u>	<u>\$ 110,025</u>	<u>\$ 307,996</u>
5,908,612	(576,193)	5,332,419	8,266,424	193,754	362,990	198,612
47,104,151	(2,679,272)	44,424,879	(1,918,052)	297,397	1,661,070	20,816,936
<u>\$ 53,012,763</u>	<u>\$ (3,255,465)</u>	<u>\$ 49,757,298</u>	<u>\$ 6,348,372</u>	<u>\$ 491,151</u>	<u>\$ 2,024,060</u>	<u>\$ 21,015,548</u>

FUND FINANCIAL STATEMENTS

Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	County Capital Projects Fund	School Capital Projects Fund	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 38,216,444	\$ 276,420	\$ 1,333,047	\$ 10,252	\$ 39,836,163
Receivables (net of allowance for uncollectibles):					
Taxes receivable	11,838,476	-	-	-	11,838,476
Accounts receivable	1,547,398	-	-	-	1,547,398
Advances to other entities	4,460,353	-	-	-	4,460,353
Due from other funds	485,185	-	-	-	485,185
Due from component units	2,654,389	-	-	-	2,654,389
Due from other governmental units	1,210,754	-	-	-	1,210,754
Inventories	247,021	-	-	-	247,021
Prepaid items	6,000	-	320,310	-	326,310
Total assets	<u>\$ 60,666,020</u>	<u>\$ 276,420</u>	<u>\$ 1,653,357</u>	<u>\$ 10,252</u>	<u>\$ 62,606,049</u>
LIABILITIES					
Accounts payable	\$ 1,196,158	\$ 8,445	\$ 552,552	\$ -	\$ 1,757,155
Due to other governments	408,211	-	-	-	408,211
Due to other funds	35,879	-	460,185	-	496,064
Performance deposits	41,753	-	-	-	41,753
Unearned revenue	4,025,526	-	320,310	-	4,345,836
Total liabilities	<u>\$ 5,707,527</u>	<u>\$ 8,445</u>	<u>\$ 1,333,047</u>	<u>\$ -</u>	<u>\$ 7,049,019</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	\$ 11,674,826	\$ -	\$ -	\$ -	\$ 11,674,826
Unavailable revenue-opioid settlement	207,208	-	-	-	207,208
	<u>\$ 11,882,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,882,034</u>
FUND BALANCES					
Nonspendable:					
Inventories	\$ 247,021	\$ -	\$ -	\$ -	\$ 247,021
Prepaid items	6,000	-	320,310	-	326,310
Advances to other entities	4,460,353	-	-	-	4,460,353
Total nonspendable	<u>\$ 4,713,374</u>	<u>\$ -</u>	<u>\$ 320,310</u>	<u>\$ -</u>	<u>\$ 5,033,684</u>
Restricted:					
Virginia Horse Center debt service	\$ 1,458,801	\$ -	\$ -	\$ -	\$ 1,458,801
Capital projects	209,661	-	-	-	209,661
Rental assistance	35,086	-	-	-	35,086
Four for life	116,713	-	-	-	116,713
Fire program	53,912	-	-	-	53,912
School health insurance	80,000	-	-	-	80,000
Veterans memorial	-	-	-	8,088	8,088
Opioid abatement	80,093	-	-	-	80,093
Employee benefits	-	-	-	2,164	2,164
Total restricted	<u>\$ 2,034,266</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,252</u>	<u>\$ 2,044,518</u>
Assigned:					
Garage	\$ 143,974	\$ -	\$ -	\$ -	\$ 143,974
Industrial property	123,920	-	-	-	123,920
School carryover	1,003,542	-	-	-	1,003,542
Convenience centers	12,075	-	-	-	12,075
Partnership	82,097	-	-	-	82,097
Recreation	25,000	-	-	-	25,000
Revenue recovery	1,745,303	-	-	-	1,745,303
Economic development	288,194	-	-	-	288,194
Reassessment	200,000	-	-	-	200,000
Capital projects funds	2,843,082	267,975	-	-	3,111,057
Total assigned	<u>\$ 6,467,187</u>	<u>\$ 267,975</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,735,162</u>
Unassigned	\$ 29,861,632	\$ -	\$ -	\$ -	\$ 29,861,632
Total unassigned	<u>\$ 29,861,632</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,861,632</u>
Total fund balances	<u>\$ 43,076,459</u>	<u>\$ 267,975</u>	<u>\$ 320,310</u>	<u>\$ 10,252</u>	<u>\$ 43,674,996</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 60,666,020</u>	<u>\$ 276,420</u>	<u>\$ 1,653,357</u>	<u>\$ 10,252</u>	<u>\$ 62,606,049</u>

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

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2023**

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 43,674,996

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

Land	\$ 1,828,992	
Buildings and improvements	51,012,374	
Machinery and equipment	5,434,740	
Construction in progress	19,297	
Lease assets	<u>4,440</u>	
		58,299,843

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

Unavailable revenue - property taxes	\$ 1,634,033	
Unavailable revenue - opioid settlement	<u>207,208</u>	
		1,841,241

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

Deferred charge on refunding	\$ 893,575	
Pension related items	1,769,226	
OPEB related items	<u>182,130</u>	
		2,844,931

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

Health insurance fund	\$ <u>(18,546)</u>	
		(18,546)

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

General obligation bonds	\$ (27,838,391)	
Revenue bonds	(14,580,000)	
Notes payable	(3,796,000)	
Bond premium	(1,570,326)	
Lease liabilities	(4,300)	
Compensated absences	(519,066)	
Net pension liability	(1,978,831)	
Net OPEB liability	(694,504)	
Accrued interest payable	<u>(616,257)</u>	
		(51,597,675)

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

Pension related items	\$ (1,844,880)	
OPEB related items	<u>(187,147)</u>	
		(2,032,027)

Net position of governmental activities \$ 53,012,763

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

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

	General Fund	County Capital Projects Fund	School Capital Projects Fund	Nonmajor Governmental Funds	Total
REVENUES					
General property taxes	\$ 32,555,748	\$ -	\$ -	\$ -	\$ 32,555,748
Other local taxes	13,573,502	-	-	-	13,573,502
Permits, privilege fees, and regulatory licenses	297,020	-	-	-	297,020
Fines and forfeitures	477,364	-	-	-	477,364
Revenue from the use of money and property	1,056,810	-	97	-	1,056,907
Charges for services	1,251,488	-	-	-	1,251,488
Miscellaneous	1,150,512	-	-	-	1,150,512
Recovered costs	469,860	-	-	-	469,860
Intergovernmental:					
Commonwealth	6,097,310	-	1,499,308	-	7,596,618
Federal	740,333	-	946,913	-	1,687,246
Total revenues	\$ 57,669,947	\$ -	\$ 2,446,318	\$ -	\$ 60,116,265
EXPENDITURES					
Current:					
General government administration	\$ 2,915,377	\$ -	\$ -	\$ -	\$ 2,915,377
Judicial administration	2,164,547	-	-	-	2,164,547
Public safety	13,066,176	-	-	-	13,066,176
Public works	4,029,973	-	-	-	4,029,973
Health and welfare	1,960,198	-	-	-	1,960,198
Education	15,528,471	-	-	-	15,528,471
Parks, recreation, and cultural	1,551,340	-	-	-	1,551,340
Community development	3,388,962	-	-	-	3,388,962
Nondepartmental	2,223,164	-	-	-	2,223,164
Capital projects	-	1,251,827	2,192,920	-	3,444,747
Debt service:					
Principal retirement	3,339,018	-	-	-	3,339,018
Interest and other fiscal charges	1,319,770	-	-	-	1,319,770
Total expenditures	\$ 51,486,996	\$ 1,251,827	\$ 2,192,920	\$ -	\$ 54,931,743
Excess (deficiency) of revenues over (under) expenditures	\$ 6,182,951	\$ (1,251,827)	\$ 253,398	\$ -	\$ 5,184,522
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 905,120	\$ 61,013	\$ -	\$ 966,133
Transfers out	(1,316,133)	-	-	-	(1,316,133)
Leases (as lessee)	5,068	-	-	-	5,068
Total other financing sources (uses)	\$ (1,311,065)	\$ 905,120	\$ 61,013	\$ -	\$ (344,932)
Net change in fund balances	\$ 4,871,886	\$ (346,707)	\$ 314,411	\$ -	\$ 4,839,590
Fund balances - beginning	38,204,573	614,682	5,899	10,252	38,835,406
Fund balances - ending	\$ 43,076,459	\$ 267,975	\$ 320,310	\$ 10,252	\$ 43,674,996

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

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

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

Net change in fund balances - total governmental funds	\$	4,839,590
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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 amount by which the depreciation exceeded capital outlays in the current period.

Capital outlays	\$	1,408,357	
Depreciation and amortization expense		(2,512,719)	
Allocation of debt financed school assets based on current year repayments		<u>(1,827,654)</u>	(2,932,016)

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

Property taxes	\$	(98,250)	
Opioid settlement		<u>(58,344)</u>	(156,594)

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

Principal repayments	\$	3,335,253	
Lease repayments		3,765	
Proceeds from issuance of leases		(5,068)	
Amortization of deferred charge on refunding		(91,640)	
Amortization of premium on general obligation bonds		170,198	
Accrued interest		<u>26,275</u>	3,438,783

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

Change in compensated absences	\$	(13,782)	
Pension expense		783,846	
OPEB expense		<u>12,487</u>	782,551

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

(63,702)

Change in net position of governmental activities	\$	<u><u>5,908,612</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position
Proprietary Funds
June 30, 2023

	Enterprise Fund Landfill Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,094,371
Interest receivable	1,723
Accounts receivable	168,888
Lease receivable - current portion	4,262
Due from other funds	35,879
Total current assets	<u>\$ 3,305,123</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	\$ 2,612,473
Lease receivable - net of current portion	68,387
Net pension asset	40,087
Capital assets, net of accumulated depreciation:	
Land	531,037
Buildings and improvements	8,231,718
Machinery and equipment	329,712
Lease assets	3,429
Total capital assets	<u>\$ 9,095,896</u>
Total noncurrent assets	<u>\$ 11,816,843</u>
Total assets	<u>\$ 15,121,966</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 37,235
OPEB related items	24,934
Total deferred outflows of resources	<u>\$ 62,169</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 107,907
Accrued interest payable	74,402
Bonds payable - current portion	590,108
Lease liability - current portion	1,248
Compensated absences-current portion	8,062
Total current liabilities	<u>\$ 781,727</u>
Noncurrent liabilities:	
Compensated absences - net of current portion	\$ 24,187
Net OPEB liability	27,627
Closure and post-closure liability	10,777,095
Bonds payable - net of current portion	6,745,106
Lease liability - net of current portion	2,223
Total noncurrent liabilities	<u>\$ 17,576,238</u>
Total liabilities	<u>\$ 18,357,965</u>
DEFERRED INFLOWS OF RESOURCES	
OPEB related items	10,148
Lease related items	71,487
Total deferred intflows of resources	<u>\$ 81,635</u>
NET POSITION	
Net investment in capital assets	\$ 1,757,211
Restricted for employee pensions	40,087
Restricted for debt service	926,743
Unrestricted	(5,979,506)
Total net position	<u><u>\$ (3,255,465)</u></u>

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

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Enterprise Fund Landfill Fund
OPERATING REVENUES	
Charges for services:	
Landfill Rockbridge County	\$ 991,627
Landfill City of Lexington	215,674
Landfill City of Buena Vista	316,261
Commercial and noncommercial customers	1,287,246
Miscellaneous	41,644
Total operating revenues	<u>\$ 2,852,452</u>
OPERATING EXPENSES	
Personal services	\$ 447,152
Fringe benefits	134,330
Contractual services	323,921
Other charges	238,932
Rent	1,012
Depreciation	1,074,449
Total operating expenses	<u>\$ 2,219,796</u>
Operating income (loss)	<u>\$ 632,656</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	\$ 96,440
Revenue from the use of property	2,229
Interest expense	(191,908)
Landfill closure costs and post-closure liability	(1,465,610)
Total nonoperating revenues (expenses)	<u>\$ (1,558,849)</u>
Income before transfers	<u>\$ (926,193)</u>
Transfers in	\$ 350,000
Change in net position	\$ (576,193)
Total net position (deficit) - beginning, as restated	<u>(2,679,272)</u>
Total net position (deficit) - ending	<u><u>\$ (3,255,465)</u></u>

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

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Enterprise Fund Landfill Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 2,920,994
Payments to suppliers	(674,534)
Payments to employees	(575,511)
Net cash provided by (used for) operating activities	\$ 1,670,949
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer from general fund	\$ 350,000
Net cash provided by (used for) noncapital financing activities	\$ 350,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	\$ (10,002)
Principal paid on capital debt	(688,315)
Interest expense	(310,397)
Repayment of capital advance to Rockbridge County	(350,000)
Net cash provided by (used for) capital and related financing activities	\$ (1,358,714)
CASH FLOWS FROM INVESTING ACTIVITIES	
Revenue from the use of property	\$ 790
Interest income	96,536
Net cash provided by (used for) investing activities	\$ 97,326
Net increase (decrease) in cash and cash equivalents	\$ 759,561
Cash and cash equivalents - beginning - including restricted	4,947,283
Cash and cash equivalents - ending - including restricted	\$ 5,706,844
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 632,656
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	1,074,449
(Increase) decrease in accounts receivable	61,035
(Increase) decrease in due from other funds	7,507
(Increase) decrease in deferred outflows of resources	(7,725)
(Increase) decrease in net pension asset	36,579
Increase (decrease) in accounts payable	(110,669)
Increase (decrease) in compensated absences	3,790
Increase (decrease) in net OPEB liability	(3,959)
Increase (decrease) in deferred inflows of resources	(22,714)
Net cash provided by (used for) operating activities	\$ 1,670,949
Schedule of non-cash capital and related financing activities:	
Landfill closure and post-closure costs	\$ (1,465,610)
Total non-cash capital and related financing activities	\$ (1,465,610)

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

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Primary Government Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 180,693
Due from other governmental units	409
Total assets	<u>\$ 181,102</u>
NET POSITION	
Restricted:	
Restricted for drug enforcement	\$ 161,773
Restricted for commonwealth attorney forfeitures	<u>19,329</u>
Total liabilities	<u>\$ 181,102</u>

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

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	Primary Government Custodial Funds
ADDITIONS	
Asset forfeitures	\$ 10,579
Total additions	\$ 10,579
DEDUCTIONS	
Safety equipment	\$ 11,154
Total deductions	\$ 11,154
Net increase (decrease) in fiduciary net position	\$ (575)
Net position, beginning of year	181,677
Net position, end of year	\$ 181,102

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements
June 30, 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Financial Reporting Entity

The County of Rockbridge, Virginia (government) is a municipal corporation 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 both legally and substantively separate from the government.

Blended component units - The Blue Ridge Resource Authority has been determined to be a component unit of Rockbridge County in accordance with Governmental Accounting Standards Board Statement 14. The Authority is a legally separate organization whose Board members are composed of the 5 Rockbridge County Board of Supervisors members and 2 appointed members from the Lexington City Council, thus the Authority's board is substantially the same as the Rockbridge County Board. The primary government has a financial benefit and burden relationship with the Authority and is able to impose its will on the Authority. Complete financial statements for the Authority may be obtained at the Authority's administrative office at 225 Landfill Road, Buena Vista, Virginia 24416.

Discretely Presented Component Units:

Rockbridge County School Board:

The School Board members are elected and are responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary local sources of funding are from the General Fund of the County. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2023.

Rockbridge County Regional Jail Commission:

The Rockbridge County Regional Jail Commission is a regional board organized to manage and confine prisoners from the localities of Lexington City, Buena Vista City and Rockbridge County. The Rockbridge County Board of Supervisors appoints two (2) members to the Commission, while the City of Lexington and the City of Buena Vista each appoint one member, respectively. The County of Rockbridge serves as the fiscal agent for the Jail Commission. The Jail Commission is included in these financial statements because of the County's ability to designate the management and exercise significant control over the operations of the entity. The financial statements of the Commission are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2023. Complete financial statements of the Rockbridge County Regional Jail Commission are available at the Rockbridge County Jail, 258 Greenhouse Road, Lexington, Virginia 24450.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

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

A. Financial Reporting Entity (continued)

Discretely Presented Component Units: (continued)

Rockbridge County Public Service Authority:

The Rockbridge County Public Service Authority is organized to provide water and sewer services to customers located in the County. The Authority is a legally separate entity from the County. The County is financially accountable for the Authority in that the County appoints the Authority's five member Board of Directors and has a financial indebtedness burden related to the Authority. The financial statements of the Authority are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2023. Complete financial statements of the Rockbridge County Public Service Authority are available at the Authority's office: 150 South Main Street, Lexington, Virginia 24450.

Rockbridge Area Social Services Board:

The Rockbridge Area Social Services Board is a regional board organized to provide social services to Rockbridge County, and the Cities of Lexington and Buena Vista. All three participating entities appoint members of the Board. The Rockbridge County Treasurer serves as the fiscal agent for the Rockbridge Area Department of Social Services. The services provided to Rockbridge County and its residents amount to approximately 64% of the Rockbridge Area Social Services Board's annual operations. The Board is a legally separate organization, however the Board is included in the reporting entity because of the nature and significance of its relationship with the County of Rockbridge, Virginia. The financial statements of the Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2023. Complete financial statements of the Rockbridge Area Social Services Board are available at the Rockbridge Area Social Services office: 20 East Preston Street, Lexington, Virginia 24450.

B. Other Organizations

Included in the County's Financial Report: None

Excluded from the County's Financial Report:

Rockbridge County Economic Development Authority:

The County created the Economic Development Authority to assist with economic endeavors. The Authority is comprised of seven members appointed by the Board of Supervisors. The Authority was created by resolution pursuant to state statute, and it is legally separate from the County. The County cannot impose its will on the Authority since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the Authority. The Authority is fiscally independent, and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements.

Rockbridge Area Community Services Board:

The Rockbridge Area Community Services Board is considered an intergovernmental (joint) venture and therefore its operations are not included in the County's financial statements. The Cities of Lexington and Buena Vista and the County of Rockbridge provide the financial support for the Board and appoint its governing Board in which is vested the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Summary financial information is included in Note 3 of these financial statements. Complete financial statements can be obtained from the Rockbridge Area Community Services Board offices: 241 Greenhouse Road, Lexington, Virginia 24450.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

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

B. Other Organizations (continued)

Maury Service Authority:

The Maury Service Authority is responsible for acquiring, financing, constructing, and maintaining facilities for the improvement, treatment, storage and transmission of potable water. The Maury Service Authority is considered an intergovernmental (joint) venture and therefore its operations are not included in the County's financial statements. The County of Rockbridge and the Cities of Lexington and Buena Vista appoint the Authority's Board of Directors. The City of Lexington and the Rockbridge Public Service Authority provide substantially all of the Authority's revenues. Summary financial information is included in Note 3 of these financial statements. Complete financial statements of the Maury Service Authority are available at the Authority's office at 130 Osage Lane, Lexington, Virginia 24450.

Rockbridge Regional Public Safety Communications Center:

The Rockbridge Regional Public Safety Communications Center is organized for the purpose of establishing a mutually beneficial basis for the use and operation of a consolidated public safety dispatch center for the County of Rockbridge and Cities of Lexington and Buena Vista, Virginia. The Cities of Buena Vista and Lexington and the County of Rockbridge appoint the Board of Directors and each provides substantially all of the Center's revenues. The City of Lexington serves as fiscal agent for the Center. The Center is not included in these financial statements because the County does not have ability to designate the management and exercise significant control over the operations of the entity. Summary financial information is included in Note 3 of these financial statements. Complete financial statements of the Rockbridge Regional Public Safety Communications Center are available at the Center's office at 300 E. Washington St., Lexington, Virginia 24450.

In addition, the Rockbridge Regional Industrial Development Authority, Rockbridge Regional Library, Rockbridge Area Network Authority, Rockbridge Area Recreation Organization, Regional Tourism Board, Regional Transit System Board, and Shenandoah Valley Detention Home Commission are considered intergovernmental (joint) ventures; therefore, their operations are not included in the County's financial report. Rockbridge County and the Cities of Lexington and Buena Vista provide financial support and appoint members to their governing bodies, in which is vested the administration and control over operations.

C. Government-wide and fund financial statements

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

The Statement of Net Position is designed to display financial position of the primary government (governmental and business-type activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expenses – 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)

C. 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) operating grants and contributions, and 3) capital grants and contributions, including special assessments. 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 are reported as separate columns in the fund financial statements.

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

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

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

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

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

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

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

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

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in another fund. The general fund includes the activities of the central stores and the South River flood mitigation funds.

Special revenue funds account for and report the proceeds of the specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The County does not have any major special revenue funds to report for fiscal year 2023. Nonmajor special revenue funds include the Veterans Memorial and Employee Benefit funds.

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

The government reports the following major proprietary funds:

The *landfill fund* accounts for and reports the activities of the Blue Ridge Resource Authority, a blended component unit of the government.

Additionally, the government reports the following fund types:

Fiduciary (Trust and Custodial) funds account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Custodial Fiduciary funds include the Drug, and Commonwealth Attorney Forfeitures Funds.

Internal service funds primarily provide either benefits or goods or services to other funds, departments on a cost reimbursement basis. The County internal service fund consists of the self-insured health insurance fund.

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

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

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

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

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

E. 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. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as 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). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

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

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

3. *Inventories and prepaid items*

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Quantities on hand at year-end are considered immaterial and have not been recorded, except in the School Cafeteria Fund and Discretely Presented Component Unit-Rockbridge Public Service Authority where it can be easily measured.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. *Property taxes*

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable in two installments on June 5th and December 5th. Personal property taxes are due and collectible annually on October 5th. The County bills and collects its own property taxes. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$279,394 at June 30, 2023 and is comprised solely of property taxes.

5. *Restricted assets*

The governmental funds maintain restricted cash for debt service, garage, fire funds, industrial property, and the discretely presented component unit-school board. The Landfill fund maintains restricted assets in various accounts. \$1,609,232 is restricted for the payment of future closure and post-closure costs associated with the County's landfill. Additionally, the Landfill fund has funds restricted for debt service of \$926,743, and funds restricted for capital projects of \$76,498. The Discretely Presented Component Unit Rockbridge Regional Jail maintains funds restricted for reserves by the participating localities in the amount of \$183,204. The Discretely Presented Component Unit Rockbridge Public Service Authority maintains restricted assets that are limited by applicable bond covenants.

6. *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost (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.

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

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

6. Capital assets (continued)

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.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Machinery and equipment	5-10
Utility, plant and equipment	5-30
Lease equipment	2-5
Lease building	3

7. Compensated absences

It is the government’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All sick and vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

8. 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 discount, 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.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

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

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

9. Fund equity

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

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

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

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

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

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

10. Net position

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

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

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

F. Investments

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

G. Use of Estimates

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

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

H. 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) until then. The Primary Government has two items that qualify for reporting in this category. The Primary Government shows a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item 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 Primary Government has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, the opioid settlement, and leases. For more detailed information on these items, reference the related notes.

I. Pensions

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

J. Other Postemployment Benefits (OPEB)

VRS OPEB Plans

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

Medical, Dental, and Prescription Insurance – Pay as You Go Program

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined based on an actuarial valuation. Benefit payments are recognized when due and payable in accordance with the benefit terms.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

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

K. 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 Judgements

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.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The Board of Supervisors has authorized the County Administrator to revise appropriations for each department or category as needed to meet actual operational expenditures. The County Administrator is also 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.
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.
8. All budgetary data presented in the accompanying financial statements are the revised budget as of June 30.

B. Excess of expenditures over appropriations:

For the year ended June 30, 2023, no funds had expenditures exceeding appropriations:

C. Deficit fund equity

At June 30, 2023, the landfill fund had deficit fund equity in the amount of (\$3,255,465).

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 3—JOINT VENTURES:

As described in Note 1-B, the following boards are construed as operating as joint ventures between the Cities of Lexington and Buena Vista, and the County of Rockbridge. Summary financial information for the Boards at June 30, 2023 is provided below:

	Maury Service Authority (1)	Rockbridge Area Community Services Board	Rockbridge Regional Public Safety Communications Center
Total assets and deferred outflows of resources	\$ 38,067,917	\$ 12,468,939	\$ 4,168,934
Total liabilities and deferred inflows of resources	10,967,309	4,914,077	4,010,968
Total net position	<u>\$ 27,100,608</u>	<u>\$ 7,554,862</u>	<u>\$ 157,966</u>
For the year ended June 30, 2023			
Operating revenue	\$ 4,997,042	\$ 4,756,497	\$ 2,117,270
Operating expenses	(5,178,661)	(8,218,633)	(2,107,271)
Nonoperating income (expense)	200,913	5,043,484	-
Change in net position	<u>\$ 19,294</u>	<u>\$ 1,581,348</u>	<u>\$ 9,999</u>
Net position at beginning of year	27,081,314	5,973,514	147,967
Net position at end of year	<u>\$ 27,100,608</u>	<u>\$ 7,554,862</u>	<u>\$ 157,966</u>

(1) Maury Service Authority June 30, 2023 summary financial data was not available at the time of report issuance. June 30, 2022 data is presented above.

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COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 4—DUE FROM OTHER GOVERNMENTAL UNITS:

Due from other governments consists of payments due from federal, state, and local governmental units at June 30, 2023 as follows:

	Governmental Activities	Component Unit		
		School Board	Jail Commission	Rockbridge Area Social Services Board
Commonwealth of Virginia:				
State sales taxes	\$ -	\$ 621,037	\$ -	\$ -
Local sales taxes	721,769	-	-	-
Public assistance grants	-	-	-	89,832
Comprehensive services act	-	-	-	1,285,613
Communications tax	102,746	-	-	-
Auto rental tax	13,650	-	-	-
Victim witness grant	6,195	-	-	-
Shared expenses	223,333	-	171,143	-
School resource officer grant	103,367	-	-	-
Other	6,337	246,179	68,492	-
Federal Government:				
Violence against women	13,400	-	-	-
Other	19,957	527,998	-	139,915
Other Governmental Units:				
City of Lexington	-	-	31,040	-
City of Buena Vista	-	-	77,692	-
County of Alleghany	-	-	43,987	-
County of Rockbridge	-	-	92,649	-
Totals	\$ 1,210,754	\$ 1,395,214	\$ 485,003	\$ 1,515,360

NOTE 5—INTERFUND OBLIGATIONS:

The purpose of interfund obligations due to/from component unit is to report the balance of local appropriations unspent at year-end due back to the respective funds. The purpose of interfund obligations due to/from other funds is to repay the general fund for expenditures related to the landfill and school capital projects.

Fund	Due From Component Unit/Primary Government	Due To Component Unit/Primary Government
General	\$ 2,654,389	\$ -
Component Unit Rockbridge Area Social Services	-	948,637
Component Unit School Board	-	1,705,752
Total	\$ 2,654,389	\$ 2,654,389

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 6—LONG-TERM LIABILITIES:

Primary Government – Governmental Activities Indebtedness:

Changes in long-term liabilities:

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

	Balance July 1, 2022, as Restated	Additions/ Issuances	Decreases/ Retirements	Balance June 30, 2023
<u>Governmental Activities:</u>				
Direct borrowings and direct placements				
General obligation bonds	\$ 30,143,644	\$ -	\$ 2,305,253	\$ 27,838,391
Revenue bonds	15,285,000	-	705,000	14,580,000
Bond premium	1,740,524	-	170,198	1,570,326
Total direct borrowings and direct placements	\$ 47,169,168	\$ -	\$ 3,180,451	\$ 43,988,717
Financed Purchase - note payable	\$ 4,121,000	\$ -	\$ 325,000	\$ 3,796,000
Lease liabilities	\$ 2,997	\$ 5,068	\$ 3,765	\$ 4,300
Other long-term obligations				
Compensated absences	\$ 505,284	\$ 392,745	\$ 378,963	\$ 519,066
Net pension liabilities	1,147,534	3,210,487	2,379,190	1,978,831
Net OPEB liability	751,565	281,651	338,712	694,504
Total other long-term obligations	\$ 2,404,383	\$ 3,884,883	\$ 3,096,865	\$ 3,192,401
Total Governmental Activities	\$ 53,697,548	\$ 3,889,951	\$ 6,606,081	\$ 50,981,418
<u>Business-type Activities:</u>				
Direct borrowings and direct placements				
Revenue bonds	\$ 6,930,000	\$ -	\$ 655,000	\$ 6,275,000
Bond premium	1,170,322	-	110,108	1,060,214
Total direct borrowings and direct placements	\$ 8,100,322	\$ -	\$ 765,108	\$ 7,335,214
Financed Purchase - note payable	\$ 32,084	\$ -	\$ 32,084	\$ -
Lease liabilities	\$ 4,702	\$ -	\$ 1,231	\$ 3,471
Other long-term obligations				
Compensated absences	\$ 28,459	\$ 25,134	\$ 21,344	\$ 32,249
Net OPEB liabilities	31,586	36,862	40,821	27,627
Landfill closure and post-closure care	9,311,485	1,465,610	-	10,777,095
Total other long-term obligations	\$ 9,371,530	\$ 1,527,606	\$ 62,165	\$ 10,836,971
Total Business-type Activities	\$ 17,508,638	\$ 1,527,606	\$ 860,588	\$ 18,175,656
Total Long-Term Obligations	\$ 71,206,186	\$ 5,417,557	\$ 7,466,669	\$ 69,157,074

The County's outstanding revenue bonds from direct borrowings and direct placements contain a provision that in the event of default the entire unpaid principal and interest become immediately due and payable. In the event of default for any general obligation bond, the Commonwealth of Virginia may withhold state aid from the locality until such time that the event of default is cured in accordance with Section 12.2-2659 of the Code of Virginia, 1950 as amended.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 6—LONG-TERM LIABILITIES: (CONTINUED)**Primary Government – Governmental Activities Indebtedness: (continued)**

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

Year Ending June 30,	Direct Borrowings and Direct Placements				Lease liabilities		Financed Purchase Note Payable	
	Revenue Bonds		General Obligation Bonds		Principal	Interest	Principal	Interest
	Principal	Interest	Principal	Interest				
2024	\$ 735,000	\$ 350,852	\$ 2,298,391	\$ 1,137,600	\$ 1,550	\$ 118	\$ 316,000	89,813
2025	920,000	324,512	2,075,000	1,063,818	1,197	78	324,000	82,337
2026	990,000	307,308	2,135,000	998,964	1,237	37	340,000	74,671
2027	1,005,000	288,304	1,915,000	937,863	316	3	357,000	66,627
2028	1,030,000	267,457	1,975,000	873,228	-	-	375,000	58,180
2029	1,055,000	245,173	2,045,000	802,273	-	-	382,000	49,307
2030	1,075,000	221,347	1,320,000	752,115	-	-	396,000	40,269
2031	1,105,000	195,492	1,350,000	560,820	-	-	415,000	30,900
2032	1,130,000	167,411	990,000	368,384	-	-	435,000	21,081
2033	1,155,000	138,569	1,025,000	334,980	-	-	456,000	10,789
2034	1,185,000	109,085	1,055,000	302,335	-	-	-	-
2035	1,215,000	77,880	1,085,000	269,700	-	-	-	-
2036	1,245,000	44,896	1,120,000	237,074	-	-	-	-
2037	360,000	21,119	1,155,000	204,405	-	-	-	-
2038	375,000	7,134	1,190,000	170,719	-	-	-	-
2039	-	-	1,225,000	135,384	-	-	-	-
2040	-	-	1,255,000	98,433	-	-	-	-
2041	-	-	1,295,000	60,398	-	-	-	-
2042	-	-	1,330,000	20,539	-	-	-	-
Total	\$ 14,580,000	\$ 2,766,539	\$ 27,838,391	\$ 9,329,032	\$ 4,300	\$ 236	\$ 3,796,000	\$ 523,974

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COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 6—LONG-TERM LIABILITIES: (CONTINUED)

Primary Government – Governmental Activities Indebtedness: (continued)

Details of long-term liabilities:

Type/Project	Issue Date/Term	Amount of Original Issue	Interest Rates	Amount of Principal Installments	Final Maturity Date	Balance	Amount Due Within One Year
Governmental activities:							
Direct borrowings and direct placements:							
Revenue bonds:							
Series 2013A VRA refunding bonds (partially refunded in FY21)	6/5/2013	\$ 11,760,000	4.261%- 4.823%	SA \$510,000- \$530,000	A 4/1/2024	\$ 530,000	\$ 530,000
Series 2016A refunding of 2007E bonds	5/25/2016	\$ 4,985,000	3.796%- 5.125%	SA \$135,000- \$375,000	A 4/1/2038	4,295,000	205,000
Series 2020C VRA partial refunding of 2013A refunding bonds	1/18/2020	\$ 9,755,000	1.793%- 2.298%	SA \$705,000- \$895,000	A 4/1/2036	9,755,000	-
Total revenue bonds						<u>\$ 14,580,000</u>	<u>\$ 735,000</u>
General obligation bonds:							
2003B VPSA bonds	10/6/2003	\$ 10,625,000	3.1% - 5.35%	SA \$250,000- \$760,000	A 7/15/2028	\$ 4,050,000	\$ 595,000
2003C VPSA bonds	10/6/2003	\$ 5,514,484	3.1% to 5.35%	SA \$258,000- \$298,391	A 1/15/2024	298,391	298,391
2005C VPSA bonds	5/12/2005	\$ 3,590,000	3.1% to 5.1%	SA \$110,000- \$275,000	A 7/15/2025	790,000	250,000
2011 School Tax Credit Bonds (QSCB)	12/15/2011	\$ 7,500,000	4.25%	A \$395,000	A 6/30/2031	3,160,000	395,000
2012C VPSA bonds	11/15/2012	\$ 20,460,000	3.1% - 5.35%	SA \$625,000- \$1,105,000	A 1/15/2042	16,185,000	645,000
2021A VPSA bonds	5/11/2021	\$ 3,465,000	2.050%- 5.050%	SA \$110,000- \$225,000	A 1/15/2042	3,355,000	115,000
Total general obligation bonds						<u>\$ 27,838,391</u>	<u>\$ 2,298,391</u>
Total direct borrowings and direct placements						<u>\$ 42,418,391</u>	<u>3,033,391</u>
Financed purchase:							
Note payable for energy improvements	9/29/2017	\$ 5,236,000	2.366%	A \$236,000- \$456,000	A 7/1/2032	\$ 3,796,000	\$ 316,000
Lease liabilities:							
Sharp copier lease		\$ 3,516	0.751%	M \$131	M 9/24/2023	\$ 393	\$ 393
Send Pro P Series		\$ 2,585	0.751%	M \$130	M 9/1/2026	3,907	1,157
Total lease liabilities						<u>\$ 4,300</u>	<u>\$ 1,550</u>
Other obligations:							
Unamortized bond premium						\$ 1,570,326	\$ 170,198
Net pension liability						1,978,831	-
Net OPEB liability						694,504	-
Compensated absences						519,066	129,767
Total other obligations						<u>\$ 4,762,727</u>	<u>\$ 299,965</u>
Total Long-term obligations from governmental activities						<u>\$ 50,981,418</u>	<u>\$ 3,650,906</u>

A = annual installments M = monthly installments SA= Semi-annual installments

The County had no outstanding in-substance defeased debt as of June 30, 2023.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 6—LONG-TERM LIABILITIES: (CONTINUED)

Primary Government – Business-type Activities Liabilities:

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

Year Ending June 30,	Landfill Fund			
	Direct Borrowings and Direct Placements		Lease Liabilities	
	Revenue Bonds		Principal	Interest
	Principal	Interest		
2024	\$ 480,000	\$ 285,294	\$ 1,248	\$ 39
2025	510,000	259,925	1,264	22
2026	535,000	233,297	959	5
2027	560,000	205,638	-	-
2028	595,000	176,741	-	-
2029	620,000	146,781	-	-
2030	650,000	115,288	-	-
2031	685,000	81,953	-	-
2032	180,000	60,538	-	-
2033	185,000	52,484	-	-
2034	140,000	45,956	-	-
2035	145,000	40,503	-	-
2036	150,000	34,869	-	-
2037	155,000	29,053	-	-
2038	160,000	23,056	-	-
2039	170,000	16,775	-	-
2040	175,000	10,209	-	-
2041	180,000	3,438	-	-
Total	\$ 6,275,000	\$ 1,821,798	\$ 3,471	\$ 66

Details of long-term liabilities:

Type/Project	Issue Date/Term	Amount of Original Issue	Interest Rates	Amount of Principal Installments	Final Maturity Date	Balance	Amount Due Within One Year
Business-type activities:							
Direct borrowings and direct placements:							
Revenue bonds:							
VRA 2012A revenue bond	5/31/2012	\$ 655,000	3.625% - 5.125% SA	\$30,000-\$50,000	A 4/1/2033	\$ 405,000	\$ 30,000
VRA 2016A revenue bond	5/25/2016	\$ 5,710,000	3.792% - 5.125% SA	\$90,000-\$625,000	A 4/1/2041	2,395,000	90,000
VRA 2020C revenue bond	9/25/2020	\$ 3,475,000	5.125% SA	\$360,000-\$515,000	A 4/1/2031	3,475,000	360,000
Total direct borrowings and direct placements						\$ 6,275,000	\$ 480,000
Lease liabilities:							
VersaLink copier		\$ 3,216	1.335% M	\$ 107 M	3/1/2026	\$ 3,471	\$ 1,248
Other obligations:							
Unamortized bond premium						\$ 1,060,214	\$ 110,108
Net OPEB liability						27,627	-
Landfill closure and post-closure care						10,777,095	-
Compensated absences						32,249	8,062
Total other obligations						\$ 11,897,185	\$ 118,170
Total Long-term obligations from business-type activities						\$ 18,175,656	\$ 599,418

A = annual installments M = monthly installments SA= Semi-annual installments

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 6—LONG-TERM LIABILITIES: (CONTINUED)**Component Unit – Rockbridge County Public Service Authority:**Changes in long-term liabilities:

	Balance June 30, 2022	Additions/ Issuances	Decreases/ Retirements	Balance June 30, 2023
Direct borrowings and direct placements:				
Revenue bonds	\$ 7,234,225	\$ -	\$ 893,443	\$ 6,340,782
Total direct borrowings and direct placements	\$ 7,234,225	\$ -	\$ 893,443	\$ 6,340,782
Other long-term obligations:				
Advances	\$ 4,052,984	\$ 98,462	\$ -	\$ 4,151,446
Net pension liability	-	90,412	36,442	53,970
Net OPEB liabilities	44,752	3,964	9,813	38,903
Compensated absences	41,864	4,062	10,476	35,450
Total other long-term obligations	\$ 4,139,600	\$ 196,900	\$ 56,731	\$ 4,279,769
Totals	\$ 11,373,825	\$ 196,900	\$ 950,174	\$ 10,620,551

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

Year Ending June 30,	Direct Borrowings and Direct Placements Revenue Bonds	
	Principal	Interest
2024	\$ 898,576	\$ 105,349
2025	904,794	99,130
2026	912,040	92,719
2027	573,255	86,083
2028	234,497	79,255
2029	241,827	72,233
2030	249,186	64,985
2031	256,575	57,509
2032	263,995	49,806
2033-2037	561,394	167,358
2038-2042	389,441	119,779
2043-2047	443,102	74,938
2048-2052	248,966	31,769
2053-2057	120,015	13,425
2058-2059	43,119	686
Total	\$ 6,340,782	\$ 1,115,024

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 6—LONG-TERM LIABILITIES: (CONTINUED)

Component Unit – Rockbridge County Public Service Authority: (continued)

Details of long-term liabilities:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Direct borrowings and direct placements:		
Revenue bonds:		
\$14,700,000 Sewer System Revenue Bonds, Series 2005 issued through the Virginia Revolving Loan Fund payable through December 31, 2027 in equal installments with no interest. Amount advanced and outstanding at year-end.	\$ 2,415,408	\$ 690,117
\$2,081,000 Water System Revenue Bonds (Series 2012) issued through the United States Department of Agriculture, dated June 28, 2012, payable annually through June 28, 2052, stated interest rate of 2.0%.	1,554,732	46,254
\$2,461,000 Bank Qualified Sewer System Revenue Bonds, Series 2018 payable through April 1, 2033, with interest at .290% payable in semi-annual installments.	1,769,000	152,000
\$637,000 Water System Revenue Bonds, Series 2018 issued October 30, 2018 issued through the United States Department of Agriculture, payable annually through October 30, 2028, stated interest rate of 2.75%.	601,642	10,205
Total direct borrowings and direct placements	\$ 6,340,782	\$ 898,576
Other long-term liabilities:		
Advances (payable from the Water Fund):		
Loan from Rockbridge County, dated September 1, 2010. No agreed upon repayment terms.	\$ 4,151,446	\$ -
Compensated absences	35,450	35,450
Net pension liability	53,970	-
Net OPEB liabilities	38,903	-
Total other long-term liabilities	\$ 4,279,769	\$ 35,450
Total long-term liabilities	\$ 10,620,551	\$ 934,026

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 6—LONG-TERM LIABILITIES: (CONTINUED)

Component Unit – Rockbridge County Regional Jail Commission:

Changes in long-term liabilities:

	Balance June 30, 2022	Additions/ Issuances	Decreases/ Retirements	Balance June 30, 2023
Net OPEB liability (payable from Rockbridge County Regional Jail Commission)	\$ 172,914	\$ 82,780	\$ 84,360	\$ 171,334
Net pension liability (payable from Rockbridge County Regional Jail Commission)	319,253	922,904	677,296	564,861
Compensated Absences (payable from Rockbridge County Regional Jail Commission)	262,211	167,864	196,658	233,417
Lease liabilities (payable from Rockbridge County Regional Jail Commission)	16,719	-	7,201	9,518
Total long-term liabilities	<u>\$ 771,097</u>	<u>\$ 1,173,548</u>	<u>\$ 965,515</u>	<u>\$ 979,130</u>

Details of long-term liabilities:

Type/Project	Amount of Original Issue	Interest Rates	Amount of Principal Installments	Final Maturity Date	Balance	Amount Due Within One Year
Governmental activities:						
Lease liabilities:						
Copiers	\$ 47,305	1.003% M	\$ 788 M	4/25/2024	\$ 5,054	\$ 5,054
Postage meter	\$ 6,453	1.943% M	\$ 108 M	1/25/2027	4,464	1,215
Total lease liabilities					<u>\$ 9,518</u>	<u>\$ 6,269</u>
Other liabilities:						
Net pension liability					564,861	-
Net OPEB liability					171,334	-
Compensated absences					233,417	58,354
Total other liabilities					<u>\$ 969,612</u>	<u>\$ 58,354</u>
Total long-term liabilities from governmental activities					<u>\$ 979,130</u>	<u>\$ 64,623</u>

A = annual installments M = monthly installments SA= Semi-annual installments

Annual requirements to amortize the lease liabilities payable are as follows:

Years Ending June 30,	Lease Liabilities	
	Principal	Interest
2024	\$ 6,269	\$ 99
2025	1,238	52
2026	1,263	28
2027	748	5
Total	<u>\$ 9,518</u>	<u>\$ 184</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 6—LONG-TERM LIABILITIES: (CONTINUED)

Component Unit – Rockbridge Area Social Services Board:

Changes in long-term liabilities:

	Balance July 1, 2022	Additions/ Issuances	Decreases/ Retirements	Balance June 30, 2023
Lease liabilities (payable from Rockbridge Regional Social Services Board)	\$ 301,952	\$ -	\$ 107,900	\$ 194,052
Net OPEB liability (payable from Rockbridge Regional Social Services Board)	79,960	49,506	47,537	81,929
Compensated Absences (payable from Rockbridge Area Social Services Board)	79,016	41,536	59,262	61,290
Total long-term liabilities	<u>\$ 460,928</u>	<u>\$ 91,042</u>	<u>\$ 214,699</u>	<u>\$ 337,271</u>

Details of long-term liabilities:

Type/Project	Amount of Original Issue	Interest Rates	Amount of Principal Installments	Final Maturity Date	Balance	Amount Due Within One Year
Governmental activities:						
Other obligations:						
Lease liabilities:						
Office space	\$ 324,000	2.694% M	\$ 9,000 M	3/31/2025	\$ 184,412	\$ 104,314
Postage meter	15,687	1.169% M	\$ 249 M	7/31/2025	6,147	2,932
Copier	17,560	1.003% M	\$ 293 M	6/30/2024	3,493	3,493
Total lease liabilities					<u>\$ 194,052</u>	<u>\$ 110,739</u>
Net OPEB liability					<u>\$ 81,929</u>	<u>\$ -</u>
Compensated absences					<u>61,290</u>	<u>15,322</u>
Total other obligations					<u>\$ 143,219</u>	<u>\$ 15,322</u>
Total Long-term obligations from governmental activities					<u>\$ 337,271</u>	<u>\$ 126,061</u>

A = annual installments M = monthly installments SA= Semi-annual installments

Annual requirements to amortize the lease liabilities payable are as follows:

Years Ending June 30,	Lease Liabilities	
	Principal	Interest
2024	\$ 110,739	\$ 3,761
2025	83,065	923
2026	248	-
Total	<u>\$ 194,052</u>	<u>\$ 4,684</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 6—LONG-TERM LIABILITIES: (CONTINUED)

Component Unit – School Board:

The following is a summary of long-term liabilities transactions of the School Board Component Unit for the year ended June 30, 2023:

	Balance July 1, 2022	Additions/ Issuances	Deductions/ Retirements	Balance June 30, 2023
Net pension liability	\$ 15,574,326	\$ 4,768,468	\$ 1,753,825	\$ 18,588,969
Net OPEB liabilities	9,694,699	1,530,236	2,847,695	8,377,240
Lease liabilities	58,340	-	21,444	36,896
Compensated absences	329,067	203,230	197,440	334,857
Total	\$ 25,656,432	\$ 6,501,934	\$ 4,820,404	\$ 27,337,962

Details of long-term liabilities:

Type/Project	Amount of Original Issue	Interest Rates	Amount of Principal Installments	Final Maturity Date	Balance	Amount Due Within One Year
Governmental activities:						
Lease liabilities:						
		0.47%-		Various through		
Copiers (8)	\$ 324,000	3.060% M	\$ 1,707 M	6/6/2027	\$ 35,564	\$ 18,435
Postage machine	\$ 8,927	1.003% Q	\$ 446 Q	1/31/2024	1,332	1,332
Total lease liabilities					\$ 36,896	\$ 19,767
Other liabilities:						
Net pension liability					\$ 18,588,969	\$ -
Net OPEB liabilities					8,377,240	-
Compensated absences					334,857	83,714
Total other liabilities					\$ 27,301,066	\$ 83,714
Total long-term liabilities from governmental activities					\$ 27,337,962	\$ 103,481

A = annual installments M = monthly installments SA= Semi-annual installments Q=Quarterly

Annual requirements to amortize the leases payable are as follows:

Years Ending June 30,	Leases	
	Principal	Interest
2024	\$ 19,767	\$ 530
2025	9,610	299
2026	4,185	159
2027	3,334	52
Total	\$ 36,896	\$ 1,040

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

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

	Primary Government		Component Unit
	Governmental Activities	Business-type Activities	School Board (Nonprofessional)
Inactive members or their beneficiaries currently receiving benefits	131	-	99
Inactive members:			
Vested inactive members	22	-	20
Non-vested inactive members	44	1	29
Inactive members active elsewhere in VRS	57	-	19
Total inactive members	123	1	68
Active members	161	8	58
Total covered employees	415	9	225

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

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 Primary Government's Governmental Activities and Business Type Activities contractually required employer contribution rates for the year ended June 30, 2023 were 16.40%, and 6.63%, respectively, 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's governmental activities were \$1,187,871 and \$978,083 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions to the pension plan from the County's business-type activities were \$21,735 and \$22,495 for the years ended June 30, 2023 and June 30, 2022, respectively.

The Component Unit Rockbridge Regional Jail Commission's contractually required employer contribution rate for the year ended June 30, 2023 was 16.40% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit Rockbridge Regional Jail Commission were \$345,521 and \$279,195 for the years ended June 30, 2023 and June 30, 2022, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2023 was 3.89% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$40,117 and \$62,688 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability

The net pension liability/(asset) (NPL/NPA) is calculated separately for each employer and represents that particular employer's total pension liability less that employer's fiduciary net position. The Primary Government's, Component Unit Rockbridge Regional Jail Commission's and Component Unit School Board's (nonprofessional) net pension liabilities (asset) were measured as of June 30, 2022. The total pension liabilities used to calculate the net pension liabilities (asset) were determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 7—PENSION PLANS: (CONTINUED)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Primary Government’s, Component Unit Rockbridge Regional Jail Commission’s, and Component Unit School Board’s (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
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 or 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 ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 7—PENSION PLANS: (CONTINUED)

Actuarial Assumptions – General Employees

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

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

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

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

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

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

All Others (Non 10 Largest) – Hazardous Duty:

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

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

** On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.5%.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

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) were 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, 2021 actuarial valuations, whichever was greater. Through the fiscal year ending June 30, 2022, the rate contributed by the employer for the County, Component Unit Rockbridge Regional Jail Commission, and Component Unit School Board (nonprofessional) Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2022 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government					
	Governmental Activities			Business-type Activities		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 33,451,136	\$ 32,303,601	\$ 1,147,535	\$ 327,940	\$ 404,606	\$ (76,666)
Changes for the year:						
Service cost	\$ 914,201	\$ -	\$ 914,201	\$ 36,849	\$ -	\$ 36,849
Interest	2,244,937	-	2,244,937	24,494	-	24,494
Differences between expected and actual experience	(1,075,961)	-	(1,075,961)	11,447	-	11,447
Impact of change in proportion	(188,475)	(182,010)	(6,465)	-	-	-
Contributions - employer	-	977,875	(977,875)	-	22,554	(22,554)
Contributions - employee	-	318,147	(318,147)	-	15,283	(15,283)
Net investment income	-	(31,408)	31,408	-	(1,400)	1,400
Benefit payments, including refunds	(1,837,000)	(1,837,000)	-	(3,842)	(3,842)	-
Administrative expenses	-	(19,939)	19,939	-	(236)	236
Other changes	-	741	(741)	-	10	(10)
Net changes	\$ 57,702	\$ (773,594)	\$ 831,296	\$ 68,948	\$ 32,369	\$ 36,579
Balances at June 30, 2022	\$ 33,508,838	\$ 31,530,007	\$ 1,978,831	\$ 396,888	\$ 436,975	\$ (40,087)

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 7—PENSION PLANS: (CONTINUED)

Changes in Net Pension Liability (Asset) (continued)

	Component School Board (nonprofessional)			Component Unit Rockbridge Regional Jail Commission		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 7,848,881	\$ 8,978,073	\$ (1,129,192)	\$ 9,306,388	\$ 8,987,135	\$ 319,253
Changes for the year:						
Service cost	\$ 121,199	\$ -	\$ 121,199	\$ 260,960	\$ -	\$ 260,960
Interest	519,198	-	519,198	640,823	-	640,823
Differences between expected and actual experience	(77,887)	-	(77,887)	(307,134)	-	(307,134)
Impact of change in proportion	-	-	-	188,475	182,010	6,465
Contributions - employer	-	62,708	(62,708)	-	279,136	(279,136)
Contributions - employee	-	58,707	(58,707)	-	90,815	(90,815)
Net investment income	-	(1,537)	1,537	-	(8,966)	8,966
Benefit payments, including refunds	(556,512)	(556,512)	-	(524,374)	(524,374)	-
Administrative expenses	-	(5,698)	5,698	-	(5,691)	5,691
Other changes	-	201	(201)	-	211	(211)
Net changes	\$ 5,998	\$ (442,131)	\$ 448,129	\$ 258,750	\$ 13,141	\$ 245,609
Balances at June 30, 2022	\$ 7,854,879	\$ 8,535,942	\$ (681,063)	\$ 9,565,138	\$ 9,000,276	\$ 564,862

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County			
Governmental Activities			
Net Pension Liability (Asset)	\$ 6,132,897	\$ 1,978,831	\$ (1,445,780)
Business-type Activities			
Net Pension Liability (Asset)	\$ 21,344	\$ (40,087)	\$ 87,736
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 149,572	\$ (681,063)	\$ (1,373,232)
Component Unit Rockbridge Regional Jail Commission			
Net Pension Liability (Asset)	\$ 1,750,643	\$ 564,862	\$ (412,700)

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 7—PENSION PLANS: (CONTINUED)

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

For the year ended June 30, 2023, the Primary Government-Governmental Activities, Primary Government Business-type Activities, Component Unit Rockbridge Regional Jail Commission and Component Unit School Board (nonprofessional) recognized pension expense of \$403,818, \$19,747, \$134,182 and (\$152,936), respectively. At June 30, 2023, the Primary Government, Component Unit Rockbridge Regional Jail Commission 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			
	Governmental Activities		Business-type activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 891,819	\$ 9,533	\$ -
Change in assumptions	581,355	-	-	-
Impact of change in proportional allocation	-	24,389	-	-
Net difference between projected and actual earnings on pension plan investments	-	928,672	5,967	-
Employer contributions subsequent to the measurement date	1,187,871	-	21,735	-
Total	<u>\$ 1,769,226</u>	<u>\$ 1,844,880</u>	<u>\$ 37,235</u>	<u>\$ -</u>

	Component Units			
	School Board (Nonprofessional)		Rockbridge Regional Jail Commission	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 24,903	\$ -	\$ 253,376
Change in assumptions	-	-	161,738	-
Impact of change in proportional allocation	-	-	24,389	-
Net difference between projected and actual earnings on pension plan investments	-	270,776	-	253,884
Employer contributions subsequent to the measurement date	40,117	-	345,521	-
Total	<u>\$ 40,117</u>	<u>\$ 295,679</u>	<u>\$ 531,648</u>	<u>\$ 507,260</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 7—PENSION PLANS: (CONTINUED)

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

\$1,187,871, \$21,735, \$345,521 and \$40,117 reported as deferred outflows of resources related to pensions resulting from the Primary Government's Governmental Activities, Business-type activities, Component Unit Regional Jail Commission'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 year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30,	Primary Government		Component Units	
	Governmental Activities	Business-type Activities	School Board (Nonprofessional)	Rockbridge Regional Jail Commission
2024	\$ (407,733)	1,912	\$ (126,967)	\$ (111,163)
2025	(453,156)	1,912	(107,482)	(104,830)
2026	(838,777)	1,914	(179,769)	(229,639)
2027	436,141	7,885	118,539	124,499
2028	-	1,877	-	-
Thereafter	-	-	-	-

Pension Plan Data

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

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COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 7—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employer contribution rate for the year ended June 30, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$3,031,431 and \$2,900,587 for the years ended June 30, 2023 and June 30, 2022, respectively.

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

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

At June 30, 2023, the school division reported a liability of \$18,588,969 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion was .19525% as compared to .20062% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized pension expense of \$707,149. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

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, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,281,783
Change in assumptions	1,752,565	
Net difference between projected and actual earnings on pension plan investments	-	2,423,612
Changes in proportion and differences between employer contributions and proportionate share of contributions	134,905	1,063,073
Employer contributions subsequent to the measurement date	<u>3,031,431</u>	<u>-</u>
Total	<u>\$ 4,918,901</u>	<u>\$ 4,768,468</u>

\$3,031,431 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30,

2024	\$ (857,800)
2025	(1,132,384)
2026	(1,868,691)
2027	977,877
2028	-

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 7—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (continued)

Actuarial Assumptions

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

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COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 7—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (continued)

Actuarial Assumptions (continued)

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

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

Net Pension Liability

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

		<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$	54,732,329
Plan Fiduciary Net Position		<u>45,211,731</u>
Employers' Net Pension Liability (Asset)	\$	<u><u>9,520,598</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		82.61%

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.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 7—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (continued)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 33,201,321	\$ 18,588,969	\$ 6,691,301

Pension Plan Fiduciary Net Position

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

Primary Government and Component Units

Aggregate Pension Information

	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:				
Primary Government				
Governmental activities	\$ 1,769,226	\$ 1,844,880	\$ 1,978,831	\$ 403,818
Business-type activities	\$ 37,235	\$ -	\$ (40,087)	\$ 19,747
Component Unit School Board				
School Board Nonprofessional	\$ 40,117	\$ 295,679	\$ (681,063)	\$ (152,936)
School Board Professional	4,918,901	4,768,468	18,588,969	707,149
Total Component Unit School Board	\$ 4,959,018	\$ 5,064,147	\$ 17,907,906	\$ 554,213
Component Unit Regional Jail Commission	\$ 531,648	\$ 507,260	\$ 564,862	\$ 134,182
Total VRS Pension Plans	\$ 7,297,127	\$ 7,416,287	\$ 20,411,512	\$ 1,111,960

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 8—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 \$8,984 as of June 30, 2023.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%).

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Contributions (continued)

Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Primary Government Governmental Activities contributions to the Group Life Insurance Plan were \$40,225 and \$35,658 for the years ended June 30, 2023 and June 30, 2022, respectively. Primary Government Business-Type Activities contributions to the Group Life Insurance Plan were \$2,110 and \$2,161 for the years ended June 30, 2023 and June 30, 2022, respectively. Component Unit Rockbridge Regional Jail Commission contributions to the Group Life Insurance Plan were \$11,701 and \$10,179 for the years ended June 30, 2023 and June 30, 2022, respectively. School Board contributions to the Group Life Insurance Plan for nonprofessional employees were \$6,680 and \$6,775, for the years ended June 30, 2023 and June 30, 2022, respectively. School Board contributions to the Group Life Insurance Plan for professional employees were \$102,252 and \$97,020, for the years ended June 30, 2023 and June 30, 2022 respectively.

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

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

At June 30, 2023, the Primary Government Governmental Activities reported a liability of \$365,504 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was .03034% as compared to 0.02902% at June 30, 2021.

At June 30, 2023, the Primary Government Business Type Activities reported a liability of \$19,627 for its proportionate share of the Net GLI OPEB Liability. At June 30, 2022, the participating employer's proportion was .00160% as compared to .00190% at June 30, 2021.

At June 30, 2023, the Component Unit Rockbridge Regional Jail Commission reported a liability of \$104,334 for its proportionate share of the Net GLI OPEB Liability. At June 30, 2022, the participating employer's proportion was .00866% as compared to .00808% at June 30, 2021.

At June 30, 2023, the School Board reported liability of \$69,476 for nonprofessional employees and \$994,584 for professional employees for its proportionate share of the Net GLI OPEB Liability. At June 30, 2022 the participating employer's proportion for nonprofessional employees was .00580% as compared to .00590% at June 30, 2021. At June 30, 2022, the participating employer's proportion for School Board professional employees was .08260% as compared to .08470% at June 30, 2021.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 8—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)

For the year ended June 30, 2023, the Primary Government Governmental Activities recognized GLI OPEB expense of \$19,894, the Primary Government Business-type Activities recognized GLI OPEB expense of \$4,695, and the Component Unit Rockbridge Regional Jail recognized GLI OPEB expense of \$5,679. The School Board recognized GLI OPEB expense of (\$3,679), and \$19,827 for nonprofessional and professional employees, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Primary Government			
	Governmental Activities		Business-type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,943	\$ 14,663	1,554	\$ 787
Net difference between projected and actual earnings on GLI OPEB plan investments	-	22,839	-	1,226
Change in assumptions	13,633	35,602	732	1,912
Changes in proportion	32,181	8,320	19,100	3,652
Employer contributions subsequent to the measurement date	40,225	-	2,110	-
Total	\$ 114,982	\$ 81,424	23,496	\$ 7,577

\$40,225, and 2,110 for the Primary Government Governmental Activities, and Primary Government Business-type Activities, respectively were reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30,	Primary Government	
	Governmental Activities	Business-type Activities
2024	\$ 1,141	\$ 3,725
2025	495	3,734
2026	(13,823)	3,064
2027	4,716	4,148
2028	804	(862)
Thereafter	-	-

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 8—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				Rockbridge	
	Nonprofessional Employees		Professional Employees		Regional Jail Commission	
	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	\$ 5,502	\$ 2,787	\$ 78,758	\$ 39,900	\$ 8,262	\$ 4,186
Net difference between projected and actual earnings on GLI OPEB plan investments	-	4,341	-	62,147	-	6,519
Change in assumptions	2,591	6,767	37,096	96,876	3,891	10,162
Changes in proportion	-	12,374	10,382	62,592	9,186	2,375
Employer contributions subsequent to the measurement date	6,680	-	102,252	-	11,701	-
Total	\$ 14,773	\$ 26,269	\$ 228,488	\$ 261,515	\$ 33,040	\$ 23,242

\$6,680, \$102,252, and \$11,701 for the School Board nonprofessional, School Board professional employees, and Rockbridge Regional Jail Authority, respectively, were reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Component Unit					
Rockbridge Regional Jail Commission		School Board			
		Nonprofessional Employees		Professional Employees	
Year Ended June 30,		Year Ended June 30,		Year Ended June 30,	
2024	\$ 327	2024	\$ (6,125)	2024	\$ (28,628)
2025	141	2025	(4,478)	2025	(27,198)
2026	(3,946)	2026	(5,834)	2026	(63,908)
2027	1,346	2027	(942)	2027	(3,155)
2028	229	2028	(797)	2028	(12,390)
Thereafter	-	Thereafter	-	Thereafter	-

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 8—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, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (continued)

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 8—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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 8—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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NET GLI OPEB Liability

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

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

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.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

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

** On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.5%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to 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.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)***Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Primary Government's - Governmental Activities proportionate share of the GLI Plan Net OPEB Liability	\$ 531,852	\$ 365,504	\$ 231,073
Primary Government's - Business-type Activities proportionate share of the GLI Plan Net OPEB Liability	\$ 28,559	\$ 19,627	\$ 12,408
Regional Jail's proportionate share of the GLI Plan Net OPEB Liability	\$ 151,818	\$ 104,334	\$ 65,960
School Board's proportionate share of the GLI Plan Net OPEB Liability-nonprofessional employees	\$ 101,096	\$ 69,476	\$ 43,923
School Board's proportionate share of the GLI Plan Net OPEB Liability-professional employees	\$ 1,447,236	\$ 994,584	\$ 628,779

GLI Program Fiduciary Net Position

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 9—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 9—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Employees Covered by Benefit Terms

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>40</u>
Inactive members:	
Vested inactive members	<u>2</u>
Active members	<u>58</u>
Total covered employees	<u><u>100</u></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 County’s contractually required employer contribution rate for the year ended June 30, 2023 was 1.28% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the HIC Plan were \$15,794 and \$14,177 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net HIC OPEB Liability

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

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COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 9—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

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

Inflation	2.50%
Salary increases, including inflation:	
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 – Non-Largest Ten Locality Employers – General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 9—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)**Actuarial Assumptions (continued)****Mortality Rates – Non-Largest Ten Locality Employers – General Employees (continued)**

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

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

Long-Term Expected Rate of Return

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 9—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return (continued)

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

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

Discount Rate

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

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 200,389	\$ 15,330	\$ 185,059
Changes for the year:			
Service cost	\$ 1,945	\$ -	\$ 1,945
Interest	13,468	-	13,468
Differences between expected and actual experience	(22,269)	-	(22,269)
Assumption changes	40,427	-	40,427
Contributions - employer	-	14,177	(14,177)
Net investment income	-	(206)	206
Benefit payments	(5,610)	(5,610)	-
Administrative expenses	-	(42)	42
Other changes	-	563	(563)
Net changes	\$ 27,961	\$ 8,882	\$ 19,079
Balances at June 30, 2022	\$ 228,350	\$ 24,212	\$ 204,138

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 9—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)***Sensitivity of the County's HIC Net OPEB Liability to Changes in the Discount Rate***

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
County's				
Net HIC OPEB Liability	\$	221,979	\$ 204,138	\$ 188,651

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

For the year ended June 30, 2023, the County recognized HIC Plan OPEB expense of \$21,210. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to the County's HIC Plan from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	-	\$ 15,222
Net difference between projected and actual earnings on HIC OPEB plan investments		527	-
Change in assumptions		29,863	-
Employer contributions subsequent to the measurement date		15,794	-
Total	\$	<u>46,184</u>	<u>\$ 15,222</u>

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COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 9—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

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

\$15,794 reported as deferred outflows of resources related to the HIC OPEB resulting from the County’s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>		
2024	\$	7,660
2025		6,207
2026		993
2027		308
2028		-
Thereafter		-

HIC Plan Data

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

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COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 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 \$229,096 and \$216,790 for the years ended June 30, 2023 and June 30, 2022, respectively.

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

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

At June 30, 2023, the school division reported a liability of \$2,401,042 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2022 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion of the VRS Teacher Employee Health Insurance Credit was .19223% as compared to .19761% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$167,407. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

At June 30, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 97,870
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	2,410
Change in assumptions	70,147	6,131
Changes in proportionate share and differences between actual and expected contributions	21,068	144,921
Employer contributions subsequent to the measurement date	229,096	-
Total	\$ 320,311	\$ 251,332

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):
(CONTINUED)

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

\$229,096 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, 2024. 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>		
2024	\$	(31,807)
2025		(29,532)
2026		(26,799)
2027		(22,039)
2028		(28,638)
Thereafter		(21,302)

Actuarial Assumptions

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 10—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 Continent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 10—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, 2022, NOL amounts for the VRS Teacher Employee HIC Plan are as follows (amounts expressed in thousands):

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

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

Long-Term Expected Rate of Return

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 10—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return (continued)

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

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

Discount Rate

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

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	2,706,002	\$ 2,401,042	\$ 2,142,535

Teacher Employee HIC OPEB Fiduciary Net Position

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 11—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN):

Plan Description

In addition to the pension benefits described in Note 7, the Primary Government administers a single-employer defined benefit healthcare plan, the County of Rockbridge OPEB 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.

The School Board also administers a single-employer defined benefit healthcare plan, the Rockbridge County School Board OPEB Plan. Similar to the Rockbridge County OPEB Plan, this plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plans. The School Board plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees include Medical, Dental, and Prescription insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the Primary Government who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits if they have at least 5 years of service with the Primary Government. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits if they have at least 10 years of services with the School Board.

Plan Membership

At July 1, 2022 (the measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit	
		Rockbridge Regional Jail Commission	School Board
Total active employees with coverage	190	36	373
Total retirees with coverage	2	0	27
Total	192	36	400

Contributions

The County and School Board do 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 or the School board for the respective plans. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2023 was \$8,000. The amount paid by the Component Unit Rockbridge Regional Jail Commission during the year ended June 30, 2023 under the County plan was \$2,000. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2023 was \$245,000.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 11—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

Total OPEB Liability

The County's and School Board's total OPEB liabilities were measured as of July 1, 2022. The total OPEB liabilities were determined by actuarial valuations as July 1, 2022.

Actuarial Assumptions

The total OPEB liability in the July 1, 2022 actuarial valuations for the County and for the School Board were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Salary Increases	2.50% per year for general salary inflations
Discount Rate	The discount rate has been set to equal 3.69%
Investment Rate of Return	N/A

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

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

Discount Rate

The discount rate has been set to 3.69% and represents the Municipal GO AA 20-year yield curve rate as of July 1, 2022. The final equivalent single discount rate used for this year's valuation is 3.69% as of the end of the fiscal year with the expectation that the County and School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

		Component Unit	
	Primary Government Total OPEB Liability	Rockbridge Regional Jail Total OPEB Liability	School Board Total OPEB Liability
Balances at July 1, 2021	\$ 423,000	\$ 79,000	\$ 5,918,000
Changes for the year:			
Service cost	33,000	14,000	285,000
Interest	10,000	2,000	117,000
Difference between expected and actual experience	(64,000)	(13,000)	(784,000)
Changes in assumptions	(57,000)	(13,000)	(583,000)
Benefit payments	(8,000)	(2,000)	(245,000)
Net changes	(86,000)	(12,000)	(1,210,000)
Balances at July 1, 2022	\$ 337,000	\$ 67,000	\$ 4,708,000

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

**NOTE 11—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN):
(CONTINUED)**

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

The following amounts present the total OPEB liabilities of the Primary Government, Component Unit Rockbridge Regional Jail Commission, and Component Unit School Board, as well as what the total OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current discount rate:

	Rate		
	1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
Primary Government			
\$	374,107	\$ 337,000	\$ 303,679
Component Unit Rockbridge Regional Jail Commission			
\$	74,378	\$ 67,000	\$ 60,375
Component Unit School Board			
\$	5,064,000	\$ 4,708,000	\$ 4,378,000

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

The following presents the total OPEB liabilities of the Primary Government, Component Unit Rockbridge Regional Jail Commission, and Component Unit School Board, as well as what the total OPEB liabilities would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	Rates		
	1% Decrease (5.50% decreasing to 5.00%)	Healthcare Cost Trend (6.50% decreasing to 5.00%)	1% Increase (7.50% decreasing to 7.00%)
Primary Government			
\$	296,864	\$ 337,000	\$ 383,953
Component Unit Rockbridge Regional Jail Commission			
\$	59,020	\$ 67,000	\$ 76,335
Component Unit School Board			
\$	4,258,000	\$ 4,708,000	\$ 5,231,000

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 11—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

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

For the year ended June 30, 2023, the Primary Government recognized OPEB expense in the amount of \$60,000. The Component Unit Rockbridge Regional Jail recognized OPEB expense in the amount of (\$1,000). The School Board recognized OPEB expense in the amount of \$75,000. At June 30, 2023, deferred outflows of resources and deferred inflows of resources related to Pay as You Go OPEB plan are as follows:

	Component Unit					
	Primary Government		Rockbridge Regional Jail Commission		School Board	
	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	\$ 32,565	\$ 58,312	\$ 6,474	\$ 11,593	\$ 32,000	\$ 1,145,000
Changes in assumptions	28,021	49,982	5,571	9,937	415,000	567,000
Employer contributions subsequent to the measurement date	8,000	-	2,000	-	245,000	-
Total	<u>\$ 68,586</u>	<u>\$ 108,294</u>	<u>\$ 14,045</u>	<u>\$ 21,530</u>	<u>\$ 692,000</u>	<u>\$ 1,712,000</u>

\$8,000, \$2,000, and \$245,000 reported as deferred outflows of resources related to OPEB resulting from the Primary Government's, Rockbridge Regional Jail Commission's, and School Board's respective contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the fiscal year ended June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pay as You Go OPEB Plan will be recognized in the OPEB expense in future reporting periods as follows:

Year Ended June 30,	Component Unit		
	Primary Government	Rockbridge Regional Jail Commission	School Board (nonprofessional)
2024	\$ (2,272)	\$ (452)	\$ (332,000)
2025	1,515	301	(191,000)
2026	(4,544)	(903)	(237,000)
2027	(16,661)	(3,312)	(272,000)
2028	(19,689)	(3,915)	(233,000)
Thereafter	(6,057)	(1,204)	-

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 12—AGGREGATION OF OPEB PLANS:

		Primary Government			
		Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:					
Group Life Insurance Program (Note 8):					
Primary Government - Governmental Activities	\$	114,982	\$ 81,424	\$ 365,504	\$ 19,894
Primary Government - Business-type Activities		23,496	7,577	19,627	4,695
County Stand-Alone Plan (Note 11)		68,586	108,294	337,000	60,000
Totals	\$	<u>207,064</u>	\$ <u>197,295</u>	\$ <u>722,131</u>	\$ <u>84,589</u>
		Component Unit			
		Rockbridge Regional Jail Commission			
		Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS Group Life Insurance Program (Note 8):	\$	33,040	\$ 23,242	\$ 104,334	\$ 5,679
Stand-Alone Plan (Note 11)		14,045	21,530	67,000	(1,000)
Totals	\$	<u>47,085</u>	\$ <u>44,772</u>	\$ <u>171,334</u>	\$ <u>4,679</u>
		Component Unit			
		School Board			
		Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:					
Group Life Insurance Program (Note 8):					
School Board Nonprofessional	\$	14,773	\$ 26,269	\$ 69,476	\$ (3,679)
School Board Professional		228,488	261,515	994,584	19,827
County Health Insurance Credit Program (Note 9)		46,184	15,222	204,138	21,210
Teacher Health Insurance Credit Program (Note 10)		320,311	251,332	2,401,042	167,407
School Stand-Alone Plan (Note 11)		692,000	1,712,000	4,708,000	75,000
Totals	\$	<u>1,301,756</u>	\$ <u>2,266,338</u>	\$ <u>8,377,240</u>	\$ <u>279,765</u>

NOTE 13—DEFERRED/UNAVAILABLE REVENUE PROPERTY TAXES AND INFLOWS/OUTFLOWS OF RESOURCES:

Deferred revenue / unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. Deferred and unavailable revenue in the government-wide and fund financial statements totaling \$10,470,793 and \$11,882,034 respectively, is comprised of the following:

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Deferred/unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 1,634,033
2nd half assessments due in December	9,463,613	9,463,613
Prepaid property taxes due after June 30 but paid in advance by taxpayers	577,180	577,180
Opioid settlement revenue due for fiscal years 2023 through 2034	-	207,208
Total unavailable/deferred revenue	\$ <u>10,040,793</u>	\$ <u>11,882,034</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 13—DEFERRED/UNAVAILABLE REVENUE PROPERTY TAXES AND INFLOWS/OUTFLOWS OF RESOURCES: (CONTINUED)

Unearned revenue of the Primary Government is comprised of prepaid Department of Motor Vehicle fees in the amount of \$4,036, unspent school construction grant funding of \$320,310, and \$4,021,490 in State and Local Fiscal Recovery Funds unspent as of June 30, 2023.

NOTE 14—CONTINGENT LIABILITIES:

Federal programs in which the County participates were audited in accordance with the Uniform Guidance. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by audit, the federal government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

NOTE 15—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 the County and its discretely component units to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, prime quality commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard & Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities

The County investment policy for credit risk is consistent with the investments allowed by statutes as detailed above.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 15—DEPOSITS AND INVESTMENTS: (CONTINUED)

The County and its discretely presented component units rated debt investments as of June 30, 2023 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

County's Rated Debt Investments' Values			
Rated Debt Investments		Fair Quality Ratings	
		AAAm	AA+f
Local Government Investment Pool	\$	3,580,006	\$ -
SNAP External Investment Pool		1,000,706	-
Virginia Investment Pool		34,331,268	1,260,660
Total	\$	<u>38,911,980</u>	<u>\$ 1,260,660</u>

Virginia Investment Pool

Fair value of the Virginia Investment Pool is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County has measured fair value of the above investments at the net asset value (NAV). Under the redemption restrictions, the County is limited to two withdrawals per month.

External Investment Pool

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

Interest Rate Risk

All County investments must be in securities maturing within five years. Maturities of the County's investments are as follows:

Investments		Fair Value	Maturity	
			Less than 1 year	1-5 years
Local Government Investment Pool	\$	3,580,006	\$ 3,580,006	\$ -
SNAP External Investment Pool		1,000,706	1,000,706	-
Virginia Investment Pool		35,591,928	34,331,268	1,260,660
Total	\$	<u>40,172,640</u>	<u>\$ 38,911,980</u>	<u>\$ 1,260,660</u>

NOTE 16—RISK MANAGEMENT:

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial insurance for all of these 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 ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 17—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2023 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Transfers/ Reclassifications	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,828,992	\$ -	\$ -	\$ -	\$ 1,828,992
Construction in progress	4,100,410	264,830	(4,345,943)	-	19,297
Total capital assets not being depreciated	\$ 5,929,402	\$ 264,830	\$ (4,345,943)	\$ -	\$ 1,848,289
Capital assets being depreciated:					
Buildings and improvements	\$ 73,904,637	\$ 777,635	\$ -	\$ (2,565,400)	\$ 72,116,872
Machinery and equipment	4,853,073	4,706,767	-	(110,000)	9,449,840
Total capital assets being depreciated	\$ 78,757,710	\$ 5,484,402	\$ -	\$ (2,675,400)	\$ 81,566,712
Accumulated depreciation:					
Buildings and improvements	\$ (20,094,995)	\$ (1,849,916)	\$ -	\$ 840,413	\$ (21,104,498)
Machinery and equipment	(3,363,245)	(659,188)	-	7,333	(4,015,100)
Total accumulated depreciation	\$ (23,458,240)	\$ (2,509,104)	\$ -	\$ 847,746	\$ (25,119,598)
Total capital assets being depreciated, net	\$ 55,299,470	\$ 2,975,298	\$ -	\$ (1,827,654)	\$ 56,447,114
Lease assets:					
Equipment	\$ 6,101	\$ 5,068	\$ 2,585	\$ -	\$ 8,584
Accumulated amortization:					
Equipment	\$ (3,114)	\$ (3,615)	\$ (2,585)	\$ -	\$ (4,144)
Net lease assets	\$ 2,987	\$ 1,453	\$ -	\$ -	\$ 4,440
Governmental activities capital assets, net	\$ 61,231,859	\$ 3,241,581	\$ (4,345,943)	\$ (1,827,654)	\$ 58,299,843
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 531,037	\$ -	\$ -	\$ -	\$ 531,037
Total capital assets not being depreciated	\$ 531,037	\$ -	\$ -	\$ -	\$ 531,037
Capital assets being depreciated:					
Buildings and improvements	\$ 12,081,638	\$ -	\$ -	\$ -	\$ 12,081,638
Machinery and equipment	2,056,916	10,002	-	-	2,066,918
Total capital assets being depreciated	\$ 14,138,554	\$ 10,002	\$ -	\$ -	\$ 14,148,556
Accumulated depreciation:					
Buildings and improvements	\$ (2,940,495)	\$ (909,425)	\$ -	\$ -	\$ (3,849,920)
Machinery and equipment	(1,573,430)	(163,776)	-	-	(1,737,206)
Total accumulated depreciation	\$ (4,513,925)	\$ (1,073,201)	\$ -	\$ -	\$ (5,587,126)
Total capital assets being depreciated, net	\$ 9,624,629	\$ (1,063,199)	\$ -	\$ -	\$ 8,561,430
Lease assets:					
Equipment	\$ 5,924	\$ -	\$ -	\$ -	\$ 5,924
Accumulated amortization:					
Equipment	\$ (1,247)	\$ (1,248)	\$ -	\$ -	\$ (2,495)
Net lease assets	\$ 4,677	\$ (1,248)	\$ -	\$ -	\$ 3,429
Business-type activities capital assets, net	\$ 10,160,343	\$ (1,064,447)	\$ -	\$ -	\$ 9,095,896

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 17—CAPITAL ASSETS: (CONTINUED)**Primary Government: (continued)**

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

Governmental activities:

General government administration	\$	1,071,324
Judicial administration		12,773
Public safety		376,679
Public works		98,874
Parks, recreation, and cultural		18,322
Education		934,747
Total depreciation expense-governmental activities	\$	<u>2,512,719</u>

Business-type activities:

Blue Ridge Resource Authority	\$	1,074,449
Total depreciation expense-business-type activities	\$	<u>1,074,449</u>

Discretely Presented Component Unit-School Board:

Capital asset activity for the School Board for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Transfers/ Reclassifications	Ending Balance
Capital assets not being depreciated:					
Land	\$ 117,555	\$ -	\$ -	\$ -	\$ 117,555
Construction in progress	<u>479,764</u>	<u>2,582,728</u>	<u>(641,285)</u>	<u>-</u>	<u>2,421,207</u>
Total capital assets not being depreciated	<u>\$ 597,319</u>	<u>\$ 2,582,728</u>	<u>\$ (641,285)</u>	<u>\$ -</u>	<u>\$ 2,538,762</u>
Capital assets being depreciated:					
Buildings and improvements	\$ 53,244,982	\$ 254,957	\$ -	\$ 2,565,400	\$ 56,065,339
Machinery and equipment	<u>10,984,306</u>	<u>2,470,540</u>	<u>-</u>	<u>110,000</u>	<u>13,564,846</u>
Total capital assets being depreciated	<u>\$ 64,229,288</u>	<u>\$ 2,725,497</u>	<u>\$ -</u>	<u>\$ 2,675,400</u>	<u>\$ 69,630,185</u>
Accumulated depreciation:					
Buildings and improvements	\$ (28,562,770)	\$ (1,291,764)	\$ -	\$ (840,413)	\$ (30,694,947)
Machinery and equipment	<u>(7,836,197)</u>	<u>(792,139)</u>	<u>-</u>	<u>(7,333)</u>	<u>(8,635,669)</u>
Total accumulated depreciation	<u>\$ (36,398,967)</u>	<u>\$ (2,083,903)</u>	<u>\$ -</u>	<u>\$ (847,746)</u>	<u>\$ (39,330,616)</u>
Total capital assets being depreciated, net	<u>\$ 27,830,321</u>	<u>\$ 641,594</u>	<u>\$ -</u>	<u>\$ 1,827,654</u>	<u>\$ 30,299,569</u>
Lease assets:					
Equipment	<u>\$ 76,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,990</u>
Accumulated amortization:					
Equipment	<u>\$ (18,885)</u>	<u>\$ (21,860)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (40,745)</u>
Net lease assets	<u>\$ 58,105</u>	<u>\$ (21,860)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,245</u>
School Board capital assets, net	<u>\$ 28,485,745</u>	<u>\$ 3,202,462</u>	<u>\$ (641,285)</u>	<u>\$ 1,827,654</u>	<u>\$ 32,874,576</u>

Depreciation and amortization expense for the year ended June 30, 2023 was \$2,105,763.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 17—CAPITAL ASSETS: (CONTINUED)

Discretely Presented Component Unit-School Board: (continued)

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, changed the reporting of local school capital assets and related debt for financial statement purposes. Under the law, local governments have a tenancy in common with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Rockbridge, Virginia for the year ended June 30, 2023, is that school financed assets in the amount of \$31,783,207 are reported in the Primary Government for financial reporting purposes. During fiscal year 2023, debt financed assets in the amount of \$1,827,654 were removed from the governmental activities building and improvements and added to the School Board building and improvements as the result of principal payments on the related debt.

Discretely Presented Component Unit—Rockbridge Area Social Services Board:

Capital asset activity for the Social Services Board for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Decreases	Ending Balance
Capital assets being depreciated:				
Equipment and vehicles	\$ 203,326	\$ 51,549	\$ -	\$ 254,875
Total capital assets being depreciated	\$ 203,326	\$ 51,549	\$ -	\$ 254,875
Accumulated depreciation:				
Equipment and vehicles	\$ (203,326)	\$ (10,310)	\$ -	\$ (213,636)
Total accumulated depreciation	\$ (203,326)	\$ (10,310)	\$ -	\$ (213,636)
Total capital assets being depreciated, net	\$ -	\$ 41,239	\$ -	\$ 41,239
Lease assets:				
Equipment	\$ 22,304	\$ -	\$ -	\$ 22,304
Building	311,616	-	-	311,616
Total lease assets being amortized	\$ 333,920	\$ -	\$ -	\$ 333,920
Accumulated amortization:				
Equipment	\$ (6,380)	\$ (6,380)	\$ -	\$ (12,760)
Building	(25,968)	(103,872)	-	(129,840)
Total accumulated amortization	\$ (32,348)	\$ (110,252)	\$ -	\$ (142,600)
Net lease assets	\$ 301,572	\$ (110,252)	\$ -	\$ 191,320
Net capital assets	\$ 301,572	\$ (69,013)	\$ -	\$ 232,559

Depreciation and amortization expense for the year ended June 30, 2023 was \$120,562.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 17—CAPITAL ASSETS: (CONTINUED)**Component Unit—Rockbridge Regional Jail Commission:**

A summary of capital assets is summarized below:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Buildings and improvements	\$ 6,036,798	\$ -	\$ -	\$ 6,036,798
Machinery and equipment	785,021	49,449	-	834,470
Total capital assets being depreciated	\$ 6,821,819	\$ 49,449	\$ -	\$ 6,871,268
Accumulated depreciation:				
Buildings and improvements	\$ (3,765,071)	\$ (157,250)	\$ -	\$ (3,922,321)
Machinery and equipment	(370,415)	(111,348)	-	(481,763)
Total accumulated depreciation	\$ (4,135,486)	\$ (268,598)	\$ -	\$ (4,404,084)
Total capital assets being depreciated, net	\$ 2,686,333	\$ (219,149)	\$ -	\$ 2,467,184
Lease assets:				
Equipment	\$ 23,280	\$ -	\$ -	\$ 23,280
Accumulated amortization:				
Equipment	\$ (6,551)	\$ (7,260)	\$ -	\$ (13,811)
Net lease assets	\$ 16,729	\$ (7,260)	\$ -	\$ 9,469
Jail Commission capital assets, net	\$ 2,703,062	\$ (226,409)	\$ -	\$ 2,476,653

Depreciation and amortization expense for the year ended June 30, 2023 totaled \$275,858.

Component Unit—Rockbridge County Public Service Authority:

A summary of changes in capital assets for the year ended June 30, 2023 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 410,596	\$ -	\$ -	\$ 410,596
Construction in progress	8,318	-	-	8,318
Total capital assets not being depreciated	\$ 418,914	\$ -	\$ -	\$ 418,914
Capital assets being depreciated:				
Buildings and improvements	\$ 176,866	\$ -	\$ -	\$ 176,866
Machinery and equipment	1,009,166	25,812	(18,933)	1,016,045
Utility plant and equipment	43,007,093	21,736	-	43,028,829
Capital assets being depreciated	\$ 44,193,125	\$ 47,548	\$ (18,933)	\$ 44,221,740
Accumulated depreciation				
Buildings and improvements	\$ (136,275)	\$ (3,844)	\$ -	\$ (140,119)
Machinery and equipment	(816,737)	(45,227)	18,933	(843,031)
Utility plant and equipment	(18,714,609)	(1,015,672)	-	(19,730,281)
Total accumulated depreciation	\$ (19,667,621)	\$ (1,064,743)	\$ 18,933	\$ (20,713,431)
Capital assets being depreciated, net	\$ 24,525,504	\$ (1,017,195)	\$ -	\$ 23,508,309
Capital assets, net Public Service Authority	\$ 24,944,418	\$ (1,017,195)	\$ -	\$ 23,927,223

Depreciation expense for the fiscal year totaled \$1,064,743.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 18—ADVANCES TO/FROM PARTICIPATING ENTITIES:

The general fund has established an asset for advances to other entities in the amount of \$4,460,363. The details for advances made to participating entities are as follows:

	Balance July 1, 2022	Increase (Decrease)	Balance June 30, 2023
Rockbridge County Public Service Authority	\$ 4,052,984	\$ 98,460	\$ 4,151,444
Rockbridge Area Net Authority	253,785	-	253,785
Town of Goshen, Virginia	51,560	(12,738)	38,822
Rockbridge Fire/EMS Agencies	16,302	-	16,302
	<u>\$ 4,374,631</u>	<u>\$ 85,722</u>	<u>\$ 4,460,353</u>

NOTE 19—LANDFILL CLOSURE AND POST-CLOSURE CARE COST:

The Blue Ridge Resource Authority owns the only permitted landfill site within the County of Rockbridge. The Cities of Lexington and Buena Vista also use the landfill site. Landfill costs are prorated to each jurisdiction based on tonnage of solid waste accepted each month. The Blue Ridge Resource Authority is responsible for the management and operation of the landfill. Rockbridge County's share of tonnage has historically been approximately 70%, the City of Lexington's share has been approximately 20%, and Buena Vista's approximately 10%.

State and federal laws and regulations require the Blue Ridge Resource Authority to place a final cover on the landfill site when it is filled to capacity or stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the Blue Ridge Resource Authority reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity at each balance sheet date.

The landfill began operation during 1972 and reached capacity during fiscal year 2018. The Authority constructed a new landfill cell that began operations on July 1, 2017. The \$10,777,095 reported as accrued closure and post-closure liability at June 30, 2023 represents the cumulative amount reported for post closure of the landfill which has reached full capacity (\$5,261,740), and the estimated closure and post closure liability for the new landfill cells based on the estimated use of capacity as of June 30, 2023 (approximately 99.95% for cell I, and 14% for cell II). Closure and post closure cost based on estimated use of capacity is \$4,927,134, and \$588,221 for cell I and cell II, respectively. The estimated total current cost of the landfill closure and post-closure care of \$10,777,095 is based on the amount that would be paid if all equipment, facilities and services required to close, monitor and maintain the landfill were acquired as of June 30, 2023. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Blue Ridge Resource Authority intends to fund these costs from tipping revenues and from any funds derived and accumulated for this purpose in the upcoming years.

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 20—DUE TO OTHER GOVERNMENTS:

During fiscal year 2013 the County entered into an agreement with the City of Buena Vista, Virginia and the City of Lexington, Virginia in order to fund certain renovation improvements to the Rockbridge County Regional Jail. The agreement stipulates that each locality shall be responsible for a portion of the debt issued to finance the project. The City of Lexington serves as fiscal agent for the project and as such, will pay the annual debt service through April 2028. The participating localities will reimburse the City of Lexington for the debt service. As of June 30, 2023, the portion of the debt allocable to the County of Rockbridge, Virginia amounted to \$408,211.

The Component Unit Rockbridge Area Social Services Board reported a balance due to other governments in the amount of \$21,810, which represents the net balance owed to or due from the Cities of Buena Vista and Lexington, Virginia. The details of balances due from or due to the Cities of Buena Vista and Lexington are as follows:

	Component Unit Rockbridge Area Social Services Board		
	Due From / (Due To)		
	Buena Vista	Lexington	Total
Administrative fees due from the Cities	\$ 17,340	\$ 13,489	\$ 30,829
CSA accounts payable, reimbursement is due from the Cities	487,381	138,520	625,901
CSA local accounts receivable due to the Cities	(12,134)	(12,269)	(24,403)
CSA pool reimbursements due to the Cities	(450,560)	(163,524)	(614,084)
State/federal reimbursements due to the Cities	(23,661)	(16,392)	(40,053)
Total due from (due to) other governments	\$ 18,366	\$ (40,176)	\$ (21,810)

NOTE 21—SURETY BONDS:

The County had the following surety bonds on hand at June 30, 2023:

	Amount
Department of Treasury - Division of Risk Management	
Michelle M. Trout, Clerk of the Circuit Court	\$ 230,000
Betty S. Trovato, Treasurer	400,000
David C. Whitesell, Commissioner of the Revenue	3,000
G.S. Funkhouser, Sheriff	30,000
Above constitutional officers' employees-blanket bond	50,000
VACORP	
Rhonda Humphries, Clerk of the School Board	250,000
Blanket position - all employees	250,000

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 22—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2023 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 1,316,133
County Capital Projects Fund	905,120	-
Landfill Fund	350,000	-
School Capital Projects Fund	61,013	-
Total	\$ <u>1,316,133</u>	\$ <u>1,316,133</u>

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

NOTE 23—SEGMENT INFORMATION FOR BUSINESS-TYPE ACTIVITIES:

	<u>Enterprise Fund</u>
	<u>Landfill Fund</u>
Operating revenue	\$ 2,852,452
Depreciation and amortization	1,074,449
Operating income (loss)	632,656
Property, plant and equipment additions	10,002
Net working capital	2,523,396
Total assets	15,121,966
Long-term liabilities	17,576,238
Net position	(3,255,465)

NOTE 24—CONSTRUCTION CONTRACTS OUTSTANDING:

The Primary Government had the following construction contract outstanding as of June 30, 2023:

<u>Project</u>	<u>Contractor</u>	<u>Original Contract Amount</u>	<u>Amount Spent to Date</u>	<u>Amount of Contract Remaining at Year End</u>
Component unit:				
School Board:				
Maury River School HVAC	Trane	\$ 2,767,485	\$ 1,638,715	\$ 1,128,770
Innovation Building	Spectrum Design	609,500	481,444	128,056
Total School Board		\$ <u>3,376,985</u>	\$ <u>2,120,159</u>	\$ <u>1,256,826</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 25—LEASES RECEIVABLE:

The following is a summary of leases receivable transactions of the County for the year ended June 30, 2023:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Business-type activities:					
Lease receivable	\$ 76,710	\$ -	\$ (4,061)	\$ 72,649	\$ 1,723

The details of leases receivable are as follows:

Lease Description	Start Date	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One Year
Cell tower space	7/1/2021	7/1/2035	Annual	2.35%	\$ 72,649	\$ 4,262

There are no variable payments for the lease receivable above.

Deferred inflows related to leases total \$71,487, which is comprised of lease receivables of \$72,649 and prepaid lease revenue of \$1,162. Lease revenue amounted to \$7,222 for the year ended June 30, 2023. Future minimum lease payments are as follows:

Year Ended June 30,	Future Minimum Lease Payments
2024	\$ 5,985
2025	6,090
2026	6,195
2027	6,300
2028	6,405
Thereafter	54,705
Total	\$ 85,680
Less: interest portion	(13,031)
Net lease receivable	\$ 72,649

NOTE 26—COMMITMENTS AND CONTINGENCIES:

The County and the City of Lexington entered into a modified voluntary settlement of Annexation and Immunity Agreement on May 6, 1986. This agreement is based on real estate assessed values and on non-property local taxes. The amount due the City of Lexington is payable on January 1 of each year. Included in these financial statements is the payment for the year ended June 30, 2023 in the amount of \$2,209,533. The amount to be paid on January 1, 2024, and which is not included in the financial statements, totals \$2,396,989 for the fiscal year ended June 30, 2023.

The County has guaranteed debt issued by the Maury Service Authority (MSA) for the construction and upgrades of its current wastewater treatment plant. The MSA's debt totaled \$2,584,068 as of June 30, 2022 and is scheduled to be completely retired by June 2031. The County paid \$161,504 to the MSA in fiscal year 2023 for half of the debt service, the City of Lexington pays an equal assessment. The annual assessment will remain the same for fiscal years 2023 to 2031.

The County along with the Cities of Lexington and Buena Vista, have entered into an agreement with the Rockbridge Regional Public Safety Communications Center, for the purpose of providing contributions for the payment of debt associated with its radio upgrade project through June 30, 2030. Each locality will contribute a percentage of the total cost of the upgrade based upon its annual assessed value of real estate. The amount owed by the Rockbridge Regional Public Safety Communications Center on the capital lease obligations at June 30, 2023 was \$3,752,335 and an annual payment of \$757,744 will be paid by the Center through June 2030.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 27—LITIGATION:

At June 30, 2023, there were no matters of litigation involving the County for which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

NOTE 28—SELF-INSURED HEALTH INSURANCE:

The County established an internal service fund entitled Self-Insured Health Insurance Fund as of July 1, 2021 that has been included in the financial statements. The purpose of this fund is to disclose the County's self-insured health insurance transactions for the fiscal year as required by GASB 10. The County uses Cigna Health and Life Insurance Company as the administrator of the self-insured plan. The Self-Insured Health Insurance fund pays Cigna Health and Life Insurance Company an administrative fee for these services. This fund serves the County and accounts for the health insurance activities of the aforementioned funds but does not constitute a transfer of risk from the County.

Significant losses, over \$100,000, are covered by commercial insurance. Stop loss insurance coverage began in July 2021. During fiscal year 2023, there were no settlement amounts exceeding coverage.

The County records an estimated liability for indemnity health care claims. Claims liabilities are based on estimates of the ultimate cost of reported claims and an estimate for claims incurred but not reported (IBNR) based on historical experience.

Cigna Health and Life Insurance Company has established a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. At June 30, 2023 the plan liability was \$263,917. The net position of the Plan maintained by the County can be found on Exhibit 35. The following represents the change in approximate aggregate liabilities for the fund:

	Beginning of Fiscal Year (Surplus) Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End (Surplus) Liability
2022-2023	\$ 263,917	\$ 1,929,683	\$ 1,876,678	\$ 210,912
2021-2022	\$ -	\$ 1,179,951	\$ 1,443,868	\$ 263,917

NOTE 29—SUBSEQUENT EVENTS:

On November 9, 2023, the County issued Tax-Exempt Series 2023B Bonds in the amount of \$13,925,000, with a final maturity date of July 15, 2048. The bonds were issued at a premium of \$580,506, with arbitrage yield of 4.2755% and all-in interest cost of 4.7017%. Payments on the bonds are due semi-annually on January 15 and July 15, commencing July 15, 2024, and ending at final maturity. Principal payments will be due annually on July 15th commencing on July 15, 2028, and ending at final maturity.

On December 7, 2023, the County issued a taxable lease revenue bond in the amount of \$1,315,000 through the Economic Development Authority of Rockbridge County, Virginia. The bond carries interest at 6.95%, payable semi-annually on June and December 1, commencing June 1, 2024. Principal is payable annually on December 1, commencing December 1, 2024 and continuing until final maturity on December 1, 2033.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2023

NOTE 30—RESTATEMENT OF BEGINNING NET POSITION:

Beginning net position has been restated to correct the net pension liability, net pension asset, net OPEB liabilities, deferred inflows, and deferred outflows for the governmental and business type activities of the County. The details of the restatement are as follows:

	Government-wide Financial Statements			Fund Financial Statements
	Governmental Activities	Business-Type Activities	Primary Government	Landfill Fund
Net position at July 1, 2022 as originally reported	\$ 47,316,189	\$ (2,965,541)	\$ 44,350,648	\$ (2,965,541)
To correct the net pension liability and net pension asset, deferred outflow for pensions, and deferred inflow for pensions as a result of the Blue Ridge Resource Authority's establishment of a separate account with Virginia Retirement System.	(193,495)	271,257	77,762	271,257
To correct the net OPEB liability, deferred inflow for OPEB items, and deferred outflow for OPEB items as a result of the Blue Ridge Resource Authority's establishment of a separate account with Virginia Retirement System.	(18,543)	15,012	(3,531)	15,012
Net position at July 1, 2022 as restated	\$ <u>47,104,151</u>	\$ <u>(2,679,272)</u>	\$ <u>44,424,879</u>	\$ <u>(2,679,272)</u>

NOTE 31—UPCOMING PRONOUNCEMENTS:

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

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

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 19, 2023.

Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Implementation Guide No. 2023-1, *Implementation Guidance Update—2023*, effective for fiscal years beginning after June 15, 2023.

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

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

Presented budgets were prepared in accordance with principles
generally accepted in the United States of America

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
General property taxes	\$ 30,913,420	\$ 30,786,150	\$ 32,555,748	\$ 1,769,598
Other local taxes	12,498,650	12,498,650	13,573,502	1,074,852
Permits, privilege fees, and regulatory licenses	273,800	273,800	297,020	23,220
Fines and forfeitures	300,725	300,725	477,364	176,639
Revenue from the use of money and property	61,100	61,100	1,056,810	995,710
Charges for services	871,250	871,250	1,251,488	380,238
Miscellaneous	1,433,627	1,433,627	1,150,512	(283,115)
Recovered costs	456,598	456,598	469,860	13,262
Intergovernmental:				
Commonwealth	5,658,540	5,658,540	6,097,310	438,770
Federal	4,589,754	4,589,754	740,333	(3,849,421)
Total revenues	<u>\$ 57,057,464</u>	<u>\$ 56,930,194</u>	<u>\$ 57,669,947</u>	<u>\$ 739,753</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,895,541	\$ 2,983,245	\$ 2,915,377	\$ 67,868
Judicial administration	2,248,262	2,274,452	2,164,547	109,905
Public safety	13,145,339	14,047,210	13,066,176	981,034
Public works	3,762,692	4,089,434	4,029,973	59,461
Health and welfare	1,950,446	2,006,683	1,960,198	46,485
Education	16,058,283	16,751,283	15,528,471	1,222,812
Parks, recreation, and cultural	1,564,221	1,573,039	1,551,340	21,699
Community development	7,900,079	8,058,762	3,388,962	4,669,800
Nondepartmental	2,294,726	2,249,694	2,223,164	26,530
Debt service:				
Principal retirement	3,475,643	3,475,643	3,339,018	136,625
Interest and other fiscal charges	1,573,597	1,573,597	1,319,770	253,827
Total expenditures	<u>\$ 56,868,829</u>	<u>\$ 59,083,042</u>	<u>\$ 51,486,996</u>	<u>\$ 7,596,046</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 188,635</u>	<u>\$ (2,152,848)</u>	<u>\$ 6,182,951</u>	<u>\$ 8,335,799</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 466,369	\$ 466,369	\$ -	\$ (466,369)
Transfers out	(655,004)	(1,176,855)	(1,316,133)	(139,278)
Leases (as lessee)	-	-	5,068	5,068
Total other financing sources (uses)	<u>\$ (188,635)</u>	<u>\$ (710,486)</u>	<u>\$ (1,311,065)</u>	<u>\$ (600,579)</u>
Net change in fund balances	\$ -	\$ (2,863,334)	\$ 4,871,886	\$ 7,735,220
Fund balances - beginning	-	2,863,334	38,204,573	35,341,239
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,076,459</u>	<u>\$ 43,076,459</u>

County of Rockbridge, Virginia

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Primary Government - Governmental Activities
For the Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021 (1)	2020	2019
Total pension liability				
Service cost	\$ 914,201	\$ 851,810	\$ 887,690	\$ 771,889
Interest	2,244,937	2,065,337	2,027,193	1,904,325
Changes of benefit terms	-	(256,562)	-	-
Differences between expected and actual experience	(1,075,961)	(163,020)	(187,331)	509,632
Impact of change in proportion	(188,475)	(403,380)	436,005	(409,875)
Changes in assumptions	-	1,209,846	-	844,739
Benefit payments, including refunds of employee contributions	(1,837,000)	(1,707,716)	(1,810,450)	(1,467,013)
Net change in total pension liability	\$ 57,702	\$ 1,596,315	\$ 1,353,107	\$ 2,153,697
Total pension liability - beginning	33,451,136	31,854,821	30,501,714	28,348,017
Total pension liability - ending (a)	<u>\$ 33,508,838</u>	<u>\$ 33,451,136</u>	<u>\$ 31,854,821</u>	<u>\$ 30,501,714</u>
Plan fiduciary net position				
Contributions - employer	\$ 977,875	\$ 909,517	\$ 766,489	\$ 703,406
Contributions - employee	318,147	295,461	300,110	275,440
Impact of change in proportion	(182,010)	(333,895)	375,190	(368,164)
Net investment income	(31,408)	7,056,000	506,999	1,657,963
Benefit payments, including refunds of employee contributions	(1,837,000)	(1,707,716)	(1,810,450)	(1,467,013)
Administrative expense	(19,939)	(17,789)	(17,497)	(16,511)
Other	741	(265,476)	(594)	(1,048)
Net change in plan fiduciary net position	\$ (773,594)	\$ 5,936,102	\$ 120,247	\$ 784,073
Plan fiduciary net position - beginning	32,303,601	26,367,499	26,247,252	25,463,179
Plan fiduciary net position - ending (b)	<u>\$ 31,530,007</u>	<u>\$ 32,303,601</u>	<u>\$ 26,367,499</u>	<u>\$ 26,247,252</u>
County's net pension liability - ending (a) - (b)	\$ 1,978,831	\$ 1,147,535	\$ 5,487,322	\$ 4,254,462
Plan fiduciary net position as a percentage of the total pension liability	94.09%	96.57%	82.77%	86.05%
Covered payroll	\$ 6,653,863	\$ 6,033,640	\$ 6,214,941	\$ 5,692,685
County's net pension liability as a percentage of covered payroll	29.74%	19.02%	88.29%	74.74%

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

(1) In 2021 the Blue Ridge Resource Authority, a blended component unit representing the Business-type Activities of the Primary Government, established a separate VRS account. Data for 2022 and 2021 reflects only the governmental activities of the primary government. All other years presented include both governmental activities and business-type activities of the primary government.

Exhibit 13

2018	2017	2016	2015	2014
\$ 698,294	\$ 654,412	\$ 619,348	\$ 621,092	\$ 574,316
1,853,927	1,753,002	1,679,621	1,589,147	1,511,082
-	-	-	-	-
(14,255)	(437,725)	(76,498)	56,853	-
898,819	(18,739)	128,010	-	-
-	(147,979)	-	-	-
(1,349,242)	(1,208,237)	(1,102,628)	(1,102,599)	(837,782)
\$ 2,087,543	\$ 594,734	\$ 1,247,853	\$ 1,164,493	\$ 1,247,616
26,260,474	25,665,740	24,417,887	23,253,394	22,005,778
\$ 28,348,017	\$ 26,260,474	\$ 25,665,740	\$ 24,417,887	\$ 23,253,394
\$ 683,864	\$ 638,526	\$ 671,338	\$ 646,121	\$ 615,640
263,176	251,702	237,691	229,869	230,640
797,653	(15,398)	109,171	-	-
1,779,935	2,565,014	363,336	921,330	2,750,491
(1,349,242)	(1,208,237)	(1,102,628)	(1,102,599)	(837,782)
(15,375)	(14,829)	(12,951)	(12,651)	(14,663)
(1,581)	(2,278)	(153)	(194)	145
\$ 2,158,430	\$ 2,214,500	\$ 265,804	\$ 681,876	\$ 2,744,471
23,304,749	21,090,249	20,824,445	20,142,569	17,398,098
\$ 25,463,179	\$ 23,304,749	\$ 21,090,249	\$ 20,824,445	\$ 20,142,569
\$ 2,884,838	\$ 2,955,725	\$ 4,575,491	\$ 3,593,442	\$ 3,110,825
89.82%	88.74%	82.17%	85.28%	86.62%
\$ 5,337,294	\$ 5,026,772	\$ 4,811,564	\$ 4,611,013	\$ 4,613,775
54.05%	58.80%	95.09%	77.93%	67.42%

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Primary Government - Business-type Activities
For the Measurement Dates of June 30, 2021 through June 30, 2022

	2022	2021
Total pension liability		
Service cost	\$ 36,849	\$ -
Interest	24,494	-
Changes of benefit terms	-	327,940
Differences between expected and actual experience	11,447	-
Benefit payments, including refunds of employee contributions	(3,842)	-
Net change in total pension liability	\$ 68,948	\$ 327,940
Total pension liability - beginning	327,940	-
Total pension liability - ending (a)	<u>\$ 396,888</u>	<u>\$ 327,940</u>
Plan fiduciary net position		
Contributions - employer	\$ 22,554	\$ 13,016
Contributions - employee	15,283	9,078
Net investment income	(1,400)	42,093
Benefit payments, including refunds of employee contributions	(3,842)	-
Administrative expense	(236)	229
Other	10	340,190
Net change in plan fiduciary net position	\$ 32,369	\$ 404,606
Plan fiduciary net position - beginning	404,606	-
Plan fiduciary net position - ending (b)	<u>\$ 436,975</u>	<u>\$ 404,606</u>
County's net pension liability - ending (a) - (b)	\$ (40,087)	\$ (76,666)
Plan fiduciary net position as a percentage of the total pension liability	110.10%	123.38%
Covered payroll	\$ 339,891	\$ 400,115
County's net pension liability as a percentage of covered payroll	-11.79%	-19.16%

Schedule is intended to show information for 10 years. Prior to 2021 the blended component unit Blue Ridge Resource Authority was included in the County of Rockbridge, Virginia's VRS account. In 2021 the Authority established a separate VRS account. Information prior to the 2021 valuation is not available. However, additional years will be included as they become available.

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County of Rockbridge, Virginia

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit Rockbridge Regional Jail Commission
For the Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020	2019
Total pension liability				
Service cost	\$ 260,960	\$ 236,981	\$ 232,595	\$ 216,177
Interest	640,823	574,594	531,170	533,329
Changes of benefit terms	-	(71,378)	-	-
Differences between expected and actual experience	(307,134)	(45,353)	(49,085)	142,729
Impact of change in proportion	188,475	403,380	(436,006)	409,875
Changes in assumptions	-	336,589	-	236,580
Benefit payments, including refunds of employee contributions	(524,374)	(475,101)	(474,378)	(410,855)
Net change in total pension liability	\$ 258,750	\$ 959,712	\$ (195,704)	\$ 1,127,835
Total pension liability - beginning	9,306,388	8,346,676	8,542,380	7,414,545
Total pension liability - ending (a)	\$ 9,565,138	\$ 9,306,388	\$ 8,346,676	\$ 8,542,380
Plan fiduciary net position				
Contributions - employer	\$ 279,136	\$ 253,035	\$ 200,837	\$ 196,997
Contributions - employee	90,815	82,200	78,635	77,140
Impact of change in proportion	182,010	333,895	(375,190)	368,164
Net investment income	(8,966)	1,963,039	132,845	464,333
Benefit payments, including refunds of employee contributions	(524,374)	(475,101)	(474,378)	(410,855)
Administrative expense	(5,691)	(4,949)	(4,584)	(4,624)
Other	211	(73,858)	(156)	(293)
Net change in plan fiduciary net position	\$ 13,141	\$ 2,078,261	\$ (441,991)	\$ 690,862
Plan fiduciary net position - beginning	8,987,135	6,908,874	7,350,865	6,660,003
Plan fiduciary net position - ending (b)	\$ 9,000,276	\$ 8,987,135	\$ 6,908,874	\$ 7,350,865
Commission's net pension liability - ending (a) - (b)	\$ 564,862	\$ 319,253	\$ 1,437,802	\$ 1,191,515
Plan fiduciary net position as a percentage of the total pension liability	94.09%	96.57%	82.77%	86.05%
Covered payroll	\$ 1,834,396	\$ 1,618,995	\$ 1,622,774	\$ 1,552,742
Commission's net pension liability as a percentage of covered payroll	30.79%	19.72%	88.60%	76.74%

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

Exhibit 15

	2018	2017	2016	2015	2014
\$	182,642	\$ 199,421	\$ 188,146	\$ 192,921	\$ 178,392
	484,903	534,198	510,237	493,614	469,366
	-	-	-	-	-
	(3,728)	(133,390)	(23,239)	17,662	-
	(898,819)	18,739	(128,010)	-	-
	-	(45,094)	-	-	-
	(352,900)	(368,190)	(334,957)	(342,487)	(260,228)
\$	(587,902)	\$ 205,684	\$ 212,177	\$ 361,710	\$ 387,530
	8,002,447	7,796,763	7,584,586	7,222,876	6,835,346
\$	<u>7,414,545</u>	<u>\$ 8,002,447</u>	<u>\$ 7,796,763</u>	<u>\$ 7,584,586</u>	<u>\$ 7,222,876</u>
\$	178,867	\$ 194,580	\$ 203,940	\$ 200,696	\$ 191,228
	68,835	76,702	72,206	71,401	71,641
	(797,653)	15,398	(109,171)	-	-
	465,550	781,646	110,374	286,180	854,346
	(352,900)	(368,190)	(334,957)	(342,487)	(260,228)
	(4,022)	(4,519)	(3,934)	(3,929)	(4,555)
	(413)	(694)	(48)	(59)	45
\$	(441,736)	\$ 694,923	\$ (61,590)	\$ 211,802	\$ 852,477
	7,101,739	6,406,816	6,468,406	6,256,604	5,404,127
\$	<u>6,660,003</u>	<u>\$ 7,101,739</u>	<u>\$ 6,406,816</u>	<u>\$ 6,468,406</u>	<u>\$ 6,256,604</u>
\$	754,542	\$ 900,708	\$ 1,389,947	\$ 1,116,180	\$ 966,272
	89.82%	88.74%	82.17%	85.28%	86.62%
\$	1,445,076	\$ 1,506,551	\$ 1,453,599	\$ 1,430,478	\$ 1,433,493
	52.21%	59.79%	95.62%	78.03%	67.41%

County of Rockbridge, Virginia

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

	2022	2021	2020	2019
Total pension liability				
Service cost	\$ 121,199	\$ 129,125	\$ 127,425	\$ 135,316
Interest	519,198	502,404	498,265	513,796
Differences between expected and actual experience	(77,887)	(141,850)	(37,817)	(238,076)
Changes in assumptions	-	180,200	-	178,774
Benefit payments, including refunds of employee contributions	(556,512)	(528,027)	(525,108)	(570,968)
Net change in total pension liability	\$ 5,998	\$ 141,852	\$ 62,765	\$ 18,842
Total pension liability - beginning	<u>7,848,881</u>	<u>7,707,029</u>	<u>7,644,264</u>	<u>7,625,422</u>
Total pension liability - ending (a)	<u>\$ 7,854,879</u>	<u>\$ 7,848,881</u>	<u>\$ 7,707,029</u>	<u>\$ 7,644,264</u>
Plan fiduciary net position				
Contributions - employer	\$ 62,708	\$ 61,037	\$ 78,393	\$ 79,673
Contributions - employee	58,707	57,350	61,419	61,641
Net investment income	(1,537)	1,978,027	142,613	490,205
Benefit payments	(556,512)	(528,027)	(525,108)	(570,968)
Administrative expense	(5,698)	(5,184)	(5,145)	(5,178)
Other	201	184	(167)	(306)
Net change in plan fiduciary net position	\$ (442,131)	\$ 1,563,387	\$ (247,995)	\$ 55,067
Plan fiduciary net position - beginning	<u>8,978,073</u>	<u>7,414,686</u>	<u>7,662,681</u>	<u>7,607,614</u>
Plan fiduciary net position - ending (b)	<u>\$ 8,535,942</u>	<u>\$ 8,978,073</u>	<u>\$ 7,414,686</u>	<u>\$ 7,662,681</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (681,063)	\$ (1,129,192)	\$ 292,343	\$ (18,417)
Plan fiduciary net position as a percentage of the total pension liability	108.67%	114.39%	96.21%	100.24%
Covered payroll	\$ 1,254,637	\$ 1,216,201	\$ 1,294,142	\$ 1,296,532
School Division's net pension liability as a percentage of covered payroll	-54.28%	-92.85%	22.59%	-1.42%

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

Exhibit 16

	2018		2017		2016		2015		2014
\$	133,335	\$	143,236	\$	157,219	\$	152,653	\$	164,187
	505,893		511,555		509,337		497,766		486,051
	12,292		(192,440)		(139,545)		8,852		-
	-		(42,518)		-		-		-
	(506,289)		(495,127)		(495,531)		(492,430)		(473,306)
\$	145,231	\$	(75,294)	\$	31,480	\$	166,841	\$	176,932
	7,480,191		7,555,485		7,524,005		7,357,164		7,180,232
\$	<u>7,625,422</u>	\$	<u>7,480,191</u>	\$	<u>7,555,485</u>	\$	<u>7,524,005</u>	\$	<u>7,357,164</u>
\$	82,778	\$	86,267	\$	121,091	\$	131,850	\$	129,936
	63,371		65,822		70,323		76,599		77,165
	540,197		827,254		117,293		317,602		988,120
	(506,289)		(495,127)		(495,531)		(492,430)		(473,306)
	(4,865)		(5,013)		(4,548)		(4,567)		(5,498)
	(472)		(726)		(51)		(65)		52
\$	<u>174,720</u>	\$	<u>478,477</u>	\$	<u>(191,423)</u>	\$	<u>28,989</u>	\$	<u>716,469</u>
	7,432,894		6,954,417		7,145,840		7,116,851		6,400,382
\$	<u>7,607,614</u>	\$	<u>7,432,894</u>	\$	<u>6,954,417</u>	\$	<u>7,145,840</u>	\$	<u>7,116,851</u>
\$	17,808	\$	47,297	\$	601,068	\$	378,165	\$	240,313
	99.77%		99.37%		92.04%		94.97%		96.73%
\$	1,317,307	\$	1,362,550	\$	1,446,451	\$	1,574,193	\$	1,544,639
	1.35%		3.47%		41.55%		24.02%		15.56%

County of Rockbridge, Virginia

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

	2022	2021	2020	2019
Employer's Proportion of the Net Pension Liability	0.19525%	0.20062%	0.20490%	0.20870%
Employer's Proportionate Share of the Net Pension Liability	\$ 18,588,969	\$ 15,574,326	\$ 29,818,331	\$ 27,466,106
Employer's Covered Payroll	\$ 17,916,558	\$ 17,476,296	\$ 17,765,066	\$ 17,360,465
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	104%	89%	168%	158%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%	85.46%	71.47%	73.51%

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

Exhibit 17

	2018		2017		2016		2015		2014
	0.20489%		0.20453%		0.20544%		0.20958%		0.20944%
\$	24,095,000	\$	25,153,000	\$	28,790,000	\$	26,379,000	\$	25,310,000
\$	16,565,935	\$	15,627,937	\$	15,676,290	\$	15,582,993	\$	15,316,106
	145%		161%		184%		169%		165%
	74.81%		72.92%		68.28%		70.68%		70.88%

Schedule of Employer Contributions
Pension Plans
For the Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government-Governmental Activities					
2023	\$ 1,187,871	\$ 1,187,871	\$ -	\$ 7,447,084	15.95%
2022	978,083	978,083	-	6,653,863	14.70%
2021	885,707	885,707	-	6,033,640	14.68%
2020	759,952	759,952	-	6,214,941	12.23%
2019	703,568	703,568	-	5,692,685	12.36%
2018	679,019	679,019	-	5,337,294	12.72%
2017	641,341	641,341	-	5,026,772	12.76%
2016	671,338	671,338	-	4,811,564	13.95%
2015	646,121	646,121	-	4,611,013	14.01%
2014	615,640	615,640	-	4,613,775	13.34%
Primary Government-Business-type Activities					
2023	\$ 21,735	\$ 21,735	\$ -	\$ 390,750	5.56%
2022	22,495	22,495	-	339,891	6.62%
2021	27,821	27,821	-	400,115	6.95%
Component Unit School Board (nonprofessional)					
2023	\$ 40,117	\$ 40,117	\$ -	\$ 1,237,026	3.24%
2022	62,688	62,688	-	1,254,637	5.00%
2021	61,121	61,121	-	1,216,201	5.03%
2020	78,259	78,259	-	1,294,142	6.05%
2019	79,542	79,542	-	1,296,532	6.13%
2018	82,774	82,774	-	1,317,307	6.28%
2017	83,249	83,249	-	1,362,550	6.11%
2016	121,091	121,091	-	1,446,451	8.37%
2015	131,850	131,850	-	1,574,193	8.38%
2014	129,936	129,936	-	1,544,639	8.41%
Component Unit School Board (professional)					
2023	\$ 3,031,431	\$ 3,031,431	\$ -	\$ 18,933,549	16.01%
2022	2,900,587	2,900,587	-	17,916,558	16.19%
2021	2,838,183	2,838,183	-	17,476,296	16.24%
2020	2,722,770	2,722,770	-	17,765,066	15.33%
2019	2,673,769	2,673,769	-	17,360,465	15.40%
2018	2,649,728	2,649,728	-	16,565,935	16.00%
2017	2,325,915	2,325,915	-	15,627,937	14.88%
2016	2,202,239	2,202,239	-	15,676,290	14.05%
2015	2,259,447	2,259,447	-	15,582,993	14.50%
2014	1,785,858	1,785,858	-	15,316,106	11.66%
Component Unit Rockbridge Regional Jail Commission					
2023	\$ 345,521	\$ 345,521	\$ -	\$ 2,166,163	15.95%
2022	279,195	279,195	-	1,834,396	15.22%
2021	246,411	246,411	-	1,618,995	15.22%
2020	205,930	205,930	-	1,622,774	12.69%
2019	197,043	197,043	-	1,552,742	12.69%
2018	183,844	183,844	-	1,445,076	12.72%
2017	194,797	194,797	-	1,506,551	12.93%
2016	203,940	203,940	-	1,453,599	14.03%
2015	200,696	200,696	-	1,430,478	14.03%
2014	191,228	191,228	-	1,433,493	13.34%

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

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

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

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

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

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

All Others (Non 10 Largest) – Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government-Governmental Activities					
2022	0.03034%	\$ 365,504	\$ 6,603,331	5.54%	67.21%
2021	0.02902%	337,565	5,987,079	5.64%	67.45%
2020	0.02980%	497,237	6,132,137	8.11%	52.64%
2019	0.02930%	476,743	5,692,685	8.37%	52.00%
2018	0.02734%	415,410	5,198,008	7.99%	51.22%
2017	0.02715%	408,491	5,007,139	8.16%	48.86%
Primary Government-Business-type Activities					
2022	0.00160%	\$ 19,627	\$ 354,173	5.54%	67.21%
2021	0.00190%	22,586	354,173	6.38%	67.45%
Component Unit Rockbridge Regional Jail Commission					
2022	0.00866%	\$ 104,334	\$ 1,884,928	5.54%	67.21%
2021	0.00808%	93,914	1,665,556	5.64%	67.45%
2020	0.00834%	139,257	1,717,308	8.11%	52.64%
2019	0.00766%	124,694	1,552,742	8.03%	52.00%
2018	0.00833%	126,590	1,584,362	7.99%	51.22%
2017	0.00827%	124,508	1,526,184	8.16%	48.86%
Component Unit School Board (nonprofessional)					
2022	0.00580%	\$ 69,476	\$ 2,166,755	3.21%	67.21%
2021	0.00590%	68,576	1,216,201	5.64%	67.45%
2020	0.00630%	104,970	1,294,142	8.11%	52.64%
2019	0.00662%	107,725	1,296,532	8.31%	52.00%
2018	0.00693%	105,000	1,317,307	7.97%	51.22%
2017	0.00739%	111,000	1,362,550	8.15%	48.86%
Component Unit School Board (professional)					
2022	0.08260%	\$ 994,584	\$ 17,966,733	5.54%	67.21%
2021	0.08470%	986,603	17,496,014	5.64%	67.45%
2020	0.08630%	1,440,540	17,765,066	8.11%	52.64%
2019	0.08890%	1,446,640	17,427,756	8.30%	52.00%
2018	0.08712%	1,323,000	16,565,935	7.99%	51.22%
2017	0.08737%	1,315,000	16,114,873	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. The Business-type activities of the primary government, consist of the Blue Ridge Resource Authority. This Authority established a separate account with the Virginia Retirement System in fiscal year 2022. Data prior to 2021 is not available for the Authority however, it will be added in future years as it becomes available.

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government-Governmental Activities					
2023	\$ 40,225	\$ 40,225	\$ -	\$ 7,449,122	0.54%
2022	35,658	35,658	-	6,603,331	0.54%
2021	32,330	32,330	-	5,987,079	0.54%
2020	31,887	31,887	-	6,132,137	0.52%
2019	29,432	29,432	-	5,692,685	0.52%
2018	27,029	27,029	-	5,198,008	0.52%
2017	26,037	26,037	-	5,007,139	0.52%
2016	23,009	23,009	-	4,747,455	0.48%
2015	22,154	22,154	-	4,584,028	0.48%
2014	22,140	22,140	-	4,584,533	0.48%
Primary Government-Business-type Activities					
2023	\$ 2,110	\$ 2,110	\$ -	\$ 390,750	0.54%
2022	2,161	2,161	-	354,173	0.61%
Component Unit Rockbridge Regional Jail Commission					
2023	\$ 11,701	\$ 11,701	\$ -	\$ 2,166,755	0.54%
2022	10,179	10,179	-	1,884,928	0.54%
2021	8,994	8,994	-	1,665,556	0.54%
2020	8,930	8,930	-	1,717,308	0.52%
2019	8,244	8,244	-	1,552,742	0.53%
2018	8,239	8,239	-	1,584,362	0.52%
2017	7,936	7,936	-	1,526,184	0.52%
2016	7,087	7,087	-	1,522,515	0.47%
2015	6,893	6,893	-	1,467,340	0.47%
2014	6,887	6,887	-	1,462,735	0.47%
Component Unit School Board (nonprofessional)					
2023	\$ 6,680	\$ 6,680	\$ -	\$ 1,237,026	0.54%
2022	6,775	6,775	-	1,254,637	0.54%
2021	6,567	6,567	-	1,216,201	0.54%
2020	6,730	6,730	-	1,294,142	0.52%
2019	6,742	6,742	-	1,296,532	0.52%
2018	6,850	6,850	-	1,317,307	0.52%
2017	7,085	7,085	-	1,362,550	0.52%
2016	6,943	6,943	-	1,446,451	0.48%
2015	7,556	7,556	-	1,574,193	0.48%
2014	7,445	7,445	-	1,551,105	0.48%
Component Unit School Board (professional)					
2023	\$ 102,252	\$ 102,252	\$ -	\$ 18,935,482	0.54%
2022	97,020	97,020	-	17,966,733	0.54%
2021	94,478	94,478	-	17,496,014	0.54%
2020	92,378	92,378	-	17,765,066	0.52%
2019	90,624	90,624	-	17,427,756	0.52%
2018	86,143	86,143	-	16,565,935	0.52%
2017	83,797	83,797	-	16,114,873	0.52%
2016	75,872	75,872	-	15,806,765	0.48%
2015	74,962	74,962	-	15,617,116	0.48%
2014	74,052	74,052	-	15,427,427	0.48%

Schedule is intended to show information for 10 years. The Business-type activities of the primary government, consist of the Blue Ridge Resource Authority. This Authority established a separate account with the Virginia Retirement System in fiscal year 2022. Data prior to 2022 is not available for the Authority however, it will be added in future years as it becomes available.

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

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

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2022	0.19223%	\$ 2,401,042	\$ 17,916,558	13.40%	15.08%
2021	0.19761%	2,536,461	17,476,296	14.51%	13.15%
2020	0.20260%	2,643,472	17,765,066	14.88%	9.95%
2019	0.20668%	2,705,642	17,335,774	15.61%	8.97%
2018	0.20318%	2,580,000	16,431,998	15.70%	8.08%
2017	0.20363%	2,583,000	16,070,160	16.07%	7.04%

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

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

Date	Contributions in Relation to			Contributions	
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	as a % of Covered Payroll
	(1)	(2)	(3)	(4)	(5)
2023	\$ 229,096	\$ 229,096	\$ -	\$ 18,933,549	1.21%
2022	216,790	216,790	-	17,916,558	1.21%
2021	211,463	211,463	-	17,476,296	1.21%
2020	213,181	213,181	-	17,765,066	1.20%
2019	208,029	208,029	-	17,335,774	1.20%
2018	202,114	202,114	-	16,431,998	1.23%
2017	178,379	178,379	-	16,070,160	1.11%
2016	166,037	166,037	-	15,663,859	1.06%
2015	165,173	165,173	-	15,582,395	1.06%
2014	170,009	170,009	-	15,316,109	1.11%

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

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

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

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

Schedule of Changes in the School Board's Net OPEB Liability and Related Ratios
 Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2021 through June 30, 2022

	2022	2021
Total HIC OPEB Liability		
Service cost	\$ 1,945	\$ 2,094
Interest	13,468	12,165
Differences between expected and actual experience	(22,269)	-
Changes of assumptions	40,427	5,911
Benefit payments	(5,610)	-
Net change in total HIC OPEB liability	\$ 27,961	\$ 20,170
Total HIC OPEB Liability - beginning	200,389	180,219
Total HIC OPEB Liability - ending (a)	\$ 228,350	\$ 200,389
Plan fiduciary net position		
Contributions - employer	\$ 14,177	\$ 13,743
Net investment income	(206)	1,647
Benefit payments	(5,610)	-
Administrator charges	(42)	(60)
Other	563	-
Net change in plan fiduciary net position	\$ 8,882	\$ 15,330
Plan fiduciary net position - beginning	15,330	-
Plan fiduciary net position - ending (b)	\$ 24,212	\$ 15,330
School Board's net HIC OPEB liability - ending (a) - (b)	\$ 204,138	\$ 185,059
Plan fiduciary net position as a percentage of the total HIC OPEB liability	10.60%	7.65%
Covered payroll	\$ 1,254,637	\$ 1,216,201
School Board's net HIC OPEB liability as a percentage of covered payroll	16.27%	15.22%

Schedule is intended to show information for 10 years. Information prior to the 2021 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
 Health Insurance Credit (HIC) Plan
 For the Years Ended June 30, 2021 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	\$ 15,794	\$ 15,794	\$ -	\$ 1,233,892	1.28%
2022	14,177	14,177	-	1,254,637	1.13%
2021	13,743	13,743	-	1,216,201	1.13%

Schedule is intended to show information for 10 years. Information prior to the 2021 valuation is not available. However, additional years will be included as they become available.

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

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

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

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2017 through June 30, 2022

	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	\$ 33,000	\$ 29,000	\$ 18,000	\$ 15,000	\$ 16,000	\$ 15,000
Interest	10,000	10,000	7,000	7,000	10,000	9,000
Changes in assumptions	(57,000)	20,000	24,000	13,000	(17,000)	-
Difference between expected and actual experience	(64,000)	11,000	131,000	11,000	(33,000)	-
Benefit payments	(8,000)	(33,000)	(38,000)	(7,000)	(8,000)	(9,000)
Change in proportionate share	-	-	-	(18,000)	-	-
Net change in total OPEB liability	\$ (86,000)	\$ 37,000	\$ 142,000	\$ 21,000	\$ (32,000)	\$ 15,000
Total OPEB liability - beginning	423,000	386,000	244,000	223,000	255,000	240,000
Total OPEB liability - ending	\$ 337,000	\$ 423,000	\$ 386,000	\$ 244,000	\$ 223,000	\$ 255,000
Covered-employee payroll	\$ 8,521,178	\$ 8,083,576	\$ 5,692,685	\$ 5,692,685	\$ 5,337,294	\$ 5,026,772
County's total OPEB liability (asset) as a percentage of covered-employee payroll	3.95%	5.23%	6.78%	4.29%	4.18%	5.07%

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit Rockbridge Regional Jail Commission
 For the Measurement Dates of June 30, 2017 through June 30, 2022

	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	\$ 14,000	\$ 12,000	\$ 9,000	\$ 8,000	\$ 7,000	\$ 7,000
Interest	2,000	2,000	4,000	4,000	4,000	4,000
Changes in assumptions	(13,000)	5,000	4,000	3,000	(8,000)	-
Differences between expected and actual experience	(13,000)	4,000	(68,000)	5,000	(16,000)	-
Benefit payments	(2,000)	(1,000)	(1,000)	(6,000)	(6,000)	(5,000)
Net change in total OPEB liability	\$ (12,000)	\$ 22,000	\$ (52,000)	\$ 14,000	\$ (19,000)	\$ 6,000
Total OPEB liability - beginning	79,000	57,000	109,000	95,000	114,000	108,000
Total OPEB liability - ending	<u>\$ 67,000</u>	<u>\$ 79,000</u>	<u>\$ 57,000</u>	<u>\$ 109,000</u>	<u>\$ 95,000</u>	<u>\$ 114,000</u>
Covered-employee payroll	\$ 1,694,121	\$ 1,509,699	\$ 1,552,742	\$ 1,552,742	\$ 1,445,076	\$ 1,506,551
Commissions's total OPEB liability (asset) as a percentage of covered-employee payroll	3.95%	5.23%	3.67%	7.02%	6.57%	7.57%

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board
 For the Measurement Dates of June 30, 2017 through June 30, 2022

	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	\$ 285,000	\$ 264,000	\$ 213,000	\$ 183,000	\$ 232,000	\$ 226,000
Interest	117,000	154,000	181,000	190,000	209,000	200,000
Changes in assumptions	(583,000)	248,000	335,000	215,000	(487,000)	-
Differences between expected and actual experience	(784,000)	(618,000)	(16,000)	96,000	(386,000)	-
Benefit payments	(245,000)	(279,000)	(250,000)	(100,000)	(183,000)	(179,000)
Net change in total OPEB liability	\$ (1,210,000)	\$ (231,000)	\$ 463,000	\$ 584,000	\$ (615,000)	\$ 247,000
Total OPEB liability - beginning	5,918,000	6,149,000	5,686,000	5,102,000	5,717,000	5,470,000
Total OPEB liability - ending	<u>\$ 4,708,000</u>	<u>\$ 5,918,000</u>	<u>\$ 6,149,000</u>	<u>\$ 5,686,000</u>	<u>\$ 5,102,000</u>	<u>\$ 5,717,000</u>
Covered-employee payroll	\$ 16,924,000	\$ 18,083,000	\$ 18,083,000	\$ 16,920,000	\$ 16,920,000	\$ 16,781,000
School Board's total OPEB liability (asset)						
as a percentage of covered-employee payroll	27.82%	32.73%	34.00%	33.61%	30.15%	34.07%

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

Notes to Required Supplementary Information - OPEB
For the Year Ended June 30, 2023

Valuation Date: 7/1/2022
Measurement Date: 7/1/2022

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.69% which represents the Municipal GO AA 20-year yield curve rate as of July 1, 2022
Inflation	2.50% per year
Healthcare Trend Rate - School Board	6.50% for fiscal year end 2023 (to reflect actual experience), then 0.50% per year to an ultimate rate of 5.00%
Healthcare Trend Rate - Primary Government and Jail	6.50% for fiscal year end 2023 (to reflect actual experience), then 0.50% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50% annually
Retirement Age	The average age at retirement is 62
Mortality Rates	Mortality is based on the RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021

OTHER SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
County Capital Projects Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
EXPENDITURES				
Current:				
Capital projects	\$ 655,004	\$ 1,778,612	\$ 1,251,827	\$ 526,785
Total expenditures	\$ 655,004	\$ 1,778,612	\$ 1,251,827	\$ 526,785
Excess (deficiency) of revenues over (under) expenditures	\$ (655,004)	\$ (1,778,612)	\$ (1,251,827)	\$ 526,785
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 655,004	\$ 655,004	\$ 905,120	\$ 250,116
Total other financing sources (uses)	\$ 655,004	\$ 655,004	\$ 905,120	\$ 250,116
Net change in fund balances	\$ -	\$ (1,123,608)	\$ (346,707)	\$ 776,901
Fund balances - beginning	-	1,123,608	614,682	(508,926)
Fund balances - ending	\$ -	\$ -	\$ 267,975	\$ 267,975

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
School Capital Projects Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 97	\$ 97
Intergovernmental revenues:				
Commonwealth	-	-	1,499,308	1,499,308
Federal	-	-	946,913	946,913
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,446,318</u>	<u>\$ 2,446,318</u>
EXPENDITURES				
Current:				
Capital projects	\$ -	\$ 4,245,224	\$ 2,192,920	\$ 2,052,304
Total expenditures	<u>\$ -</u>	<u>\$ 4,245,224</u>	<u>\$ 2,192,920</u>	<u>\$ 2,052,304</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (4,245,224)</u>	<u>\$ 253,398</u>	<u>\$ 4,498,622</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 61,013	\$ 61,013
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,013</u>	<u>\$ 61,013</u>
Net change in fund balances	\$ -	\$ (4,245,224)	\$ 314,411	\$ 4,559,635
Fund balances - beginning	-	4,245,224	5,899	(4,239,325)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 320,310</u>	<u>\$ 320,310</u>

Statement of Net Position
Internal Service Fund
June 30, 2023

	Self- Insurance Fund
	<hr/>
ASSETS	
Cash and cash equivalents	\$ 217,366
Total assets	\$ <u>217,366</u>
LIABILITIES	
Liabilities:	
Claims payable	\$ 210,912
Due to other funds	25,000
Total liabilities	\$ <u>235,912</u>
NET POSITION	
Unrestricted	\$ (18,546)
Total net position	\$ <u>(18,546)</u>
Total liabilities and net position	\$ <u>217,366</u>

Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Fund
For the Year Ended June 30, 2023

	Self- Insurance Fund
	<hr/>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 2,134,196
Total operating revenues	\$ <u>2,134,196</u>
OPERATING EXPENSES	
Insurance claims and expenses	\$ 2,201,150
Total operating expenses	\$ <u>2,201,150</u>
Operating income (loss)	\$ <u>(66,954)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 3,252
Total nonoperating revenues (expenses)	\$ <u>3,252</u>
Change in net assets	\$ (63,702)
Total net position - beginning	45,156
Total net position - ending	\$ <u><u>(18,546)</u></u>

Statement of Cash Flows
Internal Service Fund
For the Year Ended June 30, 2023

	Self- Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 2,134,196
Payments for premiums	(2,254,155)
Net cash provided by (used for) operating activities	\$ (119,959)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ 25,000
Net cash provided (used) by noncapital financing activities	\$ 25,000
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 3,252
Net cash provided by (used for) investing activities	\$ 3,252
Net increase (decrease) in cash and cash equivalents	\$ (91,707)
Cash and cash equivalents - beginning	309,073
Cash and cash equivalents - ending	\$ 217,366
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ (66,954)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Increase (decrease) in claims payable	\$ (53,005)
Total adjustments	\$ (53,005)
Net cash provided by (used for) operating activities	\$ (119,959)

Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2023

	Drug Fund	Commonwealth Attorney Forfeitures Fund	Total
ASSETS			
Cash and cash equivalents	\$ 161,773	\$ 18,920	\$ 180,693
Due from other governmental units	-	409	409
Total assets	<u>\$ 161,773</u>	<u>\$ 19,329</u>	<u>\$ 181,102</u>
Net Position			
Restricted:			
Restricted for drug enforcement	\$ 161,773	\$ -	\$ 161,773
Restricted commonwealth attorney forfeitures	-	19,329	19,329
Total net position	<u>\$ 161,773</u>	<u>\$ 19,329</u>	<u>\$ 181,102</u>

Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2023

	Drug Fund	Commonwealth Attorney Forfeitures Fund	Total
ADDITIONS			
Asset forfeitures	\$ 5,911	\$ 4,668	\$ 10,579
Total additions	\$ 5,911	\$ 4,668	\$ 10,579
DEDUCTIONS			
Safety equipment	\$ 3,023	\$ 8,131	\$ 11,154
Total deductions	\$ 3,023	\$ 8,131	\$ 11,154
Net increase (decrease) in fiduciary net position	\$ 2,888	\$ (3,463)	\$ (575)
Net position, beginning of year	158,885	22,792	181,677
Net position, end of year	\$ 161,773	\$ 19,329	\$ 181,102

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

	Veterans Memorial Fund	Employee Benefit Fund	Total
ASSETS			
Cash and cash equivalents	\$ 8,088	\$ 2,164	\$ 10,252
Total assets	<u>\$ 8,088</u>	<u>\$ 2,164</u>	<u>\$ 10,252</u>
FUND BALANCES			
Restricted			
Veterans memorial	\$ 8,088	\$ -	\$ 8,088
Employee benefits	-	2,164	2,164
Total fund balances	<u>\$ 8,088</u>	<u>\$ 2,164</u>	<u>\$ 10,252</u>
Total liabilities and fund balances	<u>\$ 8,088</u>	<u>\$ 2,164</u>	<u>\$ 10,252</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

	Veterans Memorial Fund	Employee Benefit Fund	Total
EXPENDITURES			
Community development	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -
Fund balances - beginning	8,088	2,164	10,252
Fund balances - ending	<u>8,088</u>	<u>2,164</u>	<u>10,252</u>

**DISCRETELY PRESENTED COMPONENT UNIT –
SCHOOL BOARD**

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

	School Operating Fund	School Cafeteria Fund	School Activity Funds	Permanent Scholarship Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 200	\$ 448,596	\$ 620,168	\$ 27,323	\$ 1,096,287
Investments	-	-	7,869	-	7,869
Receivables (net of allowance for uncollectibles):					
Accounts receivable	351,332	200	23,370	-	374,902
Due from other governmental units	1,379,719	15,495	-	-	1,395,214
Inventories	-	62,925	-	-	62,925
Prepaid items	637,767	-	-	-	637,767
Total assets	<u>\$ 2,369,018</u>	<u>\$ 527,216</u>	<u>\$ 651,407</u>	<u>\$ 27,323</u>	<u>\$ 3,574,964</u>
LIABILITIES					
Accounts payable	\$ 360,636	\$ 4,876	\$ 614	\$ -	\$ 366,126
Due to primary government	1,705,752	-	-	-	1,705,752
Unearned revenue	302,630	-	-	-	302,630
Total liabilities	<u>\$ 2,369,018</u>	<u>\$ 4,876</u>	<u>\$ 614</u>	<u>\$ -</u>	<u>\$ 2,374,508</u>
FUND BALANCES					
Nonspendable:					
Inventory	\$ -	\$ 62,925	-	-	\$ 62,925
Prepaid items	637,767	-	-	-	637,767
Restricted for:					
Endowments	-	-	-	27,323	27,323
Student activities	-	-	650,793	-	650,793
Committed:					
Special revenue funds	-	459,415	-	-	459,415
Unassigned	(637,767)	-	-	-	(637,767)
Total fund balances	<u>\$ -</u>	<u>\$ 522,340</u>	<u>\$ 650,793</u>	<u>\$ 27,323</u>	<u>\$ 1,200,456</u>
Total liabilities and fund balances	<u>\$ 2,369,018</u>	<u>\$ 527,216</u>	<u>\$ 651,407</u>	<u>\$ 27,323</u>	<u>\$ 3,574,964</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:					
Total fund balances per above				\$	1,200,456
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					
Land				\$	117,555
Buildings and improvements					25,370,392
Machinery and equipment					4,929,177
Construction in progress					2,421,207
Lease assets					36,245
					<u>32,874,576</u>
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.					
Net pension asset				\$	681,063
					<u>681,063</u>
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.					
Pension related items				\$	4,959,018
OPEB related items					1,301,756
					<u>6,260,774</u>
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.					
Compensated absences				\$	(334,857)
Lease liabilities					(36,896)
Accrued interest					(50)
Net OPEB liabilities					(8,377,240)
Net pension liability					(18,588,969)
					<u>(27,338,012)</u>
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.					
Pension related items				\$	(5,064,147)
OPEB related items					(2,266,338)
					<u>(7,330,485)</u>
Net position of governmental activities				\$	<u>6,348,372</u>

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

	School Operating Fund	School Cafeteria Fund	School Activity Funds	Permanent Scholarship Fund	Total Governmental Funds
REVENUES					
Revenue from the use of money and property	\$ -	\$ 23	\$ -	\$ 2	\$ 25
Charges for services	1,725,594	129,738	-	-	1,855,332
Miscellaneous	323,529	100	955,027	-	1,278,656
Intergovernmental:					
Local government	15,399,971	-	-	-	15,399,971
Commonwealth	17,332,898	28,028	-	-	17,360,926
Federal	4,835,284	1,376,045	-	-	6,211,329
Total revenues	<u>\$ 39,617,276</u>	<u>\$ 1,533,934</u>	<u>\$ 955,027</u>	<u>\$ 2</u>	<u>\$ 42,106,239</u>
EXPENDITURES					
Current:					
Education	\$ 39,595,011	\$ 1,489,387	\$ 858,797	\$ -	\$ 41,943,195
Debt service:					
Principal retirement	21,444	-	-	-	21,444
Interest and other fiscal charges	821	-	-	-	821
Total expenditures	<u>\$ 39,617,276</u>	<u>\$ 1,489,387</u>	<u>\$ 858,797</u>	<u>\$ -</u>	<u>\$ 41,965,460</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 44,547	\$ 96,230	\$ 2	\$ 140,779
Net change in fund balances	\$ -	\$ 44,547	\$ 96,230	\$ 2	\$ 140,779
Fund balances - beginning	-	477,793	554,563	27,321	1,059,677
Fund balances - ending	<u>-</u>	<u>522,340</u>	<u>650,793</u>	<u>27,323</u>	<u>1,200,456</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 \$ 140,779

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

Capital outlays	\$ 4,666,940	
Depreciation expense	(2,105,763)	
Allocation of debt financed school assets based on current year repayments	<u>1,827,654</u>	4,388,831

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

Nonemployer VRS pension contribution 283,176

The issuance of long-term liabilities (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term liabilities 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 liabilities and related items.

Lease payments	\$ 21,444	
Accrued interest	<u>26</u>	21,470

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

Change in compensated absences	\$ (5,790)	
Pension expense	3,097,908	
OPEB expense	<u>340,050</u>	3,432,168

Change in net position of governmental activities \$ 8,266,424

County of Rockbridge, 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, 2023

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	1,588,141	1,588,141	1,725,594	137,453
Miscellaneous	91,642	91,642	323,529	231,887
Intergovernmental:				
Local government	15,908,549	16,551,549	15,399,971	(1,151,578)
Commonwealth	17,116,135	18,589,194	17,332,898	(1,256,296)
Federal	50,000	5,175,248	4,835,284	(339,964)
Total revenues	<u>\$ 34,754,467</u>	<u>\$ 41,995,774</u>	<u>\$ 39,617,276</u>	<u>\$ (2,378,498)</u>
EXPENDITURES				
Current:				
Education	\$ 34,754,467	\$ 41,995,774	\$ 39,595,011	\$ 2,400,763
Debt service:				
Principal retirement	-	-	21,444	(21,444)
Interest and other fiscal charges	-	-	821	-
Total expenditures	<u>\$ 34,754,467</u>	<u>\$ 41,995,774</u>	<u>\$ 39,617,276</u>	<u>\$ 2,379,319</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Exhibit 44

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 2	\$ 2	\$ 23	\$ 21
288,633	288,633	129,738	(158,895)
-	-	100	100
-	-	-	-
26,008	26,008	28,028	2,020
835,466	858,466	1,376,045	517,579
<u>\$ 1,150,109</u>	<u>\$ 1,173,109</u>	<u>\$ 1,533,934</u>	<u>\$ 360,825</u>
\$ 1,150,109	\$ 1,173,109	\$ 1,489,387	\$ (316,278)
-	-	-	-
<u>\$ 1,150,109</u>	<u>\$ 1,173,109</u>	<u>\$ 1,489,387</u>	<u>\$ (316,278)</u>
\$ -	\$ -	\$ 44,547	\$ 44,547
\$ -	\$ -	\$ 44,547	\$ 44,547
-	-	477,793	477,793
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 522,340</u>	<u>\$ 522,340</u>

Statement of Fiduciary Net Position

Fiduciary Funds - Discretely Presented Component Unit School Board

June 30, 2023

	School Flex Benefits Fund	Scholarship Private-Purpose Trust	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 34,144	\$ 3,592	\$ 37,736
	<u> </u>	<u> </u>	<u> </u>
NET POSITION			
Held in trust for scholarships	\$ -	\$ 3,592	\$ 3,592
Held for employee benefits	34,144	-	34,144
	<u>34,144</u>	<u>3,592</u>	<u>37,736</u>
	<u> </u>	<u> </u>	<u> </u>

Statement of Changes in Fiduciary Net Position

Fiduciary Funds - Discretely Presented Component Unit School Board

For the Year Ended June 30, 2023

	School Flex Benefits Fund	Scholarship Private-Purpose Trust	Total
ADDITIONS			
Contributions:			
Employer			
Plan members	\$ 86,459	\$ -	\$ 86,459
Private donations	-	500	500
Total contributions	\$ 86,459	\$ 500	\$ 86,959
Investment earnings:			
Interest	\$ 17	\$ 1	\$ 18
Total additions	\$ 86,476	\$ 501	\$ 86,977
DEDUCTIONS			
Benefit claims	\$ (52,332)	\$ -	\$ (52,332)
Scholarships	-	(3,000)	(3,000)
Total deductions	\$ (52,332)	\$ (3,000)	\$ (55,332)
Change in net position	\$ 34,144	\$ (2,499)	\$ 31,645
Net position - beginning	-	6,091	6,091
Net position - ending	\$ 34,144	\$ 3,592	\$ 37,736

SUPPORTING SCHEDULES

**Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023**

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 20,203,050	\$ 20,203,050	\$ 20,322,449	\$ 119,399
Real and personal public service corporation taxes	2,045,000	2,045,000	1,839,865	(205,135)
Personal property taxes	7,635,795	7,508,525	9,245,553	1,737,028
Mobile home taxes	41,575	41,575	41,255	(320)
Machinery and tools taxes	556,000	556,000	489,546	(66,454)
Penalties	292,000	292,000	440,758	148,758
Interest	140,000	140,000	176,322	36,322
Total general property taxes	\$ 30,913,420	\$ 30,786,150	\$ 32,555,748	\$ 1,769,598
Other local taxes:				
Local sales and use taxes	\$ 3,700,000	\$ 3,700,000	\$ 4,027,554	\$ 327,554
Consumers' utility taxes	1,267,650	1,267,650	1,278,430	10,780
Business license taxes	920,000	920,000	1,269,349	349,349
Motor vehicle licenses	161,000	161,000	63,685	(97,315)
Bank stock taxes	200,000	200,000	240,512	40,512
Taxes on recordation and wills	350,000	350,000	275,961	(74,039)
Lodging tax	3,000,000	3,000,000	3,159,409	159,409
Meals tax	2,400,000	2,400,000	2,696,966	296,966
Cigarette tax	300,000	300,000	310,686	10,686
Admission tax	200,000	200,000	250,950	50,950
Total other local taxes	\$ 12,498,650	\$ 12,498,650	\$ 13,573,502	\$ 1,074,852
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ -	\$ -	\$ 13,560	\$ 13,560
Land use application fees	2,000	2,000	3,560	1,560
Transfer fees	800	800	859	59
Permits and other licenses	271,000	271,000	279,041	8,041
Total permits, privilege fees, and regulatory licenses	\$ 273,800	\$ 273,800	\$ 297,020	\$ 23,220
Fines and forfeitures:				
Court fines and forfeitures	\$ 300,725	\$ 300,725	\$ 477,364	\$ 176,639
Revenue from use of money and property:				
Revenue from use of money	\$ 36,600	\$ 36,600	\$ 1,033,557	\$ 996,957
Revenue from use of property	24,500	24,500	23,253	(1,247)
Total revenue from use of money and property	\$ 61,100	\$ 61,100	\$ 1,056,810	\$ 995,710
Charges for services:				
Sheriff's fees	\$ 11,750	\$ 11,750	\$ 30,709	\$ 18,959
Charges for courthouse maintenance	30,200	30,200	31,135	935
Courthouse security fees	175,000	175,000	212,674	37,674
Charges for Commonwealth's Attorney	5,500	5,500	5,555	55
Charges for garage services	500,000	500,000	748,425	248,425
Charges for sanitation and waste removal	15,000	15,000	24,569	9,569
Charges for parks and recreation	94,900	94,900	112,129	17,229
Erosion Sediment Control Fee	38,000	38,000	85,354	47,354
DNA Fee	900	900	938	38
Total charges for services	\$ 871,250	\$ 871,250	\$ 1,251,488	\$ 380,238

**Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023 (Continued)**

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Revenue from local sources: (continued)				
Miscellaneous:				
Miscellaneous	\$ 1,433,627	\$ 1,433,627	\$ 1,150,512	\$ (283,115)
Total miscellaneous	\$ 1,433,627	\$ 1,433,627	\$ 1,150,512	\$ (283,115)
Recovered costs:				
Lexington contribution-court building	\$ 6,200	\$ 6,200	\$ 8,249	\$ 2,049
Joint services City of Lexington	210,000	210,000	237,372	27,372
Charges for hazard materials cleanup	5,000	5,000	5,800	800
Fiscal agent fees	51,000	51,000	51,320	320
Other recovered costs	184,398	184,398	167,119	(17,279)
Total recovered costs	\$ 456,598	\$ 456,598	\$ 469,860	\$ 13,262
Total revenue from local sources	\$ 46,809,170	\$ 46,681,900	\$ 50,832,304	\$ 4,150,404
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 66,900	\$ 66,900	\$ 60,302	\$ (6,598)
Mobile home titling tax	19,000	19,000	20,872	1,872
Timber sales	1,500	1,500	-	(1,500)
Motor vehicle rental tax	57,000	57,000	66,440	9,440
Skill games tax	40,000	40,000	-	(40,000)
Personal property tax relief funds	2,449,624	2,449,624	2,449,624	-
Total noncategorical aid	\$ 2,634,024	\$ 2,634,024	\$ 2,597,238	\$ (36,786)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 524,118	\$ 524,118	\$ 590,390	\$ 66,272
Sheriff	1,364,615	1,364,615	1,427,637	63,022
Commissioner of revenue	122,742	122,742	139,558	16,816
Treasurer	112,172	112,172	127,774	15,602
Registrar/electoral board	60,000	60,000	72,776	12,776
Clerk of the Circuit Court	353,306	353,306	356,238	2,932
Total shared expenses	\$ 2,536,953	\$ 2,536,953	\$ 2,714,373	\$ 177,420
Other categorical aid:				
Victim-witness grant	\$ 20,585	\$ 20,585	\$ 20,211	\$ (374)
Fire program	82,488	82,488	85,297	2,809
NBSWCD support	184,135	184,135	217,296	33,161
Four for life	24,300	24,300	21,690	(2,610)
Rental assistance	62,000	62,000	54,671	(7,329)
Other	77,767	77,767	159,299	81,532
School resource officer grant	36,288	36,288	195,735	159,447
VDEP grant	-	-	31,500	31,500
Total other categorical aid	\$ 487,563	\$ 487,563	\$ 785,699	\$ 298,136
Total categorical aid	\$ 3,024,516	\$ 3,024,516	\$ 3,500,072	\$ 475,556
Total revenue from the Commonwealth	\$ 5,658,540	\$ 5,658,540	\$ 6,097,310	\$ 438,770

**Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023 (Continued)**

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Intergovernmental: (continued)				
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 190,000	\$ 190,000	\$ 208,328	\$ 18,328
	<u>\$ 190,000</u>	<u>\$ 190,000</u>	<u>\$ 208,328</u>	<u>\$ 18,328</u>
Categorical aid:				
Ground transportation grant	\$ -	\$ -	\$ 27,830	\$ 27,830
Emergency management performance grant	7,500	7,500	7,500	-
Victim-witness grant	51,393	51,393	51,393	-
Domestic violence	-	-	36,252	36,252
Local assistance and tribal consistency fund	-	-	105,972	105,972
State and local fiscal recovery fund	4,336,461	4,336,461	282,308	(4,054,153)
Other	4,400	4,400	20,750	16,350
Total categorical aid	<u>\$ 4,399,754</u>	<u>\$ 4,399,754</u>	<u>\$ 532,005</u>	<u>\$ (3,867,749)</u>
Total revenue from the federal government	<u>\$ 4,589,754</u>	<u>\$ 4,589,754</u>	<u>\$ 740,333</u>	<u>\$ (3,849,421)</u>
Total General Fund	<u>\$ 57,057,464</u>	<u>\$ 56,930,194</u>	<u>\$ 57,669,947</u>	<u>\$ 739,753</u>
Capital Projects Funds:				
School Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 97	\$ 97
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97</u>	<u>\$ 97</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97</u>	<u>\$ 97</u>
Intergovernmental revenues:				
Revenues from local governments:				
Revenue from the Commonwealth:				
Categorical aid:				
Construction grant	\$ -	\$ -	\$ 1,499,308	\$ 1,499,308
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,499,308</u>	<u>\$ 1,499,308</u>
Revenue from the federal government:				
Categorical aid:				
Education stabilization fund	\$ -	\$ -	\$ 946,913	\$ 946,913
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 946,913</u>	<u>\$ 946,913</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 946,913</u>	<u>\$ 946,913</u>
Total School Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,446,318</u>	<u>\$ 2,446,318</u>
Total Primary Government	<u>\$ 57,057,464</u>	<u>\$ 56,930,194</u>	<u>\$ 60,116,265</u>	<u>\$ 3,186,071</u>

**Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023 (Continued)**

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Charges for services:				
Tuition -private day school	\$ 19,000	\$ 19,000	\$ 55,085	\$ 36,085
Tuition-City of Lexington, Buena Vista	1,569,141	1,569,141	1,670,509	101,368
Total charges for services	\$ 1,588,141	\$ 1,588,141	\$ 1,725,594	\$ 137,453
Miscellaneous:				
Other miscellaneous	\$ 91,642	\$ 91,642	\$ 323,529	\$ 231,887
Total revenue from local sources	\$ 1,679,783	\$ 1,679,783	\$ 2,049,123	\$ 369,340
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Rockbridge, Virginia	\$ 15,908,549	\$ 16,551,549	\$ 15,399,971	\$ (1,151,578)
Total revenues from local governments	\$ 15,908,549	\$ 16,551,549	\$ 15,399,971	\$ (1,151,578)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,766,729	\$ 4,107,277	\$ 4,007,043	\$ (100,234)
Basic school aid	7,143,029	7,698,967	6,541,522	(1,157,445)
Remedial summer education	31,945	31,945	-	(31,945)
Regular foster care	4,768	4,839	837	(4,002)
Gifted and talented	70,418	76,257	68,710	(7,547)
Remedial education	218,800	236,944	213,491	(23,453)
Special education	1,171,544	1,272,399	1,186,725	(85,674)
Textbook payment	166,464	180,268	162,425	(17,843)
Vocational standards of quality payments	201,195	217,879	196,313	(21,566)
Social security fringe benefits	450,175	487,505	439,251	(48,254)
Retirement fringe benefits	1,048,731	1,135,696	1,023,284	(112,412)
Early reading intervention	114,466	121,936	87,893	(34,043)
Dropout prevention	5,852	6,349	5,852	(497)
Homebound education	2,628	2,944	3,714	770
Vocational education other	78,820	82,789	46,699	(36,090)
At risk payments	593,644	644,061	593,243	(50,818)
Standards of learning algebra readiness	31,167	33,462	27,010	(6,452)
Reduced class size	187,384	204,570	202,226	(2,344)
Group life insurance	31,437	34,044	30,674	(3,370)
Technology grant	206,000	223,507	206,000	(17,507)
At risk four-year olds	96,020	102,626	77,730	(24,896)
Compensation supplement	456,388	494,305	446,152	(48,153)
English as a second language	23,309	26,280	34,964	8,684
Hold harmless	480,661	543,341	737,537	194,196
Lottery proceeds	509,863	551,989	495,680	(56,309)
Adult Ed GED	24,698	32,060	86,626	54,566
Community schools	-	3,051	35,897	32,846
Other state funds	-	31,904	375,400	343,496
Total categorical aid	\$ 17,116,135	\$ 18,589,194	\$ 17,332,898	\$ (1,256,296)
Total revenue from the Commonwealth	\$ 17,116,135	\$ 18,589,194	\$ 17,332,898	\$ (1,256,296)

**Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023 (Continued)**

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (continued)				
School Operating Fund: (continued)				
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ 50,000	\$ 50,000	\$ 69,829	\$ 19,829
Cares Act ESSER	-	2,300,000	2,292,867	(7,133)
Adult literacy	-	72,809	62,740	(10,069)
Title I	-	733,435	632,003	(101,432)
Title VI-B, special education flow-through	-	894,058	770,411	(123,647)
Vocational education	-	77,237	66,555	(10,682)
Title VI-B, special education pre-school	-	31,434	27,087	(4,347)
Title II, Part A	-	69,463	59,856	(9,607)
Title IV, Part A	-	33,550	28,910	(4,640)
Twenty-first century community learning centers	-	576,407	496,691	(79,716)
Coronavirus public health emergency response	-	61,605	53,085	(8,520)
Coronavirus State and Local Fiscal Recovery Fund	-	275,250	275,250	-
Total categorical aid	\$ 50,000	\$ 5,175,248	\$ 4,835,284	\$ (339,964)
Total revenue from the federal government	\$ 50,000	\$ 5,175,248	\$ 4,835,284	\$ (339,964)
Total School Operating Fund	\$ 34,754,467	\$ 41,995,774	\$ 39,617,276	\$ (2,378,498)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 2	\$ 2	\$ 23	\$ 21
Charges for services:				
Cafeteria sales	\$ 288,633	\$ 288,633	\$ 129,738	\$ (158,895)
Total charges for services	\$ 288,633	\$ 288,633	\$ 129,738	\$ (158,895)
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 100	\$ 100
Total miscellaneous revenue	\$ -	\$ -	\$ 100	\$ 100
Total revenue from local sources	\$ 288,635	\$ 288,635	\$ 129,861	\$ (158,774)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 26,008	\$ 26,008	\$ 28,028	\$ 2,020
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 835,466	\$ 858,466	\$ 1,233,833	\$ 375,367
Child and adult care food program	-	-	9,637	9,637
Pandemic EBT administrative costs	-	-	3,135	3,135
Commodities	-	-	124,368	124,368
School food equipment grant	-	-	5,072	5,072
Total categorical aid	\$ 835,466	\$ 858,466	\$ 1,376,045	\$ 517,579
Total revenue from the federal government	\$ 835,466	\$ 858,466	\$ 1,376,045	\$ 517,579
Total School Cafeteria Fund	\$ 1,150,109	\$ 1,173,109	\$ 1,533,934	\$ 360,825
School Activity Funds:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 955,027	\$ 955,027
Total miscellaneous revenue	\$ -	\$ -	\$ 955,027	\$ 955,027
Total School Activity Funds	\$ -	\$ -	\$ 955,027	\$ 955,027
Permanent Scholarship Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 2	\$ 2
Total Permanent Scholarship Fund	\$ -	\$ -	\$ 2	\$ 2
Total Discretely Presented Component Unit - School Board	\$ 35,904,576	\$ 43,168,883	\$ 42,106,239	\$ (1,062,644)

**Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023**

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of Supervisors	\$ 145,510	\$ 145,510	\$ 132,815	\$ 12,695
General and financial administration:				
County administrator	\$ 254,622	\$ 256,641	\$ 253,197	\$ 3,444
Legal services	211,382	229,736	226,035	3,701
Commissioner of the revenue	387,416	392,276	369,837	22,439
Reassessment	221,880	227,435	193,080	34,355
Land use	1,200	1,200	1,074	126
Treasurer	425,305	425,305	389,563	35,742
Central accounting	172,685	113,985	111,918	2,067
Human resources	158,268	221,536	217,868	3,668
Data processing	273,841	299,052	296,577	2,475
Director of fiscal services	351,713	378,530	363,146	15,384
Central stores	-	-	82,151	(82,151)
Total general and financial administration	\$ 2,458,312	\$ 2,545,696	\$ 2,504,446	\$ 41,250
Board of elections:				
Electoral board and officials	\$ 291,719	\$ 292,039	\$ 278,116	\$ 13,923
Total board of elections	\$ 291,719	\$ 292,039	\$ 278,116	\$ 13,923
Total general government administration	\$ 2,895,541	\$ 2,983,245	\$ 2,915,377	\$ 67,868
Judicial administration:				
Courts:				
Circuit court	\$ 83,839	\$ 98,075	\$ 86,787	\$ 11,288
County court	38,319	41,572	31,172	10,400
Victim witness coordinator	109,444	101,862	92,080	9,782
Clerk of the circuit court	634,200	627,025	599,941	27,084
Courthouse security	542,408	550,648	508,826	41,822
Total courts	\$ 1,408,210	\$ 1,419,182	\$ 1,318,806	\$ 100,376
Commonwealth's attorney:				
Commonwealth's attorney	\$ 840,052	\$ 855,270	\$ 845,741	\$ 9,529
Total Commonwealth's attorney	\$ 840,052	\$ 855,270	\$ 845,741	\$ 9,529
Total judicial administration	\$ 2,248,262	\$ 2,274,452	\$ 2,164,547	\$ 109,905
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,468,791	\$ 3,625,833	\$ 3,675,892	\$ (50,059)
Fire and rescue services:				
Fire and rescue services	\$ 4,215,957	\$ 4,420,927	\$ 4,300,208	\$ 120,719
Consolidated dispatch	2,027,818	2,332,436	1,918,059	414,377
Total fire and rescue services	\$ 6,243,775	\$ 6,753,363	\$ 6,218,267	\$ 535,096
Correction and detention:				
Contribution to Component Unit Jail Commission	\$ 2,662,029	\$ 2,894,533	\$ 2,505,013	\$ 389,520
Probation office	5,880	5,880	4,766	1,114
Juvenile probation and detention	106,375	106,375	37,508	68,867
Total correction and detention	\$ 2,774,284	\$ 3,006,788	\$ 2,547,287	\$ 459,501

**Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023 (Continued)**

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Public safety: (continued)				
Inspections:				
Building	\$ 267,189	\$ 266,695	\$ 262,393	\$ 4,302
Other protection:				
Special enforcement	\$ 160,255	\$ 163,486	\$ 155,025	\$ 8,461
Other protective services	231,045	231,045	207,312	23,733
Total other protection	\$ 391,300	\$ 394,531	\$ 362,337	\$ 32,194
Total public safety	\$ 13,145,339	\$ 14,047,210	\$ 13,066,176	\$ 981,034
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Road maintenance	\$ 19,000	\$ 19,000	\$ 17,323	\$ 1,677
Total maintenance of highways, streets, bridges & sidewalks	\$ 19,000	\$ 19,000	\$ 17,323	\$ 1,677
Sanitation and waste removal:				
Refuse and recycling	\$ 2,266,315	\$ 2,344,416	\$ 2,302,593	\$ 41,823
Total sanitation and waste removal	\$ 2,266,315	\$ 2,344,416	\$ 2,302,593	\$ 41,823
Maintenance of general buildings and grounds:				
General properties	\$ 509,548	\$ 536,445	\$ 514,756	\$ 21,689
Central garage	967,829	1,189,573	1,195,301	(5,728)
Total maintenance of general buildings and grounds	\$ 1,477,377	\$ 1,726,018	\$ 1,710,057	\$ 15,961
Total public works	\$ 3,762,692	\$ 4,089,434	\$ 4,029,973	\$ 59,461
Health and welfare:				
Health:				
Supplement of local health department	\$ 225,582	\$ 225,582	\$ 225,582	\$ -
Other contributions	85,414	139,314	139,314	-
Total health	\$ 310,996	\$ 364,896	\$ 364,896	\$ -
Mental health and mental retardation:				
Community services board	\$ 188,299	\$ 188,299	\$ 188,299	\$ -
Welfare:				
Contribution to Rockbridge Area Social Services Board	\$ 1,400,271	\$ 1,402,608	\$ 1,112,957	\$ 289,651
Other public assistance and welfare administration	50,880	50,880	48,880	2,000
Tax relief for the elderly	-	-	245,166	(245,166)
Total welfare	\$ 1,451,151	\$ 1,453,488	\$ 1,407,003	\$ 46,485
Total health and welfare	\$ 1,950,446	\$ 2,006,683	\$ 1,960,198	\$ 46,485
Education:				
Other instructional costs:				
Community colleges/other programs	\$ 78,500	\$ 128,500	\$ 128,500	\$ -
Contribution to County School Board	15,979,783	16,622,783	15,399,971	1,222,812
Total education	\$ 16,058,283	\$ 16,751,283	\$ 15,528,471	\$ 1,222,812

**Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023 (Continued)**

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 829,513	\$ 839,488	\$ 824,674	\$ 14,814
Preschool	149,355	148,198	141,313	6,885
Total parks and recreation	<u>\$ 978,868</u>	<u>\$ 987,686</u>	<u>\$ 965,987</u>	<u>\$ 21,699</u>
Library:				
Contribution to county libraries	\$ 585,353	\$ 585,353	\$ 585,353	\$ -
Total parks, recreation, and cultural	<u>\$ 1,564,221</u>	<u>\$ 1,573,039</u>	<u>\$ 1,551,340</u>	<u>\$ 21,699</u>
Community development:				
Planning and community development:				
Planning and zoning	\$ 427,060	\$ 424,186	\$ 335,862	\$ 88,324
Geographic information system	196,194	206,229	202,549	3,680
Rental assistance	97,360	104,786	100,913	3,873
Economic development	1,809,183	1,852,572	1,697,049	155,523
Other community development	4,376,365	4,446,365	264,830	4,181,535
Contribution to Public Service Authority	583,170	583,170	328,844	254,326
Total planning and community development	<u>\$ 7,489,332</u>	<u>\$ 7,617,308</u>	<u>\$ 2,930,047</u>	<u>\$ 4,687,261</u>
Environmental management:				
NBSWCD support	\$ 213,000	\$ 239,330	\$ 238,645	\$ 685
Other environmental management	98,781	103,158	131,087	(27,929)
Total environmental management	<u>\$ 311,781</u>	<u>\$ 342,488</u>	<u>\$ 369,732</u>	<u>\$ (27,244)</u>
Cooperative extension program:				
Extension office	\$ 98,966	\$ 98,966	\$ 89,183	\$ 9,783
Total community development	<u>\$ 7,900,079</u>	<u>\$ 8,058,762</u>	<u>\$ 3,388,962</u>	<u>\$ 4,669,800</u>
Nondepartmental:				
Miscellaneous	\$ 69,726	\$ 24,694	\$ 13,631	\$ 11,063
Annexation payment	2,225,000	2,225,000	2,209,533	15,467
Total nondepartmental	<u>\$ 2,294,726</u>	<u>\$ 2,249,694</u>	<u>\$ 2,223,164</u>	<u>\$ 26,530</u>
Debt service:				
Principal retirement	\$ 3,475,643	\$ 3,475,643	\$ 3,339,018	\$ 136,625
Interest and other fiscal charges	1,573,597	1,573,597	1,319,770	253,827
Total debt service	<u>\$ 5,049,240</u>	<u>\$ 5,049,240</u>	<u>\$ 4,658,788</u>	<u>\$ 390,452</u>
Total General Fund	<u><u>\$ 56,868,829</u></u>	<u><u>\$ 59,083,042</u></u>	<u><u>\$ 51,486,996</u></u>	<u><u>\$ 7,596,046</u></u>
Capital Projects Funds:				
School Capital Projects Fund:				
Capital projects expenditures:				
Capital projects	\$ -	\$ 4,245,224	\$ 2,192,920	\$ 2,052,304
Total capital projects	<u>\$ -</u>	<u>\$ 4,245,224</u>	<u>\$ 2,192,920</u>	<u>\$ 2,052,304</u>
Debt service:				
Interest and other fiscal charges	\$ -	\$ -	\$ -	\$ -
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total School Capital Projects Fund	<u><u>\$ -</u></u>	<u><u>\$ 4,245,224</u></u>	<u><u>\$ 2,192,920</u></u>	<u><u>\$ 2,052,304</u></u>
County Capital Projects Fund:				
Capital projects expenditures:				
Capital projects expenditures	\$ 655,004	\$ 1,778,612	\$ 1,251,827	\$ 526,785
Total capital projects	<u>\$ 655,004</u>	<u>\$ 1,778,612</u>	<u>\$ 1,251,827</u>	<u>\$ 526,785</u>
Total County Capital Projects Fund	<u><u>\$ 655,004</u></u>	<u><u>\$ 1,778,612</u></u>	<u><u>\$ 1,251,827</u></u>	<u><u>\$ 526,785</u></u>
Total Primary Government	<u><u>\$ 57,523,833</u></u>	<u><u>\$ 65,106,878</u></u>	<u><u>\$ 54,931,743</u></u>	<u><u>\$ 10,175,135</u></u>

**Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023 (Continued)**

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Instruction	\$ 24,529,021	\$ 28,682,582	\$ 27,470,268	\$ 1,212,314
Administration, attendance and health	2,162,138	2,835,786	2,614,531	221,255
Pupil transportation	2,870,406	3,231,240	2,758,478	472,762
Operation and maintenance	3,545,855	4,439,726	4,586,486	(146,760)
Facilities	1,647,047	2,806,440	2,165,248	641,192
Total education	<u>\$ 34,754,467</u>	<u>\$ 41,995,774</u>	<u>\$ 39,595,011</u>	<u>\$ 2,400,763</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 21,444	\$ (21,444)
Interest and other fiscal charges	\$ -	\$ -	\$ 821	\$ (821)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,265</u>	<u>\$ (22,265)</u>
Total School Operating Fund	<u>\$ 34,754,467</u>	<u>\$ 41,995,774</u>	<u>\$ 39,617,276</u>	<u>\$ 2,378,498</u>
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 1,150,109	\$ 1,173,109	\$ 1,489,387	\$ (316,278)
Total School Cafeteria Fund	<u>\$ 1,150,109</u>	<u>\$ 1,173,109</u>	<u>\$ 1,489,387</u>	<u>\$ (316,278)</u>
School Activity Funds:				
Education:				
Miscellaneous	\$ -	\$ -	\$ 858,797	\$ (858,797)
Total education	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 858,797</u>	<u>\$ (858,797)</u>
Total School Activity Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 858,797</u>	<u>\$ (858,797)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 35,904,576</u>	<u>\$ 43,168,883</u>	<u>\$ 41,965,460</u>	<u>\$ 1,203,423</u>

STATISTICAL SECTION

STATISTICAL SECTION

Contents

Tables

Financial Trends

These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

1-5

Revenue Capacity

These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

6-10

Debt Capacity

These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

11-13

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

14-15

Operating Information

These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relate to the services the County provides and the activities it performs.

16-19

Sources:

Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports for the relevant year.

County of Rockbridge, Virginia

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Governmental activities					
Net investment in capital assets	\$ 14,100,533	\$ 14,218,888	\$ 13,222,296	\$ 12,935,258	\$ 12,425,263
Restricted	1,332,295	1,190,894	232,779	451,921	274,880
Unrestricted	<u>21,113,574</u>	<u>20,308,715</u>	<u>23,911,471</u>	<u>24,789,608</u>	<u>25,139,551</u>
Total governmental activities net position	<u>\$ 36,546,402</u>	<u>\$ 35,718,497</u>	<u>\$ 37,366,546</u>	<u>\$ 38,176,787</u>	<u>\$ 37,839,694</u>
Business-type activities					
Net investment in capital assets	\$ 1,712,920	\$ 2,166,784	\$ 2,592,481	\$ 2,096,784	\$ 2,579,553
Restricted	1,002,249	1,210,738	1,423,596	1,682,097	1,004,855
Unrestricted	<u>642,159</u>	<u>733,351</u>	<u>366,856</u>	<u>1,703,698</u>	<u>(894,497)</u>
Total business-type activities net position	<u>\$ 3,357,328</u>	<u>\$ 4,110,873</u>	<u>\$ 4,382,933</u>	<u>\$ 5,482,579</u>	<u>\$ 2,689,911</u>
Primary government					
Net investment in capital assets	\$ 15,813,453	\$ 16,385,672	\$ 15,814,777	\$ 15,032,042	\$ 15,004,816
Restricted	2,334,544	2,401,632	1,656,375	2,134,018	1,279,735
Unrestricted	<u>21,755,733</u>	<u>21,042,066</u>	<u>24,278,327</u>	<u>26,493,306</u>	<u>24,245,054</u>
Total primary government net position	<u>\$ 39,903,730</u>	<u>\$ 39,829,370</u>	<u>\$ 41,749,479</u>	<u>\$ 43,659,366</u>	<u>\$ 40,529,605</u>

Table 1

Fiscal Year				
2019	2020	2021	2022	2023
\$ 11,897,277	\$ 11,596,017	\$ 9,617,212	\$ 10,931,274	\$ 11,404,401
193,246	1,813,786	2,545,583	1,292,071	2,251,726
25,112,495	25,452,170	30,415,352	35,092,844	39,356,636
<u>\$ 37,203,018</u>	<u>\$ 38,861,973</u>	<u>\$ 42,578,147</u>	<u>\$ 47,316,189</u>	<u>\$ 53,012,763</u>
\$ 3,005,550	\$ 3,382,024	\$ 3,588,403	\$ 3,294,678	\$ 1,757,211
824,130	838,128	839,678	-	966,830
(1,703,291)	(4,196,565)	(2,839,422)	(6,260,219)	(5,979,506)
<u>\$ 2,126,389</u>	<u>\$ 23,587</u>	<u>\$ 1,588,659</u>	<u>\$ (2,965,541)</u>	<u>\$ (3,255,465)</u>
\$ 14,902,827	\$ 14,978,041	\$ 13,205,615	\$ 14,225,952	\$ 13,161,612
1,017,376	2,651,914	3,385,261	1,292,071	3,218,556
23,409,204	21,255,605	27,575,930	28,832,625	33,377,130
<u>\$ 39,329,407</u>	<u>\$ 38,885,560</u>	<u>\$ 44,166,806</u>	<u>\$ 44,350,648</u>	<u>\$ 49,757,298</u>

County of Rockbridge, Virginia

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
Expenses					
Governmental activities:					
General government administration	\$ 2,497,472	\$ 2,294,804	\$ 2,888,023	\$ 2,905,137	\$ 2,921,147
Judicial administration	1,282,388	1,283,097	1,363,768	1,500,916	1,498,614
Public safety	7,551,214	6,492,719	7,165,176	8,332,745	9,210,516
Public works	2,522,400	2,879,018	3,257,681	3,458,387	3,508,528
Health and welfare	1,411,742	1,330,106	1,641,027	1,618,131	1,723,940
Education	14,081,158	14,980,144	15,794,029	16,455,148	16,750,090
Parks, recreation and cultural	1,246,800	1,289,331	1,431,206	1,403,936	1,502,900
Community development	2,635,939	3,171,409	2,933,943	2,792,737	3,106,501
Interest on long-term debt	1,749,577	1,757,409	1,780,693	1,805,264	1,856,695
Nondepartmental	2,513,613	2,449,604	2,488,358	2,209,563	2,207,499
Total governmental activities expenses	\$ 37,492,303	\$ 37,927,641	\$ 40,743,904	\$ 42,481,964	\$ 44,286,430
Business-type activities:					
Blue Ridge Resource Authority (Landfill)	\$ 1,207,978	\$ 962,151	\$ 1,183,842	\$ 1,166,417	\$ 4,942,934
Recycling	461,888	473,195	463,929	527,747	-
Total business-type activities expenses	\$ 1,669,866	\$ 1,435,346	\$ 1,647,771	\$ 1,694,164	\$ 4,942,934
Total primary government expenses	\$ 39,162,169	\$ 39,362,987	\$ 42,391,675	\$ 44,176,128	\$ 49,229,364
Program Revenues					
Governmental activities:					
Charges for services:					
Judicial administration	\$ 709,282	\$ 765,411	\$ 707,067	\$ 867,615	\$ 877,266
Public safety	10,282	21,465	23,841	71,543	76,224
Public works	1,180,837	1,043,742	1,052,048	1,166,521	1,006,611
Parks, recreation and cultural	84,607	80,237	90,846	93,890	88,254
Community development	236,124	493,599	291,216	291,872	348,692
Operating grants and contributions	2,438,107	2,424,462	2,381,742	2,460,447	2,525,993
Capital grants and contributions	598,412	273,913	41,945	21,545	38,569
Total governmental activities program revenues	\$ 5,257,651	\$ 5,102,829	\$ 4,588,705	\$ 4,973,433	\$ 4,961,609

Table 2

		Fiscal Year			
	2019	2020	2021	2022	2023
\$	2,732,902	\$ 2,955,095	\$ 4,104,091	\$ 3,655,968	\$ 3,271,211
	1,571,211	1,803,592	1,816,448	1,943,970	2,007,414
	9,924,693	10,807,553	11,650,127	11,824,665	12,867,536
	3,229,210	3,485,100	4,231,365	3,455,765	4,049,961
	1,822,361	1,968,412	1,964,137	1,752,445	2,241,830
	18,406,357	16,656,304	16,870,475	19,574,461	20,483,792
	1,421,876	1,555,092	1,386,232	1,508,941	1,538,317
	3,265,388	2,755,834	3,269,240	2,680,373	3,309,784
	1,913,840	1,648,736	1,617,948	1,293,991	1,214,937
	<u>2,153,345</u>	<u>1,930,638</u>	<u>1,931,552</u>	<u>2,087,480</u>	<u>2,223,164</u>
\$	<u>46,441,183</u>	\$ <u>45,566,356</u>	\$ <u>48,841,615</u>	\$ <u>49,778,059</u>	\$ <u>53,207,946</u>
\$	3,046,258	\$ 4,788,902	\$ 1,265,423	\$ 3,671,696	\$ 3,877,314
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>3,046,258</u>	\$ <u>4,788,902</u>	\$ <u>1,265,423</u>	\$ <u>3,671,696</u>	\$ <u>3,877,314</u>
\$	<u><u>49,487,441</u></u>	\$ <u><u>50,355,258</u></u>	\$ <u><u>50,107,038</u></u>	\$ <u><u>53,449,755</u></u>	\$ <u><u>57,085,260</u></u>
\$	793,781	\$ 738,368	\$ 481,310	\$ 601,303	\$ 726,728
	50,559	39,728	40,364	31,589	45,207
	650,812	576,959	356,882	685,240	772,994
	91,959	83,961	91,597	119,084	112,129
	340,990	301,284	332,275	382,842	368,814
	2,766,029	3,980,032	6,481,010	3,580,571	4,032,174
	<u>398,342</u>	<u>75,796</u>	<u>-</u>	<u>300,000</u>	<u>2,446,221</u>
\$	<u>5,092,472</u>	\$ <u>5,796,128</u>	\$ <u>7,783,438</u>	\$ <u>5,700,629</u>	\$ <u>8,504,267</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
Business-type activities:					
Charges for services:					
Landfill	\$ 936,243	\$ 1,578,750	\$ 2,098,447	\$ 2,232,822	\$ 2,108,888
Operating grants and contributions	23,076	23,046	23,300	22,492	21,966
Total business-type activities program revenues	\$ 959,319	\$ 1,601,796	\$ 2,121,747	\$ 2,255,314	\$ 2,130,854
Total primary government program revenues	\$ 6,216,970	\$ 6,704,625	\$ 6,710,452	\$ 7,228,747	\$ 7,092,463
Net (expense) / revenue					
Governmental activities	\$ (32,234,652)	\$ (32,824,812)	\$ (36,155,199)	\$ (37,508,531)	\$ (39,324,821)
Business-type activities	(710,547)	166,450	473,976	561,150	(2,812,080)
Total primary government net expense	\$ (32,945,199)	\$ (32,658,362)	\$ (35,681,223)	\$ (36,947,381)	\$ (42,136,901)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 23,009,779	\$ 24,210,212	\$ 24,775,816	\$ 25,753,935	\$ 26,107,887
Local sales and use taxes	2,439,476	2,561,164	2,720,814	2,684,576	2,674,023
Motor vehicle licenses taxes	535,776	531,093	540,217	531,868	538,941
Consumer utility taxes	1,514,494	1,509,304	1,488,723	1,465,354	1,444,055
Business licenses taxes	882,478	873,386	849,796	872,532	882,385
Other local taxes	2,922,491	3,144,747	3,409,515	3,562,628	3,544,797
Unrestricted grants and contributions	2,760,419	2,732,823	2,749,809	2,764,276	2,764,409
Unrestricted revenues from use of money and property	58,003	57,337	113,017	169,275	253,575
Gain on sale of capital assets	-	-	-	23,210	-
Miscellaneous	1,213,388	943,636	833,978	939,045	1,216,150
Transfers	(735,930)	(909,606)	(449,951)	(447,927)	28,204
Total governmental activities	\$ 34,600,374	\$ 35,654,096	\$ 37,031,734	\$ 38,318,772	\$ 39,454,426
Business-type activities:					
Unrestricted revenues from use of money and property	\$ 3,018	\$ 3,413	\$ 11,162	\$ 43,456	\$ 63,798
Miscellaneous	5,063	8,927	25,869	47,113	13,587
Transfers	735,930	909,606	449,951	447,927	(28,204)
Total business-type activities	\$ 744,011	\$ 921,946	\$ 486,982	\$ 538,496	\$ 49,181
Total primary government	\$ 35,344,385	\$ 36,576,042	\$ 37,518,716	\$ 38,857,268	\$ 39,503,607
Change in Net Position					
Governmental activities	\$ 2,365,722	\$ 2,829,284	\$ 876,535	\$ 810,241	\$ 129,605
Business-type activities	33,464	1,088,396	960,958	1,099,646	(2,762,899)
Total primary government	\$ 2,399,186	\$ 3,917,680	\$ 1,837,493	\$ 1,909,887	\$ (2,633,294)

Table 2

Fiscal Year				
2019	2020	2021	2022	2023
\$ 2,360,386	\$ 2,586,640	\$ 2,769,967	\$ 2,761,470	\$ 2,810,808
-	-	-	-	-
\$ 2,360,386	\$ 2,586,640	\$ 2,769,967	\$ 2,761,470	\$ 2,810,808
\$ 7,452,858	\$ 8,382,768	\$ 10,553,405	\$ 8,462,099	\$ 11,315,075
\$ (41,348,711)	\$ (39,770,228)	\$ (41,058,177)	\$ (44,077,430)	\$ (44,703,679)
(685,872)	(2,202,262)	1,504,544	(910,226)	(1,066,506)
\$ (42,034,583)	\$ (41,972,490)	\$ (39,553,633)	\$ (44,987,656)	\$ (45,770,185)
\$ 26,812,001	\$ 28,273,179	\$ 29,880,026	\$ 31,408,889	\$ 32,457,498
2,849,016	3,039,608	3,398,247	3,806,590	4,027,554
531,572	469,104	474,363	523,978	63,685
1,375,566	1,374,527	1,262,648	1,276,224	1,278,430
959,186	942,041	922,051	985,942	1,269,349
3,630,698	3,216,409	5,066,776	6,608,339	6,934,484
2,833,135	2,844,367	2,832,106	2,803,414	2,805,566
474,123	358,087	109,347	78,805	1,033,557
-	-	-	-	-
1,236,036	911,861	894,931	1,323,291	1,092,168
10,702	-	-	-	(350,000)
\$ 40,712,035	\$ 41,429,183	\$ 44,840,495	\$ 48,815,472	\$ 50,612,291
\$ 111,965	\$ 59,201	\$ 5,419	\$ (2,194)	\$ 98,669
21,087	40,259	55,109	36,442	41,644
(10,702)	-	-	-	350,000
\$ 122,350	\$ 99,460	\$ 60,528	\$ 34,248	\$ 490,313
\$ 40,834,385	\$ 41,528,643	\$ 44,901,023	\$ 48,849,720	\$ 51,102,604
\$ (636,676)	\$ 1,658,955	\$ 3,782,318	\$ 4,738,042	\$ 5,908,612
(563,522)	(2,102,802)	1,565,072	(875,978)	(576,193)
\$ (1,200,198)	\$ (443,847)	\$ 5,347,390	\$ 3,862,064	\$ 5,332,419

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Record- ation and Wills Tax	Business License Tax	Total
2023 \$	32,457,498	\$ 4,027,554	\$ 1,278,430	\$ 63,685	\$ 275,961	\$ 1,269,349	\$ 39,372,477
2022	31,408,889	3,806,590	1,276,224	523,978	435,892	985,942	38,437,515
2021	29,880,026	3,398,247	1,262,648	474,363	401,383	922,051	36,338,718
2020	28,273,179	3,039,608	1,374,527	469,104	285,043	942,041	34,383,502
2019	26,812,001	2,849,016	1,375,566	531,572	202,609	959,186	32,729,950
2018	26,107,887	2,674,023	1,444,055	538,941	224,903	882,385	31,872,194
2017	25,753,935	2,684,576	1,465,354	531,868	203,536	872,532	31,511,801
2016	24,775,816	2,720,814	1,488,723	540,217	181,979	849,796	30,557,345
2015	24,210,212	2,561,164	1,509,304	531,093	184,098	873,386	29,869,257
2014	23,009,779	2,439,476	1,514,494	535,776	208,339	882,478	28,590,342

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County of Rockbridge, Virginia

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

	Fiscal Year				
	2014	2015	2016	2017	2018
General fund					
Nonspendable	\$ 112,861	\$ 111,886	\$ 104,915	\$ 97,188	\$ 134,527
Restricted	1,000,439	988,933	63,889	281,823	274,880
Committed	385,973	175,973	-	78,036	17,535
Assigned	2,194,043	2,004,485	2,021,502	3,673,682	3,613,452
Unassigned	<u>18,317,586</u>	<u>21,085,055</u>	<u>20,713,488</u>	<u>21,887,717</u>	<u>21,821,167</u>
Total general fund	<u>\$ 22,010,902</u>	<u>\$ 24,366,332</u>	<u>\$ 22,903,794</u>	<u>\$ 26,018,446</u>	<u>\$ 25,861,561</u>
All other governmental funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	331,856	201,961	168,890	170,098	-
Assigned, reported in:					
Capital projects funds	<u>260,564</u>	<u>232,578</u>	<u>4,119,737</u>	<u>2,076,736</u>	<u>2,896,605</u>
Total all other governmental funds	<u>\$ 592,420</u>	<u>\$ 434,539</u>	<u>\$ 4,288,627</u>	<u>\$ 2,246,834</u>	<u>\$ 2,896,605</u>

Table 4

Fiscal Year				
2019	2020	2021	2022	2023
\$ 149,337	\$ 4,273,509	\$ 4,682,225	\$ 4,998,221	\$ 4,713,374
193,246	1,813,786	997,970	1,012,072	2,034,266
-	-	-	-	-
3,364,713	3,017,813	2,912,505	6,283,108	6,467,187
<u>23,087,925</u>	<u>19,886,046</u>	<u>25,597,988</u>	<u>25,911,172</u>	<u>29,861,632</u>
<u>\$ 26,795,221</u>	<u>\$ 28,991,154</u>	<u>\$ 34,190,688</u>	<u>\$ 38,204,573</u>	<u>\$ 43,076,459</u>
\$ -	\$ -	\$ -	\$ -	\$ 320,310
-	-	1,547,613	14,448	10,252
<u>1,435,250</u>	<u>1,079,467</u>	<u>865,008</u>	<u>616,385</u>	<u>267,975</u>
<u>\$ 1,435,250</u>	<u>\$ 1,079,467</u>	<u>\$ 2,412,621</u>	<u>\$ 630,833</u>	<u>\$ 598,537</u>

County of Rockbridge, Virginia

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Revenues					
General property taxes	\$ 23,372,482	\$ 24,016,493	\$ 24,843,541	\$ 25,725,668	\$ 26,131,707
Other local taxes	8,294,715	8,619,694	9,009,065	9,116,958	9,084,201
Permits, privilege fees and regulatory licenses	210,464	432,008	275,060	255,426	283,671
Fines and forfeitures	451,140	521,412	445,370	601,336	626,580
Revenue from use of money and property	58,003	57,337	113,017	169,275	253,575
Charges for services	1,559,528	1,451,034	1,444,588	1,634,679	1,486,796
Miscellaneous	1,213,388	943,636	833,978	1,514,145	1,216,150
Recovered costs	272,277	317,364	469,735	460,945	387,604
Intergovernmental:					
Commonwealth	4,910,801	4,955,261	4,965,583	4,993,539	5,012,009
Federal	886,137	475,937	207,913	252,729	316,962
Total revenues	\$ 41,228,935	\$ 41,790,176	\$ 42,607,850	\$ 44,724,700	\$ 44,799,255
Expenditures					
General government administration	\$ 1,667,257	\$ 1,586,194	\$ 2,117,583	\$ 2,023,012	\$ 1,963,707
Judicial administration	1,295,768	1,381,899	1,472,432	1,497,223	1,537,279
Public safety	7,683,885	6,492,485	7,403,041	8,292,069	9,256,857
Public works	2,506,757	2,893,763	3,312,600	3,377,393	3,532,420
Health and welfare	1,412,588	1,329,207	1,639,246	1,617,640	1,731,697
Education	13,747,740	13,829,192	13,082,282	13,875,717	14,478,618
Parks, recreation and cultural	1,243,472	1,442,883	1,427,654	1,389,469	1,471,789
Community development	2,633,159	3,185,514	2,808,451	2,791,218	3,222,033
Non-Departmental	1,749,577	1,757,409	1,780,693	1,805,264	1,856,695
Capital projects	4,579,992	130,640	486,825	2,098,566	5,790,077
Debt service:					
Principal	2,107,993	2,053,317	2,502,118	2,064,665	2,437,709
Interest and other fiscal charges	2,724,423	2,600,518	2,746,012	2,371,678	2,291,692
Total expenditures	\$ 43,352,611	\$ 38,683,021	\$ 40,778,937	\$ 43,203,914	\$ 49,570,573
Excess of revenues over (under) expenditures	\$ (2,123,676)	\$ 3,107,155	\$ 1,828,913	\$ 1,520,786	\$ (4,771,318)
Other financing sources (uses)					
Transfers in	\$ 28,328	\$ 27,786	\$ 4,575,622	\$ 61,675	\$ 1,211,673
Transfers out	(764,258)	(937,392)	(5,025,573)	(509,602)	(1,183,469)
Leases (as lessee)	-	-	-	-	-
Issuance of refunding bonds	-	-	4,985,000	-	-
Bonds issued	-	-	-	-	-
Premium on bonds issued	-	-	835,950	-	-
Capital leases	-	-	-	-	5,236,000
Payment to refunded bond escrow agent	-	-	(5,579,876)	-	-
Total other financing sources (uses)	\$ (735,930)	\$ (909,606)	\$ (208,877)	\$ (447,927)	\$ 5,264,204
Net change in fund balances	\$ (2,859,606)	\$ 2,197,549	\$ 1,620,036	\$ 1,072,859	\$ 492,886
Debt service as a percentage of noncapital expenditures	12.59%	12.12%	13.15%	10.77%	10.85%

Table 5

Fiscal Year				
2019	2020	2021	2022	2023
\$ 26,821,285	\$ 27,975,985	\$ 30,277,937	\$ 30,963,754	\$ 32,555,748
9,346,038	9,041,689	11,124,085	13,201,073	13,573,502
341,802	273,100	317,930	339,855	297,020
572,049	558,259	277,228	345,831	477,364
474,123	358,087	109,347	78,805	1,056,907
1,014,250	908,941	707,270	1,134,372	1,251,488
1,236,036	911,861	894,931	1,057,740	1,150,512
499,845	455,639	469,287	475,331	469,860
5,408,397	5,331,069	5,375,550	5,597,429	7,596,618
589,109	1,569,126	3,937,567	1,086,556	1,687,246
\$ 46,302,934	\$ 47,383,756	\$ 53,491,132	\$ 54,280,746	\$ 60,116,265
\$ 2,029,406	\$ 2,159,442	\$ 3,311,290	\$ 2,923,708	\$ 2,915,377
1,661,334	1,738,139	1,735,360	2,031,210	2,164,547
9,924,315	10,577,209	11,366,562	12,103,815	13,066,176
3,281,203	3,399,588	4,090,554	3,403,379	4,029,973
1,821,605	1,968,785	1,963,904	1,753,106	1,960,198
14,278,558	13,836,464	14,101,758	16,190,262	15,528,471
1,434,036	1,523,038	1,341,590	1,507,932	1,551,340
3,292,580	2,749,528	3,227,122	2,708,334	3,388,962
1,913,840	1,932,141	1,931,552	2,087,480	2,223,164
2,039,995	716,974	2,827,846	2,528,262	3,444,747
2,876,909	3,108,090	3,278,438	3,391,271	3,339,018
2,287,550	1,834,208	1,806,507	1,419,890	1,319,770
\$ 46,841,331	\$ 45,543,606	\$ 50,982,483	\$ 52,048,649	\$ 54,931,743
\$ (538,397)	\$ 1,840,150	\$ 2,508,649	\$ 2,232,097	\$ 5,184,522
\$ 587,593	\$ 361,191	\$ 282,387	\$ 446,067	\$ 966,133
(576,891)	(361,191)	(282,387)	(446,067)	(1,316,133)
-	-	-	-	5,068
-	-	9,755,000	-	-
-	-	3,954,125	-	-
-	-	-	-	-
-	-	-	-	-
-	-	(9,618,942)	-	-
\$ 10,702	\$ -	\$ 4,090,183	\$ -	\$ (344,932)
\$ (527,695)	\$ 1,840,150	\$ 6,598,832	\$ 2,232,097	\$ 4,839,590
11.19%	11.02%	10.59%	9.69%	8.70%

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Record- ation and Wills Tax	Business License Tax	Total
2023 \$	32,555,748	\$ 4,027,554	\$ 1,278,430	\$ 63,685	\$ 275,961	\$ 1,269,349	\$ 39,470,727
2022	30,963,754	3,806,590	1,276,224	523,978	435,892	985,942	37,992,380
2021	30,277,937	3,398,247	1,262,648	474,363	401,383	922,051	36,736,629
2020	27,975,985	3,039,608	1,374,527	469,104	285,043	942,041	34,086,308
2019	26,821,285	2,849,016	1,375,566	531,572	202,609	959,186	32,739,234
2018	26,131,707	2,674,023	1,444,055	538,941	224,903	882,385	31,896,014
2017	25,725,668	2,684,576	1,465,354	531,868	203,536	872,532	31,483,534
2016	24,843,541	2,720,814	1,488,723	540,217	181,979	849,796	30,625,070
2015	24,016,493	2,561,164	1,509,304	531,093	184,098	873,386	29,675,538
2014	23,372,482	2,439,476	1,514,494	535,776	208,339	882,478	28,953,045

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County of Rockbridge, Virginia

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

Fiscal Year	Real Estate (1)	Personal Property	Mobile Homes	Machinery and Tools	Public Service (2)	Total Taxable Assessed Value
2023	\$ 3,320,159,400	\$ 334,207,432	\$ 6,563,302	\$ 20,106,183	\$ 243,063,912	\$ 3,924,100,229
2022	2,732,679,500	253,299,427	6,370,196	21,848,242	272,597,430	3,286,794,795
2021	2,701,834,100	220,877,856	6,199,161	18,861,706	276,632,910	3,224,405,733
2020	2,667,749,200	214,597,409	6,455,543	20,419,513	238,322,735	3,147,544,400
2019	2,655,783,600	212,796,687	6,568,155	16,960,239	212,415,903	3,104,524,584
2018	2,648,474,200	206,515,010	6,342,995	16,449,119	203,142,456	3,080,923,780
2017	2,631,621,600	201,464,825	6,550,990	15,378,673	184,195,145	3,039,211,233
2016	2,439,031,715	193,324,971	6,606,563	15,010,380	179,117,907	2,833,091,536
2015	2,427,102,558	185,452,684	6,526,117	14,293,472	158,517,874	2,791,892,705
2014	2,409,180,980	182,796,656	6,654,724	14,745,031	146,349,769	2,759,727,160

Source: Commissioner of the Revenue

- (1) Real estate is assessed at 100% of market value.
(2) Assessed values are established by the State Corporation Commission
(3) Source: Virginia Department of Taxation

Table 7

	Estimated Actual Taxable Value	State Sales Assessment Ratio (3)	Total Direct Rate
\$	4,900,225,061	80.08%	\$ 7.89
	3,570,274,598	92.06%	8.53
	3,090,583,469	104.33%	8.53
	3,149,749,224	99.93%	8.53
	3,054,732,445	101.63%	8.26
	3,124,669,148	98.60%	8.20
	2,977,867,169	102.06%	8.20
	2,872,735,283	98.62%	8.27
	2,788,824,998	100.11%	8.23
	2,848,309,588	96.89%	8.23

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

Direct Rates					
Tax Year	Real Estate	Personal Property (2)	Mobile Homes	Machinery and Tools	Total Direct Rate
2023	\$ 0.74	\$ 3.86	\$ 0.74	\$ 2.55	\$ 7.89
2022	0.74	4.50	0.74	2.55	8.53
2021	0.74	4.50	0.74	2.55	8.53
2020	0.74	4.50	0.74	2.55	8.53
2019	0.73	4.25	0.73	2.55	8.26
2018	0.70	4.25	0.70	2.55	8.20
2017	0.70	4.25	0.70	2.55	8.20
2016	0.735	4.25	0.735	2.55	8.27
2015	0.715	4.25	0.715	2.55	8.23
2014	0.715	4.25	0.715	2.55	8.23

Source: Commissioner of the Revenue

(1) Per \$100 of assessed value.

(2) Beginning in tax year 2023, qualifying automotive property was taxed at a different rate than other personal property. As a result, the direct rate included in the table is the blended rate for personal property.

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year (1)		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (2)	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2023	\$	34,065,967	\$ 32,914,656	96.62%	\$ -	\$ 32,914,656	96.62%
2022		32,743,396	31,344,460	95.73%	854,160	32,198,620	98.34%
2021		31,523,349	30,493,159	96.73%	795,266	31,288,425	99.25%
2020		30,082,752	28,593,477	95.05%	1,365,643	29,959,120	99.59%
2019		29,022,230	27,867,556	96.02%	1,073,168	28,940,724	99.72%
2018		28,195,589	27,044,729	95.92%	1,095,967	28,140,696	99.81%
2017		27,587,034	26,685,209	96.73%	895,030	27,580,239	99.98%
2016		26,614,006	25,756,651	96.78%	851,286	26,607,937	99.98%
2015		25,839,111	24,786,530	95.93%	1,038,239	25,824,769	99.94%
2014		25,571,272	24,997,455	97.76%	566,920	25,564,375	99.97%

Source: Commissioner of the Revenue, Treasurer's office.

(1) Exclusive of penalties and interest, includes Commonwealth of Virginia PPTRA reimbursement.

(2) Does not include land redemptions.

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2023		Fiscal Year 2014	
		2023 Assessed Valuation	% of Total Assessed Valuation	2014 Assessed Valuation	% of Total Assessed Valuation
Virginia Elec. & Power Company	Utility	\$ 192,173,105	5.788%	\$ n/a	n/a
BARC Electric	Utility	72,756,667	2.191%	n/a	n/a
TA Operating	Industry & Service	34,425,200	1.037%	n/a	n/a
Lexington Retirement Community, Inc.	Health Provider	34,118,900	1.028%	27,726,900	1.005%
Wal-Mart	Retail	9,926,500	0.299%	8,992,900	0.326%
Mountain View Brewery, LLC	Manufacturer/Retail	9,866,200	0.297%	n/a	n/a
Lowe's Home Center	Retail	9,155,300	0.276%	7,912,500	0.287%
Aladdin Manufacturing Corp.	Industry & Service	7,743,400	0.233%	8,978,700	0.325%
West Airlie Farms, LLC	Agriculture	5,218,500	0.157%	3,795,700	0.138%
Landeau, Laurie J.	Individual	5,015,100	0.151%	3,634,600	0.00131701
		<u>\$ 380,398,872</u>	<u>11.457%</u>	<u>\$ 126,079,090</u>	<u>2.248%</u>

Source: Commissioner of Revenue

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County of Rockbridge, Virginia

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities	
	General Obligation Bonds	Revenue Bonds	Literary Fund Loans	Notes/Leases Payable	General Obligation Bonds	Notes/Leases Payable
2023	\$ 29,408,717	\$ 14,580,000	\$ -	\$ 3,800,300	\$ 7,335,214	\$ 3,471
2022	31,884,168	15,285,000	-	4,121,000	8,100,322	32,084
2021	34,281,893	15,960,000	180,000	4,430,000	8,908,489	86,359
2020	33,706,337	15,420,000	360,000	4,724,000	5,246,275	199,149
2019	35,991,654	16,005,000	540,000	4,984,644	5,902,133	391,895
2018	38,210,078	16,440,000	715,000	5,236,000	6,532,992	606,418
2017	40,365,658	16,745,000	895,000	-	7,143,851	643,359
2016	42,453,194	16,745,000	1,075,000	-	7,264,710	916,590
2015	43,604,236	17,390,000	1,255,000	-	724,462	449,111
2014	45,109,146	17,870,000	1,435,000	53,280	750,543	583,060

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements. Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. Overlapping governments for the County of Rockbridge, Virginia include the Town of Glasgow, Virginia and the Town of Goshen, Virginia. The Town of Goshen, Virginia has no overlapping debt for the County of Rockbridge, Virginia. Information on outstanding debt of the Town of Glasgow, Virginia was not available for inclusion in the Table.

Table 11

	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$	55,127,702	5.48%	\$ 2,450
	59,422,574	9.04%	2,857
	63,846,741	9.72%	3,070
	59,655,761	8.39%	2,651
	63,815,326	7.26%	2,831
	67,740,488	7.87%	2,990
	65,792,868	7.95%	2,958
	68,454,494	8.87%	3,089
	63,422,809	8.21%	2,862
	65,801,029	8.44%	2,939

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross and Net Bonded Debt (3)	Less: Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2023	22,498	\$ 3,320,159,400	\$ 31,884,168	\$ 926,743	\$ 30,957,425	0.96%	\$ 1,376
2022	22,641	2,732,679,500	31,884,168	-	31,884,168	1.17%	1,408
2021	22,532	2,701,834,100	34,461,893	-	34,461,893	1.28%	1,529
2020	22,500	2,667,749,200	34,066,337	-	34,066,337	1.28%	1,514
2019	22,539	2,655,783,600	36,531,654	-	36,531,654	1.38%	1,621
2018	22,659	2,648,474,200	38,925,078	-	38,925,078	1.47%	1,718
2017	22,241	2,631,621,600	41,260,658	-	41,260,658	1.57%	1,855
2016	22,163	2,439,031,715	43,528,194	-	43,528,194	1.78%	1,964
2015	22,163	2,427,102,558	44,859,236	-	44,859,236	1.85%	2,024
2014	22,390	2,409,180,980	46,544,146	-	46,544,146	1.93%	2,079

(1) www.coopercenter.org; See the Schedule of Demographic and Economic Statistics - Table 14

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

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans which are repaid from general government resources. Excludes revenue bonds, landfill closure/post-closure care liability, notes payable, and compensated absences.

Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Landfill Revenue Bonds						
	Landfill Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2023	\$ 2,852,452	\$ 1,145,347	\$ 1,707,105	\$ 655,000	\$ 191,908	201.57%	
2022	2,797,912	985,985	1,811,927	625,000	157,856	231.45%	
2021	2,825,076	1,778,113	1,046,963	590,000	280,656	120.25%	
2020	2,626,899	1,686,907	939,992	560,000	228,637	119.19%	
2019	2,381,473	1,484,858	896,615	535,000	254,172	113.61%	
2018	2,122,475	1,103,408	1,019,067	515,000	277,803	128.54%	
2017	2,252,340	967,399	1,284,941	25,000	272,475	431.95%	
2016	2,113,441	777,930	1,335,511	20,000	29,656	2689.53%	
2015	1,583,311	731,128	852,183	20,000	40,173	1416.22%	
2014	936,618	987,004	(50,386)	20,000	31,456	-97.92%	

Note: Landfill charges and other include landfill charges and miscellaneous revenues but not investment earnings or capital contributions. Operating expenses include all operating expenses except depreciation expense.

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income*	Per Capita Personal Income*	Median Age	School Enrollment	Unemployment Rate
2023	22,641	\$ 1,095,031,965	\$ 48,365	49	2,630	3.60%
2022	22,641	1,057,334,700	46,700	49	2,605	2.80%
2021	22,650	946,634,100	41,794	49	2,665	4.20%
2020	22,500	907,200,000	40,320	49	2,643	6.30%
2019	22,609	881,321,429	38,981	47	2,743	2.60%
2018	22,659	860,792,751	37,989	47	2,740	3.40%
2017	22,241	827,587,610	37,210	47	2,737	4.60%
2016	22,163	772,070,268	34,836	47	2,755	4.40%
2015	22,163	772,070,268	34,836	47	2,613	5.80%
2014	22,390	779,978,040	34,836	47	2,604	5.40%

Sources: Weldon Cooper Institute, U.S. Bureau of Economic Analysis, Rockbridge County School Division, and the Virginia Employment Commission.

* Independent Cities of Buena Vista and Lexington included with Rockbridge County. Data not available separately.

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2023			Fiscal Year 2014		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Rockbridge County Schools	500-999	1	4.42%	n/a	n/a	n/a
Mohawk	250-499	2	4.41%	652	1	10.77%
Walmart	100-249	3	1.33%	266	2	1.40%
County of Rockbridge	100-249	4	1.33%	n/a	n/a	n/a
Truck Stops of America (White's)	100-249	5	2.20%	165	3	2.73%
Kendal at Lexington	100-249	6	1.33%	153	4	2.53%
Lowes' Home Centers, Inc.	50-99	7	0.88%	118	7	1.95%
Stella Jones Corporation	50-99	8	0.66%	48	10	0.79%
Rockbridge Area Health Center	50-99	9	0.66%	n/a	n/a	n/a
Byers	50-99	10	0.66%	n/a	n/a	n/a
Totals	1500-3041		17.88%	1,402		20.17%

Businesses with 2014 employment figure marked 'n/a' do not maintain their records to this timeframe, were unable to provide requested information, or were not in business at that time.

Sources: Virginia Employment Commission LMI

County of Rockbridge, Virginia

Full-time County Government Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2014	2015	2016	2017	2018
General government	16	16	16	17	17
County Administration	2	2	2	2	2
County Attorney	1	1	1	1	1
Central Accounting	2	1	1	1	1
Information Technology	1	1	1	1	1
Human Resources	0	1	1	1	1
Commissioner of the Revenues	4	4	4	5	5
Treasurer	4	4	4	4	4
Fiscal Services	2	2	2	2	2
Registrar	1	1	1	1	1
Judicial administration	18	18	19	19	20
Clerk of Circuit Court	5	5	6	6	6
Circuit Court	1	1	1	1	1
Combined Court Security	6	6	6	6	7
Commonwealth's Attorney	5	5	5	5	5
Victim Witness Coordinator	1	1	1	1	1
Public safety	43	43	43	43	41
Sheriff Office	35	35	35	35	33
Fire, Rescue, & Emergency Mgmt.	2	2	2	2	2
Building inspections	3	3	3	3	3
E&S Control-Storm Water Mgmt.	1	1	1	1	1
Special Enforcement	2	2	2	2	2
Public works	18	18	18	17	20
Refuse & Recycling Collections	5	5	5	4	3
Landfill (Blue Ridge Resource Auth.)	7	7	7	7	9
Combined Courthouse Maint.	1	1	1	1	2
Engineering	0	0	0	0	0
Fleet Services	5	5	5	5	6
Health and welfare					
Department of Social Services	23	26	26	28	33
Culture and recreation	5	5	6	6	6
Parks and recreation	3	3	4	4	4
Preschool Program	2	2	2	2	2
Community development	6	6	6	6	6
Planning & Zoning	3	3	3	3	3
Geographic Information System	2	2	2	2	2
Economic Development					
Rental Assistance	1	1	1	1	1
Totals	130	133	135	136.5	144

Source: Individual County departments

Table 16

Fiscal Year				
2019	2020	2021	2022	2023
17	18	18	18	19
2	2	2	2	2
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	2
5	5	5	5	5
4	4	4	4	4
2	3	3	3	3
1	2	2	2	2
21	23	23	23	24
6	7	7	7	7
1	1	1	1	1
7	7	7	6	7
6	7	7	8	8
1	1	1	1	1
60	60	62	62	59
38	38	38	38	32
16	16	18	18	21
3	3	3	3	3
1	1	1	1	1
2	2	2	2	2
17	17	20	21	18
3	3	4	4	3
6	6	8	9	8
2	2	2	2	2
0	0	0	0	0
6	6	6	6	5
33	33	33	33	33
6	6	6	6	6
4	4	4	4	4
2	2	2	2	2
6	6	5	6	6
3	3	2	2	4
2	2	2	2	2
			1	1
1	1	1	1	1
161	165	169	171	167

County of Rockbridge, Virginia

Operating Indicators by Function Last Ten Fiscal Years

Function	Fiscal Year			
	2014	2015	2016	2017
Public safety				
Fire and rescue:				
Number of calls answered	5,582	5,475	5,580	5908*
Building inspections:				
Permits issued	522	529	535	533
Public works				
Landfill:				
Refuse collected (tons/day)	141	141	144	141**
Recycling (tons/day)	15	17	13***	13***
Health and welfare				
Department of Social Services:				
Caseload	6,275	6,286	6,239	5,829

*Calls dispatched; includes Lexington and Buena Vista Fire and Rescue calls into County

**Tons per day based on 310 work days

***Includes Lexington City, excludes Buena Vista City and private enterprises

Source: Individual County departments--only information that is currently available.

Table 17

Fiscal Year					
2018	2019	2020	2021	2022	2023
5610*	6104*	6125*	6223*	7859	7644
503	515	591	646	706	687
132** 10***	169** 9***	152** 6***	149** 3***	147** 4***	150** 5***
5,804	5497	5898	6969	8062	8138

County of Rockbridge, Virginia

Capital Asset Statistics by Function Last Ten Fiscal Years

Function	Fiscal Year				
	2014	2015	2016	2017	2018
General government					
Administration buildings	1	1	1	1	1
Judicial Administration					
Courthouse	1	1	1	1	1
Vehicles (Courthouse Security)	3	3	3	3	3
Public safety					
Sheriff (Law Enforcement):					
Vehicles	39	38	40	42	44
Fire, EMS & Emg. Mgmt.:					
Vehicles	3	3	3	3	3
Building inspections/maintenance:					
Vehicles	3	4	4	4	4
Animal control:					
Vehicles	2	2	2	2	2
Public works					
Collections:					
Vehicles	N/A	N/A	1	1	1
Sites	5	5	5	5	5
Landfill:					
Vehicles	N/A	N/A	N/A	4	4
Sites	1	1	1	1	1
Fleet Services:					
Vehicles	N/A	N/A	N/A	4	5
Facilities	1	1	1	1	1
Health and welfare					
Department of Social Services:					
Vehicles	4	5	5	6	6
Parks, culture and recreation					
Parks and recreation:					
Vehicles	3	2	3	3	3
Swimming pools	2	2	2	2	2
Community development					
Planning/GIS:					
Vehicles	3	3	3	3	3

Source: Individual County departments--only information that is currently available

Table 18

Fiscal Year				
2019	2020	2021	2022	2023
1	1	1	1	1
1	1	1	1	1
4	4	4	3	4
36	36	43	50	60
4	4	4	6	6
4	4	4	4	4
2	2	2	2	2
1	1	1	1	1
6	6	6	7	7
6	6	7	7	7
1	1	1	1	1
8	7	7	6	6
1	1	1	1	1
6	6	6	6	6
3	3	3	3	3
2	2	2	2	2
3	3	3	3	3

County of Rockbridge, Virginia

Schedule of the City of Lexington's and Buena Vista's Share of Certain General Government Expenditures
Year Ended June 30, 2023

Description	Total Cost to the County	State and Other Reimbursement	City of Lexington Share		
			Net County Cost	% Used	Total Cost
Clerk of the Circuit Court	\$ 599,941	\$ 356,238	\$ 243,703	24.41%	\$ 59,480
Circuit Court - Expenses	86,787	-	86,787	24.41%	21,182
General District and J&D Court	31,172	-	31,172	24.41%	7,608
Courthouse Maintenance	395,463	31,135	364,328	24.41%	88,921
Administration Building, 150 S. Main Street	97,579	-	97,579	3.16%	3,082
Administration Building, 150 S. Main Street - Advancement of Agriculture Portion	15,005		15,005	15.00%	2,251
25th Court Services Unit-Juvenile Probation	4,766	-	4,766	19.95%	951
Commonwealth's Attorney	845,741	590,390	255,351	24.41%	62,323
Sheriff's Salary	166,179	108,081	58,098	24.41%	14,180
Advancement of Agriculture (City Agent)	<u>89,183</u>	<u>-</u>	<u>89,183</u>	15.00%	<u>13,377</u>
Totals	\$ <u>2,331,816</u>	\$ <u>1,085,844</u>	\$ <u>1,245,972</u>		\$ <u>273,357</u>

Table 19

<u>City of Buena Vista Share</u>	
<u>% Used</u>	<u>Total Cost</u>
- \$	-
-	-
-	-
-	-
-	-
-	-
18.26%	870
-	-
-	-
-	-
	<hr/>
\$	<u><u>870</u></u>

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 ROCKBRIDGE, VIRGINIA**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Rockbridge, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County of Rockbridge, Virginia's basic financial statements, and have issued our report thereon dated December 19, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Rockbridge, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2023-003.

County of Rockbridge, Virginia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County of Rockbridge, Virginia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. County of Rockbridge, 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.

Robinson, Farmer, Cox Assoc.

Staunton, Virginia
December 19, 2023



**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 ROCKBRIDGE, VIRGINIA**

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

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

Qualified Opinion on 21.027 Coronavirus State and Local Fiscal Recovery Funds

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, County of Rockbridge, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Unmodified Opinion on each of the Other Major Federal Programs

In our opinion, County of Rockbridge, Virginia complied, in all material respects, with the 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 auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2023.

Basis for Qualified and Unmodified Opinions

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 Rockbridge, 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 qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of County of Rockbridge, Virginia's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on 21.027 Coronavirus State and Local Fiscal Recovery Funds

As described in the accompanying schedule of findings and questioned costs, County of Rockbridge, Virginia did not comply with the requirements regarding Assistance Listing No. 21.027 Coronavirus State and Local Fiscal Recovery Funds as described in finding number 2023-002 for allowable costs.

Compliance with such requirements is necessary, in our opinion, for County of Rockbridge, Virginia to comply with the requirements applicable to that program.

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

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

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on County of Rockbridge, Virginia's response to the internal control over compliance findings identified in our compliance audit and described in the accompanying schedule of findings and questioned costs. County of Rockbridge, 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.

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

Robinson, Farmer, Cox Assoc.

Staunton, Virginia
December 19, 2023

County of Rockbridge, Virginia

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Education:			
COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	NU90TP922153	\$ 53,085
Total Department of Health and Human Services			\$ 53,085
Department of Treasury			
Direct Payments:			
COVID-19 Local Assistance and Tribal Consistency Fund	21.032	Not applicable	\$ 105,972
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027	Not applicable	\$ 282,308
Pass Through Payments:			
Virginia Department of Education			
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027	SLFRP1026	536,407
Subtotal AL 21.027	21.027		\$ 818,715
Total Department of Treasury			\$ 924,687
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster			
Department of Agriculture:			
Food Distribution	10.555	Not available	\$ 124,368
Department of Education:			
		202221N11994 1; 202221N89034 1; 202222N11994 1; 202322N11994 1; 202323N11994 1; 202322N89034 1	933,362
National School Lunch Program	10.555		\$ 1,057,730
Subtotal AL 10.555			
Summer Food Service Program for Children	10.559	202221N11994 1	13,040
		202221N11994 1; 202222N11994 1; 202323N11994 1	287,431
School Breakfast Program	10.553		\$ 1,358,201
Total Child Nutrition Cluster			
Child Nutrition Discretionary Grants Limited Availability	10.579	Not available	\$ 5,072
Department of Education			
COVID-19 Pandemic EBT Administrative Costs	10.649	202222S900941 202322N11994 1;	3,135
Child and Adult Care Food Program	10.558	202323N11994 1	9,637
Forest Service Schools and Roads Cluster:			
Schools and Roads - Grants to States	10.665	APE43841	\$ 69,829
Total Forest Service Schools and Roads Cluster			\$ 69,829
Total Department of Agriculture			\$ 1,445,874
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Service:			
Crime Victim Assistance	16.575	18V2GX0011	\$ 51,393
Edward Byrne Memorial Justice Assistance Grant Program	16.738	17DJBX0082	20,750
Violence Against Women Formula Grants	16.588	19WFAX0032	36,252
Total Department of Justice			\$ 108,395

County of Rockbridge, Virginia

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	Not available	\$ 27,830
Total Department of Transportation			\$ 27,830
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	EMP-2022-EP-00004	\$ 7,500
Total Department of Homeland Security			\$ 7,500
Department of Education:			
Pass Through Payments:			
Department of Education:			
Adult Education-Basic Grants to States	84.002	Not available	\$ 62,740
Title I: Grants to Local Educational Agencies	84.010	S010A210046; S010A220046	632,003
Special Education Cluster:			
Special Education Grants to States	84.027	H027A210107; H027X210107; H027A220107	770,411
Special Education Preschool Grants	84.173	H173A210112; H173X210112; H173X210112; H173A220112	27,087
Total Special Education Cluster			\$ 797,498
Career and Technical Education - Basic Grants to States	84.048	V048A210046; V048A220046	\$ 66,555
Supporting Effective Instruction State Grants	84.367	S367A210044	59,856
Twenty-First Century Community Learning Centers	84.287	S287C210047; S287C220047	496,691
Student Support and Academic Enrichment Program	84.424	S424A200048; S424A210048	28,910
COVID-19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210008	551,524
COVID-19 Education Stabilization Fund - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210008	2,427,099
Total Department of Education			\$ 5,122,876
Total Expenditures of Federal Awards			\$ 7,690,247

County of Rockbridge, Virginia

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

Notes to Schedule of Expenditures of Federal Awards:

NOTE 1-BASIS OF PRESENTATION

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

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(2) County of Rockbridge, Virginia has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

NOTE 3-FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, the County had food commodities totaling \$20,273 in inventory. The value of food commodities expended during the year ended June 30, 2023 amounted to \$124,368.

NOTE 4 - LOANS

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

NOTE 5 - RELATIONSHIP TO FINANCIAL STATEMENTS

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

Governmental funds

General fund

\$ 740,333

School Capital Projects Fund

946,913

Department of the Interior - Payment in Lieu of Taxes

(208,328)

Total primary government

\$ 1,478,918

Discretely presented component unit - School Board:

School operating fund

\$ 4,835,284

School cafeteria fund

1,376,045

Total discretely presented component unit - School Board

\$ 6,211,329

Total federal expenditures per the Schedule of Expenditures of

Federal awards

\$ 7,690,247

NOTE 6 - SUBRECIPIENTS

No awards were passed through to subrecipients.

COUNTY OF ROCKBRIDGE, VIRGINIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? x yes none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? x yes none reported

Type of auditors' report issued on compliance for major programs: Unmodified for all major programs except 21.027, Coronavirus State and Local Fiscal Recovery Fund, which was qualified.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? yes x no

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	Food Distribution
10.559	Summer Food Service Program for Children
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Fund
84.010	Title I: Grants to Local Educational Agencies
84.425D	COVID-19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund
84.425U	COVID-19 Education Stabilization Fund - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund

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

Auditee qualified as low-risk auditee? yes x no

Section II - Financial Statement Findings

2023-001 Significant Deficiency School Board Payroll Reconciliation

Criteria: Policies and procedures over payroll should be sufficient to ensure all payroll data and related payments are accurate and complete.

Condition: A test of School Board payroll data revealed several errors related to employee retirement, including inaccurate withholding amounts or entirely missed retirement withholdings.

Cause: There is no procedure in place to reconcile the retirement contribution amounts in the payroll system to the state retirement system. Furthermore, monitoring of the payroll function was not sufficient to prevent or detect and correct errors in the calculation of withholding amounts.

Effect: The School Board processed payroll that contained inaccuracies which were not detected and corrected in a timely manner.

Recommendation: We recommend that the School Board implement a procedure to reconcile the payroll system to the state retirement system to ensure employee retirement data is accurate.

Views of Responsible Officials and Planned Corrective Actions: The school board acknowledges the auditors finding. The school board will implement a process to verify payroll system to the state retirement system. The process will verify the Virginia Retirement System SNAPSHOT to the payroll worksheet which is used to balance with BAI, county payroll system. Discrepancies will be documented on each payroll processed.

COUNTY OF ROCKBRIDGE, VIRGINIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section III - Federal Award Findings and Questioned Costs

Department of Treasury:

**2023-002 Compliance Finding
and Significant Deficiency**

21.027 - COVID-19 Coronavirus State and Local Fiscal Recovery Fund

Criteria: Per the Office of Management and Budget Compliance Supplement and the Cost Principles for State, Local, and Indian Tribal Governments, claims for reimbursements must be for actual costs incurred.

Condition: Tests of expenditures during the year revealed that an invoice in the amount of \$320,310 addressed to Roanoke City Public Schools was erroneously paid by Rockbridge County School Board. \$228,816 of the invoice was submitted to Virginia Department of Education for reimbursement under the State and Local Fiscal Recovery Fund program.

Cause: The School Board's internal control procedures failed to prevent the processing of payment for the invoice that was not owed by the School Board

Effect: Federal revenues and expenditures of federal awards exceeded the allowable amount by \$228,816.

Questioned Costs: \$228,816 was requested for reimbursement for expenditures that were not actually owed by the School Board.

Recommendation: We recommend that policies and procedures be adequate to ensure approval for payment of invoices includes verifying the School Board is the actual payee listed on the invoice.

Views of Responsible Officials and Planned Corrective Actions: The school board acknowledges the incorrect payment of the invoice. The school board invoice payment process has a two-step verification process. The first step is for the end user to acknowledge receipt and payment approval for invoice. The end user is to verify accuracy of the invoice and receipt of goods or services. The second step is for the Accounts Payable employee to verify the accuracy of the invoice and approval for payment. The school board will review these processes with staff and the importance of this process.

Section IV - Summary of Prior Year Findings

There were no prior year findings.

Section V - Findings-Commonwealth of Virginia

2023-003 Compliance Finding

Virginia Retirement System - School Board

Condition: The School Board did not perform a monthly reconciliation of the Virginia Retirement System (VRS) snapshots to the payroll system as required Auditor of Public Accounts. As a result of tests of compliance with the required VRS reporting we identified discrepancies between employee retirement withholding and the amounts reported and contributed to the Virginia Retirement System.

Recommendation: We recommend implementing a procedure to reconcile the monthly VRS snapshots to the payroll system, and that this reconciliation be included in the payroll review process. This process will ensure that any errors in computing employee withholding for the Virginia Retirement System are identified and corrected in a timely fashion.

Views of Responsible Officials and Planned Corrective Actions: The school board acknowledges the auditors finding. The school board will implement a process to verify payroll system to the state retirement system. The process will verify the Virginia Retirement System SNAPSHOT to the payroll worksheet which is used to balance with BAI, county payroll system. Discrepancies will be documented on each payroll processed.

Phillip Thompson, Ed.D.
Division Superintendent



Tim Martino
Assistant Superintendent

Corrective Action Plan

The County of Rockbridge, Virginia respectfully submits the following corrective action plan for the year ended June 30, 2023.

Name and address of independent public accounting firm:
Robinson, Farmer, Cox Associates
10 Hedgerow Drive
Staunton, VA 24401

Audit Period: July 1, 2022 to June 30, 2023

The findings from the June 30, 2023 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

Financial Statement Findings

2022-001 Significant Deficiency

Responsible Person, Title: Jessica Sandifer, Payroll Specialist

Audit Finding: There is no procedure in place to reconcile the retirement contribution amounts in the payroll system to the state retirement system. Furthermore, monitoring of the payroll function was not sufficient to prevent or detect and correct errors in the calculation of employee withholdings. As a result a test of School Board payroll data revealed several errors related to employee retirement, including inaccurate withholding amounts or entirely missed retirement withholdings.

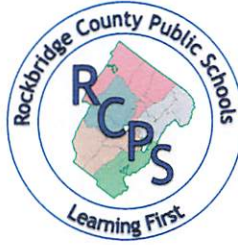
Auditor Recommendation: The School Board should implement a procedure to reconcile the payroll system to the state retirement system to ensure employee retirement data is accurate.

Anticipated Completion Date: 1/15/2024

County's Response: Concur

Corrective Action Planned: The school board will implement a process to verify payroll system to the state retirement system. The process will verify the Virginia

Phillip Thompson, Ed.D.
Division Superintendent



Tim Martino
Assistant Superintendent

Retirement System SNAPSHOT to the payroll worksheet which is use to balance with BAI, county payroll system. Discrepancies will be documented on each payroll processed.

Federal Award Findings and Questioned Costs

2023-002 Significant Deficiency and Compliance Finding – 21.027 COVID-19 Coronavirus State and Local Fiscal Recovery Fund

Responsible Person, Title: Dana Loope, Accounts Payable Specialist

Audit Finding: During a test of disbursements, it was observed that an invoice in the amount of \$320,310 addressed to Roanoke County Public Schools was erroneously paid by the Rockbridge County School Board. \$228,816 of the invoice was submitted to Virginia Department of Education for reimbursement under the State and Local Fiscal Recovery Fund Program.

Auditor Recommendation: Policies and procedures should be adequate to ensure approval for payment of invoices includes verifying the School Board is the actual payee listed on the invoices.

Anticipated Completion Date: 2/29/2024.

County's Response: Concur

Corrective Action Planned: The school board invoice payment process has a two-verification process. The first step is for the end user to acknowledge receipt and payment approval for invoice. The end user is to verify accuracy of the invoice and receipt of goods or services. The second step is for the Accounts Payable employee to verify the accuracy of the invoice and approval for payment. The school board will review these processes with staff and the importance of this process.

Finding - Commonwealth of Virginia

2023-003 Compliance Finding

Responsible Person, Title: Jessica Sandifer, Payroll Specialist

Phillip Thompson, Ed.D.
Division Superintendent



Tim Martino
Assistant Superintendent

Audit Finding: The School Board did not perform a monthly reconciliation of the Virginia Retirement System (VRS) snapshots to the payroll system as required by the Auditor of Public Accounts. As a result of tests of compliance with the required VRS reporting discrepancies were identified between employee retirement withholding and the amounts reported and contributed to the Virginia Retirement System.

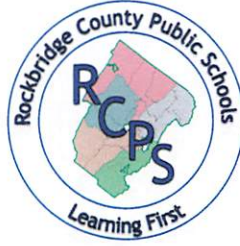
Auditor Recommendation: The School Board should implement a procedure to reconcile the monthly VRS snapshots to the payroll system, and this reconciliation should be included in the payroll review process. This process will ensure that any errors in computing employee withholding for the Virginia Retirement System are identified and corrected in a timely fashion.

Anticipated Completion Date: 1/15/2024

County's Response: Concur

Corrective Action Planned: The school board will implement a process to verify payroll system to the state retirement system. The process will verify the Virginia Retirement System SNAPSHOT to the payroll worksheet which is use to balance with BAI, county payroll system. Discrepancies will be documented on each payroll processed.

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Division Superintendent



Tim Martino
Assistant Superintendent

Any questions regarding this corrective action plan can be addressed by David Daniels, School Board Finance Director at 540-463-7386.

Respectfully Submitted,



Jason Kirby Chief Business Officer