

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

PREPARED BY:
FINANCE & MANAGEMENT SERVICES DEPARTMENT

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

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December 7, 2023

To the Honorable Members of the Board of Supervisors To the Citizens of Campbell County County of Campbell, Virginia

We are pleased to present the Comprehensive Annual Financial Report of the County of Campbell, Virginia, (the "County"), for the fiscal year ended June 30, 2023. This report was prepared by the County's Department of Management Services. Responsibility for both accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

The management of the County is responsible for establishing and maintaining an internal control structure to ensure the protection of County assets. In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls: In addition to the internal accounting controls noted above, the County also maintains budgetary controls. These budgetary controls ensure compliance with provisions embodied in the annual appropriated budget approved by the Board of Supervisors. Activities of the general fund and capital projects funds are included in the annual appropriated budget.

As a recipient of federal and state financial assistance, the County is also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations.

The County adopts an annual budget by July 1 of each year as required by §15.2-2503, Code of Virginia of 1950, as amended. A budget is not required for fiduciary funds.

When necessary, the Board of Supervisors approves amendments to the adopted budget in accordance with §15.2-2507, Code of Virginia of 1950, as amended. Budgetary compliance is monitored and reported at the department level. The budget is implemented through appropriations that the Board makes annually, with supplemental appropriations made as required.

THE REPORTING ENTITY AND ITS SERVICES

The County of Campbell report includes all funds of the "primary government." In Virginia, cities and counties are distinct units of government; therefore, the County is responsible for providing all services normally provided by a local government. These services include public safety, public works, libraries, economic development, law enforcement, social services, recreation and cultural activities, and community development. Additionally, the County is responsible for funding primary and secondary education and appoints a separate board to handle utilities. For financial reporting purposes and in accordance with the Governmental Accounting Standards Board (GASB), Statement 14, "The Financial Reporting Entity," the County has identified two discrete component units. The GASB statement establishes the criteria used in making this determination and identifies each as a blended component unit or discretely presented component unit. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and therefore are included as part of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of this primary government. There, the County School Board and the Industrial Development Authority (IDA) are reported in a discrete presentation. Based on GASB Statement 14 criteria, the School Board is a legally separate organization providing educational services to the public whose board is elected and is fiscally dependent on the local government. The IDA is a legally separate organization providing economic development services to the County whose board is appointed by the County Board of Supervisors.

CAMPBELL COUNTY DEMOGRAPHIC & ECONOMIC DEVELOPMENT INFORMATION

Campbell County's existing industrial sectors include, but are not limited to, advanced manufacturing, agriculture, automotive, banking/finance, call/customer service centers, forest/wood products, furniture, metal fabrication, nuclear engineering/fabrication, pharmaceutical, plastics, printing, textile and trucking.

In FY 2023 Campbell County's unemployment rate ranged from 2.8% to 3.8% with an average of 3.2%. Campbell County's unemployment rates followed the same trends as the Commonwealth of Virginia and the United States as a whole. During FY 2023 communities were no longer experiencing the effects of the COVID-19 Pandemic, though most businesses continue to struggle to find workers to fill open positions. The Weldon Cooper Center reports that Campbell County's population estimate continues to rise from the 2010 Census count of \$54,842 to the 2020 estimate of 55,696.

FY 2023 MAJOR ECONOMIC DEVELOPMENT DEPARTMENT ACCOMPLISHMENTS/INITIATIVES

- Marketing The Economic Development Department continues to expand relationships with area Commercial Real Estate groups. This will ensure that all available property in Campbell County is promoted to prospects looking to relocate anywhere in Virginia by feeding into the Virginia Economic Development Partnership database for all available commercial and industrial property.
- Incentive Awards The County has awarded two significant financial incentives during the past year. One for a national restaurant chain and one to a large industrial business for expansion.
- **Grant Awards** Economic Development staff applied for, and successfully secured two grants during FY23 from the Tobacco Commission. One for agricultural improvements and one for industrial site grading. We are still waiting for feedback on three other grant applications for site grading, recreational access road improvements, and an art mural project.

FY 2023 OTHER ACCOMPLISHMENTS/INITIATIVES

- Campbell LEADS program won VACo's achievement award for excellence in Organizational Development. In this program, employees that demonstrate leadership potential meet monthly to learn from a series of expert instructors on the topics of: Ethics in Local Government; Leadership vs. Management; Budget Planning; Essence and Dynamics of Government; Leadership and Change Management, Crucial Conversations, etc. In addition to these classes, the cohort is broken out into three teams which identify a key need or issue in the organization as a focus of their leadership projects for the year (which are then presented to the County Administrator and upper-level leaders).
- CEQL improved recreation and playground equipment at a number of sites and added a substantive amount of Rec programs, Library programs, and community events once these departments were fully staffed,
- The County continues to collaborate with thirteen (13) other localities and three (3) major utility companies in a regional project to provide Universal Broadband services to all unserved home and businesses in the region. The partnership secured over \$86M, through three (3) VATI Grants, along with \$65M in COVID Funding.
- Public Works along with the staff of Public and Employee Relations (PER) continued their very successful
 collaboration working together to address and coordinate extra efforts to assist with Litter Control
 within the County.
- County Administration continued assisting Campbell County Schools with close-out of the \$45 million Public-Private Education and Infrastructure Act (PPEA) project for the construction of a new middle school in Rustburg which was opened to students in February.
- Public Safety, in collaboration with the Central Virginia Radio Communications Board completed the multi-million dollar radio system upgrade that will provide a trunked radio system at a lower cost than maintaining a stand-alone system.

PROPERTY TAX RATES

The Personal Property Tax rate decreased by \$.05 to \$4.31 per \$100 of assessed value. Machinery & Tools Tax rate remained at \$3.20 per \$100 of assessed value. Business, Professional and Occupational License (BPOL) rates remained unchanged as follows:

- \$0.1520 per \$100 of gross receipts for contractors;
- \$0.1900 per \$100 of gross receipts for retail sales;
- \$0.3325 per \$100 of gross receipts for personal service & repair;
- \$0.4750 per \$100 of gross receipts for professional service;
- \$0.4750 per \$100 of gross receipts for public service; and
- \$0.0475 per \$100 of gross receipts for wholesalers

The Real Estate Tax rate of \$0.52 cents per \$100 of assessed value remains unchanged.

GOVERNMENT'S FINANCIAL POLICIES AND LONG TERM FINANCIAL PLANNING

Campbell County's Financial Policy has established a target Unassigned General Fund Balance of 15% of the combined budgets of the General Fund and School Operating Fund, less the local funding share to the Schools. For the FY 2023 budget year, this totals 15% of \$169 million or \$25.3 million. The target of \$25.3 million represents approximately 60 days of operating reserve, and additionally serves to meet required financial assurance measures for solid waste activities, and demonstrates the County's fiscal soundness for borrowing capacity. As of June 30, 2023, there is a total of \$15.8 million assigned by the Board for future needs of school maintenance, economic development, community & economic investment fund, and debt service.

The County utilizes an annual comprehensive planning process to look at long-term capital and operational needs. This process leads to the development of a formal Strategic Plan and Timeline that identifies future funding requirements of up to five years for Strategic Planning. This plan is adopted by the Board of Supervisors in February of each year and used to develop the annual operating budget. Additionally, this same process yields a five-year Capital Improvement Plan (CIP) for the primary government and schools that is formally adopted by the Board in the spring of each year in conjunction with the annual operating budget.

OTHER INFORMATION

Management's Discussion and Analysis: Generally accepted accounting principles (GAAP) require management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The County of Campbell's MD&A can be found immediately following the report of the independent auditors.

Independent Audit: The Commonwealth of Virginia requires an annual audit of the financial records and transactions of all departments of the County by independent certified public accountants selected by the Board of Supervisors. The County is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to this single audit, including the findings and recommendations, and auditors' reports on the internal control structure and compliance with laws and regulations, is contained in this report. These requirements have been complied with and the auditor's opinion is included in this report.

Certificate of Achievement: In order to be awarded a Certificate of Achievement from the Government Finance Officers Association (GFOA), a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report (ACFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements. The County has been the recipient of this prestigious award for the last seventeen successive years.

Acknowledgments: The preparation of this report on a timely basis could not have been accomplished without the dedicated services of the entire Management Services Department. We would also like to thank the Board of Supervisors for their interest and support in planning and conducting the financial operation of the County in a responsible and progressive manner. In addition, we would like to thank the Commissioner of the Revenue, Real Estate Office, Community Development, Economic Development and other employees for their assistance in the preparation of this report.

Respectfully Submitted,

Frank Rogers County Administrator Anne Blair
Director of Management Services

Anne B Blair



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Campbell Virginia

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

DIRECTORY OF PRINCIPAL OFFICIALS JUNE 30, 2023

BOARD OF SUPERVISORS

Matt Cline, Chairman Kenny Brown, Vice-Chairman

Steve Shockley Charlie A. Watts, II Jon R. Hardie A. Dale Moore
Justine Carwile

COUNTY SCHOOL BOARD

Mark A. Epperson, Chairman Barry A. Jones, Vice-Chairman

R. Leon Brandt, Jr. Dr. Scott A. Miller Gary R. Mattox Ann Parker David Phillips

COUNTY LIBRARY BOARD

James Enoch, Chairman Kim Martin, Vice-Chairman

Valinda Trent Jon R. Hardie Rachel Cartwright Bill van Opstal Donna Roberts

OTHER OFFICIALS

Judge of the Circuit Court Clerk of the Circuit Court Chief Judge of the General District Court Presiding Judge of the General District Court

Judge of the Juvenile & Domestic Relations Circuit Court

Commonwealth's Attorney

County Attorney

Commissioner of the Revenue

Treasurer Sheriff

Superintendent of Schools Social Services Director County Administrator John T. Cook
Valerie P. Younger
Sam D. Eggleston, III
Stephanie S. Maddox

Hon. Brooke Taylor Willse Gaddy

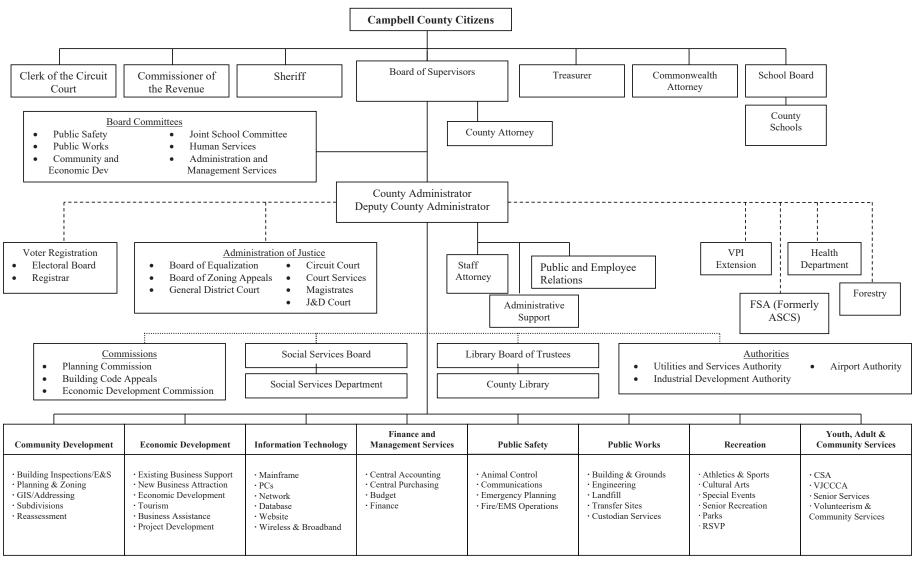
Paul McAndrews

F.E. "Tripp" Eisenhower Calvin C. Massie, Jr. Sheila M. Smith

Winston Whitfield Clark, III

Dr. Robert Johnson Lisa Linthicum Frank J. Rogers

CAMPBELL COUNTY, VIRGINIA – ORGANIZATIONAL CHART



Revised 11/20/18



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

To the Honorable Members of The Board of Supervisors County of Campbell, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Campbell, 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, based on our audit report and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Campbell, 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.

We did not audit the school activity fund of the Component Unit School Board which represent 8 percent, 15 percent, and 2 percent, respectively, of the assets, fund balances, and revenues of the Component Unit School Board 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. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for school activity fund, is based solely on the report of the other auditors.

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 Campbell, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about County of Campbell, 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 Campbell, Virginia's internal control. Accordingly, no such opinion is
 expressed.

Auditors' Responsibilities for the Audit of the Financial Statements: (Continued)

- 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 Campbell, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023, on our consideration of County of Campbell, 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 Campbell, 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 Campbell, Virginia's internal control over financial reporting and compliance.

Charlottesville, Virginia December 7, 2023

Robinson, Farmer, Cox Associates

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Campbell, Virginia, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2023. In some areas, references to where the information is found in the Financial Report is bracketed [] to provide location of data.

FINANCIAL HIGHLIGHTS

• The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflow of resources at the close of fiscal year 2023 by \$92,983,540 (net position) [Exhibit 1]. During the current fiscal year, the County's net position increased by \$20,859,586 [Exhibit 2].

The increase in net position is largely due to the receipt of approximately \$15 million of real estate and personal property taxes combined, due to the inception of twice a year billing.

- \$5,330,384 was received in FY 2022 from The American Rescue Plan Act (ARPA) approved by the Federal Government. The U.S. Department of Treasury has stipulated that these funds must be used for specific purposes, one of which is to make necessary infrastructure investments in water, sewer, or broadband. Campbell County will be using these funds, along with the additional \$5,330,384 received in FY 2021 for a regional broadband project. The majority of these funds remain unspent while the companies are in design and other preconstruction activities. The County expended and recognized approximately \$2.1 million of ARPA revenue in fiscal year 2023. The remaining balance is reported as unearned revenue.
- The County's combined funds reported year-ending fund balances totaling \$86,575,083 [Exhibit 3] and reflected an increase of \$18,583,489 or 27.3% over FY 2022. This unusually large increase is driven mostly by the approximately \$15 million of additional real estate and personal property taxes received, again due to the inception of twice a year billing.
- At the end of the current fiscal year 2023, the unassigned fund balance for the General Fund of \$43,827,355 [Exhibit 3] represented 48.3% of the total General Fund expenditures and transfers for the year. Included in this number is \$15,834,555 committed by the Board of Supervisors for future school maintenance needs, economic development, debt service, and reassessment [Exhibit 3]. Other amounts are reported as committed fund balance for encumbrances.
- The Campbell County Financial Policy established a target unassigned General Fund balance of 15% of the General Fund budget [Exhibit 11] and School Operating Fund budget [Exhibit 33], less the County's local share contribution to the School Operating Fund. For the FY 2023 budget year, this totals 15% of \$169 million or \$25.3 million, the County has exceeded that target with an Unassigned Fund Balance at year-end of \$43,827,355. The 15% target represents approximately 60 days of operating reserve, required financial assurance measures for solid waste activities and demonstrates the County's fiscal soundness for borrowing capacity.

Overview of the Financial Statements

The discussion and analysis serves as an introduction to the County's basic financial statements and is comprised of the following three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statement

This report also contains other supplementary information in addition to the basic financial statements themselves.

Overview of the Financial Statements: (Continued)

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

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government administration, public safety, administration of justice, education, health and welfare, planning and community development and parks, recreation, and cultural activities.

The government-wide financial statements include not only the County of Campbell, Virginia itself (known as the primary government), but also a legally separate school district and an Industrial Development Authority (IDA) for which the County of Campbell, Virginia has incurred a moral obligation to provide funding for the payment of debt. Financial information for these component units is reported separately from the financial information present for the primary government itself.

<u>Fund financial statements</u> - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Campbell, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Overview of the Financial Statements: (Continued)

<u>Governmental funds</u> - <u>Governmental funds</u> are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Solid Waste Management Fund, the General Capital Projects Fund, the School Construction Capital Projects Fund, Debt Service Fund and Road Construction Fund all of which are considered to be major funds [Exhibit 3 & 4].

The County established a separate fund in FY 2015 for two (2) road sharing construction projects involving Liberty University and Centra Health. The County does not provide funding for these road projects and will only serve as a pass-through. There resides \$1.7 million in restricted cash [Exhibit 3] in this fund as of June 30, 2023, which was contributed by Liberty University and Centra Health.

The County adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund [Exhibit 11], the Solid Waste Fund [Exhibit 12], the Capital Projects Fund, the School Construction Projects Fund and Road Construction Fund [Exhibit 27], and the Debt Service Fund [Exhibit 28].

<u>Proprietary funds</u> - The County maintains one proprietary fund - the Health Insurance Fund [Exhibit 6]. The Health Insurance Fund is an internal service fund and is used to account for costs of providing health and dental insurance to county and school employees as well as employees of Campbell County Utilities and Service Authority (CCUSA) along with a Health Savings Account (HSA). Proprietary funds use the accrual basis of accounting, similar to a private sector business. These funds are restricted in their use for current and future health related costs only, including a reserve to meet future retiree obligations.

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

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

Overview of the Financial Statements: (Continued)

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for two discretely presented component units consisting of the School Board and the IDA. Neither the School Board, or IDA, issue separate financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$92,983,540 at the close of fiscal year 2023. The summary of Net Position below is based on accrual accounting method with data collected from [Exhibit 1].

Summary of Net Position

		Governmental Activities					
		2023		2022			
Assets							
Current and Other assets	\$	139,218,414	\$	150,504,482			
Capital assets		86,955,630		82,583,354			
Total assets	_	226,174,044	_	233,087,836			
Deferred outflows of resources	\$_	5,092,534	\$_	5,869,815			
Liabilities							
Long-term liabilities	\$	84,953,223	\$	76,998,710			
Current liabilities		16,493,751		19,269,239			
Total liabilities	\$_	101,446,974	\$	96,267,949			
Deferred inflows of resources	\$_	36,836,064	\$_	70,565,748			
Net position:							
Net investment in capital assets	\$	24,465,998	\$	23,221,652			
Restricted		1,916,411		3,078,661			
Unrestricted		66,601,131		45,823,641			
Total net position	\$	92,983,540	\$	72,123,954			

The largest portion of the County's net position, Restricted and Unrestricted, of \$66,601,131 (71.6% of total net position) [Exhibit 1], primarily consists of cash, cash equivalents and investments. \$1.4 million of the net position reported for the County is restricted to Road Sharing Construction Projects representing monies contributed by Liberty University and Centra Health. At the end of the current fiscal year, the County is able to report positive balances in all categories of net position.

Government-wide Financial Analysis (Continued)

The remaining portion of the County's net position, Net Investment in Capital Assets, is \$24,465,998 (25.9% of total net position) and reflects its investment in capital assets (e.g., land, buildings and improvements, vehicles, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, 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. The county's net position increased in the amount of \$20,859,586.

Health Insurance Fund: Health Insurance Fund net position of \$2,752,653 [Exhibit 6] decreased by \$1,353,412 over FY 2022 primarily as a result of higher insurance claims paid versus total premiums collected.

The County's policy is to maintain a targeted fund balance in the Health Insurance Fund of 15% for the upcoming year. The targeted net position for the Health Insurance Fund in FY 2023 was \$2.3 million based on projected self-insured medical insurance claims and administration costs anticipated for next year. Additionally, the Health Insurance Fund balance as reported in the Statement of Net Position of \$2.8 million also reflects a decrease in net position of \$1,353,412 representing estimated costs for claims incurred but not reported (IBNR) for year-end FY 2023. The purpose of the targeted net position is to provide funding for the short-term self-insured liability of the Fund. Funds above this amount are used to stabilize premium contribution rates over a longer period of time and pay for the continuation of the contributions to the Health Savings Accounts.

The County's policy is to maintain a targeted fund balance in the Health Insurance Fund of 15% for the upcoming year. The targeted net position for the Health Insurance Fund in FY 2023 was \$2.3 million based on projected self-insured medical insurance claims and administration costs anticipated for next year. Additionally, the Health Insurance Fund balance as reported in the Statement of Net Position of \$2.8 million also reflects a decrease in net position of \$1,353,412 representing estimated costs for claims incurred but not reported (IBNR) for year-end FY 2023. The purpose of the targeted net position is to provide funding for the short-term self-insured liability of the Fund. Funds above this amount are used to stabilize premium contribution rates over a longer period of time and pay for the continuation of the contributions to the Health Savings Accounts.

HSA contributions for the year totaled \$2,498,585 on a combined basis for employer and employee contributions for County, Schools and CCUSA employees. The employees contributed \$814,258 of this amount.

The County and School system implemented a high deductible plan coupled with an IRS HSA on January 1, 2012 and this has resulted in significantly lower claims and administrative costs than would be expected with a traditional guaranteed-cost health insurance program.

Government-wide Financial Analysis (Continued)

<u>Governmental Activities</u>: As stated earlier Governmental Activities resulted in an increase in the County's net position of \$20,859,586 or 28.9%. Elements of the changes in net position of the Primary Government are summarized as follows from [Exhibit 2]:

Changes in Net Position - Statement of Activities

		Governmental Activities				
		2023		2022		
Program Revenues:	_					
Charges for services	\$	4,054,990	\$	4,040,986		
Operating grants and contibutions		16,113,220		15,736,041		
Capital grants and constributions		841,326		833,826		
General Revenues:						
General property taxes		62,742,629		45,523,319		
Other local taxes		18,664,424		16,517,283		
Use of money and property		2,400,620		283,986		
Grants and contributions not restricted		5,055,594		5,056,917		
Miscellaneous revenue		641,335		1,110,801		
Total revenues	\$_	110,514,138	\$	89,103,159		
Expenses						
General government administration	\$	6,830,750	\$	6,507,385		
Judicial administration		2,121,838		1,961,327		
Public safety		19,817,253		18,281,963		
Public works		5,298,675		4,573,670		
Health and welfare		13,924,604		13,528,794		
Education		35,033,894		30,583,627		
Parks, recreation and cultural		2,438,298		2,123,403		
Community development		2,239,130		2,005,954		
Interest and other fiscal charges		1,950,110		1,703,023		
Total expenses	\$	89,654,552	\$	81,269,146		
Change in net position	\$	20,859,586	\$	7,834,013		
Net position, beginning, restated	_	72,123,954		64,289,941		
Net positoin, ending	\$_	92,983,540	\$_	72,123,954		

As seen in the above table, actual revenues for governmental activities for all primary government funds for the year on a combined basis exceeded actual expenses in the amount of \$20,859,586 including current year depreciation on capital assets. Current year depreciation expense for capital assets for the primary government totaled \$3,561,787 [Exhibit 5]. General Revenues for governmental activities increased by \$21,410,979 or 24.0% primarily due to the additional real estate and personal property taxes received, also vehicle license fees and a significant increase in interest earned on investments.

Government-wide Financial Analysis (Continued)

Governmental-Wide expenses, including current year depreciation on capital assets, increased by \$8,385,406 or 10.3% with significant variations below.

EXPENSES - PRIMARY GOVERNMENT SIGNIFICANT CHANGES

Expenses for Governmental Activities increased by \$8,385,406 or 10.3% (see table above). Below are some noteworthy changes in expenses:

- Education, actual Transfer out to the Schools increased by \$2,648,497 or 9.8%. Less Federal funding resulted in an increase of actual transfer monies needed.
- The County transferred school buildings, net of accumulated depreciation, in the amount of \$3,251,881 to the component unit school board, whereby increasing education expenses. Reference Note 6 for additional information.
- Cost of School Resource Officers increased by \$180,938.18 or 23%.
- Economic Development Expenditures increased by \$755,706 or 114% due to economic incentive payments and award of Infrastructure Assistance Grants to encourage new local business.
- E-911 expenses increased by \$320,162 or 22.5%, mostly due to the cost of communications equipment.

PROGRAM/GENERAL REVENUES - PRIMARY GOVERNMENT

Revenue for Governmental Activities increased by \$21,410,979 or 24% (see table above). It should be noted that the increase is primarily reported in general property taxes, other local taxes and revenue from use of money and property. Below are some noteworthy increases in revenue:

- Personal Property Tax up \$4,113,491 or 32.3%
- Real Estate Tax up \$11,907,662 or 53.4%
- Local Sales Tax up \$721,033 or 9.6%
- Vehicle License Fees \$1,128,002 or 66%
- Interest on Investments \$1,961,961 or 1872.8%

Financial Analysis of the County's Funds

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

<u>Governmental Funds</u> - The focus of the County's governmental funds is to provide information on current revenues, inflows, outflows, and expenditures. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

Financial Analysis of the County's Funds (Continued)

Approximately 50.6% percent of the combined governmental fund balance or \$43,827,355 [Exhibit 3] comprises the unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is Committed, Assigned or Non-spendable to indicate that it is not available for new spending because it has already been committed for:

- Capital improvement projects
- Education encumbrances and carryovers for expenditures
- Other encumbrances and carryovers for expenditures
- Prepaid Items

GENERAL FUND: The total General Fund balance experienced an increase in the amount of \$18,905,099 or 37.3% from FY 2022. The General Unassigned Fund balance increased in the amount of \$12,245,418 or 38.7%. In addition, \$25,414,113 [Exhibit 3] of the year end unassigned fund balance was committed by the Board for use in FY 2023 for future needs of education, operations, school maintenance, economic development, debt service, and reassessment.

Actual General Fund revenues and transfers in from other funds combined increased by \$20,427,887 or 22.9% from the previous year. The County reported a substantial increase in fund balance due to the change in tax billing schedule. Starting in fiscal year 2023 the County started billing property taxes twice per year whereby realizing an additional one half of property tax revenue. Additionally, the County continued to recognize ARPA funding which also had a positive impact on the general fund.

Tax rate changes that occurred during FY 2023 are as follows:

• Personal Property Tax - rate decreased by \$.05 to \$4.31 per \$100 of assessed value (with the exception that motor homes and all non-motorized pull behind recreational trailers will have an effective rate of \$3.85 per \$100 of assessed value by adjusting the assessment ratio)

SOLID WASTE MANAGEMENT FUND: Expenditures for the Solid Waste Management Fund (SWMF) for FY 2023 totaled \$2,160,513 [Exhibit 4]. The transfer in from the General Fund decreased \$418,976 from the previous fiscal year. For the fifth year in a row, members of the Region 2000 Services Authority were not able to reach a majority vote to release the annual payment for the County's portion of the excess of actual revenues verses actual expenses for airspace provided. From fiscal years FY 2014 to FY 2018, the average yearly revenue received from The Region 2000 Services Authority was \$802,235.

Tipping fees of \$612,336, down by 24.7% from FY 2022, were paid to the Region 2000 Services Authority for solid waste received at the regional landfill generated from County citizens. Transfer site operations throughout the County cost \$1,004,993 for the year which included delivery costs of trash from transfer sites to the regional landfill. In-House Construction for small projects cost \$191,085.

There exists a year-end fund balance of \$2,813,687 residing in the SWMF. The year-end fund balance is up \$473,895 from the previous year resulting largely from transfers from the general fund. The remaining fund balance will be needed to pay for anticipated future environmental requirements.

COUNTY CAPITAL IMPROVEMENT PROJECT FUND: The Capital Improvement Project (CIP) Fund balance reported a decrease of \$11,538 from the previous year to \$5,317,405 [Exhibit 3]. This decrease is primarily due to the spend down of bond proceeds for the RMS Construction Project. The fund balance in the CIP is either reserved or designated in its entirety for capital projects already under construction or for future capital projects included in the adopted five-year Capital Improvement Plan.

General Fund Budgetary Highlights

Differences between the General Fund opening expenditure and transfer budget of \$85,488,373 [Exhibit 11] and the final amended budget of \$99,609,562 amounted to an increase of \$14,121,189 in budgeted expenditure appropriations with highlights as follows:

- \$6,363,415 increase in final expenditure budget for the transfer to the Schools for additional funding consisting of budget encumbrances and carryovers approved from FY 2022 to FY 2023.
- \$2,394,919 increase in the final expenditure budget for transfers for other expenditures approved from FY 2022 to FY 2023.
- \$495,920,602 increase in final expenditure budget for Children's Services Act (CSA), requested to cover the anticipated rising costs of children and youth requiring community services. s/b 457,284 OR \$450,000
- \$1,349,622 increase in final expenditure budget for the Economic Development Department, mostly due to Grant Awards received and Incentive Payments to County businesses.
- \$693,050 increase in the final expenditure budget for approved carryovers of General Fund department expenditures from FY2022 to FY2023.

Differences between the General Fund original revenue budget of \$85,600,549 and the final revenue budget of \$88,284,492 amounted to an increase of \$2,683,943 [Exhibit 11] in budgeted revenues with highlights as follows:

- \$292,000 increase in final revenue budget for Children's Services Act (CSA) to help offset the rising costs of children and youth requiring community services.
- \$490,155 increase in general property taxes due primarily to increased sales tax collections.
- The majority of the remaining increases in budgeted revenues resulted from Public Safety, Law Enforcement and Judicial Administration related grants approved throughout the year.

During the year, General Fund actual revenues of \$109,741,350 exceeded original budget of \$85,600,549 by \$24,140,801 [Exhibit 11] and exceeded final budget of \$88,284,492 in the amount of \$21,462,865. Actual expenditures of \$77,810,818 were more than opening budget of \$75,057,859 by \$2,752,959 and actual expenditures were less than final budget of \$86,784,129 by \$8,973,311 primarily because of contributions to the School Board being significantly less than final budgeted amount.

Actual Transfers Out from the General Fund to funds other than the School Operating Fund totaled \$12,810,433 versus \$11,498,349 for FY 2022. The transfer into the Health Insurance Fund increases to \$806,386 in FY 2023 compared to \$20,000 in FY 2022, to assist in the continuing funding of contributions to employee-owned HSA accounts. There was a \$582,823 increase in transfer to the CIP Fund to \$3,372,807 versus \$2,789,984 in FY 2022. A decrease of \$418,976 in Solid Waste Fund to \$2,505,417 versus \$2,924,393 in FY 2022. The Debt Service Fund transfer remained unchanged at \$5,780,097 for FY 2023 from FY 2022. The net increase in transfers out from the General Fund to other funds equaled \$1,312,084.

General Fund Budgetary Highlights (Continued)

Revenues & Expenditures General Fund - Budget to Actual

		Gene	ral	Fund Budget t	o A	ctual
	•	Final Budget		Actual		Variance
Revenues:						
Local revenue sources	\$	66,457,037	\$	88,295,449	\$	21,838,412
Intergovernmental		21,827,455		21,445,901		(381,554)
Total Revenue	\$	88,284,492	\$	109,741,350	\$	21,456,858
Expenditures:						
General government administration	\$	6,635,809	\$	5,998,589	\$	637,220
Judicial administration		2,155,710		2,092,558		63,152
Public safety		20,872,854		19,484,783		1,388,071
Public works		2,176,697		1,909,820		266,877
Health and welfare		14,977,224		14,021,796		955,428
Education		34,749,875		29,571,276		5,178,599
Parks, recreation and cultural		2,682,170		2,287,269		394,901
Community development		3,033,790		2,443,941		589,849
Nondepartmental		(500,000))	786		(500,786)
Total expenditures	\$	86,784,129	\$	77,810,818	\$	8,973,311

Revenues: As reported above [Exhibit 11], total actual revenues exceeded final budget by \$21,462,865 or 24.3%. Total actual local revenue comprised 80.5% of total actual General Fund revenue while Intergovernmental Revenue (State/Federal) comprised the remaining 19.5% of total actual General Fund revenue. Intergovernmental actual revenue was \$381,554 less than final budget or 1.7%. Actual local revenue exceeded final budget by \$21,844,419 or 32.9%.

Final budgeted intergovernmental revenue totaling \$530,484 not actually received during the year will be carried over into next fiscal year as these earned revenues are expected to be received in FY 2024. These approved carryover revenues were for grant funded programs and purchases.

Expenditures: Total General Fund actual expenditures and transfers out of \$90,836,251 [Exhibit 11] on a combined basis were \$8,973,311 less than the final budget of \$99,609,562. The largest component of this difference in the level of actual expenditures verses amended budget is for Education. Actual education expenditures transferred from the General Fund were \$5,178,599 less than the final budget. The Board of Supervisors subsequently re-appropriated \$6,363,415 of this amount to the schools as encumbrances for FY 2023 covering school contracts and obligations not completed as of June 30, 2024.

Strong expense control throughout the government organization contributed substantially to overall expenditure savings for the fund. This was particularly true for vacancy position hiring savings in compensation and fringe benefits until vacant positions could be filled with qualified personnel. Year-end expenditure reversion savings are becoming increasingly difficult to achieve on top of very frugal budgeting processes when the budget is submitted each year to the Board.

Capital Asset and Debt Administration

<u>Capital assets</u> - The County's capital assets for governmental funds as of June 30, 2022 totals \$86,955,630 (net of accumulated depreciation) [Exhibit 1] for an increase of \$4,372,276 from FY 2022. Depreciation expense for the year for all capital assets for all primary government funds totaled 3,561,787. The investment in County capital assets includes land and land improvements, buildings and improvements, vehicles and machinery and equipment. Readers interested in additional information relating to capital assets should refer to Note 6 to the financial statements.

Capital Assets - Condensed At June 30, 2023

		Ending			
		Balance	Accumulated		Net Capital
Governmental Activities		Original Cost	Depreciation		Assets
Capital assets, not being depreciated:				•	
Land	\$	4,003,434	\$ -	\$	4,003,434
Construction in progress		41,387,729	-		41,387,729
Total capital assets, not being depreciated	\$	45,391,163	\$ -	\$	45,391,163
Other capital assets:					
Buildings and improvements	\$	23,334,118	\$ 10,453,585	\$	12,880,533
Other improvements		20,082,425	10,187,700		9,894,725
School buildings		24,359,618	8,560,325		15,799,293
Equipment		18,963,312	15,973,396		2,989,916
Total other capital assets	\$	86,739,473	\$ 45,175,006	\$	41,564,467
Total capital assets	\$	132,130,636	\$ 45,175,006	\$	86,955,630

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

DEBT SCHEDULES

Of the \$61,575,000 total principal balance of outstanding debt at the end of the year; \$15,990,000 was for General Obligation Bonds, and \$45,585,000 for Lease Revenue Bonds. General Obligation Bonds amounted to less than 0.5% [Table 9] of the County's actual value of taxable property, well below the maximum limit set by the County's Fiscal Policy Guidelines of 1.75%.

Debt service paid during the year amounted to \$2,262,216 for interest and bank service charges for the reporting period. There are no obligations for capitalized lease payments. Readers interested in additional information should refer to Note 7 to the financial statements. The County's total outstanding debt principle was paid down by \$3,407,234 [Exhibit 28].

DEBT SCHEDULES: (CONTINUED)

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

Future Debt Sevice Obligations At June 30, 2023

Year Ending						
June 30,	Principal		Interest	Total		
2024	\$	3,385,000 \$	2,078,563	\$	5,463,563	
2025		3,492,000	1,963,789		5,455,789	
2026		3,600,000	1,847,620		5,447,620	
2027		3,014,000	1,745,243		4,759,243	
2028		3,862,000	1,654,904		5,516,904	
2029-2033		10,873,000	6,651,665		17,524,665	
2034-2038		9,979,000	4,964,929		14,943,929	
2039-2043		11,725,000	3,217,773		14,942,773	
2044-2048		11,645,000	1,091,850		12,736,850	
				•		
	\$_	61,575,000 \$	25,216,336	\$	86,791,336	

In FY 2020, a new Fund was created for Debt Service. Revenue collected from the Meals Tax as well as annual debt service payments will be managed in this fund to offset debt costs incurred. The collected funds will accumulate in this fund to be used for current and future debt service as needed.

The County provides Other Postemployment Benefits (OPEB) as described in Note 13 and reported in Note 7. The reader should also refer to Note 20 for OPEB calculations since the adoption of GASB 75 versus GASB 45 was used in FY 2022. The County has elected not to fund the outstanding OPEB liability and has instead reduced the benefits provided to employees hired after 2010. The County's OPEB recognized expense was \$112,299 [Note 13] for the year, including School Board.

CONTACT THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions concerning any information provided in this report or need additional financial information, contact:

Department of Management Services & Budget

47 Courthouse Lane Rustburg, VA 24588 Phone: 434-332-9669

Website: www.co.campbell.va.us

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

	_	Primary Government	Componen	nt Units	
	_	Governmental Activities	School Board	Industrial Development Authority	
ASSETS					
Cash and cash equivalents	\$	88,492,769 \$	14,112,880 \$	275,884	
Receivables (net of allowance for uncollectibles):					
Taxes receivable		33,390,855	-	-	
Accounts receivable		1,086,686	63,851	-	
Leases receivable		386,032	-	157,412	
Advance to primary government		2,533,037	-	153,488	
Due from component unit Due from other governmental units		4,190,600	5,240,884	_	
Prepaid items		2,178,238	1,354,253	2,777	
Restricted assets:		2,170,230	1,334,233	2,777	
Cash and cash equivalents		6,960,197	_	_	
Industrial assets held for industry		0,700,177	_	1,291,665	
Net pension asset		_	472,905	1,271,005	
Capital assets (net of accumulated depreciation):			472,703		
Land		4,003,434	324,233	_	
Buildings and improvements		12,880,533	23,767,990	_	
Other improvements		9,894,725	5,335,985	_	
Equipment		2,989,916	9,383,692	_	
School buildings		15,799,293	-	-	
Construction in progress		41,387,729	-	-	
Total assets	\$	226,174,044 \$	60,056,673 \$	1,881,226	
DEFERRED OUTFLOWS OF RESOURCES	-				
Pension related items	\$	3,907,916 \$	13,142,167 \$	_	
OPEB related items	7	1,184,618	2,852,670	_	
Total deferred outflows of resources	Ś	5,092,534 \$	15,994,837 \$		
	Ť-				
LIABILITIES Assourts payable	\$	2 104 470 ¢	1 272 122 ¢		
Accounts payable	Ş	2,104,679 \$	1,372,132 \$	-	
Retainage payable Accrued liabilities		879,078 1,378,096	4 224 250	-	
Accrued interest payable		395,907	6,336,258		
Due to primary government		373,707	2,533,037	_	
Advance from component unit		153,488	2,333,037	_	
Unearned revenue		11,582,503	_	_	
Long-term liabilities:		, ,			
Due within one year		3,869,071	-	153,488	
Due in more than one year		81,084,152	73,533,504	-	
Total liabilities	\$	101,446,974 \$	83,774,931 \$	153,488	
DEFERRED INFLOWS OF RESOURCES	_				
Pension related items	\$	3,015,991 \$	10,009,951 \$	_	
OPEB related items	•	2,054,275	6,949,721	_	
Deferred property taxes		31,395,685	, , , , <u>-</u>	-	
Leases related		370,113	-	157,127	
Total deferred inflows of resources	\$	36,836,064 \$	16,959,672 \$	157,127	
NET POSITION	-				
Net investment in capital assets	\$	24,465,998 \$	38,811,900 \$	-	
Restricted:	7	,, +	,- , -		
Capital projects - school construction grant		-	3,063,333	-	
Capital improvements - road construction, pass-through		1,738,071	-	_	
Public safety - drug enforcement		125,246	-	-	
Opioid settlement funds-opioid abuse mitigation		53,094	_	_	
Net pension asset		-	472,905	_	
Unrestricted (deficit)		66,601,131	(67,031,231)	1,570,611	
Total net position	ς_	92,983,540 \$	(24,683,093) \$		
. StatSt position	7=	72,703,310 3	(= 1,000,070)	.,570,011	

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

				Program Revenues						
			_			Operating		Capital		
				Charges for		Grants and		Grants and		
Functions/Programs	_	Expenses		Services	_	Contributions		Contributions		
PRIMARY GOVERNMENT:										
Governmental activities:										
General government administration	\$	6,830,750	\$	609,756	\$	492,368	\$	-		
Judicial administration		2,121,838		62,176		1,108,506		-		
Public safety		19,817,253		3,124,841		3,540,130		324,368		
Public works		5,298,675		-		27,958		-		
Health and welfare		13,924,604		-		10,291,202		-		
Education		35,033,894		-		-		-		
Parks, recreation, and cultural		2,438,298		113,978		232,124		327,840		
Community development		2,239,130		144,239		419,554		189,118		
Interest on long-term debt		1,950,110		-		1,378		-		
Total governmental activities	\$_	89,654,552	\$	4,054,990	\$	16,113,220	\$	841,326		
Total primary government	\$_	89,654,552	\$	4,054,990	\$	16,113,220	\$	841,326		
COMPONENT UNITS:										
School Board	\$	104,633,214	\$	327,534	\$	87,181,460	\$	-		
Industrial Development Authority		72,137		-		-		-		
Total component units	\$	104,705,351	\$	327,534	\$	87,181,460	\$			

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

Net (Expense) Revenue and Changes in Net Position

	Changes in Net Position					
		Primary				
		Government	Compone	ent Units		
				Industrial		
	(Governmental		Development		
Functions/Programs	_	Activities	School Board	Authority		
PRIMARY GOVERNMENT:						
Governmental activities:						
General government administration	\$	(5,728,626) \$	- 9	-		
Judicial administration		(951,156)	-	-		
Public safety		(12,827,914)	-	-		
Public works		(5,270,717)	-	-		
Health and welfare		(3,633,402)	-	-		
Education		(35,033,894)	-	-		
Parks, recreation, and cultural		(1,764,356)	_	-		
Community development		(1,486,219)	_	-		
Interest on long-term debt		(1,948,732)	_	-		
Total governmental activities	\$	(68,645,016) \$		· -		
Total primary government	\$_	(68,645,016) \$		<u> </u>		
COMPONENT UNITS:						
School Board	\$	- \$	(17,124,220)	-		
Industrial Development Authority		-	-	(72,137)		
Total component units	\$	- \$	(17,124,220)			
General revenues:						
General property taxes	\$	62,742,629 \$	- 9	<u>.</u>		
Other local taxes:	7	02,7 12,027 7	`	,		
Local sales and use tax		8,224,058	_	_		
Consumer utility taxes		950,276	_	-		
Business license tax		2,664,170	_	-		
Motor vehicle licenses		2,838,300	-	-		
Other local taxes		3,987,620	-	-		
Unrestricted revenues from use of money and property		2,400,620	47,531	81,277		
Contributions from Campbell County		-	32,823,157	38,049		
Miscellaneous		641,335	3,297,043	-		
Grants and contributions not restricted to specific programs		5,055,594	-	-		
Total general revenues	\$	89,504,602 \$	36,167,731			
Change in net position	\$	20,859,586 \$	19,043,511	47,189		
Net position - beginning		72,123,954	(43,726,604)	1,523,422		
Net position - ending	\$	92,983,540 \$	(24,683,093)	1,570,611		

Fund Financial Statements

Balance Sheet Governmental Funds June 30, 2023

		General	Special Revenue (Solid Waste)	Capital Projects	Road Construction	School Construction	County Debt Service	Total
ASSETS	_							
Cash and cash equivalents Receivables (net of allowance for uncollectibles):	\$	73,705,961 \$	2,989,020 \$	5,321,759 \$	- \$	- \$	1,391,838 \$	83,408,578
Taxes receivable		33,390,855	-	-	-	-	-	33,390,855
Accounts receivable		1,074,630	1,998	-	-	-	-	1,076,628
Leases receivable		386,032	-	-	-	-	-	386,032
Due from component units Due from other governmental units		2,533,037 4,130,842	-	- 59,758	-	-	-	2,533,037 4,190,600
Prepaid items		236,420	1,669	37,730	-	-	1,925,641	2,163,730
Restricted assets:			1,007		4 720 074	F 007 880	1,723,011	
Cash and cash equivalents	_	125,246	2 002 (07 6		1,738,071	5,096,880		6,960,197
Total assets	٠,	115,583,023 \$	2,992,687 \$	5,381,517 \$	1,738,071 \$	5,096,880 \$	3,317,479 \$	134,109,657
LIABILITIES	\$	4 202 7/2 ¢	4/4 077 C	7F (FO ¢	- \$	489,295 \$	/7F ¢	2 024 250
Accounts payable Accrued liabilities	þ	1,303,762 \$ 136,835	161,877 \$ 17,123	75,650 \$	- >	409,290 \$	675 \$	2,031,259 153,958
Retainage payable		130,033	17,123	_	-	879,078	-	879,078
Unearned revenue		10,523,957		-	-	-	-	10,523,957
Total liabilities	Ś	11,964,554 \$	179,000 \$	75,650 \$	- s	1,368,373 \$	675 \$	13,588,252
DEFERRED INFLOWS OF RESOURCES	~_	, , , , , , , , , , , ,	177,000 \$	73,030	*	.,500,575		13,300,232
Unavailable property taxes	Ś	33,145,717 \$	- \$	- \$	- \$	- \$	- \$	33,145,717
Other unavailable revenue - opioid settlement	~	430,492	-	- *	-	-	-	430,492
Leases related		370,113	-	-	-	-	-	370,113
Total deferred inflows of resources	\$	33,946,322 \$	- \$	- \$	- \$	- \$	- \$	33,946,322
FUND BALANCES	-	·	·		·	·	··	
Nonspendable								
Prepaid items	\$	236,420 \$	1,669 \$	- \$	- \$	- \$	1,925,641	2,163,730
Net leases receivable		15,919	-	-	-	-	-	15,919
Restricted for:								
Capital improvements - road construction, pass-through		-	-	-	1,738,071	-	-	1,738,071
Public safety - drug enforcement		125,246	-	-	-	<u>.</u>	-	125,246
School construction		-	-	-	-	3,728,507	-	3,728,507
Opioid settlement funds-opioid abuse mitigation		53,094	-	-	-	-	-	53,094
Committed to: Education		7,778,045						7,778,045
Operations		1,801,513		-				1,801,513
Education - school maintenance		7,056,141	_	_	_	_	_	7,056,141
Economic development incentives		729,734	_	_	_	_	_	729,734
Community and economic development investment fund		1,034,899	-	-	-	-	-	1,034,899
Debt service		6,875,781	-	-	-	-	-	6,875,781
Operations - reassessment		138,000	-	-	-	-	-	138,000
Assigned to:								
Public works		-	2,812,018	<u>-</u>	-	-	-	2,812,018
Capital improvements		-	-	5,305,867	-	-	-	5,305,867
Debt service Unassigned		43,827,355	-	-	-	-	1,391,163	1,391,163 43,827,355
Total fund balances	ς-	69,672,147 \$	2,813,687 \$	5,305,867 \$	1,738,071 \$	3,728,507 \$	3,316,804 \$	86,575,083
Total liabilities, deferred inflows and fund balances	š-	115,583,023 \$	2,992,687 \$	5,381,517 \$		5,096,880 \$	3,317,479	134,109,657
Amounts reported for governmental activities in the Statemen	t of N			 _				,,
Total fund balances - governmental funds - per above	10 01 11	ict i osition arc	different because	•			\$	86,575,083
Capital assets used in governmental activities are not current	t finar	icial resources	and therefore				7	00,373,003
are not reported in the funds (Cost of \$132,130,636 less acc	umula	ated depreciati	on of \$45,175,006)				86,955,630
Other long-term assets are not available to pay for current pe	eriod (expenditures ar	nd, therefore, are					
reported as unavailable revenue in the funds			.,,					
Unavailable revenue - property taxes								1,750,032
Other unavailable revenues - Opioid settlement fu	nds							430,492
Items related to measurement of the net pension and OPEB lia	abilitie	es are considere	ed deferred outflo	ws or deferre	d			
inflows and will be amortized and recognized in pension and								
Deferred outflows - pension related		•	•					3,907,916
Deferred outflows - OPEB related								1,184,618
Deferred inflows - pension related								(3,015,991
Deferred inflows - OPEB related								(2,054,275)
An internal service fund is used by management to charge the of the self insurance internal service fund are included in the						ties		2,752,653
						tal funds		2,.32,033
Long-term liabilities are not due and payable in the current p Accrued interest payable	репоа	and therefore	are not reported a	is tiaditities in	the governmen	tat runds		(395,907)
Long term commitments to IDA								(153,488)
General obligation bonds and lease revenue bonds								(61,575,000
Bond premiums								(4,643,139
Landfill closure/postclosure								(3,065,297
Net OPEB liabilities								(8,739,163
Compensated absences								(1,624,510
Net pension liability								(5,306,114
Net position of governmental activities							\$	92,983,540
							·-	

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	_	Special Revenue (Solid Waste)	County Capital Projects	Road Construction		School Construction	County Debt Service	Total
REVENUES			_							
General property taxes	\$	61,821,000	\$	- \$	- \$	-	\$	- \$	- \$	61,821,000
Other local taxes		18,664,424		-	-	-		-	-	18,664,424
Permits, privilege fees, and										
regulatory licenses		384,449		-	-	-		-	-	384,449
Fines and forfeitures		97,695		-	-	-		-	-	97,695
Revenue from the use of money										
and property		2,206,533		32,533	-	-		161,554	-	2,400,620
Charges for services		3,572,846		-	-	-		-	-	3,572,846
Miscellaneous		648,989		68,500	-	8,635		-	-	726,124
Recovered costs		899,513		-	-	-		-	-	899,513
Intergovernmental:										
Commonwealth		16,523,384		27,958	324,368	189,118		-	-	17,064,828
Federal		4,922,517		-	-	-		-	-	4,922,517
Total revenues	\$	109,741,350	\$	128,991 \$	324,368 \$	197,753	\$	161,554 \$	- \$	110,554,016
EXPENDITURES										
Current:										
General government administration	\$	5,998,589	\$	- \$	- \$	-	\$	- \$	- \$	5,998,589
Judicial administration		2,092,558		-	- '	-	·	- '	-	2,092,558
Public safety		19,484,783		-	_	-		-	-	19,484,783
Public works		1,909,820		2,160,513	_	-		-	-	4,070,333
Health and welfare		14,021,796		-, ,	_	-		_	-	14,021,796
Education		29,571,276		-	_	-		_	_	29,571,276
Parks, recreation, and cultural		2,287,269		-	_	-		_	_	2,287,269
Community development		2,443,941		_	_	-		_	_	2,443,941
Nondepartmental		786		_	_	_		_	_	786
Capital projects		700		_	3,708,713	190,768		8,123,880	_	12,023,361
Debt service:		-		-	3,700,713	170,700		0,123,000	-	12,023,301
Principal retirement		-		-	-	-		-	3,407,233	3,407,233
Interest and other fiscal charges		-		-	-	-		167,059	2,095,157	2,262,216
Total expenditures	\$	77,810,818	\$	2,160,513 \$	3,708,713 \$	190,768	\$	8,290,939 \$	5,502,390 \$	97,664,141
Excess (deficiency) of revenues over										
(under) expenditures	\$_	31,930,532	\$	(2,031,522) \$	(3,384,345)	6,985	\$	(8,129,385) \$	(5,502,390) \$	12,889,875
OTHER FINANCING SOURCES (USES)										
Transfers in	\$	-	\$	2,505,417 \$	3,372,807 \$	-	\$	50,000 \$	6,290,823 \$	12,219,047
Transfers out		(13,025,433)		· · · ·	-	-		-	-	(13,025,433)
Issuance of lease revenue bonds		-		_	_	_		6,500,000	-	6,500,000
Total other financing sources (uses)	\$	(13,025,433)	\$	2,505,417 \$	3,372,807	-	\$	6,550,000 \$	6,290,823 \$	5,693,614
	_		_		_		_ * -			
Net change in fund balances	\$	18,905,099	\$	473,895 \$	(11,538) \$		\$	(1,579,385) \$	788,433 \$	18,583,489
Fund balances - beginning	_	50,767,048	_	2,339,792	5,317,405	1,731,086		5,307,892	2,528,371	67,991,594
Fund balances - ending	\$_	69,672,147	\$_	2,813,687 \$	5,305,867	1,738,071	\$	3,728,507 \$	3,316,804 \$	86,575,083

The notes to the financial statements are an integral part of this statement. $% \left(1\right) =\left(1\right) \left(1\right) \left($

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		\$	18,583,489
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 capitalized expenditures exceeded depreciation expense in the current period.			
Capital outlays Depreciation expense	\$	11,185,944 (3,561,787)	
Transfer of joint tenancy assets from Primary Government to the Component Unit	_	(3,251,881)	4,372,276
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Property taxes	\$	921,629	024.040
Other revenues-Opioid settlement funds	_	(84,789)	836,840
Deferred outflows of resources and net pension asset are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Deferred outflows of resources - pension related items Deferred outflows of resources - OPEB related items	\$	(378,731)	(777.004)
Deferred outflows of resources - OPEB related Items	_	(398,550)	(777,281)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.			(1,353,412)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Principal retired on long-term debt	\$	3,407,233	
(Increase)/decrease in landfill closure, postclosure liability	_	(203,208)	(3,295,975)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.			
(Increase)/decrease in premium on bond issuance	\$	324,822	
(Increase)/decrease in accrued interest payable		(12,716)	
(Increase)/decrease in compensated absences		(43,474)	
(Increase)/decrease in long term commitments to IDA		315,171	
(Increase)/decrease in net pension liability		(5,990,832)	
(Increase)/decrease in net OPEB liabilities		366,227	
(Increase) decrease in deferred inflows related to the measurement of the net pension liability		7,190,581	2 402 640
(Increase) decrease in deferred inflows related to the measurement of OPEB liabilities	_	343,870	2,493,649
Change in net position of governmental activities		\$ ₌	20,859,586

Statement of Net Position Health Insurance Fund June 30, 2023

	_	Health Insurance Fund		
ASSETS				
Current assets:				
Cash and cash equivalents	\$	5,084,191		
Accounts receivable		10,058		
Prepaid claims expense		14,508		
Total assets	\$	5,108,757		
LIABILITIES Current liabilities:				
Accounts payable	\$	73,420		
Claims incurred but not reported	~	1,224,138		
Unearned revenue		1,058,546		
Total liabilities	\$	2,356,104		
NET POSITION				
Unrestricted	\$	2,752,653		
Total net position	\$	2,752,653		

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

		Health Insurance Fund
OPERATING REVENUES		
Charges for services:		
Insurance premiums	\$	15,318,634
Total operating revenues	\$_	15,318,634
OPERATING EXPENSES		
Insurance claims and employer provided insurance expenses	\$	17,478,432
Total operating expenses	\$	17,478,432
Operating income (loss)	\$_	(2,159,798)
Income before transfers	\$	(2,159,798)
Transfers in	_	806,386
Change in net position	\$	(1,353,412)
Total net position - beginning		4,106,065
Total net position - ending	\$	2,752,653

Statement of Cash Flows Health Insurance Fund For the Year Ended June 30, 2023

	_	Health Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for insurance premiums and other operating revenues	\$	14,848,709
Payments for premiums	<u></u>	(17,502,059)
Net cash provided by (used for) operating activities	\$	(2,653,350)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	\$	806,386
Net cash provided by (used for) noncapital financing		
activities	\$_	806,386
Net increase (decrease) in cash and cash equivalents	\$	(1,846,964)
Cash and cash equivalents - beginning		6,931,155
Cash and cash equivalents - ending	\$	5,084,191
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$	(2,159,798)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	_	
(Increase) decrease in accounts receivable	\$	(2,068)
Increase (decrease) in accounts payable		(5,084)
Increase (decrease) in claims incurred but not reported		(4,035)
Increase (decrease) in unearned revenue	_	(467,857)
Total adjustments	\$_	(493,552)
Net cash provided by (used for) operating activities	\$_	(2,653,350)

Statement of Fiduciary Net Position Custodial Funds June 30, 2023

	 Custodial Funds	
ASSETS		
Cash and cash equivalents	\$ 95,740	
Receivables:		
Accounts receivable	2,800	
Total assets	\$ 98,540	
NET POSITION		
Restricted:		
Restricted for special welfare	\$ 81,328	
Restricted for employees	17,212	
Total net position	\$ 98,540	
Total liabilities and net position	\$ 98,540	

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

	Custodial Funds	
ADDITIONS		
Special welfare collections	\$ 78,975	
Employee deferrals	3,856,922	
Total additions	\$ 3,935,897	
DEDUCTIONS		
Welfare costs	\$ 99,468	
Flexible spending account benefits	3,857,588	
Total deductions	\$ 3,957,056	
Net increase (decrease) in fiduciary net position	\$ (21,159)	
Net position, beginning of year	\$ 119,699	
Net position, end of year	\$ 98,540	

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Financial Reporting Entity

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

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

Discretely Presented Component Units: Discretely presented component units are entities that are legally separate from the County, but for which the County is financially accountable, or whose relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. They are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

Campbell County School Board

The Campbell County School Board (the "School Board") is responsible for elementary and secondary education within the County's jurisdiction. The School Board is comprised of seven members elected by County voters. The School Board is fiscally dependent upon the County because the County Board of Supervisors approves the School Board budget, levies the necessary taxes to finance operations, and approves the borrowing of money and issuance of debt. The School Board does not issue separate financial statements.

Campbell County Industrial Development Authority

The Campbell County Industrial Development Authority (the "IDA") was created to encourage and provide financing for economic development in the County. The IDA's directors are appointed by the Board of Supervisors and the County is financially accountable for the IDA in that it provides local funding for the IDA's activities. It is authorized to acquire, own, lease, and dispose of properties to the extent that such activities foster and stimulate economic development. The IDA is presented as a proprietary fund type and does not issue separate financial statements.

Related Organizations: The following entities are excluded from the accompanying financial statements:

Campbell County Utilities and Service Authority

The Campbell County Utilities and Service Authority was created by the Board of Supervisors to operate the County's water and sewer systems. This Authority is excluded from the accompanying financial statements as the County neither exercises oversight responsibility nor has accountability for the fiscal affairs of the Authority. All obligations of the Authority are payable from and secured by revenues derived from the operation of the water and sewer systems.

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

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

A. Financial Reporting Entity (Continued)

Horizon Behavioral Health

The County, in conjunction with the Counties of Amherst, Appomattox, and Bedford, and the City of Lynchburg, supports Horizon Behavioral Health, which is composed of two members from each of the participating localities. The County contributed \$191,401 to Horizon Behavioral Health for the current year.

Blue Ridge Regional Jail Authority

The County, in conjunction with the Counties of Amherst, Halifax and Bedford, and the Cities of Bedford and Lynchburg, participates in the Blue Ridge Regional Jail Authority (the "Authority"). Each member jurisdiction pays a per-diem charge for each day that one of its prisoners is at any regional jail facility. In accordance with the service agreement, the Authority has divided the per-diem charge into an operating component and a debt service component. The per-diem charge is based upon an assumed number of prisoner days and is subject to adjustment at the end of each fiscal year. The County paid the Authority \$3,381,274 for the current year.

Region 2000 Services Authority

The County, in conjunction with the Cities of Lynchburg and Bedford, and the Counties of Appomattox and Nelson, participates in the Region 2000 Services Authority for solid waste disposal. The County paid the Authority tipping fees of \$612,336 for solid waste transferred to the Authority and received \$0 in distributions from the Authority for 2023 profits as a host fee.

B. Government-Wide and Fund Financial Statements

Government-wide financial statements consist of a Statement of Net Position and a Statement of Activities that report information on all of the non-fiduciary activities of the primary government and its component units. *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. The County reports no business-type activities. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

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

B. Government-Wide and Fund Financial Statements (Continued)

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

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

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the original budget and a comparison of final budget and actual results.

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

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

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

Custodial funds, a type of fiduciary fund uses the accrual basis of accounting, an economic measurement focus.

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

Governmental fund financial statements use the *current financial resources measurement focus* and the *modified accrual basis of accounting*. This is the manner in which these funds are normally budgeted. Revenues are recognized when they become both measurable and available. Accordingly, real and personal property taxes are recorded as deferred inflows of resources and receivables when levied, net of allowances for uncollectible amounts. Real and personal property taxes recorded at June 30 and received within the first 60 days after year end are included in tax revenues, with the related amount reduced from deferred inflows of resources. Sales and utility taxes, which are collected by the State or utility companies and subsequently remitted to the County, are recognized as revenues and amounts receivable when the underlying exchange transaction occurs, which is generally one or two months 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 specific funding are recognized when earned or at the time of the specific reimbursable expenditure. Revenues from general-purpose grants are recognized in the period in which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

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

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

The County reports the following major governmental funds:

General Fund - The General Fund is the government's primary operating fund. This fund is used to account for and report all financial resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues are used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for reporting purposes.

Special Revenue Fund - Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Solid Waste Fund is a special revenue fund which accounts for revenues from landfill operations and related expenditures.

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

Capital Projects Funds - The County Capital Projects Fund, School Construction Fund and Road Construction Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

Debt Service Fund - The County Debt Service Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for principal and interest. Debt service funds are also used to report financial resources being accumulated for future debt service. The County Debt Service Fund is considered a major fund.

Proprietary Funds are used to account for the reporting entity's activities similar to those often found in the private sector. The County reports the following major proprietary fund:

Internal Service Fund - Health Insurance Fund - Internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the County government. The County's internal service fund is the Health Insurance Fund, through which the County self-insures the costs of providing health insurance to employees.

In addition to its major funds, the County reports the following fund category:

Fiduciary Funds - Fiduciary funds are used to account for assets held by the County in a purely custodial capacity. The County's only fiduciary type funds are custodial funds which consist of the following: Special Welfare and Flexible Benefits Fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's health insurance fund 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.

Operating revenues and expenses in the proprietary fund result from providing services in connection with its principal ongoing operations. The principal operating revenues of the County's proprietary fund are charges for health investment services. Nonoperating revenues consist of interest income. Operating expenses include the costs of claims and administrative expenses.

D. <u>Budgetary Information</u>

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to April 15, 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 related financing.
- Public hearings are conducted to obtain citizen comments.

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

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

D. Budgetary Information (Continued)

- Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
- The Appropriations Resolution places legal restrictions on expenditures at the department level. The appropriation for each department can be revised only by the Board of Supervisors. The School Board is authorized to transfer budgeted amounts within the school system's categories. The Board of Supervisors approved supplemental appropriations in the General Fund totaling \$14,121,189 for additional requests from various departments including contribution to the School Board and transfers to other funds. The Board of Supervisors also approved additional appropriations to the Solid Waste Fund of \$279,646, the County Capital Projects fund of \$6,576,055, the Road Construction fund of \$2,937,808, School Construction Fund of \$13,369,350 and the County Debt Service Fund of \$0.
- Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for all governmental funds.
- All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- Appropriations lapse on June 30 for all County and School Board units.
- All budgetary data presented in the accompanying financial statements includes the original and revised budgets as of June 30.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and investments with a maturity date within three months of the date acquired.

Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

Receivables

All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowance for uncollectible accounts is calculated using historical collection data, specific account analysis, and management's judgment. The allowance for uncollectibles was comprised of property taxes in the amount of \$382,668.

E. <u>Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance</u> (Continued)

Inventories

Inventories for resale generally are recorded at the lower of cost (first-in/first-out (FIFO) method) or market except for any commodities received from the U.S. Department of Agriculture, which are valued at market. Supplies inventory is reported at cost. Inventories of the County's governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories consist of expendable supplies in the General Fund and USDA commodities in the Component Unit - School Board.

Prepaid Items

Payments made for services that will benefit periods beyond June 30 are reported as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

Capital Assets

Capital assets are tangible and intangible assets which include property, plant, and equipment and are reported in the government-wide financial statements. The County does not own infrastructure assets. Capital assets are defined as items with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs 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. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is recognized as an expense when incurred and accordingly is not capitalized as part of the asset.

Land and construction in progress are not depreciated. All other capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements 10-40 years
Other improvements 2-40 years
Equipment 5-10 years

Compensated Absences

County and School Board employees are granted a specified number of days of leave with pay each year. The statements reflect, as of June 30, the amount payable for all unused vacation, sick and compensatory leave, payable upon termination. Employer related taxes are also included. The cost of accumulated leave is accounted for as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only when the amounts have become due and payable.

E. <u>Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance</u> (Continued)

Deferred/Unearned Revenue

Deferred/Unavailable revenue consists primarily of property taxes receivable not collected within 60 days of year end, as well as property taxes, either receivable or already collected, intended to finance a future fiscal period. Unearned revenue includes grants which have been advanced to the County but have not yet been earned.

Unearned revenue in the internal service fund represents advances by other funds, component units, and outside entities for the cost of insurance for periods after June 30.

Economic Incentive Grants Payable

Economic incentive grants payable are recorded when, in management's opinion, failure by the grantee to meet the performance criteria is unlikely, generally amounts expected to be paid within one year. Refunds of these incentives are reflected as revenues when collection is determined to be likely.

Long-Term Obligations

Long-term debt obligations are reported as liabilities in the government-wide statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method or bonds outstanding method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period but no long-term liabilities. 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. Repayments are reported as debt service expenditures.

Encumbrances

The County uses encumbrance accounting, wherein purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve that portion of fund balance.

Use of Estimates

Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and reported revenues, expenditures, and expenses. Actual results could differ from those estimates.

E. <u>Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance</u> (Continued)

Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Net Position Flow Assumption

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

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

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB and leases are reported as deferred inflows of resources. For fiscal year 2023 the County reported a deferred inflow related to settlement funds (opioid settlement) to be received in a future period. For more detailed information on these items, reference the related notes.

E. <u>Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance</u> (Continued)

Fund Balance

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

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

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

The County's policy establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. 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).

IDA Transactions and Conduit Obligations

In addition to disbursing incentives to promote the expansion of business initiatives in the County, the IDA may also structure ownership of properties through lease purchase arrangements or issue Industrial Revenue Bonds for the purpose of obtaining and constructing facilities deemed to be in the public interest. However, all rights to payments on these bonds have been assigned to the trustees, agents, or the holders of the bonds, and purchasers have assumed responsibility for all operating costs such as utilities, repairs and property taxes. In such cases the IDA neither receives nor disburses funds. Deeds of trust or letters of credit secure outstanding bond obligations; although the IDA provides a conduit to execute such transactions, it does not retain either the benefits of asset ownership or the liability for bond liquidation. Accordingly, the IDA does not recognize associated assets, liabilities, income or interest expense in its financial statements.

E. <u>Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance</u> (Continued)

Pensions

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

Other Postemployment Benefits (OPEB)

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance (GLI) Plan provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to \$51.1-500 et seq. of the <u>Code of Virginia</u>, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Plan is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Plan OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Plan OPEB and the additions to/deductions from the VRS GLI OPEB's 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.

Political Subdivision and Teacher Employee Health Insurance Credit Plan

The County and Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Programs were established pursuant to §51.1-1400 et seq. of the <u>Code of Virginia</u>, as amended, and which provides the authority under which benefit terms are established or may be amended. 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 purposes of measuring the net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the Programs' OPEB, and the related OPEB expenses, information about the fiduciary net position of the County and VRS Teacher Employee HIC Plans; and the additions to/deductions from the County and VRS Teacher Employee HIC Programs' net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

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

F. Leases

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

Lessor

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

Key Estimates and Judgments

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

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

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

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 2-DEPOSITS AND INVESTMENTS:

Deposits

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

<u>Investments</u>

Investment Policy

In accordance with the <u>Code of Virginia</u> and other applicable law, including regulations, the County's investment policy (Policy) permits investments in U.S. Treasury Securities, U.S. agency securities, prime quality commercial paper, non-negotiable certificates of deposit and time deposits of Virginia banks, negotiable certificates of deposit of domestic banks, banker's acceptances with domestic banks, Commonwealth of Virginia and Virginia Local Government Obligations, repurchase agreements collateralized by the U.S. Treasury/Agency securities, the Virginia State Non-Arbitrage Program or other authorized Arbitrage Investment Management programs, and the State Treasurer's Local Government Investment Pool.

The fair value of the positions in the external investment pool (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 pools rests with the Virginia State Treasury. The LGIP and SNAP are amortized cost basis portfolios. There are no withdrawal limitations or restrictions imposed on participants.

Credit Risk of Debt Securities

As required by state statute or by the County, the Policy requires that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following: Moody's Investors Service, Standard & Poor's, and Fitch Investor's Service, provided that the issuing corporation has a net worth of at least \$50 million and its long term debt is rated "A" or better by Moody's and Standard & Poor's. Banker's acceptances and certificates of deposit maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investor Service.

County's Rated Debt Investments' Values - Standard & Poor's Rating

	,	 5
	Fair Quality	Amount
Rated Debt Investments	Ratings	at June 30
LGIP	AAAm	\$ 43,870,650
State Non-Arbitrage Pool	AAAm	5,220

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 2-DEPOSITS AND INVESTMENTS: (CONTINUED)

Concentration of Credit Risk

The County's current Policy places restrictions on the diversification by type of investments. The Policy provides the following restrictions on diversification as a percentage of the County's total investments. The maximum allowable concentration by investment type is as follows:

US Treasury Bills, Notes and Bonds	50%
Certificates of Deposit	70%
LGIP	50%
Bankers Acceptances	35%
Prime Quality Commercial Paper	35%
High Quality Commercial Notes	35%
Overnight Repurchase Agreement	50%

Interest Rate Risk

The County's current Policy limits investment maturities to five years maximum maturity for any negotiable certificate of deposit or any sovereign government obligation excluding those of the United States; to fifteen years for any single corporate security; and five years for any single asset-backed security.

The carrying values and weighted average maturity were as follows:

	estment Maturity*	•			
Investment Type		Fair Value		Less than 1	1 - 5
State Non-Arbitrage Pool LGIP	\$	5,220 43,870,650	\$	5,220 43,870,650	<u>-</u>
Total investments	\$_	43,875,870	\$_	43,875,870	

^{*} Weighted average maturity in years.

Custodial Credit Risk

The Policy requires that all investment securities be held in safekeeping by a third party and evidenced by safekeeping receipts. As required by the *Code of Virginia*, all security holdings with maturities over 30 days may not be held in safekeeping with the "counterparty" to the investment transaction. As of June 30, all investments are held in a bank's trust department in the County's name.

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 2-DEPOSITS AND INVESTMENTS: (CONTINUED)

Custodial Credit Risk (Continued)

Cash and investments are reflected in the financial statements as follows:

			Compo	nent l	Jnits
		Primary	School		
		Government	Board		IDA
Deposits and investments:	_				
Cash on hand	\$	3,150	\$ -	\$	-
Deposits		95,449,816	14,112,880		275,884
Total	\$	95,452,966	\$ 14,112,880	\$	275,884
Statement of Net Position:					
Cash and cash equivalents	\$	88,492,769	\$ 14,112,880	\$	275,884
Restricted cash and equivalents		6,960,197	-		-
Total	\$	95,452,966	\$ 14,112,880	\$	275,884

NOTE 3-RECEIVABLES AND DEFERRED/UNAVAILABLE/UNEARNED REVENUE:

Receivables consist of the following:

	,	General Fund	Solid Waste	_	Capital Projects	Health Insurance	Total
Receivables:							
Taxes	\$	33,773,523 \$	-	\$	- \$	- \$	33,773,523
Accounts		1,074,630	1,998		-	10,058	1,086,686
Leases		386,032	-	_			386,032
Gross receivables	\$	35,234,185 \$	1,998	\$	\$	10,058 \$	35,246,241
Less: Allowance for uncollectible							
amounts	\$	382,668 \$		\$	\$	\$	382,668
Net receivables	\$	34,851,517 \$	1,998	\$	<u> </u>	10,058 \$	34,863,573

The taxes receivable account represents the current and past four years of uncollected tax levies on personal property taxes and the current and past nineteen years of uncollected tax levies on real property. Real estate taxes are recorded as receivable when they attach as an enforceable lien, therefore, real estate taxes based on the January 1, 2023, assessment date are included in taxes receivable at June 30, 2023, even though taxpayers had not yet been billed. Additionally, personal property taxes are assessed on January 1, 2023 and the County does not prorate assessments, therefore the assessment is included in taxes receivable. However, since the January 1, 2023 levy is intended to finance a future period, these amounts have been included in unavailable revenue as discussed below.

NOTE 3-RECEIVABLES AND DEFERRED/UNAVAILABLE/UNEARNED REVENUE: (CONTINUED)

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period, as well as for receivables which are considered unearned in that they are intended to finance a future period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, the components of unavailable/unearned revenue were as follows:

Exhibit 3 Reconciliation

Exhibit 5 Recollettation	_	
Advance payments of state and federal grants - unearned	\$	10,523,957
Total unearned revenue - governmental funds (Exhibit 3)	\$_	10,523,957
Other unavailable revenues Opioid settlement funds Lease receviable	\$	430,492 370,113
Property taxes receivable - due after June 30 Property taxes receivable - due prior to June 30 Advance collection of 2023-2024 property taxes Less amounts collected within 60 days	\$	29,799,003 3,591,852 1,596,682 (1,841,820)
Unavailable property taxes - Deferred Inflows of Resources - Balance Sheet (Exhibit 3)	\$ <u>_</u>	33,145,717
Exhibit 1 Reconciliation	_	
Unavailable property taxes - Deferred Inflows of Resources - Balance Sheet (Exhibit 3)	\$	33,145,717
Less property taxes due prior to June 30 (net of 60 day collections)	_	(1,750,032)
Deferred property taxes - Deferred Inflows of Resources - Statement of Net Position (Exhibit 1)	\$ <u>_</u>	31,395,685
Other unavailable revenues - Deferred Inflows of Resources - Balance Sheet (Exhibit 3)	\$	800,605
Less revenues recognized to be received 60 days after June 30	_	(430,492)
Other unavailable revenues - Deferred Inflows of Resources - Statement of Net Position (Exhibit 1)	\$_	370,113
Advance payments of state and federal grants - unearned Internal service fund deferrals related to discretely presented	\$	10,523,957
component units and outside entities	_	1,058,546
Unearned revenue - Statement of Net Position (Exhibit 1)	\$	11,582,503
	_	· · · · · · · · · · · · · · · · · · ·

NOTE 4-DUE FROM OTHER GOVERNMENTS:

Amounts due from other governments consist of the following:

		Primary	Component Unit-
		Government	 School Board
Commonwealth of Virginia:			
Local sales tax	\$	1,586,091	\$ -
State sales tax		-	1,687,373
Comprehensive Services Act		1,098,631	-
Public assistance		207,526	-
Motor vehicle rental tax		55,150	-
Mobile home titling tax		41,634	-
Shared expenses and grants		344,864	-
Railroad rolling stock		146,129	-
Communications tax		153,400	-
VDOT revenue sharing		-	-
VPSA technology grant		-	532,497
Other state funds		188,199	11,182
Federal Government	_		
Public assistance		342,768	-
Title I		-	658,779
Title II, Part A		-	95,091
Title VI-B special education cluster		-	472,030
School nutrition program - SFSP		-	100,813
CARES Act - ESSEER		-	1,324,931
Career and technical education		-	127,012
Other federal grants		26,208	 231,176
Total	\$	4,190,600	\$ 5,240,884

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 5-INTERFUND AND INTRA-ENTITY TRANSACTIONS AND BALANCES:

Interfund and Intra-Entity transfers are as follows:

Transfer Out Fund	Transfer In Fund	_	Amount		
General Fund	Capital Projects Fund	\$	3,372,807		
General Fund	Solid Waste Fund		2,505,417		
General Fund	County Debt Service Fund		6,290,823		
General Fund	Health Insurance Fund		806,386		
General Fund	School Construction Fund		50,000		

The transfer from the General Fund to the Capital Projects Fund was to support general government capital projects. Transfers from the General Fund to the Solid Waste Fund were to offset shortfalls in operating revenues. Transfers between the Solid Waste Fund and the General Fund were to offset operating costs. Transfers from the General Fund to the Health Insurance Fund are to provide funding for health benefits. Transfers from the General Fund to the County Debt Service Fund were to accumulate resources to pay future debt service costs.

Balances due to and from the primary government and its component units consist of the following:

The Component Unit-School Board owed \$2,533,037 to the General Fund at year end as a result of appropriated local funds in excess of actual school expenditures in the current and previous years.

The primary government owed the Component Unit-IDA \$153,488 for economic incentive grants awarded by the IDA for which the County is ultimately responsible.

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 6-CAPITAL ASSETS:

Primary Government

Capital asset activity for the year was as follows:

Governmental Activities		Beginning Balance	Increases		Decreases	_	Transfer	Ending Balance
Capital assets, nondepreciable:								
Land	\$	4,003,434 \$	-	\$	-	\$	- \$	4,003,434
Construction in progress	_	35,078,187	8,952,037	_	2,642,495	_	-	41,387,729
Total capital assets, nondepreciable	\$.	39,081,621 \$	8,952,037	\$_	2,642,495	\$_	\$	45,391,163
Capital assets, depreciable:								
Buildings and improvements	\$	23,289,382 \$	44,736	\$	-	\$	- \$	23,334,118
Other improvements		16,571,762	3,510,663		-		-	20,082,425
Equipment		17,783,506	1,321,003		141,197		-	18,963,312
School buildings	_	31,090,338		_	-	_	(6,730,720)	24,359,618
Total capital assets, depreciable	\$.	88,734,988 \$	4,876,402	\$_	141,197	\$_	(6,730,720) \$	86,739,473
Accumulated depreciation:								
Buildings and improvements	\$	9,846,734 \$	606,851	\$	-	\$	- \$	10,453,585
Other improvements		9,106,592	1,081,108		-		-	10,187,700
Equipment		14,849,755	1,264,838		141,197		-	15,973,396
School buildings	_	11,430,174	608,990	_	-	_	(3,478,839)	8,560,325
Total accumulated depreciation	\$.	45,233,255 \$	3,561,787	\$_	141,197	\$_	(3,478,839) \$	45,175,006
Capital assets, depreciable, net	\$	43,501,733 \$	1,314,615	\$_	-	\$_	(3,251,881) \$	41,564,467
Governmental activities capital assets, net	\$	82,583,354 \$	10,266,652	\$ <u>_</u>	2,642,495	\$_	(3,251,881) \$	86,955,630

1) Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the <u>Code of Virginia</u> 1950, as amended, has changed the reporting of local capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments "on-behalf" of school boards was reported in the school board's discrete column along with the related capital assets. 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 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 Campbell for the year ended June 30, 2023, is that school financed assets in the amount of \$65,747,347 are reported in the Primary Government for financial reporting purposes. During fiscal year 2023 school buildings and improvements in the amount of \$6,730,720 (accumulated depreciation of \$3,478,839) was transferred from the primary government to the school board, upon payoff of outstanding debt.

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 6-CAPITAL ASSETS: (CONTINUED)

Primary Government: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
General government administration	\$	669,423
Judicial administration		80,196
Public safety		1,582,653
Public works		423,375
Health and welfare		76,112
Education		608,990
Parks, recreation, and cultural		62,640
Community development	_	58,398
Total depreciation	\$	3,561,787

Discretely Presented Component Unit-School Board

Capital asset activity for the year was as follows:

Governmental Activities		Beginning Balance	<u>lr</u>	ncreases		Decreases	_	Transfer	Ending Balance
Capital assets, nondepreciable: Land	\$_	309,661 \$	\$	14,572	\$	-	\$	- \$	324,233
Total capital assets, nondepreciable	\$_	309,661 \$	\$	14,572	\$.	-	\$.	- \$	324,233
Capital assets, depreciable: Buildings and improvements Other improvements Equipment	\$	63,003,918 \$ 8,754,539 21,723,152		1,786,171 412,637 3,376,573	\$	- - 1,126,093	\$	6,730,720 \$ - -	71,520,809 9,167,176 23,973,632
Total capital assets, depreciable	\$_	93,481,609 \$	\$_5	5,575,381	\$.	1,126,093	\$	6,730,720 \$	104,661,617
Accumulated depreciation: Buildings and improvements Other improvements Equipment	\$	42,941,993 \$ 3,301,790 14,390,448		1,331,987 529,401 1,307,638	\$	- - 1,108,146	\$	3,478,839 \$ - -	47,752,819 3,831,191 14,589,940
Total accumulated depreciation	\$_	60,634,231 \$	\$ <u>3</u>	3,169,026	\$	1,108,146	\$	3,478,839 \$	66,173,950
Capital assets, depreciable, net	\$_	32,847,378 \$	\$ <u>2</u>	2,406,355	\$.	17,947	\$.	3,251,881 \$	38,487,667
Governmental activities capital assets, net	\$_	33,157,039 \$	\$ <u></u>	2,420,927	\$	17,947	\$	3,251,881 \$	38,811,900

All depreciation expense in the School Board was charged to the Education function.

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 7-LONG-TERM LIABILITIES:

The following is a summary of changes in long-term liabilities:

	_	Beginning Balance *	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government: Governmental Activities: Direct Borrowings and Placements:						
General obligation bonds Lease revenue bonds	\$	18,715,000 \$ 39,420,000	- \$ 6,500,000	2,725,000 \$ 335,000	15,990,000 \$ 45,585,000	2,800,000 585,000
Literary fund loans Bond premiums	_	347,235 4,967,961	<u> </u>	347,235 324,822	4,643,139	- 321,620
Total bonds payable	\$	63,450,196 \$	6,500,000 \$	3,732,057 \$	66,218,139 \$	3,706,620
Landfill closure/postclosure (Note 8)		2,862,089	203,208	-	3,065,297	_
Compensated absences Net pension liability (Note 12)		1,581,036	1,700,725 12,603,820	1,657,251 7,297,706	1,624,510 5,306,114	162,451 -
Net OPEB liabilities (Note 13)	-	9,105,390	3,858,026	4,224,253	8,739,163	<u>-</u>
Total Primary Government	\$_	76,998,711 \$	24,865,779 \$	16,911,267 \$	84,953,223 \$	3,869,071
Component Unit-School Board: Net pension liability (Note 12)	\$	37,169,710 \$	34,659,282 \$	25,663,609 \$	46,165,383 \$	-
Net OPEB liabilities (Note 13)	-	28,240,832	10,742,023	11,614,734	27,368,121	-
Total Component Unit- School Board	\$_	65,410,542 \$	45,401,305 \$	37,278,343 \$	73,533,504 \$	
Component Unit-IDA: Economic incentive grants						
payable (Note 9)	\$_	468,659 \$	28,048 \$	343,219 \$	153,488 \$	153,488
Total Component Unit - IDA	\$_	468,659 \$	28,048 \$	343,219 \$	153,488 \$	153,488

^{*} The previously reported net pension liability reported as a net pension asset as of June 30, 2022 (Note 12).

NOTE 7-LONG-TERM LIABILITIES: (CONTINUED)

Debt service requirements of general obligation bonds, bond anticipation note, lease revenue bonds and literary fund loans are paid by the General Fund through a transfer to the County Debt Service Fund. Costs related to landfill closure/postclosure are paid by the General Capital Projects Fund or the Solid Waste Fund. Requirements of the compensated absences, net pension liability and other postemployment benefits are paid by the General Fund for the primary government and the school operating and school cafeteria fund for the component unit-school board.

The primary governments and component unit IDA annual debt service requirements to maturity are as follows:

		Direct Borrowings and Placements							
Year	•		Governmental Activities						
Ended		General Obliga	tion Bonds	Lease Reven	ue Bonds				
June 30	_	Principal	Interest	Principal	Interest				
2024	\$	2,800,000 \$	431,575 \$	585,000 \$	1,646,988				
2025		2,890,000	342,053	602,000	1,621,736				
2026		2,975,000	251,879	625,000	1,595,741				
2027		2,365,000	176,523	649,000	1,568,720				
2028		2,415,000	114,232	1,447,000	1,540,672				
2029-2033		2,545,000	33,340	8,328,000	6,618,325				
2034-2038		-	-	9,979,000	4,964,929				
2039-2043		-	-	11,725,000	3,217,773				
2044-2048	_	<u> </u>	<u> </u>	11,645,000	1,091,850				
Total	\$	15,990,000 \$	1,349,602 \$	45,585,000 \$	23,866,734				

Details of long-term indebtedness are as follows:

Direct Borrowings and Placements	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Governmental Activities
General Obligation Bonds:					
School Construction	4.35-5.10%	April 2005	July 2030	\$ 8,685,000 \$	1,910,000
Refunding Bonds - School and County	2.62%	Sept 2015	July 2028	29,095,000	14,080,000
Total General Obligation Bonds				Ş	15,990,000
Lease Revenue Bonds:					
School Construction	5.00-2.00%	July 2020	June 2048	\$ 35,265,000 \$	35,225,000
County Capital Projects	5.00-2.00%	July 2020	June 2048	4,380,000	3,860,000
School Construction	3.25%	Sept 2022	Sept 2042	6,500,000	6,500,000
Total Lease Revenue Bonds				\$	45,585,000

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 7-LONG-TERM LIABILITIES: (CONTINUED)

Details of long-term indebtedness are as follows: (Continued)

During fiscal year 2016 the County issued Series 2015 refunding bonds to refund the outstanding VML/VACo Bonds issued June 2008. The refunding bonds issued September 29, 2015 in the amount of \$29,095,000 refunded the aforementioned bonds in the amount of \$26,170,000. The present value of the economic gain was \$1,084,046.

NOTE 8-LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS:

The County's landfill consists of four phases described as follows: Phase I of the landfill has never been intended to be used for actual waste disposal and serves only as a storage area. Phase II of the landfill was closed in 1995. Phase III opened in 1995 and Phase IV was never opened. The remaining capacity of Phase III and all of Phase IV were sold to the regional landfill authority, Region 2000 Services Authority, during fiscal year 2012.

In accordance with state and Federal laws, the County placed a final cover on Phase II of the landfill in 1995 and is required to perform certain maintenance and monitoring functions at this site for a minimum of thirty years after closure. The cumulative amount of estimated postclosure care costs and corrective action costs for this site, less amounts expended for such costs to date were \$994,693 and \$2,070,604, respectively. The liability for Phase II reported is equal to 100% of the estimated liability.

The closure and postclosure care costs for Phase III were assumed by the Region 2000 Services Authority as part of the purchase of Phase III and IV. The cumulative amount reported as postclosure care costs and corrective action liability is \$3,065,297 as of June 30, 2023, all of which is for Phase II. The liability reported is based on what it would cost to perform all postclosure care in 2023. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County demonstrates financial assurance requirements for closure and postclosure care through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC-20-70 of the Virginia Administrative Code.

NOTE 9-IDA ECONOMIC INCENTIVE GRANTS PAYABLE:

As discussed in Note 11, the IDA has awarded certain economic incentive grants to businesses within the County; typically the grants are paid over a 1-5 year period. Outstanding grants approved by the governing body as of June 30, 2023 that have been substantially earned by the business and expected to be paid are recorded as a liability.

NOTE 10-SIGNIFICANT TRANSACTIONS OF THE COUNTY AND COMPONENT UNIT - SCHOOL BOARD:

Certain transactions between the County and School Board component unit are explained here in detail to provide a more informed understanding of the operational relationship of the two entities and how such transactions are presented in the financial statements.

- A. The School Board can neither levy taxes nor incur debt under Virginia law. Therefore, the County issues debt "on behalf" of the School Board. The debt obligation is recorded as a liability of the County's governmental activities. The proceeds from the debt issued "on behalf" of the School Board and related capital expenditures are recorded in the County's funds.
- B. Debt service payments for school bonded debt are reported as part of the primary government in the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds.
- C. Local governments in Virginia have a "tenancy in common" with the School Board whenever the locality incurs a financial obligation for school property which is payable over more than one year. In order to match the capital assets with the related debt, the legislation permits the primary government to report the portion of the school property related to the financial obligation as "jointly owned" assets. When the debt related to a particular capital asset is completely retired, the related capital asset, net of accumulated depreciation, is removed from the primary government's financial statements and reported in the School Board's financial statements. The School Board retains authority and responsibility over the operation and control of this property.
- D. If all economic resources associated with school activities were reported with the School Board, its total expenditures would be as follows:

Expenditures of School Board - Component Unit (Exhibit 32)	\$	114,311,795
School-related principal and other debt service expenditures included in		
primary government (Exhibit 4)		2,413,976
Total expenditures for school activities	\$_	116,725,771

NOTE 11-SIGNIFICANT TRANSACTIONS OF THE COUNTY AND COMPONENT UNIT - IDA:

The IDA was created to encourage economic development in the County. To that end, the County appropriates periodic contributions to the IDA. In addition, the County provides certain economic incentive grants to encourage development in the County. These grants pass through the IDA but ultimately are long-term obligations reported in the County's government-wide statement of net position. When the underlying requirements have been substantially met, these amounts are recorded by the IDA as payable to the grant recipient and as receivable from the County. At year end the IDA reported economic incentive grants payable of \$153,488 and an equal amount was reported as receivable from the County.

Amounts reported as payable to the IDA by the County consist of the following:

Long-term commitments to IDA, reported in the government-wide	
Statement of Net Position	\$ 153,488
Total payable to IDA	\$ 153,488

The County also provides personnel and office space to the IDA at no charge.

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 12-PENSION PLAN:

Plan Description

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

Benefit Structures

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

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

NOTE 12-PENSION PLAN: (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 School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	278	191
Inactive members: Vested inactive members	69	14
Non-vested inactive members	125	91
Inactive members active elsewhere in VRS	155	24
Total inactive members	349	129
Active members	336	165
Total covered employees	963	485

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 12-PENSION PLAN: (CONTINUED)

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2023 was 12.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$2,142,807 and \$1,771,913 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 5.55% 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 \$189,653 and \$219,446 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability (Asset)

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2022. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022.

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 12-PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 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 for males; 105% of rates for females set forward 2 years

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 12-PENSION PLAN: (CONTINUED)

Mortality rates: (Continued)

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

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

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

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

Pre-Retirement:

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

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 12-PENSION PLAN: (CONTINUED)

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

Mortality rates:

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 12-PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for

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

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 12-PENSION PLAN: (CONTINUED)

Discount Rate: (Continued)

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

Changes in Net Pension Liability (Asset)

		Primary Government								
		Increase (Decrease)								
	_	Total Pension Liability (a)		Plan Fiduciary Net Position (b)	_	Net Pension Liability (Asset) (a) - (b)				
Balances at June 30, 2021	\$_	83,482,252	\$_	84,166,970	\$	(684,718)				
Changes for the year:										
Service cost	\$	1,948,980	\$	-	\$	1,948,980				
Interest		5,617,899		-		5,617,899				
Differences between expected										
and actual experience		845,698		-		845,698				
Changes of assumptions		-		-		-				
Contributions - employer		-		1,766,984		(1,766,984)				
Contributions - employee		-		777,227		(777, 227)				
Net investment income		-		(71,743)		71,743				
Benefit payments, including refunds		(4,406,205)		(4,406,205)		-				
Administrative expenses		-		(52,654)		52,654				
Other changes		-		1,931		(1,931)				
Net changes	\$	4,006,372	\$	(1,984,460)	\$	5,990,832				
Balances at June 30, 2022	\$_	87,488,624	\$	82,182,510	\$	5,306,114				

NOTE 12-PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability (Asset)

	_	Component School Board (nonprofessional) Increase (Decrease)							
	_	Total Pension Liability (a)		Plan Fiduciary Net Position (b)	_	Net Pension Liability (Asset) (a) - (b)			
Balances at June 30, 2021	\$_	15,071,573	\$	16,277,093	\$	(1,205,520)			
Changes for the year:									
Service cost	\$	316,886	\$	-	\$	316,886			
Interest		998,880		-		998,880			
Benefit changes		-		-		-			
Differences between expected									
and actual experience		(207,518)		-		(207,518)			
Changes of assumptions		-		-		-			
Contributions - employer		-		218,638		(218,638)			
Contributions - employee		-		170,629		(170,629)			
Net investment income		-		(3,686)		3,686			
Benefit payments, including refunds		(1,180,459)		(1,180,459)		-			
Administrative expenses		-		(10,312)		10,312			
Other changes		-		364		(364)			
Net changes	\$_	(72,211)	\$	(804,826)	\$				
Balances at June 30, 2022	\$_	14,999,362	\$	15,472,267	\$	(472,905)			

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

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

	Rate					
	1% Decrease	Current Discount	1% Increase			
	(5.75%)	(6.75%)	(7.75%)			
County Net Pension Liability (Asset)	\$ 17,190,829	\$ 5,306,114 \$	(4,373,441)			
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	1,110,521	(472,905)	(1,794,124)			

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 12-PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2023, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$1,316,857 and (\$126,166), respectively. At June 30, 2023, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

				Component Unit School			
	_	Primary Gov	ernment	Board (nonprofessional)			
	Deferred Outflows of Resources		Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$	585,699 \$	568,768 \$	- \$	127,730		
Change in assumptions		1,179,410	-	53,574	-		
Net difference between projected and actual earnings on pension plan investments		-	2,447,220	-	489,467		
Employer contributions subsequent to the measurement date	_	2,142,807		189,653			
Total	\$_	3,907,916 \$	3,015,988 \$	243,227 \$	617,197		

\$2,142,807 and \$189,653 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2024	\$ (140,543) \$	(245,078)
2025	(620,638)	(209, 365)
2026	(1,627,389)	(324,252)
2027	1,137,691	215,072
2028	-	-
Thereafter	-	-

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 12-PENSION PLAN: (CONTINUED)

Pension Plan Data

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

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the <u>Code of Virginia</u>, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$7,682,134 and \$7,471,218 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 552 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 \$46,165,383 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 .48490% as compared to .47880% at June 30, 2021.

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 12-PENSION PLAN: (CONTINUED)

<u>Component Unit School Board (professional) (Continued)</u>

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

For the year ended June 30, 2023, the school division recognized pension expense of \$2,375,492. 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, 2023 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	_	Deferred Outflows of Resources	_ ,	Deferred Inflows of Resources
Differences between expected and actual experience	\$	-	\$	3,183,286
Change in assumptions		4,352,466		-
Net difference between projected and actual earnings on pension plan investments		-		6,018,999
Changes in proportion and differences between employer contributions and proportionate share of contributions		864,340		190,469
Employer contributions subsequent to the measurement date	_	7,682,134	_ ,	<u> </u>
Total	\$	12,898,940	\$	9,392,754

\$7,682,134 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	\$ (1,312,832)
2025	(1,854,976)
2026	(3,865,715)
2027	2,857,575
2028	· · · · -

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 12-PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

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

Inflation 2.50%

Salary increases, including inflation 3.50% - 5.95%

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

expenses, including inflation

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 12-PENSION PLAN: (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 is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability Plan Fiduciary Net Position	\$ 54,732,329 45,211,731
Employers' Net Pension Liability (Asset)	\$ 9,520,598
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.

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 12-PENSION PLAN: (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	Current Discount	1% Increase	
	 (5.75%)	(6.75%)	(7.75%)	
School division's proportionate		_		
share of the VRS Teacher				
Employee Retirement Plan				
Net Pension Liability (Asset)	\$ 82,454,908	\$ 46,165,383 \$	16,617,729	

Pension Plan Fiduciary Net Position

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

Primary Government and Component Unit School Board

Aggregate Pension Information

	_	Primary Government								
	_	Net Pension								
		Deferred		Deferred		Liability	Pension			
	_	Outflows	_	Inflows		(Asset)	Expense			
VRS Pension Plans:	<i>_</i>	2 007 044	,	2 045 000	<u>,</u>	5 204 444 <i>C</i>	4 244 057			
Primary Government	\$_	3,907,916	Ş_	3,015,988	٤_	5,306,114 \$	1,316,857			
Totals	\$_	3,907,916	\$_	3,015,988	\$	5,306,114 \$	1,316,857			

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 12-PENSION PLAN: (CONTINUED)

Primary Government and Component Unit School Board (Continued)

Aggregate Pension Information (Continued)

	_	Component Unit School Board					
	_					Net Pension	
		Deferred		Deferred		Liability	Pension
	_	Outflows	_	Inflows		(Asset)	Expense
VRS Pension Plans:							
School Board Nonprofessional	\$	243,227	\$	617,197	\$	(472,905) \$	(126,166)
School Board Professional		12,898,940		9,392,754		46,165,383	2,375,492
Totals	\$	13,142,167	\$	10,009,951	\$	45,692,478 \$	2,249,326

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS:

Health Insurance (Single-employer Defined Benefit Plan)

Plan Description

The County and School Board provide postemployment medical coverage for retired employees through a single-employer defined benefit plan. The County and School Board may change, add or delete coverage as they deem appropriate and with the approval of the Board of Supervisors. The plan does not grant retirees vested health benefits. The Plan does not issue separate financial statements.

Benefits Provided

A Campbell County retiree, eligible for postretirement medical coverage, is defined as a full-time employee who retires directly from the County or Schools and is eligible to receive an early or regular retirement benefit from the VRS. Employees applying for early or regular retirement are eligible to continue participation in the Retiree Health Plans sponsored by the County and Schools. County employees hired prior to July 1, 2006 and School employees hired for the 2006-2007 school year and before must have 10 years of service with Campbell County in order to be eligible for postretirement medical coverage. All subsequently hired employees must have 20 years of service with Campbell County to be eligible. Retired employees, hired on or after July 1, 2010, eligible for VRS retirement benefits with at least 20 years of consecutive County service may continue their health insurance under the County insurance plan until age 65 if they elect to pay the entire insurance premium established for regular employees in that classification. The School Board allow dependents to be covered if eligible employees are hired on or after July 1, 2010; employees hired prior to July 1, 2010 are also provided dependent coverage if they meet the previously stated eligibility requirements. Coverage for County employees will be limited to the retired employee and will not include dependents for those hired on/after July 1, 2010.

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance (Single-employer Defined Benefit Plan) (Continued)

Benefits Provided (Continued)

Retirees not yet eligible for Medicare coverage have one coverage choice, just as active employees have. Retirees eligible for Medicare coverage have access to plans that supplement Medicare, however, the retiree is responsible for the full cost of the plan.

Plan Membership

At June 30, 2023 (measurement date), the following employees were covered by the benefit terms:

	County	School Board
Total active employees with coverage Total retirees with coverage	272 36	834 81
Total	308	915

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 and School Board. The amount paid by the County and School Board for OPEB as the benefits came due during the year ended June 30, 2023 was \$564,015 and \$1,366,445, and \$460,764 and \$1,263,825 for fiscal year ended June 30, 2022.

Total OPEB Liability

The County and School Board's total OPEB liabilities were measured as of June 30, 2023. The total OPEB liabilities were determined by an actuarial valuation as of that date.

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance (Single-employer Defined Benefit Plan): (Continued)

Actuarial Assumptions

Discount Rate

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

County	
Inflation	3.50% per year as of July 1, 2022
Payroll Growth	County - The payroll growth rate starts at 1.85% increase for 1 year of service and gradually declines to 0.0% for 20 or more years of service for non-law enforcement and 1.25% to 0.0% for law enforcement.
Discount Rate	4.13% as of June 30, 2023 4.09% as of June 30, 2022
School Board	
Inflation Salary Increases	3.50% per year as of July 1, 2022
	School Board - The payroll growth rate starts at 2.45% salary increase for 1 year of service and gradually declines to 0.0%

The mortality rates for general and public safety employees and retirees - SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using scale MP-2021. Teacher employees and retirees - SOA Pub-2010 Teacher Headcount Weighted Mortality Table fully generational using Scale MP-2021

salary increase for 20 or more years of service.

4.13% as of June 30, 2023

4.09% as of June 30, 2022

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance (Single-employer Defined Benefit Plan): (Continued)

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is selected from a range of 20-Year Municipal Bond Indices and include the Bond Buyer 11-Bond GO Index, the S&P Municipal Bond 20-Year High Grade Rate Index, and the Fidelity 20-Year GO Municipal Bond Index. The final equivalent single discount rate used for this year's valuation is 4.13% 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 from the OPEB Trust.

Changes in Total OPEB Liability

Changes in Net OPEB Liability

Changes in the	COLL	Liability	
		Primary	
		Government	Component Unit
		County	School Board
		Total OPEB	Total OPEB
	_	Liability	Liability
Balances at June 30, 2022	\$	8,245,343 \$	19,318,239
Changes for the year:			
Service cost		290,146	778,679
Interest		337,683	794,300
Difference between expected and actual			
experience		(448,741)	(1,064,038)
Changes in assumptions		(23,001)	(45,244)
Benefit payments		(564,015)	(1,366,445)
Net changes	_	(407,928)	(902,748)
Balances at June 30, 2023	\$	7,837,415 \$	18,415,491

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance (Single-employer Defined Benefit Plan): (Continued)

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13%) or one percentage point higher (5.13%) than the current discount rate:

	County Rate		Sc	hool Board Rate	•
1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
\$ 8,435,941 \$	7,837,415 \$	7,287,399 \$	19,569,235 \$	18,415,491 \$	17,312,107

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

The following presents the total OPEB liabilities of the County and 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 (6.50% decreasing annually to an ultimate rate of 3.50%) or one percentage point higher (8.50% decreasing annually to an ultimate rate of 5.50%) than the current healthcare cost trend rates:

		County Rates			School Board Rates	
_	1% Decrease (6.50% decreasing to 3.50%)	Healthcare Cost Trend (7.50% decreasing to 4.50%)	1% Increase (8.50% decreasing to 5.50%)	1% Decrease (6.50% decreasing to 3.50%)	Healthcare Cost Trend (7.50% decreasing to 4.50%)	1% Increase (8.50% decreasing to 5.50%)
\$	7,074,784 \$	7,837,415 \$	8,714,054 \$	16,572,528 9	18,415,491 \$	20,542,761

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance (Single-employer Defined Benefit Plan): (Continued)

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

For the year ended June 30, 2023, the County and School Board recognized OPEB expense in the amount of \$338,224 and (\$225,925), respectively. At June 30, 2023, the County and School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	erred Outflows of Resouces		Deferred Inflows of Resources
County:			
Differences between expected and actual experience	\$ 579,756	\$	(1,193,428)
Changes in assumptions	375,026		(673,331)
Total	\$ 954,782	\$	(1,866,759)
		•	
School Board:			
Differences between expected and actual experience	\$ 793,537	\$	(4,256,671)
Changes in assumptions	 506,872		(1,797,489)
Total	\$ 1,300,409	\$	(6,054,160)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

			School
Year End	led June 30	 County	Board
		_	
2	2024	\$ (332,730)	\$ (1,798,903)
2	2025	(230, 192)	(1,177,986)
2	2026	(173,207)	(949,332)
2	2027	(97,226)	(418,729)
2	2028	(78,622)	(250,327)
The	reafter	-	(158,474)

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

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance:

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

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

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the <u>Code of Virginia</u>, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023, was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the County were \$96,168 and \$87,964 for the years ended June 30, 2023 and June 30, 2022, respectively, and \$22,622 and \$20,775 from the School Board (Nonprofessional) and \$261,525 and \$243,013 from the School Board (Professional).

In June 2023, 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 Program OPEB

At June 30, 2023, the County reported a liability of \$901,748 and the School Board in the amounts of \$213,005 and \$2,491,035 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 .07490% as compared to .07390% at June 30, 2021 and .01770% and .01720% for School Board (Nonprofessional) and .20690% and .20440% for the School Board (Professional).

For the year ended June 30, 2023, the County recognized GLI OPEB expense of \$33,207, the School Board (Professional) recognized \$75,448 and School Board (Nonprofessional) recognized expense of \$9,064. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

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

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

		Deferred Outflows of Resources		Deferred Inflows of Resources
County			-	
Differences between expected and actual experience	\$	71,407	\$	36,176
Net difference between projected and actual earnings on GLI OPEB program investments		-		56,346
Change in assumptions		33,634		87,834
Changes in proportion		28,627		7,160
Employer contributions subsequent to the measurement date		96,168	_	
Total	\$	229,836	- \$	187,516
School Board - Nonprofessional			=	
Differences between expected and actual experience	 \$	16,867	\$	8,545
Net difference between projected and actual earnings on GLI OPEB program investments		-		13,310
Change in assumptions		7,945		20,748
Changes in proportion		8,474		32
Employer contributions subsequent to the measurement date		22,622		
Total	\$	55,908	- \$	42,635
School Board - Professional			=	
Differences between expected and actual experience	— \$	197,259	\$	99,934
Net difference between projected and actual earnings on GLI OPEB program investments		-		155,653
Change in assumptions		92,912		242,637
Changes in proportion		48,485		12,457
Employer contributions subsequent to the measurement date		261,525	_	
Total	\$	600,181	\$	510,681

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

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

\$96,168, \$22,622 and \$261,525 (County, School Board Nonprofessional and School Board Professional) 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:

		School Board			
Year Ended June 30	 County	Professional	Non	professional	
2024	\$ (8,801)	\$ (39,856)	\$	(1,472)	
2025	(6,821)	(29,661)		(1,371)	
2026	(42,356)	(115, 368)		(8,894)	
2027	8,507	25,633		2,890	
2028	(4,377)	(12,773)		(502)	

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 ACFR.

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

Mortality Rates (pre-retirement, post-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

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

Actuarial Assumptions: (Continued)

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

Actuarial Assumptions: (Continued)

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

NET GLI OPEB Liability

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

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

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

NET GLI OPEB Liability: (Continued)

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

Long-Term Expected Rate of Return

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

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

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

Discount Rate

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

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

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

			Rate	
	1% Decrease		Current Discount	1% Increase
	(5.75%)	_	(6.75%)	 (7.75%)
County's proportionate		_		
share of the Group Life				
Insurance Program				
Net OPEB Liability	\$ 1,312,149	\$	901,748	\$ 570,088
School Board - Professional employees proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 3,624,747	\$	2,491,035	\$ 1,574,840
School Board - Nonprofessional employees proportionate share of the Group Life Insurance Program				
Net OPEB Liability	\$ 309,947	\$	213,005	\$ 134,662

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

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 from the VRS website at https://www.varetire.org/pdf/publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Health Insurance Credit (HIC) Plan - School Board (Nonprofessional):

Plan Description

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

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

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.

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance Credit (HIC) Plan - School Board (Nonprofessional): (Continued)

HIC Plan Notes

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

Employees Covered by Benefit Terms

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

	Number
Inactive members or their beneficiaries currently receiving benefits	79
Inactive members: Vested inactive members	2
Non-vested inactive members	-
Inactive members active elsewhere in VRS	
Total inactive members	81
Active members	165
Total covered employees	246

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the <u>Code of Virginia</u>, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board's contractually required employer contribution rate for the year ended June 30, 2023 was .68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the HIC Plan were \$28,405 and \$25,987 for the years ended June 30, 2023 and June 30, 2022, respectively.

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance Credit (HIC) Plan - School Board (Nonprofessional): (Continued)

Net HIC OPEB Liability

The School Board'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.

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%

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

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance Credit (HIC) Plan - School Board (Nonprofessional): (Continued)

Actuarial Assumptions: (Continued)

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

I Proceedings of the Control of the	
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

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance Credit (HIC) Plan - School Board (Nonprofessional): (Continued)

Long-Term Expected Rate of Return

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

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

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance Credit (HIC) Plan - School Board (Nonprofessional): (Continued)

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 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		Plan		Net
		HIC OPEB		Fiduciary		HIC OPEB
		Liability		Net Position		Liability (Asset)
	_	(a)		(b)	_	(a) - (b)
Balances at June 30, 2021	\$_	426,664	\$	203,151	\$	223,513
Changes for the year:						
Service cost	\$	4,915	\$	-	\$	4,915
Interest		27,810		-		27,810
Benefit changes		-		-		-
Differences between expected						-
and actual experience		(2,340)		-		(2,340)
Changes of assumptions		3,082		-		3,082
Contributions - employer		-		25,986		(25,986)
Net investment income		-		497		(497)
Benefit payments		(39,170)		(39,170)		-
Administrative expenses		-		(328)		328
Other changes		-		6,636		(6,636)
Net changes	\$	(5,703)	\$	(6,379)	\$	676
Balances at June 30, 2022	\$_	420,961	\$	196,772	\$	224,189

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance Credit (HIC) Plan - School Board (Nonprofessional): (Continued)

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

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

	Rate			
	1% Decrease		Current Discount	1% Increase
	-	(5.75%)	(6.75%)	(7.75%)
School Board's Net HIC OPEB Liability	\$	261,924 \$	224,189 \$	191,534

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 School Board recognized HIC Plan OPEB expense of \$18,577. At June 30, 2023, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board's HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,180	4,228
Net difference between projected and actual earnings on HIC OPEB plan investments	-	5,382
Change in assumptions	7,083	-
Employer contributions subsequent to the measurement date	28,405	
Total	\$ 39,668	9,610

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance Credit (HIC) Plan - School Board (Nonprofessional): (Continued)

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

\$25,987 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	
2024	\$ 3,336
2025	(923)
2026	(3,374)
2027	2,614
2028	-
Thereafter	-

HIC Plan Data

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

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 <u>Code of Virginia</u>, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (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:

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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 with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the <u>Code of Virginia</u>, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC 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 \$584,955 and \$543,933 for the years ended June 30, 2023 and June 30, 2022, respectively.

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

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

At June 30, 2023, the school division reported a liability of \$6,024,401 for its proportionate share of the VRS Teacher Employee HIC Plan 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 OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion of the VRS Teacher Employee HIC Plan was .48232% as compared .47670% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$465,149. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportion.

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

	_	Deferred Outflows of Resources	_	Deferred Inflows of Resources
Differences between expected and actual experience	\$	-	\$	245,564
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments		-		6,047
Change in assumptions		176,004		15,384
Change in proportion		95,545		65,640
Employer contributions subsequent to the measurement date	_	584,955	_	<u>-</u>
Total	\$	856,504	\$_	332,635

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

\$584,955 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:

Year Ended June 30	
2024	\$ (34,695)
2025	(21,462)
2026	(2,552)
2027	16,209
2028	(8,431)
Thereafter	(10,155)

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	3.50%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers (Continued)

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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)	\$ 1,249,046
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.

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	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%
Ехр	ected arithmeti	c 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 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

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

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

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

	 Rate								
	1% Decrease		Current Discount		1% Increase				
	(5.75%)		(6.75%)		(7.75%)				
School division's proportionate									
share of the VRS Teacher									
Employee HIC OPEB Plan									
Net HIC OPEB Liability	\$ 6,789,569	\$	6,024,401	\$	5,375,788				

Teacher Employee HIC OPEB Fiduciary Net Position

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

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Aggregate OPEB Information

		Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
Primary Government	-				
VRS OPEB Plans:					
Group Life Insurance Program:					
County	\$	229,836 \$	187,516 \$	901,748 \$	33,207
County Stand-Alone Plan		954,782	1,866,759	7,837,415	338,224
Totals	\$	1,184,618 \$	2,054,275 \$	8,739,163 \$	371,431
Component Unit School Board					
VRS OPEB Plans:					
Group Life Insurance Program:					
School Board Nonprofessional	\$	55,908 \$	42,635 \$	213,005 \$	9,064
School Board Professional		600,181	510,681	2,491,035	75,448
Health Insurance Credit Program:					
School Board Health Insurance Credit Program		39,668	9,610	224,189	18,577
Teacher Health Insurance Credit Program		856,504	332,635	6,024,401	465,149
School Stand-Alone Plan		1,300,409	6,054,160	18,415,491	(225,925)
Totals	\$	2,852,670 \$	6,949,721 \$	27,368,121 \$	342,313

Line of Duty Act (LODA) (OPEB Benefits)

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the <u>Code of Virginia</u>. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

The County has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the County to VACORP. VACORP assumes all liability for the County's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2023 was \$86,919.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 14-PROPERTY TAXES:

The County levies real estate taxes on all real property within its boundaries, except that exempted by statute, at a rate enacted by the Board of Supervisors on the assessed value of property (except public utility property) as determined by the Commissioner of Revenue. Public utility property is assessed by the Commonwealth. All real property is assessed at 100 percent of fair market value and reassessed every four years as of January 1. The Commissioner of Revenue, by authority of County ordinance, prorates billings for property incomplete as of January 1, but completed during the year.

Real estate taxes are billed in semi-annual installments due June 5 and December 5. The taxes receivable balance at June 30, 2023 includes amounts not yet received from the January 1, 2023 levy. Property taxes attach as an enforceable lien on property as of January 1.

In addition, any uncollected amounts from previous years' levies are incorporated in the taxes receivable balance. The real estate tax rate was \$.45 and \$.52 per \$100 of assessed value for calendar years 2023 and 2022, respectively.

Personal property tax assessments on all motor vehicles is \$4.10 per \$100 assessed value. Personal property tax on business machinery and tools is \$3.20 per \$100 of assessed value. Personal property taxes are billed in semi-annual installments due on June 5 and December 5. Personal property tax assessments are not prorated. Property is assessed as of January 1st of each year.

NOTE 15-RISK MANAGEMENT:

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

The County contracts with VACorp to provide insurance coverage for these risks of loss. In the event of a loss deficit and depletion of all assets and available insurance of the League, the League may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The property coverage is for specific amounts based on values assigned to the insured properties. Liability coverage consists of \$2 million primary and \$4 million excess coverage.

The School Board contracts with private insurers for property and liability coverage.

Unemployment Insurance

The County and School Board are fully self-insured for unemployment claims. The Virginia Employment Commission bills the County for all unemployment claims.

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 15-RISK MANAGEMENT: (CONTINUED)

Employee Health Insurance

The County is self-insured for medical coverage for County and School employees. Anthem serves as the administrator of a group medical insurance program in which the County and School Board's participating employees are combined into one overall funding program. The program includes a specific stop loss of \$150,000 for the program year ending September 30, 2023, and a maximum aggregate liability of 115% of Anthem's estimate of the expected liability.

Liabilities for unpaid claims and claims incurred but not reported (IBNR) are estimated based on the estimated ultimate costs of settling the claims. Changes in the balances of claim liabilities are as follows:

Fiscal Year Ending	 Beginning of Year	Insured Claims (Including IBNR)		Claim Payments	End of Year
June 30, 2023	\$ 1,228,173	\$ 17,478,432	\$	17,482,467 \$	1,224,138
June 30, 2022	960,000	19,104,298		18,836,125	1,228,173
June 30, 2021	1,139,601	14,714,309		14,893,910	960,000
June 30, 2020	1,067,714	14,428,917		14,357,030	1,139,601
June 30, 2019	988,056	13,420,362		13,340,704	1,067,714

In fiscal year 2012 the County started offering health benefits with a health savings account. The County has provided an annual contribution to each employee's health savings account.

NOTE 16-COMMITMENTS AND CONTINGENCIES:

Special Purpose Grants

Special purpose grants are subject to audit to determine compliance with their requirements. County officials believe that if any refunds are required, they will be immaterial.

Revenue Bonds of Campbell County Utilities and Service Authority

The County Board of Supervisors has issued expressions of intent to provide the debt service payments on certain revenue bonds issued by the Campbell County Utilities and Service Authority (CCUSA). This support agreement is a non-binding obligation to appropriate to the CCUSA such funds as may be requested from time to time to pay these debt service costs for the life of the bonds, or 20 years. The County paid CCUSA \$91,838 for debt service in fiscal year 2023. In turn, the County receives water and sewer access fees related to these projects. In 2023, the County received approximately \$139,027 in such fees.

Leesville Road Waterline

The County financed the construction of the Leesville Road waterline. Campbell County Utility Service (CCUSA) will own and operate the assets. All connection fees received as a result of the waterline will be remitted to the County until the costs are recovered. If the total costs are not recovered, CCUSA is not responsible for the difference.

NOTE 16-COMMITMENTS AND CONTINGENCIES: (CONTINUED)

Construction Contract Commitments

The County has outstanding construction contract commitments as follows:

	Project		Amount Outstanding
	Rustburg Middle School Total commitments	\$ \$	1,103,993 1,103,993
Encumbrances			
The County reports	s encumbrances by fund as follows:		
	Education Other general government operations	\$	7,778,045 1,801,513
	Total encumbrances	\$	9,579,558

NOTE 17-RESTRICTED ASSETS:

The County and School Board reports the following restricted assets:

Primary Government - School construction	\$ 5,096,880
Primary Government - Drug enforcement & other	125,246
Primary Government - Cash: Contributions - Road construction project	 1,738,071
Total Restricted Assets	\$ 6,960,197

NOTE 18-LEASES RECEIVABLE:

The County leases office space and/or building(s) to third parties, mainly to state and Federal governmental agencies. The leases have varying terms. The County recognized lease revenue and interest revenue in the amounts of \$109,933 and \$7,687, respectively under these lease agreements.

The Component Unit Industrial Development Authority (IDA) leases property to an local business. The IDA recognized lease and interest revenue in the amounts of \$88,863 and \$1,844 under this lease.

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 18-LEASES RECEIVABLE: (CONTINUED)

A description of the lease arrangements is as follows:

		Discount	Lease Receivable	Deferred Inflow of Resources
Lease Description	End Date	Rate June 30, 2023		June 30, 2023
County: Lease of County office/building to Virginia Department of Health	8/31/2024	1.00% \$	89,324	\$ 88,439
Lease of County office/building to USDA	9/30/2032	2.07%	296,708	281,674
Total County Lease Receivables		\$	386,032	\$ 370,113
Component Unit - Industrial Development Author Component Unit IDA - lease of building to	rity:			
industry	12/31/2024	1.00% \$	157,412	\$ 157,127

NOTE 19-UPCOMING PRONOUNCEMENTS:

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

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

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

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.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2023 (CONTINUED)

NOTE 20-COVID-19 FUNDING

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments were to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

In fiscal year 2021, the County received its share of the first half of the CSLFRF funds in the amount of \$5,330,384. The County received a second tranche in the amount of \$5,330,384 in fiscal year 2022. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$10,474,892 is reported as unearned revenue as of June 30.

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

General Fund

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

	Budgeted Amounts			_	Actual		Variance with Final Budget - Positive
		Original	Final		Actual		(Negative)
REVENUES				_			
General property taxes	\$	45,550,107	46,040,262	ς	61,821,000	ς	15,780,738
Other local taxes	7	15,352,045	15,352,045	7	18,664,424	7	3,312,379
Permits, privilege fees, and regulatory licenses		344,750	358,150		384,449		26,299
Fines and forfeitures		132,350	132,350		97,695		(34,655)
Revenue from the use of money and property		165,000	165,000		2,206,533		2,041,533
Charges for services		3,151,808	3,232,845		3,572,846		340,001
Miscellaneous		143,414	309,365		648,989		339,624
Recovered costs		867,020	867,020		899,513		32,493
Intergovernmental:							
Commonwealth		15,296,721	16,387,190		16,523,384		136,194
Federal		4,597,334	5,440,265		4,922,517		(517,748)
Total revenues	\$	85,600,549 \$	88,284,492	\$	109,741,350	\$	21,456,858
EXPENDITURES							
Current:							
General government administration							
Board of supervisors	\$	129,275 \$	129,275	\$	86,723	\$	42,552
County administrator		378,845	415,995		410,805		5,190
Independent auditor		68,400	69,400		69,400		-
Business auditor		146,278	155,273		152,633		2,640
Commissioner of the revenue		416,077	443,796		414,018		29,778
Reassessment		311,811	800,544		509,790		290,754
Central purchasing		74,156	78,505		75,199		3,306
Legal services Treasurer		352,995	356,430		327,923		28,507
Information systems		650,680 1,103,337	731,989 1,213,301		709,781 1,038,953		22,208 174,348
Management services		379,094	479,117		582,445		(103,328)
Finance & Strategic Initiatives		259,149	216,680		202,870		13,810
Vehicle licensing		45,909	54,383		54,377		6
Public & employee relations		256,953	266,612		260,823		5,789
Other		2,343,394	748,286		727,089		21,197
Registrar		433,770	476,223		375,760	_	100,463
Total general government administration	\$_	7,350,123 \$	6,635,809	\$_	5,998,589	\$_	637,220
Judicial administration							
Circuit court	\$	97,578 \$	106,837	\$	105,001	\$	1,836
General district court		11,060	11,060		7,336		3,724
Magistrates		1,642	1,642		819		823
Juvenile and domestic relations court		14,130	14,130		10,716		3,414
Clerk of the circuit court		624,715	751,020		704,713		46,307
Victim witness program		258,585	274,873		271,160		3,713
Commissioner of accounts		1,084	1,084		942		142
Commonwealth attorney	_	954,224	995,064		991,871	_	3,193
Total judicial administration	\$_	1,963,018 \$	2,155,710	\$_	2,092,558	\$_	63,152

General Fund

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

	Budgeted Amounts				-	Astron		Variance with Final Budget -	
	_	Original		Final	_	Actual Amounts		Positive (Negative)	
EXPENDITURES (CONTINUED)									
Public safety									
Sheriff	\$	7,205,810	\$	8,525,879	\$	7,817,406	\$	708,473	
Drug enforcement funds		-		40,150		27,144		13,006	
E - 911 system		1,649,473		2,009,509		1,745,795		263,714	
Fire departments		741,989		821,031		794,032		26,999	
Ambulance and rescue services		393,118		398,918		341,119		57,799	
Paid EMT services		3,838,795		4,219,040		3,980,442		238,598	
Forest fire extinction service		20,329		20,329		20,329		-	
Jail		3,165,000		3,381,049		3,381,279		(230)	
Probation office		5,830		5,830		5,496		334	
Local corrections		305,259		305,259		327,574		(22,315)	
Building inspections		363,202		377,558		355,898		21,660	
Animal control		283,931		304,926		294,078		10,848	
Medical examiner		640		780		860		(80)	
Emergency services	_	381,035	_	462,596	_	393,331	_	69,265	
Total public safety	\$	18,354,411	<u> </u>	20,872,854	\$_	19,484,783	\$_	1,388,071	
Public works									
Highway services	\$	20,000 \$	5	20,000	\$	10,275	\$	9,725	
Street lights		13,000		13,000		13,689		(689)	
Maintenance of buildings and grounds		1,779,036		1,960,886		1,706,967		253,919	
Public works administration	_	172,388		182,811		178,889		3,922	
Total public works	\$_	1,984,424	\$	2,176,697	\$_	1,909,820	\$_	266,877	
Health and welfare									
Health department	\$	409,181	\$	409,181	\$	404,070	\$	5,111	
Horizon Behavior Health		191,401		191,401		191,401		-	
Welfare assistance and administration		8,545,845		8,851,973		7,848,210		1,003,763	
Children Services Act Program		4,356,053		4,813,337		4,923,604		(110,267)	
Property tax relief for elderly/handicapped		-		429,541		433,384		(3,843)	
Housing assistance		135,249		135,606		118,546		17,060	
Youth services		121,114		128,034		84,430		43,604	
Other health and welfare	_	18,151	_	18,151	_	18,151	_	-	
Total health and welfare	\$	13,776,994	\$_	14,977,224	\$_	14,021,796	\$_	955,428	
Education									
Contribution to School Board									
Component unit	\$_	28,386,460	\$	34,749,875	\$_	29,571,276	\$_	5,178,599	
Total education	\$	28,386,460	\$	34,749,875	\$	29,571,276	\$	5,178,599	

General Fund

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

	_	Budgeted A	mounts		Variance with Final Budget -
	_	Original	Final	Actual Amounts	Positive (Negative)
EXPENDITURES (CONTINUED)					
Parks, recreation, and cultural					
Citizen engagement & quality of life / Parks					
and recreation	\$	648,697 \$	663,641 \$	460,812 \$	202,829
Community recreation		175,550	175,550	65,218	110,332
Historic landmarks		5,000	5,000	2,500	2,500
Historic preservation - Rosenwald grant		-	352,840	344,496	8,344
Library		1,338,866	1,439,873	1,369,740	70,133
Literacy	_	43,435	45,266	44,503	763
Total parks, recreation, and cultural	\$_	2,211,548 \$	2,682,170 \$	2,287,269 \$	394,901
Community Development					
Zoning	\$	486,865 \$	542,322 \$	509,381 \$	32,941
Economic development		614,618	1,964,240	1,418,305	545,935
Planning		51,000	51,000	51,000	-
Campbell County Utility Service Authority		91,840	91,840	91,838	2
Environmental management program		151,875	181,558	176,667	4,891
Soil and water conservation district		14,598	14,598	13,712	886
Cooperation extension program		120,085	125,093	119,899	5,194
Payment to TWID Special Tax District	_	<u> </u>	63,139	63,139	-
Total community development	\$_	1,530,881 \$	3,033,790 \$	2,443,941 \$	589,849
Nondepartmental	\$_	(500,000) \$	(500,000) \$	786 \$	(500,786)
Total expenditures	\$_	75,057,859 \$	86,784,129 \$	77,810,818 \$	8,973,311
Excess (deficiency) of revenues over (under) expenditures	\$_	10,542,690 \$	1,500,363 \$	31,930,532 \$	30,430,169
OTHER FINANCING SOURCES (USES)					
Transfers out	\$_	(10,430,514) \$	(12,825,433) \$	(13,025,433) \$	200,000
Total other financing sources (uses)	\$_	(10,430,514) \$	(12,825,433) \$	(13,025,433) \$	200,000
Net change in fund balances	\$	112,176 \$	(11,325,070) \$	18,905,099 \$	30,630,169
Fund balance - beginning		(112,176)	11,325,070	50,767,048	39,441,978
Fund balance - ending	\$_	- \$	- \$	69,672,147 \$	70,072,147

Note: All budgeted amounts are prepared in accordance with accounting principles generally accepted in the United States of America.

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

	_	Budgete	mounts		Actual		Variance with Final Budget - Positive	
	_	Original	_	Final	_	Amounts	_	(Negative)
REVENUES								
Revenue from the use of money and property	\$	-	\$	-	\$	32,533	\$	32,533
Miscellaneous		24,000		24,000		68,500		44,500
Intergovernmental:								
Commonwealth		17,000		44,958	_	27,958	_	(17,000)
Total revenues	\$	41,000	\$	68,958	\$	128,991	\$	60,033
EXPENDITURES Current:								
Public Works - Solid Waste	\$	2,346,417	\$	2,626,063	\$	2,160,513	\$	465,550
Total expenditures	\$	2,346,417	\$	2,626,063	\$	2,160,513	\$	465,550
Excess (deficiency) of revenues over (under) expenditures	\$_	(2,305,417)	\$_	(2,557,105)	\$_	(2,031,522)	\$	525,583
OTHER FINANCING SOURCES (USES)								
Transfers in	\$	2,305,417	\$	2,305,417	\$	2,505,417	\$	200,000
Total other financing sources (uses)	\$	2,305,417	\$	2,305,417	\$	2,505,417	\$	200,000
Net change in fund balances	\$	-	\$	(251,688)	\$	473,895	\$	725,583
Fund balance - beginning	_	-	_	251,688		2,339,792	_	2,088,104
Fund balance - ending	\$_	-	\$_	-	\$	2,813,687	\$	2,813,687

Note: All budgeted amounts are prepared in accordance with accounting principles generally accepted in the United States of America.

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

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

	_	2022	2021	2020	2019	2018
Total pension liability						_
Service cost	\$	1,948,980 \$	1,809,538 \$	1,811,383 \$	1,591,339 \$	1,545,609
Interest		5,617,899	5,185,392	4,944,396	4,784,393	4,612,240
Changes in benefit terms		-	-	-	2,192,088	-
Differences between expected and actual experience		845,698	(1,532,784)	656,096	(206,618)	(396,573)
Changes of assumptions		-	3,178,412	-	-	-
Benefit payments		(4,406,205)	(3,957,869)	(3,725,244)	(3,193,479)	(3,410,433)
Net change in total pension liability	\$	4,006,372 \$	4,682,689 \$	3,686,631 \$	5,167,723 \$	2,350,843
Total pension liability - beginning		83,482,252	78,799,563	75,112,932	69,945,209	67,594,366
Total pension liability - ending (a)	\$	87,488,624 \$	83,482,252 \$	78,799,563 \$	75,112,932 \$	69,945,209
Plan fiduciary net position Contributions - employer Contributions - employee Net investment income Benefit payments Administrator charges Other Net change in plan fiduciary net position Plan fiduciary net position - beginning	\$ \$	1,766,984 \$ 777,227 (71,743) (4,406,205) (52,654) 1,931 (1,984,460) \$ 84,166,970	1,665,636 \$ 723,484 18,363,460 (3,957,869) (45,997) 1,727 16,750,441 \$ 67,416,529	1,482,938 \$ 726,195 1,301,151 (3,725,244) (44,372) (1,520) (260,852) \$ 67,677,381	1,439,426 \$ 707,444 4,291,994 (3,193,479) (42,516) (2,702) 3,200,167 \$ 64,477,214	1,434,362 669,563 4,514,736 (3,410,433) (39,308) (4,002) 3,164,918 61,312,296
Plan fiduciary net position - ending (b)	\$	82,182,510 \$	84,166,970 \$	67,416,529 \$	67,677,381 \$	64,477,214
County's net pension liability - ending (a) - (b)	\$	5,306,114 \$	(684,718) \$	11,383,034 \$	7,435,551 \$	5,467,995
Plan fiduciary net position as a percentage of the total pension liability		93.94%	100.82%	85.55%	90.10%	92.18%
Covered payroll	\$	16,224,683 \$	15,237,726 \$	15,212,134 \$	14,601,082 \$	13,662,885
County's net pension liability (asset) as a percentage covered payroll	of	32.70%	-4.49%	74.83%	50.92%	40.02%

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

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

Pension Plans

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

		2017	2016	2015	2014
Total pension liability					
Service cost	\$	1,549,866 \$	1,594,596 \$	1,568,032 \$	1,506,011
Interest		4,516,824	4,347,229	4,089,845	3,900,665
Changes in benefit terms		-	-	-	-
Differences between expected and actual experience		(1,162,819)	(575,564)	824,419	-
Changes of assumptions		(337,699)	-	-	-
Benefit payments		(2,995,720)	(2,891,247)	(2,719,500)	(2,688,703)
Net change in total pension liability	\$	1,570,452 \$	2,475,014 \$	3,762,796 \$	2,717,973
Total pension liability - beginning		66,023,914	63,548,900	59,786,104	57,068,131
Total pension liability - ending (a)	\$	67,594,366 \$	66,023,914 \$	63,548,900 \$	59,786,104
Plan fiduciary net position Contributions - employer Contributions - employee Net investment income Benefit payments Administrator charges Other Net change in plan fiduciary net position Plan fiduciary net position - beginning Plan fiduciary net position - ending (b)	\$ \$ \$ _	1,393,354 \$ 683,119 6,732,850 (2,995,720) (38,991) (5,992) 5,768,620 \$ 55,543,676 61,312,296 \$	1,644,686 \$ 658,971 953,652 (2,891,247) (34,332) (407) 331,323 \$ 55,212,353 55,543,676 \$	1,654,904 \$ 675,034 2,435,302 (2,719,500) (33,239) (514) 2,011,987 \$ 53,200,366 55,212,353 \$	1,640,441 637,244 7,297,446 (2,688,703) (39,389) 384 6,847,423 46,352,943 53,200,366
County's net pension liability - ending (a) - (b)	\$	6,282,070 \$	10,480,238 \$	8,336,547 \$	6,585,738
Plan fiduciary net position as a percentage of the					
total pension liability		90.71%	84.13%	86.88%	88.98%
Covered payroll	\$	13,165,736 \$	13,136,288 \$	13,173,333 \$	12,703,891
County's net pension liability (asset) as a percentage of covered payroll	of	47.72%	79.78%	63.28%	51.84%

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

Pension Plans

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

		2022	2021	2020	2019	2018
Total pension liability	_					
Service cost	\$	316,886 \$	321,358 \$	317,176 \$	296,913 \$	308,804
Interest		998,880	949,102	948,721	936,872	946,190
Differences between expected and actual experience		(207,518)	(112,338)	(249,070)	125,542	(392,164)
Changes of assumptions		-	359,708	-	328,372	-
Benefit payments		(1,180,459)	(1,014,044)	(1,008,333)	(1,024,578)	(967,321)
Net change in total pension liability	\$	(72,211) \$	503,786 \$	8,494 \$	663,121 \$	(104,491)
Total pension liability - beginning	_	15,071,573	14,567,787	14,559,293	13,896,172	14,000,663
Total pension liability - ending (a)	\$	14,999,362 \$	15,071,573 \$	14,567,787 \$	14,559,293 \$	13,896,172
	_					
Plan fiduciary net position						
Contributions - employer	\$	218,638 \$	205,151 \$	231,908 \$	224,042 \$	254,944
Contributions - employee		170,629	160,584	160,638	153,123	148,622
Net investment income		(3,686)	3,576,117	258,491	875,067	955,281
Benefit payments		(1,180,459)	(1,014,044)	(1,008,333)	(1,024,578)	(967,321)
Administrator charges		(10,312)	(9,279)	(9,149)	(9,130)	(8,550)
Other		364	334	(301)	(548)	(838)
Net change in plan fiduciary net position	\$	(804,826) \$	2,918,863 \$	(366,746) \$	217,976 \$	382,138
Plan fiduciary net position - beginning		16,277,093	13,358,230	13,724,976	13,507,000	13,124,862
Plan fiduciary net position - ending (b)	\$	15,472,267 \$	16,277,093 \$	13,358,230 \$	13,724,976 \$	13,507,000
School Board's net pension liability (asset) - ending (a) - (b)	\$	(472,905) \$	(1,205,520) \$	1,209,557 \$	834,317 \$	389,172
Plan fiduciary net position as a percentage of the total pension liability		103.15%	108.00%	91.70%	94.27%	97.20%
Covered payroll	\$	3,821,557 \$	3,546,928 \$	3,524,184 \$	3,326,525 \$	3,198,309
School Board's net pension liability (asset) as a percentage of covered payroll		-12.37%	-33.99%	34.32%	25.08%	12.17%

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

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

Pension Plans

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

		2017	2016	2015	2014
Total pension liability	_				
Service cost	\$	302,578 \$	304,674 \$	322,594 \$	347,629
Interest		956,515	945,293	926,451	903,387
Differences between expected and actual experience		(311,278)	(132,039)	(10,314)	-
Changes of assumptions		(134,155)	-	-	-
Benefit payments		(954,989)	(960,237)	(978,898)	(864,159)
Net change in total pension liability	\$	(141,329) \$	157,691 \$	259,833 \$	386,857
Total pension liability - beginning		14,141,992	13,984,301	13,724,468	13,337,611
Total pension liability - ending (a)	\$	14,000,663 \$	14,141,992 \$	13,984,301 \$	13,724,468
Plan fiduciary net position					
Contributions - employer	\$	248,253 \$	318,293 \$	310,596 \$	318,487
Contributions - employee		144,771	144,031	142,393	147,336
Net investment income		1,458,220	205,910	558,443	1,732,436
Benefit payments		(954,989)	(960,237)	(978,898)	(864,159)
Administrator charges		(8,793)	(7,927)	(8,065)	(9,589)
Other		(1,283)	(90)	(117)	91
Net change in plan fiduciary net position	\$	886,179 \$	(300,020) \$	24,352 \$	1,324,602
Plan fiduciary net position - beginning		12,238,683	12,538,748	12,514,396	11,189,794
Plan fiduciary net position - ending (b)	\$	13,124,862 \$	12,238,728 \$	12,538,748 \$	12,514,396
School Board's net pension liability (asset) - ending (a) - (b)	\$	875,801 \$	1,903,264 \$	1,445,553 \$	1,210,072
Plan fiduciary net position as a percentage of the total pension liability		93.74%	86.54%	89.66%	91.18%
Covered payroll	\$	3,083,237 \$	3,014,909 \$	2,910,102 \$	2,950,955
School Board's net pension liability (asset) as a percentage of covered payroll		28.41%	63.13%	49.67%	41.01%

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

Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
(1)	(2)	(3)	(4)	(5)	(6)
2022	0.48%	\$ 46,165,383	\$ 44,953,178	103%	82.61%
2021	0.48%	37,169,710	42,162,432	88%	85.46%
2020	0.48%	70,012,685	41,958,174	167%	71.47%
2019	0.48%	62,641,672	39,791,832	157%	73.51%
2018	0.48%	55,996,000	38,345,750	146%	74.81%
2017	0.48%	58,563,000	37,477,663	156%	72.92%
2016	0.49%	68,881,000	37,475,983	184%	68.28%
2015	0.51%	64,322,000	38,004,120	169%	70.68%
2014	0.52%	62,577,000	37,818,503	165%	70.88%

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

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)
County:						
2023 2022 2021 2020 2019 2018 2017 2016 2015	\$	2,142,807 1,771,913 1,667,200 1,485,261 1,442,124 1,434,362 1,392,485 1,645,469 1,654,811	\$ 2,142,807 1,771,913 1,667,200 1,485,261 1,442,124 1,434,362 1,392,485 1,645,469 1,654,811	\$ - - - - - -	\$ 17,736,713 16,224,683 15,237,726 15,212,134 14,601,082 13,662,885 13,165,736 13,136,288 13,173,333	12% 11% 11% 10% 10% 10% 11% 13%
2014 School Board	- Noi	1,647,695	1,647,695	-	12,703,891	13%
2023 2022 2021 2020 2019 2018 2017 2016 2015 2014	\$	189,653 219,446 206,967 233,489 225,305 254,944 248,239 318,400 310,595 318,703	\$ 189,653 219,446 206,967 233,489 225,305 254,944 248,239 318,400 310,595 318,703	\$ - - - - - - - -	\$ 4,177,141 3,821,557 3,546,928 3,524,184 3,326,525 3,198,309 3,083,237 3,014,909 2,910,102 2,950,955	5% 6% 6% 7% 7% 8% 8% 11% 11%
School Board	- Pro	fessionals**:				
2023 2022 2021 2020 2019 2018 2017 2016 2015	\$	7,682,134 7,471,218 6,773,781 6,392,959 6,096,601 6,155,222 5,415,854 5,232,865 5,491,770	\$ 7,682,134 7,471,218 6,773,781 6,392,959 6,096,601 6,155,222 5,415,854 5,232,865 5,491,770	\$ - - - - - -	\$ 48,343,426 44,953,178 42,162,432 41,958,174 39,791,832 38,345,750 37,477,663 37,475,983 38,004,120	16% 17% 16% 15% 15% 16% 14% 14%

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

^{**}This schedule is intended to report information for 10 years. Information prior to the 2014 valuation is not available. Additional years will be included when available.

Notes to Required Supplementary Information - Pension 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, valuations 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
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid;
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	Update to Pub-2010 public sector mortality tables.					
healthy, and disabled)	Increased disability life expectancy. For future mortality					
	improvements, replace load with a modified Mortality					
	Improvement Scale MP-2020					
Retirement Rates	Adjusted rates to better fit experience and changed final					
	retirement age from 65 to 70					
Withdrawal Rates	Decreased rates and changed from rates based on age and					
	service to rates based on service only to better fit					
	experience and to be more consistent with Locals 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

Component offic school board - Professional Employ	ees
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

OPEB - Health Insurance Plan Required Supplementary Information Schedule of OPEB Funding Progress

	_	2023	2022	2021	2020	2019	2018
County:							
Total OPEB liability							
Service cost	\$	290,146 \$	444,689 \$	398,164 \$	360,268 \$	339,383 \$	394,699
Interest	7	337,683	184,059	229,926	308,621	359,240	318,362
Changes in assumptions		(23,001)	(981,246)	277,753	598,315	220,265	52,672
Differences between expected and actual experience		(448,741)	869,634	(733,659)	(940,221)	(835,454)	206,085
Benefit payments		(564,015)	(460,764)	(454,800)	(570,575)	(617,249)	(437,968)
Net change in total OPEB liability	\$	(407,928) \$	56,372 \$	(282,616) \$	(243,592) \$	(533,815) \$	533,850
Total OPEB liability - beginning		8,245,343	8,188,971	8,471,587	8,715,179	9,248,994	8,715,144
Total OPEB liability - ending	\$	7,837,415 \$	8,245,343 \$	8,188,971 \$	8,471,587 \$	8,715,179 \$	9,248,994
	=						
Covered employee payroll	\$	15,502,709 \$	12,089,886 \$	17,411,108 \$	11,873,221 \$	11,416,648 \$	11,057,286
County's total OPEB liability (asset) as a percentage							
of covered employee payroll		50.6%	68.2%	47.0%	71.4%	76.3%	83.6%
School Board:							
Total OPEB liability							
Service cost	\$	778,679 \$	1,170,642 \$	1,073,661 \$	1,133,929 \$	1,086,510 \$	1,216,156
Interest		794,300	441,399	556,927	846,900	973,510	1,052,082
Changes in assumptions		(45,244)	(1,753,994)	538,893	(1,180,328)	607,107	178,321
Differences between expected and actual experience		(1,064,038)	1,110,951	(1,717,666)	(2,533,900)	(2,207,655)	(4,524,781)
Benefit payments		(1,366,445)	(1,263,825)	(1,395,210)	(1,396,766)	(1,663,591)	(2,384,173)
Net change in total OPEB liability	\$	(902,748) \$	(294,827) \$	(943,395) \$	(3,130,165) \$	(1,204,119) \$	(4,462,395)
Total OPEB liability - beginning		19,318,239	19,613,066	20,556,461	23,686,626	24,890,817	29,353,212
Total OPEB liability - ending	\$_	18,415,491 \$	19,318,239 \$	19,613,066 \$	20,556,461 \$	23,686,698 \$	24,890,817
Covered employee payroll	\$	50,850,552 \$	46,824,884 \$	50,552,259 \$	45,251,012 \$	41,170,822 \$	39,874,888
School Board's total OPEB liability (asset) as a							
percentage of covered employee payroll		36.2%	41.3%	38.8%	45.4%	57.5%	62.4%

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

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

Valuation Date: July 1, 2022 Measurement Date: June 30, 2023

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	4.13% as of June 30, 2023; 4.09% as of June 30, 2022
Inflation	3.50% per year as of July 1, 2022
Healthcare Trend Rate	The healthcare trend rate assumption starts at 7.0% and gradually declines to 4.5%
Payroll Growth Rates	County - The payroll growth rate starts at 1.85% increase for 1 year of service and gradually declines to 0.0% for 20 or more years of service for non-law enforcement and 1.25% to 0.0% for law enforcement. School Board - The payroll growth rate starts at 2.45% salary increase for 1 year of service and gradually declines to 0.0% salary increase for 20 or more years of service.
Retirement Age	The average age at retirement is 63
Mortality Rates	The mortality rates for general and public safety employees and retirees - SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using scale MP-2019. Teacher employees and retirees - SOA Pub-2010 Teacher Headcount Weighted Mortality Table fully generational using Scale MP-2019.

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	 Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
County:					
2022	0.07489% \$	901,748	\$ 16,289,679	5.54%	67.21%
2021	0.07390%	860,047	15,251,251	5.64%	67.45%
2020	0.07390%	1,233,604	15,212,134	8.11%	52.64%
2019	0.07448%	1,211,988	14,601,082	8.30%	52.00%
2018	0.07185%	1,091,000	13,662,885	7.99%	51.22%
2017	0.07150%	1,076,000	13,165,736	8.17%	48.86%
School Bo	oard - Professional Empl	oyees:			
2022	0.20688% \$	2,491,035	\$ 45,002,322	5.54%	67.21%
2021	0.20440%	2,379,305	42,191,888	5.64%	67.45%
2020	0.20390%	3,402,423	41,958,174	8.11%	52.64%
2019	0.20309%	3,304,815	39,791,832	8.31%	52.00%
2018	0.20174%	3,064,000	38,345,750	7.99%	51.22%
2017	0.20326%	3,059,000	37,477,663	8.16%	48.86%
School Bo	oard - Nonprofessional E	mployees:			
2022	0.01769% \$	213,005	\$ 3,847,257	5.54%	67.21%
2021	0.01720%	200,488	3,554,990	5.64%	67.45%
2020	0.01720%	286,539	3,533,154	8.11%	52.64%
2019	0.01697%	276,147	3,326,525	8.30%	52.00%
2018	0.01682%	256,000	3,198,309	8.00%	51.22%
2017	0.01672%	252,000	3,083,237	8.17%	48.86%

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

Schedule of Employer Contributions Group Life Insurance (GLI) Plan For the Years Ended June 30, 2017 through June 30, 2022

		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	\$	96,168	\$	96,168	\$	-	\$	17,808,825	0.54%
2022		87,964		87,964		-		16,289,679	0.54%
2021		82,357		82,357		-		15,251,251	0.54%
2020		79,103		79,103		-		15,212,134	0.52%
2019		75,926		75,926		-		14,601,082	0.52%
2018		71,047		71,047		-		13,662,885	0.52%
2017		68,576		68,576		-		13,165,736	0.52%
School Bo		- Professional Emp	-		ć		ć	40, 420, 442	0.54%
2023	\$	261,525 243,013	Þ	261,525 243,013	þ	-	\$	48,430,612 45,002,322	0.54% 0.54%
2022		227,836		227,836		-		42,191,888	0.54%
2021		218,183		218,183		_		41,958,174	0.52%
2019		207,021		207,021		_		39,791,832	0.52%
2017		201,014		201,014		_		38,345,750	0.52%
2017		194,956		194,956		-		37,477,663	0.52%
School Bo	oard	- Nonprofessional	Em	ployees:					
2023	\$	22,622	\$	22,622	\$	-	\$	4,189,318	0.54%
2022		20,775		20,775		-		3,847,257	0.54%
2021		19,197		19,197		-		3,554,990	0.54%
2020		18,372		18,372		-		3,533,154	0.52%
2019		17,298		17,298		-		3,326,525	0.52%
2018		16,631		16,631		-		3,198,309	0.52%
2017		16,033		16,033		-		3,083,237	0.52%

Schedule is intended to show information for 10 years. Additional information will be reported in future years when available.

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of Changes in the School Board's Net OPEB Liability and Related Ratios Health Insurance Credit (HIC) Plan - School Board - Nonprofessional For the Measurement Dates June 30, 2017 through 2022

		2022	2021	2020	2019	2018	2017
Total HIC OPEB Liability				_			
Service cost	\$	4,915 \$	6,927 \$	6,305 \$	5,919 \$	6,041 \$	5,955
Interest		27,810	27,432	25,774	26,041	26,924	27,017
Changes of benefit terms		-	-	12,744	-	-	-
Differences between expected and actual experience		(2,340)	(4,589)	15,889	4,582	(11,748)	-
Changes in assumptions		3,082	8,578	-	8,003	-	(2,953)
Benefit payments	_	(39,170)	(36,168)	(36,127)	(33,307)	(34,373)	(28,342)
Net change in total HIC OPEB liability	\$	(5,703) \$	2,180 \$	24,585 \$	11,238 \$	(13,156) \$	1,677
Total HIC OPEB Liability - beginning		426,664	424,484	399,899	388,661	401,817	400,140
Total HIC OPEB Liability - ending (a)	\$	420,961 \$	426,664 \$	424,484 \$	399,899 \$	388,661 \$	401,817
	_						
Plan fiduciary net position							
Contributions - employer	\$	25,986 \$	24,120 \$	22,910 \$	21,624 \$	20,469 \$	19,733
Net investment income		497	43,414	3,547	11,207	12,722	19,471
Benefit payments		(39,170)	(36,168)	(36,127)	(33,307)	(34,373)	(28,342)
Administrative expense		(328)	(484)	(325)	(239)	(285)	(302)
Other		6,636	<u>- </u>	(2)	(13)	(1,027)	1,027
Net change in plan fiduciary net position	\$	(6,379) \$	30,882 \$	(9,997) \$	(728) \$	(2,494) \$	11,587
Plan fiduciary net position - beginning	_	203,151	172,269	182,266	182,994	185,488	173,901
Plan fiduciary net position - ending (b)	\$_	196,772 \$	203,151 \$	172,269 \$	182,266 \$	182,994 \$	185,488
							_
School Board's net HIC OPEB liability - ending (a) - (b)	\$	224,189 \$	223,513 \$	252,215 \$	217,633 \$	205,667 \$	216,329
Plan fiduciary net position as a percentage of the							
total HIC OPEB liability		46.74%	47.61%	40.58%	45.58%	47.08%	46.16%
Covered payroll	\$	3,821,557 \$	3,546,928 \$	3,524,184 \$	3,326,525 \$	3,198,309 \$	3,083,237
School Board's net HIC OPEB liability as a percentage							
of covered payroll		5.87%	6.30%	7.16%	6.54%	6.43%	7.02%

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

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
School Bo	oard - Professional:				
2022	0.4823% \$	6,024,401	\$ 44,953,178	13.40%	15.08%
2021	0.4767%	6,119,287	42,162,432	14.51%	13.15%
2020	0.4786%	6,243,546	41,958,174	14.88%	9.95%
2019	0.4745%	6,211,667	39,791,832	15.61%	8.97%
2018	0.4742%	6,021,000	38,345,750	15.70%	8.08%
2017	0.4750%	6,026,000	37,477,663	16.08%	7.04%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available.

Schedule of Employer Contributions
Health Insurance Credit (HIC) Plan - School Board
For the Years Ended June 30, 2017 through June 30, 2023

Date School B	 oard	Contractually Required Contribution (1) - Nonprofessional	 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	\$	28,405	\$ 28,405	\$ -	\$ 4,177,141	0.68%
2022		25,987	25,987	-	3,821,557	0.68%
2021		24,119	24,119	-	3,546,928	0.68%
2020		22,907	22,907	-	3,524,184	0.65%
2019		21,622	21,622	-	3,326,525	0.65%
2018		20,469	20,469	-	3,198,309	0.64%
2017		19,733	19,733	-	3,083,237	0.64%
School B	oard	- Professional:				
2023	\$	584,955	\$ 584,955	\$ -	\$ 48,343,426	1.21%
2022		543,933	543,933	-	44,953,178	1.21%
2021		510,165	510,165	-	42,162,432	1.21%
2020		503,498	503,498	-	41,958,174	1.20%
2019		477,502	477,502	-	39,791,832	1.20%
2018		471,701	471,701	-	38,345,750	1.23%
2017		416,066	416,066	-	37,477,663	1.11%

Schedule is intended to show information for 10 years. Additional information will be reported in future years when available.

Notes to Required Supplementary Information Health Insurance Credit (HIC) Plan - School Board - Nonprofessional and Professional 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:

Nonprofessional:

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

Professional:

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

OTHER SUPPLEMENTARY INFORMATION



Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Capital Projects Funds $\,$

For the Year Ended June 30, 2023

				County Ca	pita	l Projects	
	_	Budget	ed A	mounts			Variance with Final Budget Positive
	_	Original		Final	-	Actual	(Negative)
	_	_ · J	_		-		
REVENUES							
Revenue from the use of money							
and property	\$	-	\$	-	\$	- \$	-
Miscellaneous		-		-		-	-
Intergovernmental:							
Commonwealth		278,505		284,037		324,368	40,331
Federal	_	22,275		22,275			(22,275)
Total revenues	\$_	300,780	\$	306,312	\$	324,368	18,056
EXPENDITURES							
Current:							
Capital projects	\$	2,425,644	\$	9,001,699	\$	3,708,713 \$	5,292,986
Debt service:							
Interest and other fiscal charges	_	-		-		<u>-</u>	<u> </u>
Total expenditures	\$_	2,425,644	\$	9,001,699	\$	3,708,713	5,292,986
Excess (deficiency) of revenues							
over (under) expenditures	\$_	(2,124,864)	\$_	(8,695,387)	\$_	(3,384,345)	5,311,042
OTHER FINANCING SOURCES (USES)							
Transfers in	\$	2,125,000		3,372,807	\$	3,372,807 \$	-
Issuance of lease revenue bonds	_	-	_	-		-	
Total other financing sources (uses)	\$_	2,125,000	\$	3,372,807	\$_	3,372,807	· <u>-</u>
Net change in fund balances	\$	136	\$	(5,322,580)	\$	(11,538) \$	5,311,042
Fund balance - beginning, restated	_	(136)	_	5,322,580		5,317,405	(5,175)
Fund balance - ending	\$ =	-	\$	-	\$	5,305,867 \$	5,305,867

Note: All budgeted amounts are prepared in accordance with accounting principles generally accepted in the United States of America.

Exhibit 27 Page 2 of 2

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

For the Year Ended June 30, 2023

				Road	Со	nstruction			School Construction				ı		
	-	Budge	ete	d Amounts			Variance with Final Budget Positive	-	Budget	ed Amounts				Variance with Final Budget Positive	
		Origina	l	Final	-	Actual	(Negative)	_	Original	Final		Actual		(Negative)	
REVENUES															
Revenue from the use of money															
•	ċ		Ś	_	Ś	- \$	-	ċ	- \$		Ś	161,554	ċ	161 554	
and property Miscellaneous	\$	-	Ş	-	Ş			Ş	- >	-	Ş	101,334	Þ	161,554	
		-		-		8,635	8,635		-	-		-		-	
Intergovernmental:				400 700		100 110	0.200								
Commonwealth		-		180,738		189,118	8,380		-	-		-		-	
Federal	,			400.730	_	- 407.752.¢	- 47.045	_ ٍ				- 4/4 554		- 4/4 554	
Total revenues	\$	-	_\$	180,738	۶.	197,753 \$	17,015	۰,	\$		\$	161,554	_>_	161,554	
EXPENDITURES															
Current:															
Capital projects	\$	_	ς	2,937,808	ς	190,768 \$	2,747,040	ς	- \$	13,369,350	ς	8 123 880	ς	5,245,470	
Debt service:	7		Y	2,737,000	7	170,700 \$	2,7 17,0 10	7	7	13,307,330	7	0,123,000	7	3,2 13, 170	
Interest and other fiscal charges		_		_		_	_		_	_		167,059		(167,059)	
Total expenditures	Ċ		_ د	2,937,808	ċ	190,768 \$	2,747,040	- د		13,369,350	- د		- د	5,078,411	
Total expelialtures	٠,		۰ –	2,737,000	٠,	190,700 3	2,747,040	ڊ_		13,309,330	- ۲	0,270,737	- ⁻ -	3,076,411	
Excess (deficiency) of revenues															
over (under) expenditures	\$	-	\$	(2,757,070)	\$	6,985 \$	2,764,055	\$	- \$	(13,369,350)	\$	(8,129,385)	\$	5,239,965	
(, , , , , , , , , , , , , , , , , , ,	٠.		- '	() -))	- ' .	,	, , , , , , , , , , , , , , , , , , , ,	- '		(-,,,	- '	(-) -))	- ' -		
OTHER FINANCING SOURCES (USES)															
Transfers in	\$	-	\$	-	\$	- \$	-	\$	- \$	50,000	\$	50,000	\$	-	
Issuance of lease revenue bonds		-		-		-	-		-	-		6,500,000		6,500,000	
Total other financing sources (uses)	\$	-	-\$	-	\$	- \$	-	\$	- \$	50,000	\$	6,550,000	\$	6,500,000	
	-		_					-			_			<u> </u>	
Net change in fund balances	\$	-	\$	(2,757,070)	\$	6,985 \$	2,764,055	\$	- \$	(13,319,350)	\$	(1,579,385)	\$	11,739,965	
Fund balance - beginning, restated	_	-	_	2,757,070		1,731,086	(1,025,984)	_		13,319,350	_	5,307,892		(8,011,458)	
Fund balance - ending	\$	-	\$	-	\$	1,738,071 \$	1,738,071	\$	- \$	-	\$	3,728,507	\$	3,728,507	
Fund balance - ending	\$	-	= =		\$	1,738,071 \$	1,738,071	\$ =	\$		= =	3,728,507	\$ = =	3,728,507	

Not All budgeted amounts are prepared in accordance with accounting principles generally accepted in the United States of America.

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

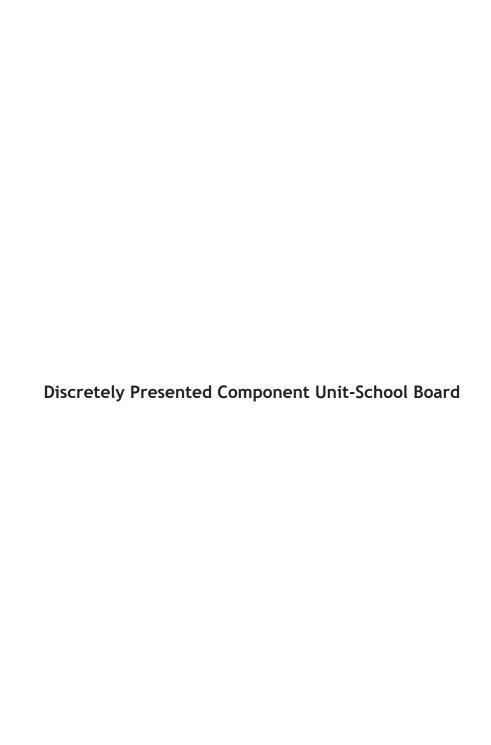
		Budgeted A	Amounts		Variance with Final Budget Positive
	_	Original	Final	Actual	(Negative)
	_				
REVENUES					
Revenue from the use of money and property	\$	- \$	- \$	- \$	-
Total revenues	\$	- \$	- \$	- \$	-
EXPENDITURES					
Current:					
Debt Service					
Principal	\$	3,407,234 \$	3,407,234 \$	3,407,233 \$	5 1
Interest and fiscal charges		1,982,115	2,011,702	2,095,157	(83,455)
Total expenditures	\$	5,389,349 \$	5,418,936 \$	5,502,390 \$	(83,454)
Excess (deficiency) of revenues over (under)					
expenditures	\$_	(5,389,349) \$	(5,418,936) \$	(5,502,390) \$	(83,454)
OTHER FINANCING SOURCES (USES)					
Transfers in	\$	5,980,097 \$	6,290,823 \$	6,290,823 \$	-
Total other financing sources (uses)	\$	5,980,097 \$	6,290,823 \$	6,290,823	-
Net change in fund balances	\$	590,748 \$	871,887 \$	788,433 \$	(83,454)
Fund balance - beginning	_	(590,748)	(871,887)	2,528,371	3,400,258
Fund balance - ending	\$_	<u> </u>	- \$	3,316,804 \$	3,316,804

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

		Special Welfare		Flexible Benefits		Total
ASSETS Cash and cash equivalents	\$	78,528	\$	17,212	\$	95,740
Investments Receivables:		2 900				2 800
Accounts receivable	_	2,800	-	-		2,800
Total assets	\$	81,328	\$	17,212	\$	98,540
LIABILITIES Accounts payable	\$	-	\$	-	\$	-
Total liabilities	\$_	-	\$	-	\$	-
NET POSITION Restricted:	ć	04 220	Ċ		\$	04 220
Restricted for special welfare Restricted for employees	\$	81,328	\$	- 17,212	\$	81,328 17,212
Restricted for employees	_	-	-	17,212	-	17,212
Total net position	\$_	81,328	\$_	17,212	\$_	98,540
Total liabilities and net position	\$	81,328	\$	17,212	\$	98,540

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

		C	ustodial Funds	
	_	Special Welfare	Flexible Benefits	Total
ADDITIONS				
Special welfare collections	\$	78,975 \$	- \$	78,975
Employee deferrals	_	-	3,856,922	3,856,922
Total additions	\$_	78,975 \$	3,856,922 \$	3,935,897
DEDUCTIONS				
Welfare costs	\$	99,468 \$	- \$	99,468
Flexible spending account benefits			3,857,588	3,857,588
Total deductions	\$_	99,468 \$	3,857,588 \$	3,957,056
Net increase (decrease) in fiduciary net position	\$_	(20,493)	(666)	(21,159)
Net position, beginning of year	\$_	101,821 \$	17,878 \$	119,699
Net position, end of year	\$_	81,328 \$	17,212 \$	98,540



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

	_	School Operating Fund	School Cafeteria Fund		School Activity Fund	School Capital Projects Fund	Total Governmental Funds
ASSETS							
Cash and cash equivalents Receivables (net of allowance	\$	8,237,820 \$	4,018,856	\$	1,594,520 \$	261,684 \$	14,112,880
for uncollectibles):		18,111	178		45,562	-	63,851
Due from other governmental units		5,140,071	100,813		-	-	5,240,884
Prepaid items	. –	1,334,214	20,039		-	- .	1,354,253
Total assets	\$_	14,730,216 \$	4,139,886	_\$_	1,640,082 \$	261,684 \$	20,771,868
LIABILITIES							
Accounts payable	\$	1,320,632 \$	1,382	\$	50,118 \$	- \$	1,372,132
Accrued liabilities		6,165,513	170,745		-	-	6,336,258
Due to primary government	_	2,533,037	-		-	-	2,533,037
Total liabilities	\$	10,019,182 \$	172,127	\$	50,118 \$	- \$	10,241,427
FUND BALANCE							
Nonspendable:							
Prepaid items	\$	1,334,214 \$	20,039	\$	- \$	- \$	1,354,253
Restricted:							
Capital projects - School construction grant Assigned:		3,063,333	-		-	-	3,063,333
Education		313,487	3,947,720		1,589,964	-	5,851,171
Education - capital projects	_	<u> </u>	-		-	261,684	261,684
Total fund balances	\$_	4,711,034 \$	3,967,759	_\$_	1,589,964 \$	261,684 \$	10,530,441
Total liabilities and fund balances	\$_	14,730,216 \$	4,139,886	\$_	1,640,082 \$	261,684 \$	20,771,868
Amounts reported for governmental activities in different because:	the s	statement of net	position (Exhil	bit 1	I) are		
Total fund balances per above						\$	10,530,441
Capital assets used in governmental activities are reported in the funds (Cost of \$104,985,850 an							38,811,900
Long-term asset reported as the measurement of	the	net pension asse	t is not a curre	ent f	financial resourc	e.	472,905
Items related to measurement of the net pension outflows or deferred inflows and will be amortized over future years.							
Deferred outflows - pension related Deferred outflows - OPEB related					\$	13,142,167 2,852,670	
Deferred inflows - pension related						(10,009,951)	
Deferred inflows - OPEB related					<u>.</u>	(6,949,721)	(964,835)
Long-term liabilities are not due and payable in t are not reported in the funds	he c	urrent period and	d therefore				
Net OPEB liabilities					\$	(27,368,121)	
Net pension liability					,	(46,165,383)	(73,533,504)
Net position of governmental activities					-	 \$	(24,683,093)
the position of governmental activities						, ,	(21,303,073)

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	a 	School Activity Fund		School Capital Projects Fund	Total Governmental Funds
REVENUES Revenue from the use of money and property Charges for services Miscellaneous	\$	46,167 \$ 154,012 767,115	18 173,52 15,98		- - 2,513,939	\$	1,177 \$ - -	47,531 327,534 3,297,043
Intergovernmental: Local government Commonwealth Federal Total revenues	\$_	29,571,276 66,840,073 13,295,341 110,673,984 \$	99,16 4,675,52 4,964,39	.7	- - 2,513,939	, \$	- - - 1,177 \$	29,571,276 66,939,238 17,970,868 118,153,490
EXPENDITURES Current: Education Total expenditures	\$_ \$_	107,447,922 \$ 107,447,922 \$	4,476,71 4,476,71		2,387,160 2,387,160		- \$ - \$	114,311,795 114,311,795
Excess (deficiency) of revenues over (under) expenditures	\$_	3,226,062 \$	487,67	7 \$_	126,779	\$_	1,177 \$	3,841,695
Net change in fund balances Fund balances - beginning Fund balances - ending	\$ \$_	3,226,062 \$ 1,484,972 4,711,034 \$	487,67 3,480,08 3,967,75	2	126,779 1,463,185 1,589,964		1,177 \$ 260,507 261,684 \$	3,841,695 6,688,746 10,530,441
Amounts reported for governmental activities in the statement different because:	nt of	activities (Exhibit	t 2) are					
Net change in fund balances - total governmental funds - per Governmental funds report capital outlays as expenditures. I Statement of Activities the cost of the assets is allocated or useful lives and reported as depreciation expense. This is t capitalized expenditures exceeded depreciation expense in Capital outlay Net transfer of assets between primary government and c Depreciation expense	However to the a	ever, in the heir estimated mount by which current period				\$	5,589,953 3,251,881 (3,169,026)	3,841,695 5,672,808
The net effect of various miscellaneous transactions involving is to decrease net position Loss on disposal of capital asset	g cap	oital assets (i.e., s	ales, dispo	sals)				(17,947)
Deferred outflows of resources and net pension asset are not and, therefore, are not reported in the funds. Deferred outflows of resources - pension related items Deferred outflows of resources - OPEB related items Net pension asset Some expenses reported in the Statement of Activities do not current financial resources and therefore are not reported a governmental funds	t req	uire the use of	urrent-peri	od exp		\$_	(1,677,410) (319,600) (732,615)	(2,729,625)
(Increase)/decrease in net pension liability (Increase)/decrease in net OPEB liabilities (Increase) decrease in deferred inflows related to the mediance (Increase) decrease in deferred inflows related to the mediance (Increase).				-		\$	(8,995,673) 872,711 18,904,716 1,494,826	12,276,580
Change in net position of governmental activities							\$	19,043,511

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 Op	erat	ting Fund	
		Budgete	Δbe	mounts			Variance with Final Budget Positive
	_	Original		Final	-	Actual	(Negative)
REVENUES	_	or ignia.				7100001	(Hegative)
Revenue from the use of money and property	\$	50,000	Ś	50,000	Ś	46,167 \$	(3,833)
Charges for services	'	143,500	•	166,831	•	154,012	(12,819)
Miscellaneous		143,750		303,940		767,115	463,175
Recovered costs		-		-		-	-
Intergovernmental:							
Local government		28,385,984		34,749,399		29,571,276	(5,178,123)
Commonwealth		65,987,279		66,748,264		66,840,073	91,809
Federal		13,289,467		17,399,589		13,295,341	(4,104,248)
Total revenues	\$	107,999,980	\$	119,418,023	\$	110,673,984 \$	(8,744,039)
EXPENDITURES							
Current:							
Education:							
Instruction	\$	76,080,073	\$	80,538,639	\$	74,390,929 \$	6,147,710
Administration, attendance and health		7,200,306		7,541,913		6,730,841	811,072
Pupil transportation		6,631,245		7,044,606		6,984,531	60,075
Operation and maintenance services		13,319,185		18,149,351		13,551,631	4,597,720
Technology		4,769,171		6,450,855		5,789,990	660,865
Total expenditures	\$	107,999,980	\$	119,725,364	\$	107,447,922 \$	12,277,442
Excess (deficiency) of revenues over (under)							
expenditures	\$_	-	\$_	(307,341)	\$_	3,226,062 \$	3,533,403
Net change in fund balances	\$	-	\$	(307,341)	\$	3,226,062 \$	3,533,403
Fund balance - beginning	_	-		307,341		1,484,972	1,177,631
Fund balance - ending	\$		\$		\$_	4,711,034 \$	4,711,034

Note: All budgeted amounts are prepared in accordance with accounting principles generally accepted in the United States of America.

Statement of Net Position
Discretely Presented Component Unit - Industrial Development Authority
June 30, 2023

		Enterprise Fund
ASSETS		
Cash and cash equivalents	\$	275,884
Lease receivable		157,412
Prepaid items		2,777
Due from primary government		153,488
Industrial assets held for industry - real property		1,291,665
Total assets	\$	1,881,226
LIABILITIES		
Long-term liabilities:		
Due within one year	\$	153,488
Total liabilities	\$	153,488
DEFERRED INFLOWS OF RESOURCES		
Lease related	\$_	157,127
NET POSITION		
Unrestricted	\$_	1,570,611

Schedule of Revenues, Expenses, and Changes in Net Position Discretely Presented Component Unit - Industrial Development Authority For the Year Ended June 30, 2023

	Enterprise Fund
OPERATING REVENUES	
Revenue from the use of property	75,522
Total operating revenues	75,522
OPERATING EXPENSES	
Economic incentive grants	38,122
Other operating costs	34,015
Total operating expenses	72,137
Operating income (loss)	3,385
NONOPERATING REVENUES (EXPENSES)	
Contributions from Campbell County	38,049
Interest income	5,755
Nonoperating revenues (expenses)	43,804
Change in net position	47,189
Net position - beginning	1,523,422
Net position - ending	1,570,611

Statement of Cash Flows
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2023

	-	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from grantors and customers	\$	79,511
Payments to grantees and suppliers		(387,725)
Net cash provided by (used for) operating activities	\$	(308,214)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Contributions from Campbell County	\$	353,220
Interest Income		5,755
Net cash provided by (used for) noncapital financing activities	\$	358,975
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to industrial assets held for resale	\$	(49,975)
Net cash provided by (used for) capital and related financing activities	\$	(49,975)
Net increase (decrease) cash and cash equivalents	\$	786
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents - beginning	_	275,098
Cash and cash equivalents - ending	\$	275,884
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	\$	3,385
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:		
Change in assets and liabilities:		
(Increase) decrease in prepaid items		(417)
(Increase) decrease in lease receivable		66,670
Increase (decrease) in deferred inflow of resources - lease related		(62,681)
Increase (decrease) in liabilities payable to industries	-	(315,171)
Net cash provided by (used for) operating activities	\$	(308,214)

Other Statistical Information

Contents	<u>Tables</u>
Financial Trends These tables contain trend information to help the reader understand how the the County's financial performance and well-being have changed over time.	1 - 4
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.	5 - 7
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 debt in the future.	8 - 9
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.	10-14

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

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

		2014	2015 (1)	2016	2017	2018	2019	2020	2021	2022	2023
Primary government											
Governmental activities											
Net investment in capital assets	\$	28,719,429 \$	22,853,751 \$	24,885,321 \$	24,156,518 \$	23,202,885 \$	17,846,292 \$	18,762,186 \$	23,398,528 \$	23,221,652 \$	24,465,998
Restricted		-	2,702,314	1,923,436	4,434,798	2,710,417	4,048,160	2,443,911	2,227,449	3,078,661	1,916,411
Unrestricted		30,189,019	20,276,672	19,932,586	20,919,378	18,456,486	20,941,466	30,320,220	39,044,715	45,823,641	66,601,131
Total governmental activities											
net position	\$_	58,908,448 \$	45,832,737 \$	46,741,343 \$	49,510,694 \$	44,369,788 \$	42,835,918 \$	51,526,317 \$	64,670,692 \$	72,123,954 \$	92,983,540

^{(1) -} The County implemented GASB Statement Nos. 68 and 71, effective fiscal year 2015

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

		2014		2015		2016	2017		2018		2019		2020		2021	20)22		2023
Expenses																			
Governmental activities:																			
General government administration	\$	4,836,557	\$	4,886,285	\$	5,024,792 \$, , ,	,	5,026,267	\$	5,027,183 \$	5	5,321,990	Ş	7,137,580 \$		07,385	\$	6,830,750
Judicial administration		1,742,957		1,672,627		1,664,229	1,844,547		1,729,746		1,682,837		1,871,624		2,036,059	1,90	51,327		2,121,838
Public safety		14,361,780		13,887,466		14,452,365	15,096,746		15,949,008		15,021,086		16,633,428		18,353,672	18,2	31,963		19,817,253
Public works		3,983,923		3,441,597		3,666,489	3,874,059		3,511,124		3,780,812		3,905,578		4,480,841	4,5	73,670		5,298,675
Health and welfare		9,882,472		10,090,691		10,467,241	10,908,973		11,069,783		11,555,463		13,273,896		13,613,290	13,5	28,794		13,924,604
Education		27,033,049		28,493,461		28,073,483	31,018,186		29,425,403		37,240,159		27,218,833		25,255,986	30,58	83,627		35,033,894
Parks, recreation and cultural		1,776,225		1,935,595		1,833,900	1,877,096		1,673,236		1,830,140		1,612,361		1,770,665	2,1	23,403		2,438,298
Community development		2,142,982		1,942,194		2,997,625	4,340,246		5,307,490		4,030,088		5,198,467		3,578,797	2,00	05,954		2,239,130
Interest on long-term debt	_	1,555,690	_	1,825,883	_	3,896,145	1,051,261	_	947,069		829,479		969,333	_	2,183,504	1,70	03,023	_	1,950,110
Total governmental activities expenses	\$_	67,315,635	\$_	68,175,799	\$_	72,076,269 \$	74,956,228	<u>.</u>	74,639,126	\$	80,997,247 \$	<u> </u>	76,005,510	<u>۽</u>	78,410,394 \$	81,2	69,146	\$	89,654,552
Total primary government expenses	\$	67,315,635	\$	68,175,799	\$_	72,076,269 \$	74,956,228	<u> </u>	74,639,126	\$	80,997,247 \$	<u> </u>	76,005,510	<u>ة</u> _	78,410,394 \$	81,2	69,146	\$ <u></u>	89,654,552
Program Revenues																			
Governmental activities:																			
Charges for services:																			
General government administration	\$	414,893	\$	394,421	\$	524,302 \$	413,371	,	391,810	\$	369,160 \$	5	316,075	ŝ	417,336 \$	6	43,210	\$	609,756
Judicial administration		10,163		7,358		24,531	6,784		6,614		7,692		20,726		17,165		18,416		62,176
Public safety		1,954,759		2,044,946		2,116,815	2,227,336		2,816,049		2,570,387		2,921,231		2,810,471		38,577		3,124,841
Public works		803,031		923,792		804,902	669,989		838,033		22		-		52,344		85,697		-
Health and welfare		· -		· -		1,700	, <u>-</u>		· -		_		_		, <u>-</u>		-		_
Parks, recreation and cultural		200,099		190,557		204,666	199,587		173,124		137,960		89,483		40,839	1	34,204		113,978
Community development		51,107		196,360		92,397	111,284		133,000		130,155		120,955		103,985		20,882		144,239
Operating grants and contributions		11,050,952		11,310,942		11,881,220	12,227,418		12,775,294		13,107,422		16,958,658		20,651,392		36,041		16,113,220
Capital grants and contributions		775,951		508,650		1,179,300	1,451,825		1,765,564		1,161,564		1,361,198		1,914,587		33,826		841,326
Total governmental activities program revenues	ς_	15,260,955	ς_	15,577,026	ς_	16,829,833 \$		_	18,899,488	ς	17,484,362 \$	-	21,788,326	<u>-</u>	26,008,119 \$		10,853	ς	21,009,536
Total governmental activities program revenues	Υ_	13,200,733	· ~_	13,377,020	~_	10,027,033 4	17,507,571	_	10,077, 100	- ~-	17, 10 1,302	_	21,700,320	_	20,000,117		10,033	~—	21,007,550
Total primary government program revenues	\$_	15,260,955	\$	15,577,026	\$_	16,829,833 \$	17,307,594	_	18,899,488	\$	17,484,362 \$	_	21,788,326	<u>;</u>	26,008,119 \$	20,6	10,853	\$ <u></u>	21,009,536
Net (expense) / revenue																			
Governmental activities	\$_	(52,054,680)	\$_	(52,598,773)	\$_	(55,246,436) \$	(57,648,634)		(55,739,638)	\$_	(63,512,885) \$	(54,217,184)	<u>ئ</u> إ	(52,402,275) \$	(60,6	58,293)	\$_(68,645,016)
Total primary government net expense	\$_	(52,054,680)	\$	(52,598,773)	\$_	(55,246,436) \$	(57,648,634)	_	(55,739,638)	\$	(63,512,885) \$	<u>(</u>	54,217,184)	ر ز	(52,402,275) \$	(60,6	58,293)	\$ <u>(</u>	68,645,016)

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

		2014		2015		2016	2017		2018		2019	2020		2021	;	2022		2023
General Revenues and Other Changes in Net Position	-				_			_		_								
Governmental activities:						+				_							_	
Property taxes	\$	37,049,057	\$	37,430,288	\$	38,165,723 \$, ,	\$,,-	\$	41,124,934 \$	43,539,699		43,541,400	. ,	,523,319		62,742,629
Other local taxes ** Unrestricted revenues from use of		9,722,828		10,160,937		10,819,564	11,048,948		11,272,113		11,589,019	13,049,588		15,543,164	16,	517,283	1	18,664,424
money and property		466,368		347,551		442,270	284,381		397,601		822,780	603,734		177,825		283,986		2,400,620
Unrestricted grants and contributions		5,316,657		5,426,764		5,292,660	5,277,881		5,310,860		5,152,503	5,100,490		4,977,638	5,	056,917		5,055,594
Other		390,512		3,397,589		1,434,825	4,273,118		213,205		3,289,779	279,897		1,065,881	1,	110,801		641,335
Gain (loss) on sale of capital assets *	-	<u>-</u>		<u> </u>	_	<u> </u>	-	-	-	-	<u> </u>	334,175		11,427		-	_	<u> </u>
Total governmental activities	\$	52,945,422	\$_	56,763,129	\$	56,155,042 \$	60,417,985	\$_	57,154,125	\$_	61,979,015 \$	62,907,583	_	65,317,335	68,	,492,306	\$	89,504,602
Total primary government	\$	52,945,422	\$	56,763,129	\$ <u></u>	56,155,042 \$	60,417,985	\$	57,154,125	\$	61,979,015 \$	62,907,583	<u> </u>	65,317,335	68,	,492,306	\$ <u></u>	89,504,602
Change in Net Position																		
Governmental activities	\$	890,742	\$_	4,164,356	\$_	908,606 \$	2,769,351	\$_	1,414,487	\$_	(1,533,870) \$	8,690,399	_	12,915,060	7,	,834,013	\$	20,859,586
Total primary government	\$	890,742	\$	4,164,356	\$	908,606 \$	2,769,351	\$	1,414,487	\$	(1,533,870) \$	8,690,399	<u> </u>	12,915,060	7,	,834,013	\$	20,859,586

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

	_	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund											
Nonspendable	\$	141,363 \$	192,102 \$	182,523 \$	212,949 \$	236,518 \$	179,735 \$	217,499 \$	215,787 \$	262,840 \$	252,339
Restricted		-	-	826	26,437	-	-	-	146,192	147,576	178,340
Committed		7,283,292	7,575,891	11,070,586	8,609,914	10,936,010	11,091,846	12,629,852	16,851,194	18,774,695	25,414,113
Unassigned		17,337,694	16,346,608	15,104,713	20,106,540	18,891,737	17,679,701	22,244,265	27,246,329	31,581,937	43,827,355
Total general fund	\$	24,762,349 \$	24,114,601 \$	26,358,648 \$	28,955,840 \$	30,064,265 \$	28,951,282 \$	35,091,616 \$	44,459,502 \$	50,767,048 \$	69,672,147
All other governmental funds											
Nonspendable	\$	1,012 \$	1,100 \$	1,220 \$	1,616\$	1,473 \$	25,649 \$	1,473 \$	1,107 \$	1,669 \$	1,927,310
Restricted		-	2,702,314	1,922,610	4,408,361	2,710,417	4,048,160	2,810,388	34,072,084	7,038,978	5,466,578
Committed		3,028,201	3,762,857	2,273,289	2,066,082	-	-	-	-	-	-
Assigned		3,040,532	2,203,451	2,214,234	1,575,575	4,426,316	4,682,276	6,257,450	10,615,659	10,183,899	9,509,048
Total all other governmental funds	\$	6,069,745 \$	8,669,722 \$	6,411,353 \$	8,051,634 \$	7,138,206 \$	8,756,085 \$	9,069,311 \$	44,688,850 \$	17,224,546 \$	16,902,936
Total fund balance, governmental funds	\$_	30,832,094 \$	32,784,323 \$	32,770,001 \$	37,007,474 \$	37,202,471 \$	37,707,367 \$	44,160,927 \$	89,148,352 \$	67,991,594 \$	86,575,083

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues						_			-	-
General property taxes \$	37,019,002 \$	37,439,459 \$	38,312,800 \$	39,590,867 \$	40,201,666 \$	41,064,815 \$	43,034,658 \$	43,968,450 \$	45,585,878 \$	61,821,000
Other local taxes	9,722,828	10,160,937	10,819,564	11,048,948	11,272,113	11,589,019	13,049,588	15,543,164	16,517,283	18,664,424
Permits, privilege fees and regulatory licenses	254,802	459,415	267,432	305,707	369,494	325,824	368,220	379,995	368,264	384,449
Fines and forfeitures	136,015	141,950	139,765	136,360	130,934	104,526	130,615	130,646	92,228	97,695
Revenue from use of money and property	428,749	323,486	402,506	268,913	370,710	753,773	591,110	243,320	283,986	2,400,620
Charges for services	3,043,235	3,156,089	3,362,116	3,186,284	3,858,202	2,785,026	2,969,635	2,931,499	3,580,493	3,572,846
Miscellaneous	380,190	3,397,589	664,067	4,221,108	380,147	3,313,989	1,301,040	1,077,308	595,520	726,124
Recovered costs	302,814	318,685	331,594	346,180	371,420	699,299	739,101	808,513	813,019	899,513
Intergovernmental	17,143,560	17,246,356	18,353,180	18,957,124	19,851,718	19,421,489	23,420,346	27,543,617	21,626,784	21,987,345
Total revenues \$	68,431,195 \$	72,643,966 \$	72,653,024 \$	78,061,491 \$	76,806,404 \$	80,057,760 \$	85,604,313 \$	92,626,512 \$	89,463,455 \$	110,554,016
Expenditures										
General government administration \$	4,306,051 \$	4,471,685 \$	4,299,115 \$	4,299,196 \$	4,650,890 \$	4,679,513 \$	4,558,321 \$	6,460,251 \$	5,844,121 \$	5,998,589
Judicial administration	1,611,258	1,632,723	1,659,763	1,784,349	1,715,366	1,731,596	1,787,938	1,842,429	1,949,014	2,092,558
Public safety	12,968,541	12,940,855	13,689,044	13,423,134	14,374,483	15,020,685	15,504,318	17,257,829	17,942,329	19,484,783
Public works	3,675,089	3,220,854	3,316,317	3,407,386	3,350,777	3,390,511	3,523,258	3,971,705	3,971,073	4,070,333
Health and welfare	9,650,094	10,049,547	10,404,776	10,657,726	11,233,276	11,856,442	13,247,951	13,354,786	13,587,841	14,021,796
Education	24,102,429	25,787,723	25,841,800	27,149,039	27,070,626	30,048,792	26,919,132	24,773,237	26,922,780	29,571,276
Parks, recreation and cultural	1,653,349	1,731,715	1,759,831	1,708,977	1,660,728	1,756,064	1,587,758	1,617,253	1,837,225	2,287,269
Community development	1,579,983	1,567,334	1,747,378	1,693,451	1,986,208	1,601,829	2,398,166	1,586,422	1,562,942	2,443,941
Non-departmental	-	219	430	769	41	83	427	310	333	786
Capital projects	3,665,156	3,126,173	4,913,720	4,665,234	5,498,535	5,027,153	6,719,505	15,084,556	31,026,111	12,023,361
Debt service										
Principal	3,124,117	3,159,124	4,260,390	3,737,540	3,600,876	3,508,566	3,117,234	4,529,481	3,487,233	3,407,233
Interest and other fiscal charges	1,615,593	1,883,785	3,616,966	1,137,218	1,021,044	911,630	1,029,551	2,388,652	2,088,460	2,262,216
Total expenditures \$	67,951,660 \$	69,571,737 \$	75,509,530 \$	73,664,019 \$	76,162,850 \$	79,532,864 \$	80,393,559 \$	92,866,911 \$	110,219,462 \$	97,664,141
Excess (deficiency) of revenues over										
(under) expenditures \$	479,535 \$	3,072,229 \$	(2,856,506) \$	4,397,472 \$	643,554 \$	524,896 \$	5,210,754 \$	(240,399) \$	(20,756,007) \$	12,889,875
Other financing sources (uses)										
Transfers in \$	2,791,054 \$	3,344,897 \$	2,443,015 \$	2,468,808 \$	3,716,092 \$	4,020,642 \$	6,257,161 \$	12,514,665 \$	11,786,690 \$	12,219,047
Transfers out	(2,811,054)	(4,464,897)	(2,525,831)	(2,628,807)	(4,164,649)	(4,039,792)	(6,356,603)	(12,534,665)	(11,806,690)	(13,025,433)
Sale of capital assets	10,322	-	-	-	-	-	-	-	-	-
Payments to refund bonds	-	-	(26,170,000)	-	-	-	-	-	-	-
Issuance of long-term debt	-	-	29,095,000	-	-	-	1,342,248	39,645,000	-	6,500,000
Premium on bonds issued	-		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	5,373,509	-	<u> </u>
Total other financing sources (uses) \$	(9,678) \$	(1,120,000) \$	2,842,184 \$	(159,999) \$	(448,557) \$	(19,150) \$	1,242,806 \$	44,998,509 \$	(20,000) \$	5,693,614
Net change in fund balances \$	469,857 \$	1,952,229 \$	(14,322) \$	4,237,473 \$	194,997 \$	505,746 \$	6,453,560 \$	44,758,110 \$	(20,776,007) \$	18,583,489
Debt service as a percentage of										
noncapital expenditures	7.21%	7.49%	10.92%	6.74%	6.18%	5.68%	5.34%	8.66%	7.00%	6.56%

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

												Assessed
							Total	Overlapping			Estimated	Value as a
				Machinery		Total Taxable	Direct	Tax	Rates		Actual	Percentage
Fiscal	Real	Personal	Mobile	and	Public	Assessed	Tax	Tov	vn of		Taxable	of Actual
Year	Estate (1)	Property (5)	Homes	Tools	Service	Value	Rate (4)	Brookneal	Altavista	1 _	Value (3)	Value
2011 6	2 042 420 020 ¢	222 000 222 6	22 004 442 6	1/ / 000 250 6	240 427 420 6	4 70 4 552 000 6	0.07.6		ć N//	,	F 020 252 242	03.540/
2014 \$	3,912,428,038 \$	323,800,332 \$	33,896,613 \$	164,990,259 \$	269,437,638 \$	4,704,552,880 \$	0.87 \$	N/A	\$ N/A	\$	5,028,353,212	93.56%
2015	3,948,966,754	322,558,248	34,559,213	164,892,424	331,742,101	4,802,718,740	0.82	N/A	N/A		5,125,276,988	93.71%
2016	3,987,197,968	332,321,336	30,671,382	164,892,424	349,605,154	4,864,688,264	0.82	N/A	N/A		5,197,009,600	93.61%
2017	4,034,203,537	337,261,573	31,630,947	186,943,782	354,102,476	4,944,142,315	0.82	N/A	N/A		5,281,403,888	93.61%
2018	4,091,083,881	344,171,598	31,729,101	182,735,007	381,288,691	5,031,008,278	0.83	N/A	N/A		5,375,179,876	93.60%
2019	4,149,072,478	357,948,433	31,863,173	180,874,193	399,205,478	5,118,963,755	0.83	N/A	N/A		5,476,912,188	93.46%
2020	4,420,544,457	374,454,522	29,702,871	189,522,060	442,420,557	5,456,644,467	0.80	N/A	N/A		5,831,098,989	93.58%
2021	4,444,658,630	390,964,288	30,204,710	201,974,946	449,894,208	5,517,696,782	0.80	N/A	N/A		5,908,661,070	93.38%
2022	4,551,419,808	394,589,956	30,763,851	205,796,226	430,956,704	5,613,526,545	0.80	N/A	N/A		6,008,116,501	93.43%
2023	5,122,425,135	337,248,937	32,164,143	207,739,434	430,900,240	6,130,477,889	0.80	N/A	N/A		6,467,726,826	94.79%

- (1) Assessed value is as of January 1 of the previous fiscal year; does not include tax exempt property; excludes land use reduced valuation; includes mineral values
- (2) Merchants' capital is no longer assessed as of fiscal year 2004
- (3) Real estate, mobile homes, and machinery and tools taxes are assessed on a taxable property vaue which is 100% of estimated fair market value Personal property taxes are assessed on a taxable property value which is 50% of fair market.
- (4) Per \$100 of assessed value.
- (5) Includes recreational and apportioned vehicles
- (6) Starting in 2023, the County bills most property tax types biannually.

Source: Commissioner of Revenue

Principal Property Taxpayers Current Year and Ten Years Prior

		Fisca	l Year 20	22		Fiscal Year 2012			
	-	Taxable Assessed		% of Total Assessed		-	Taxable Assessed		% of Total Assessed
Taxpayer		Valuation	Rank	Valuation	Taxpayer		Valuation	Rank	Valuation
Babcock & Wilcox Company	\$	139,312,243	1	2.57%	BWX Tech, Inc	\$	76,936,384	1	1.76%
Abbott Laboratories (Ross)		75,112,437	2	1.52%	Abbott Laboratories (Ross)		66,088,359	2	1.55%
BGF Industries Inc		42,742,176	3	0.71%	AREVA NP Inc (Framatone)		33,872,695	3	0.76%
Georgia Pacific Wood Prod LLC		29,526,996	4	0.65%	BGF Industries Inc		25,595,279	4	0.59%
Graham Packaging Plastic Products		24,224,910	5	0.58%	Georgia Pacific Wood Prod LLC		23,617,989	5	0.58%
Schrader-Bridgeport International		20,010,731	6	0.32%	Timken Company		18,841,560	6	0.55%
Boxley Materials Company Inc		17,968,858	7	0.32%	Progress Printing Company		16,591,378	7	0.47%
Progress Printing Company		13,584,308	8	0.31%	Schrader-Bridgeport International		12,532,938	8	0.39%
Long Island Lumber Inc.		3,354,788	9	0.23%	Graham Packaging Plastic Products		9,697,030	9	0.33%
Mid Atlantic Printers		1,896,344	10	0.05%	Boxley Materials Company Inc		6,500,921	10	0.19%
	\$	367,733,791		7.28%		\$	290,274,533		7.17%

Source: Commissioner of Revenue

Table 7

Property Tax Levies and Collections Last Ten Fiscal Years

			Collections in Ye	ear of Levy		Total Collections to Date			
Year		Current	Current	Percent	Collections in	Total	Percent		
Ended	Inded Tax		Tax	of Levy	Subsequent	Tax	of Levy		
June 30		Levy (1)	Amount	Collected	Years	Collections	Collected		
2014	\$	36,680,581 \$	35,493,051 \$	96.76% \$	1,034,551 \$	36,527,602	99.58%		
2015		40,359,558	39,551,215	98.00%	805,363	40,356,578	99.99%		
2016		41,440,549	40,302,698	97.25%	763,984	41,066,682	99.10%		
2017		42,286,750	41,717,667	98.65%	415,982	42,133,649	99.64%		
2018		42,907,217	42,363,903	98.73%	533,553	42,897,456	99.98%		
2019		43,936,922	43,007,056	97.88%	366,884	43,373,940	98.72%		
2020		46,139,952	45,192,683	97.95%	837,186	46,029,869	99.76%		
2021		47,342,153	45,811,773	96.77%	622,276	46,434,049	98.08%		
2022		48,839,978	47,564,515	97.39%	450,024	48,014,539	98.31%		
2023		65,888,975	64,267,430	97.54%	-	64,267,430	97.54%		

⁽¹⁾ Exclusive of penalties and interest.

Ratios of Total Outstanding Debt Last Ten Fiscal Years

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Fiscal	General Obligation	Literary		Bond Anticipation	Bond	Total Primary	Percentage of Personal	Per
Year	Bonds	Fund Loans	Bonds	Note	Premiums	Government	Income (1)	Capita (1)
2014 \$	37,395,331 \$	6,575,101 \$	- \$	- \$	329,255 \$	44,299,687	2.6%	782
2015	35,108,439	5,702,869	-	-	308,747	41,120,055	2.4%	727
2016	34,645,283	4,830,635	-	-	288,239	39,764,157	2.4%	703
2017	31,779,976	3,958,402	-	-	267,731	36,006,109	2.1%	648
2018	29,051,333	3,086,168	-	-	247,223	32,384,724	1.9%	583
2019	26,415,000	2,213,936	-	-	226,715	28,855,651	1.7%	521
2020	23,920,000	1,591,702	400,000	942,248	206,207	27,060,157	1.6%	493
2021	21,355,000	969,469	39,645,000	-	5,295,135	67,264,604	4.0%	1,208
2022	18,715,000	347,235	39,420,000	-	4,967,960	63,450,195	3.8%	1,146
2023	15,990,000	-	45,585,000	-	4,643,139	66,218,139	3.9%	1,201

Note: All of the County's debt is a direct obligation of the County; the County has no overlapping debt.

Debt is net of premiums and discounts

(2) Lease revenue bonds are backed by lease agreements as ratified by the bond documents.

⁽¹⁾ Source - Census.gov; U.S. Department of Commerce, Bureau of Economic Analysis; Commencing 2008, data for Campbell County is combined with Lynchburg City. Separate data is no longer available. Personal income was last updated for calendar year 2008.

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

		Ne	t G	eneral Bonded	De		Percentage of	Total		
Fiscal	General Obligation	Literary Fund		Bond Anticipation		Bond		_	Actual Value of Taxable	Net General Bonded Debt
Year	 Bonds	 Loans	_	Note		Premiums	_	Total	Property (2)	Per Capita (1)
2014	\$ 37,395,331	\$ 6,575,101	\$	-	\$	329,255	\$	44,299,687	0.88% \$	782
2015	35,108,439	5,702,869		-		308,747		41,120,055	0.80%	727
2016	34,645,283	4,830,635		-		288,239		39,764,157	0.77%	703
2017	31,779,976	3,958,402		-		267,731		36,006,109	0.68%	648
2018	29,051,333	3,086,168		-		247,223		32,384,724	0.60%	583
2019	26,415,000	2,213,936		-		226,715		28,855,651	0.53%	521
2020	23,920,000	1,591,702		942,248		206,207		26,660,157	0.46%	486
2021	21,355,000	969,469		-		5,295,135		27,619,604	0.47%	482
2022	18,715,000	347,235		-		4,967,960		24,030,195	0.40%	431
2023	15,990,000	-		-		4,643,139		20,633,139	0.32%	370

- (1) Population data can be found in the Schedule of Demographic and Economic Statistics Table 11
- (2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property Table 5
- (3) Includes all long-term general obligation bonded debt and Literary Fund Loans; excludes leases and compensated absences. Debt is net of premiums and discounts.

Principal Employers Current Year

2022

Employer	Industry	Rank
Babcock & Wilcox Nuclear	Nuclear	1
Campbell County Schools	Education	2
Abbott Laboratories	Pharmaceuticals	3
Campbell County	Government	4
Moores Electrical & Mechanical	Electric/Mechanical Services	5
Wal Mart	General Merchandise	6
BGF Industries	Fiberglass Textile Manufacturing	7
Food Lion	Grocery	8
Foster Fuels	Fuel Distribution	9
The Babcox & Wilcox Co	Nuclear	10
Schrader-Bridgeport Intl Inc.	Electrical Manufacturing	11
Potomac Minute Maids Inc.	Personal Services	12
YMCA Inc Altavista Area	hitness/Health/Education	13
Thompson Trucking Inc	Transportation	14
ADP Totalsource CO XXII inc	Benefits Administration	15
Sonny Merryman Inc	Truck/Bus Sales	16
Standard Insurance Co	Insurance	17
Banker Steel Co	Steel Manufacturing	18
Care Advantage	Healthcare	19
Georgia Pacific Wood Products	Wood Product Manufacturing	20

Total Employed: 25,507

Note: Information from nine years ago is not available. Statistics include part time employees.

Source: Virginia Employment Commission, LMI, Largest Employers

Demographic and Economic Statistics Last Ten Calendar Years

		Personal			
Calendar		Income	Per Capita	School	Unemployment
Year	Population (1)	(in thousands) (2)	Income (2)	Enrollment(3)	Rate (4)
2014	56,232 \$	4,721,107	\$ 23,801	8,138	5.30%
2015	56,167	4,804,431	24,192	7,939	4.80%
2016	55,562	4,812,824	25,219	8,020	4.40%
2017	55,503	4,962,495	26,417	7,895	4.20%
2018	55,137	5,161,257	27,842	7,891	3.40%
2019	54,885	5,285,450	27,739	7,921	3.10%
2020	55,696	n/a*	28,173	7,787	5.90%
2021	55,682	n/a*	44,800	7,854	3.80%
2022	55,375	n/a*	45,413	n/a*	3.20%
2023	55,141	n/a*	n/a*	n/a*	3.20%

- (1) Population is based on figures available from Weldon Cooper Center, University of Virginia. 2010, 2011 and 2020 are based on US Census and census.gov for annual estimates.
- (2) Source U.S. Department of Commerce, Bureau of Economic Analysis; Commencing 2008, data for Campbell County is combined with Lynchburg City. Separate data is no longer available. Campbell + Lynchburg MSA data provided.
- (3) Source Chmura JobsEQ Economics and Analytics Database
- (4) Source Virginia Department of Education Fall Membership
- (5) Source Virginia Employment Commission, VLMI

^{*} Updated information not available

COUNTY OF CAMPBELL, VIRGINIA Table 12

Full-Time Equivalent County Government Employees By Function Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Primary Government										
Function:										
General government administration	44	52	52	46	42	37	42	41	43	41
Judicial administration	21	21	22	22	22	22	23	22	22	22
Public safety **	123	122	123	128	142	144	144	154	155	161
Public works	34	26	26	25	25	24	24	24	25	27
Health and welfare	82	78	79	69	78	79	80	90	88	87
Culture and recreation	20	22	22	19	18	20	16	21	20	21
Community development	10	12	12	12	11	12	13	10	10	10
Totals	334	333	336	321	338	338	342	362	363	369
Component Unit - School Board Function:										
Education - full and part-time	1,312	1,232	1,234	1,238	1,320	1,331	1,312	1,295	1,342	1,376

Source: Human Resources, School Finance and annual fiscal year budget

Operating Indicators By Function Last Ten Fiscal Years

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety										
Sheriffs department:										
Physical arrests	3,351	3,673	2,652	3,188	3,936	3,532	2,502	2,622	1,784	1,703
Parking violations	18	20	18	13	12	25	10	15	3	3
Traffic violations	858	1,058	1,097	933	1,063	874	1,531	1,824	1350	956
Court security manhours worked *	6,858	6,482	6,562	9,455	10,489	11,787	8,953	10,681	11536	12768
Prisoner transports	286	348	363	444	297	246	156	165	128	104
Code enforcement violations	41	48	51	60	80	59	47	50	101	152
DUIs	70	105	54	57	44	36	63	68	41	36
Culture and recreation										
Parks and recreation attendees/participants:										
Youth sports participants	2,241	2,535	2,506	2,570	2,180	2,370	1,753	1,787	1,972	2,054
Dance and crafts - youth and adult	300	398	194	75	178	50	16	15	10	48
Trips	6	-	-	-	-	-	-	-	-	-
Senior centers	1,028	989	380	289	218	264	275	282	300	149
Playground programs	-	-	-	-	-	-	-	-	-	-
Registered special events	678	504	575	762	842	642	430	466	*	383
Open special events	1,035	2,519	1,700	1,600	1,387	1,279	1,222	1,252	*	4,272
Cooperative events	4,281	4,370	4,327	12,548	11,672	13,687	7,038	7,993	27,102	1,520
Ticket sales	2,538	2,340	2,765	2,692	1,839	1,045	657	722	839	585
Library:										
Volumes and eCollections *	174,666	160,990	153,837	219,068	282,957	260,036	136,767	136,752	130,959	129,963
Total volumes borrowed	236,142	267,089	178,605	218,217	222,184	217,134	180,322	196,872	224,078	239,370
Number of borrowers	19,123	17,178	19,065	21,534	22,430	19,359	19,655	19,931	21,332	20,962
Number of new borrowers added	2,551	7,236	3,086	2,478	2,397	2,060	1,737	1,042	2,004	1,739
Family and children's programs attendance	8,582	6,914	9,065	11,829	8,451	17,722	9,050	6,218	12,029	4,253
Public computer usage	38,809	40,439	33,620	27,477	29,783	29,645	20,828	13,802	15,562	13,370
Library visits	209,107	205,251	198,195	231,189	222,634	220,331	165,248	121,530	140,156	153,115
Number of family and childrens programs	365	748	2,869	449	288	251	258	101	193	156
Adult and teen program attendance	2,199	3,768	3,768	1,614	2,200	1,685	1,663	940	1,518	1,204

^{*} information unavailable

Source: Library, Recreation & Parks and Sheriff's annual report to the Board of Supervisors

Captial Asset Statistics By Function Last Ten Fiscal Years

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety - insured vehicles										
Law enforcement vehicles	84	86	81	82	82	98	98	100	107	107
Other public safety	18	18	19	19	19	21	21	19	20	21
Public works										
Vehicles	14	14	13	13	13	13	13	13	10	13
Health and welfare										
Vehicles	28	28	28	28	28	28	28	29	29	28
Parks, recreation and cultural										
Vehicles	7	7	7	7	7	7	7	7	9	8
Other										
Vehicles	8	8	11	11	11	11	11	11	11	10
Total Vehicles	159	161	159	160	160	178	178	179	186	187



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Campbell, 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 Campbell, Virginia's basic financial statements, and have issued our report thereon dated December 7, 2023. Our report includes a reference to other auditors who audited the financial statements of the Component Unit School Board, as described in our report on the County of Campbell, Virginia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Charlottesville, Virginia December 7, 2023

Polinson, Farmer, Car Associates



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Campbell, 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 Campbell, Virginia, Virginia's major federal programs for the year ended June 30, 2023. County of Campbell, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to County of Campbell, 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 Campbell, 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 Campbell, 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 Campbell, 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 Campbell, 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 Campbell, Virginia's internal control
 over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance: (Continued)

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

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

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

Charlottesville, Virginia

Tobinson, Farmer, Cas Associates

	Federal Assistance	Pass-Through Entity		
Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Listing Number	Identifying Number	Federal Expenditures	Provided to Subrecipients
Department of Health and Human Services:	, <u> </u>	· · · · · · · · · · · · · · · · · · ·		<u> </u>
Pass Through Payments:				
Virginia Department of Education:				
COVID-19-Public Health Emergency Response: Cooperative Agreement for				
Emergency Response: Public Health Crisis	93.354	NU90TP922153	71,330 9	-
Virginia Department of Social Services:				
Title VI-E Prevention Services	93.472	1140122/1140123	8,647	-
Guardianship Assistance	93.090	1110123/1110122	270	-
MaryLee Allen Promoting Safe and Stable Families	93.556	0950122/0950121	47,699	-
Temporary Assistance for Needy Families (TANF)	93.558	0400123/0400122	519,366	-
Refugee and Entrant Assistance State/Replacement Designee	93.566	0500422 /0500422	2 200	
Administered Programs	93.568	0500122/0500123 0600423/0600422	2,399 104,067	-
Low-Income Home Energy Assistance Program Child Care and Development Fund Cluster:	93.300	000042370000422	104,067	-
Child Care Mandatory and Matching Funds of the Child Care				
and Development Fund	93.596	0760123/0760122	120,166	-
Adoption and Legal Guardianship Incentive Payments	93.603	1130119/1130120	2,815	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121/0900122	874	-
Foster Care - Title IV-E	93.658	1100123/1100122	391,269	-
Adoption Assistance	93.659	1120123/1120122	1,113,793	-
Social Services Block Grant	93.667	1000123/1000122	454,222	-
John H. Chafee Foster Care Program for Successful Transition				
to Adulthood	93.674	9150121/9150122	17,897	-
Elder Abuse Prevention Interventions Program	93.747	8000221	11,003	-
Children's Health Insurance Program	93.767	0540123/0540122	4,550	-
Medicaid Cluster:	02.770	4200422 /4200422	F 44 770	
Medical Assistance Program (Medicaid, Title XIX)	93.778	1200123/1200122	541,770	
Total Department of Health and Human Services		!	3,412,137	<u> </u>
Department of Homeland Security:				
Pass Through Payments:				
Department of Emergency Management:				
Emergency Management Performance Grants	97.042	120355	13,805	
Total Department of Homeland Security		:	13,805	<u>-</u>
Department of Agriculture:				
Pass Through Payments:				
Virginia Department of Agriculture and Consumer Services:				
Child Nutrition Cluster:	10.553	202321N11994 1/202221N11994 1	1 100 000 0	
School Breakfast Program National School Lunch Program - Food distribution		N89034 1/202221N11994 1/202321N1	,,	-
National School Lunch Program		N89034 1/202221N11994 1/202321N1		-
Subtotal ALN 10.555			4,529,108	
Summer Food Service Program for Children	10.559	202221N11994 1	143,284	_
•	10.337	2022211(11)74 1	·	
Subtotal Child Nutrition Cluster			4,672,392	
Virginia Department of Social Services:				
COVID-19 Pandemic EBT Administrative Costs	10.649	202222S900941	3,135	
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental	10 541	0040422700404227004042270040422	1 040 217	
Nutrition Assistance Program	10.561	0040123/0040122/0010123/0010122	1,040,217	
Total Department of Agriculture		:	5,715,744	
Department of Justice:				
Direct Payments:	44 407			
Bulletproof Vest Partnership Program	16.607		4,559 \$	-
Pass Through Payments: Virginia Department of Criminal Justice Service:				
Virginia Department of Criminal Justice Service: Violence Against Women Formula Grants	16.588	21-R4437VA20/21-R4437VA20	39,362	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	20MUBX0035	17,531	-
Crime Victim Assistance	16.575	22-01205VW19	157,417	-
Total Department of Justice			218,869	
. Osas Department of outside				·

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Provided to Subrecipients
Department of Treasury:			· · · · · · · · · · · · · · · · · · ·	
Pass Through Payments: Department of Education:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP1026	\$ 2,146,049 \$	-
Virginia Department of Accounts:			-,,	
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	204,663	
Subtotal ALN 21.027			\$ 2,350,712	
Total Department of Treasury			\$ 2,350,712	
Department of Transportation: Pass Through Payments: Virginia Department of Motor Vehicles: Highway Safety Cluster: State and Community Highway Safety	20.600	FOP-2021-51226/FOP-2022-52148	\$ 31,671 \$	
				-
Alcohol Open Container Requirements	20.607	154AL-2021-51225/154AL 2022-52153	17,196	
Total Department of Transportation			\$ 48,867	<u>-</u>
Department of Housing and Urban Development: Pass Through Payments: Virginia Department of Housing and Urban Development: Housing Voucher Cluster: Section 8 Housing Choice Vouchers	14.871	Unknown	\$53,911_\$	<u> </u>
Total Department of Housing and Urban Development			\$ 53,911 \$	-
The Institute of Museum and Library Services: Pass Through Payments: The Library of Virginia: COVID-19 Grants to States	45.310	118903	\$ <u>1,378</u> \$	<u>-</u>
Total Institute of Museum and Library Services			\$ 1,378 \$	-
Department of Education: Pass Through Payments: Virginia Department of Education: Title I: Grants to Local Educational Agencies Adult Education Basic Grants to States	84.010 84.002	S010A220046/S010A210046 Unknown	\$ 1,571,644 \$ 101,623	; - -
Career and Technical Education - Basic Grants to States	84.048	V048A210046	141,796	-
Special Education Cluster:			•	
Title VI-B: Special Education - Grants to States	84.027	H027A210107/H027A220107	1,963,797	-
Title VI-B: Special Education Preschool Grants	84.173	H173A220112/H173A210112	\$ 2,035,537	·——
Subtotal Special Education Cluster Student Support and Academic Enrichment Program	84.424	S424A210048/S424A220048	173,478	-
Supporting Effective Instruction State Grants (formerly Improving	0.1.12	5 12 W 12 1 00 107 5 12 W 12 00 10	.,,,,,	
Teacher Quality State Grants)	84.367	S367A220044/S367A210044	230,913	-
School Based Mental Health Services Grant Program	84.184H	Unknown	346,875	-
English Language Acquisition State Grants	84.365	S365A210046/S365A220046	23,815	-
COVID-19 - ARP - Elementary and Secondary School Emergency Relief Homeless Children and Youth	84.425W	Unknown	26,369	_
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	\$425D210008	3,087,515	-
COVID-19 - ARP Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210008	3,334,147	-
COVID-19 - Governor's Emergency Education Relief Fund	84.425C	S425C210042	4,250	
Subtotal ALN 84.425			\$ 6,425,912	<u> </u>
Total Department of Education			\$ 11,077,962	S
Total Expenditures of Federal Awards			\$ 22,893,385	5

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

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards ("Schedule") includes the federal award activity of the County of Campbell, 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 Campbell, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Campbell, Virginia.

Note 2 - Basis of Accounting

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

Note 3 - Food Commodities

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

Note 4 - Indirect Cost Rate

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

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:	
General Fund	\$ 4,922,517
Total primary government	\$ 4,922,517
Component Unit School Board:	
School Operating Fund	\$ 13,295,341
School Cafeteria Fund	 4,675,527
Total Component Unit School Board	\$ 17,970,868
Total federal expenditures per basic financial	
statements	\$ 22,893,385
Total federal expenditures per the Schedule of Expenditures	
of Federal Awards	\$ 22,893,385

Note 6 - Loan Balances

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

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

Unmodified Type of auditors' report issued:

Internal control over financial reporting:

Material weakness(es) identified? No

Significant Deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant Deficiency(ies) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with CFR section 200.516(a) No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster	
84.010	Title I: Grants to Local Educational Agencies	
93.778	Medical Assistance Program	
84.425	COVID-19 - Elementary and Secondary Emergency Relief Fund	
84.425	COVID-19 - ARP - Elementary and Secondary School Emergency Relief Homeless Children	n and Youth Fund
84.425	COVID-19 - ARP Elementary and Secondary School Emergency Relief Fund	
84.425	COVID-19 - Governor's Emergency Education Relief Fund	
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery	
Oollar thresho	old used to distinguish between Type A and Type B programs	\$ 750,000

Dollar threshold used to distinguish between Type A and Type B programs

Auditee qualified as low-risk auditee?

Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Findings

There are no prior year findings to report.