

2024

Annual Comprehensive Financial Report



BOTETOURT COUNTY, VIRGINIA

FISCAL YEAR ENDED JUNE 30, 2024

Botetourt County, VA

COUNTY OF BOTETOURT, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024

Prepared By:
Department of Financial Services

COUNTY OF BOTETOURT, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024

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INTRODUCTORY SECTION

Botetourt County, Virginia

Office of the County Administrator

November 30, 2024

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

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2024.

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Botetourt County for its annual comprehensive financial report for the fiscal year ended June 30, 2023. This was the seventeenth consecutive year that the government has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must establish an easily readable and efficiently organized comprehensive annual report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

Robinson, Farmer, Cox Associates, LLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the County of Botetourt's financial statements for the year ended June 30, 2024. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A compliments this letter of transmittal and should be read in conjunction with same.

Profile of Botetourt County

The County of Botetourt was founded in 1770 and named for Lord Botetourt, Governor of Virginia. After the Revolutionary War, the County's jurisdiction extended to the Mississippi River, encompassing what is now West Virginia, Kentucky, Ohio, Indiana, and part of Illinois.

Botetourt County is located along Interstate 81, within easy access to Interstate 64, in the west-central portion of Virginia in the Roanoke Valley, between the Blue Ridge and Allegheny Mountains. It is 233 miles southwest of the nation's capital, Washington D.C., 176 miles west of the state capital, Richmond, and is close to the City

of Roanoke. Botetourt County consists of 548 square miles and is part of the Roanoke Metropolitan Statistical Area (MSA). The County of Botetourt is a political subdivision of the Commonwealth of Virginia that is administered by a five member Board of Supervisors and has a County Administrator to oversee its general administration.

The County provides a full range of services, including police protection, education, parks and recreation, planning and inspections, general services, libraries, social services, and general government administration. Local volunteer fire and rescue companies provide fire and rescue protection for the citizens, complemented by paid County supplemental fire and rescue employees. The County provides support to the volunteers through cash contributions for operations and capital expenditures. The Commonwealth of Virginia provides for the construction and maintenance of highways, streets, and related infrastructure located within the County.

Local Economics and Demographics

Based upon the U. S. Census Bureau's 2020 census, Botetourt County's population was 33,596, representing a 1.4% increase since the 2010 Census. Botetourt County enjoys a diverse economy, with the services sector accounting for 37% of the jobs in the County, manufacturing 21%, trade 20%, government 14%, construction 7%, and all others 1%. The civilian labor force totals approximately 18,478 (June 2023). With regards to the County domiciled workforce, roughly 25% work for the County's top twenty employers. Unemployment remains below the State average.

With respect to demographics relating to economic factors, Botetourt County seemingly appeals to higher income residents, as evidenced by a median household income figure of \$72,719, which is below the state average, but ranks first in a comparison to six surrounding localities. This ranking also holds true for the home ownership rate (86%), which is well above the state's average of 67%. Yet again, the median housing value in the County (\$230,500) places first as compared locally and is below the state average of \$282,800. These figures are as of the 2020 U.S. Census.

Botetourt County compares favorably to most Virginia counties economically in the area of fiscal stress, as reported by the Virginia Commission on Local Government. This agency has developed a composite fiscal stress index, which takes into consideration each locality's revenue capacity per capita, the revenue effort, and the magnitude of median adjusted gross income for individuals and married couples. The County's composite index falls into the classification "Below Average Stress", and within a short reach of "Low Stress" for the most recent period reported (2022). The County's ranking was 98 out of 133 localities, placing Botetourt County in the lower third of the list. This is an indication that on a comparable basis, Botetourt County and its residents continue to experience a relatively low level of fiscal strain, which adds to quality of life in the County for its citizens and indicates responsible management of the County's financial activities.

The County's Comprehensive Plan provides the framework for managing growth, along with proper zoning and subdivision ordinances. The most recent Comprehensive Plan was updated in FY17. With respect to building activity, FY24 construction permit activity for all components (residential, commercial, manufactured, solar, and miscellaneous) increased from the prior year in terms of number of construction permits issued by 81, or 16.1% (FY24 = 583, FY23 = 502). It should be noted that the category of solar was added in FY24. In terms of total dollar value, the total figure for FY24 is \$87.8 million, which was 26.3% higher than the FY23 figure of \$69.5 million, and 39.8% higher than the three-year average value of \$62.8 million from FY21 – FY23. The increase is due to several large projects that were applied for during FY24. Permit applications for Hampton Inns at the Daleville Town Center and Daleville Town Center South Village (mixed use building) account for \$15.6 million

(\$8.2 million and \$7.5 million, respectively). As well as the various permits for Roanoke Road Apartments are valued at \$16.4 million, collectively. In addition, The Fish N Pig restaurant was another large commercial project valued at \$2 million.

With respect to residential building construction, the FY24 average permit value of \$149,000 increased by \$27,000 (22.4%) from the prior year. The total value of \$34 million was also 15.7% higher than the previous three-year average value of \$28.3 million from FY21 – FY23. This was the twelfth consecutive year that average residential permit values exceeded \$200,000. However, the number of permits for FY24 was 228, which was 8.4% less than the three-year average from FY21 – FY23, but higher than the prior year number of 213 (FY23).

Regarding commercial construction, the number of permits for FY24 is 97, which was a decrease of 7.6% from the previous year of 105. However, the total value of commercial permits (\$45.1 million) was 20.1% higher than FY23, and 55.6% higher than the three-year average value of \$29 million.

Economic Development

Economic development activity for Botetourt County during recent years and leading into FY25 reflects the continued growth and momentum trend in the community. Between 2017 and 2022, despite national manufacturing job contraction, Botetourt County experienced 19.5% growth in manufacturing jobs. In 2021, there were 2,063 manufacturing jobs (22% of private jobs in the county) per US Bureau of Labor Statistics; the actual number could be as high as 2,300. During the same period, manufacturing wages have grown 21.5%, with an average salary of \$63,498 (\$30.52/hr.) in 2022. Private sector jobs grew by 5.6%, matching US job growth and outpacing Virginia and regional private sector job growth between 2017 and 2022, there were 9,349 private sector jobs in Botetourt. Private sector wages have grown 29%, with the average of \$52,195 (\$25/hr.) in 2022.

Between 2017 and 2022, the number of businesses in Botetourt County grew by 21%, doubling regional growth of 11.85% and matching Virginia business growth of 21.79%. In 2022, there were 966 businesses. Another measure of manufacturing growth in Botetourt, machinery & tools (M&T) tax listings increased by 35% in assessed values compared to real estate values increasing by 14% and personal property 17%. Despite the pandemic, Botetourt experienced positive Gross Domestic Product (GDP) growth of .75%, between 2017 and 2021, compared to national growth of 1.7%.

Specific economic development announcements include:

In May 2023, Altec Industries, which has been in Botetourt County since 2001, announced a \$1.4 million investment to expand the production of Altec's construction equipment product line. The expansion will create 150 new jobs and additional investment in the existing facility. This expansion also increases Altec's footprint by approximately nine (9) acres, which was given by the Board of Supervisors to meet their portion of the Virginia Jobs Improvement Program (VJIP) incentive. The VJIP incentive is given by the Virginia Economic Authority, which Altec has received in prior years.

Between 2019 and 2021, Botetourt County has been awarded three (3) Virginia Telecommunications Initiative Act (VATI) grants totaling \$5,208,131 (\$1,697 per address) plus \$7,286,936 in County and Provider funds to serve 3,070 addresses (total \$4,070 per address). The first VATI project involved the Craig-Botetourt Electric Cooperative representing a \$758,998 VATI award matched by \$1,207,999 in County and CBEC funds (61%

local/private match) to serve 1,901 addresses. The first two VATI projects are completed with Department of Housing and Community Development closeout approval of the financial activities for the two VATI grants and the third project is expected to be completed by mid-2024.

In March 2021, Munters, based in Sweden and the global leader in the manufacturing of cooling units for data centers, announced its decision to locate its newest manufacturing and research & development center at the Botetourt Center at Greenfield, involving a capital investment of \$36 million and 200 jobs. Munters is now fully operational at Greenfield.

In terms of future construction, in July 2023 the Board of Supervisors approved plans for an 89-acre development called Harvest at Blue Ridge. This project would include plans for single family homes, duplexes, cottages, and multi-family units totaling 400 homes. In addition, the developers envision up to 60,000 square feet of commercial space and open green space.

Economic development announcements in Botetourt County from 2016 to May 2023 accounted for 1,197 new jobs and \$239,000,000 in capital investment. Total annual payroll for the 1,197 announced jobs equals over \$44.8 million, of which approximately \$42.8 million in annual payroll has occurred in the community. Total capital investments that have become taxable by the County during the same period of time equal \$249,851,000, or 104.5% of capital investment announced from 2016 to May 2023.

Public School System

The Botetourt County School System is composed of seven elementary schools serving students in grades pre-kindergarten through fifth grade; two middle schools serving grades six through eight; two high schools serving grades nine through twelve; and a vocational technical school. All schools are accredited by the Virginia State Board of Education. March ADM enrollment over the last three years has averaged 4,340 and has been on a decline since FY2011-2012. The most recent enrollment figure of 4,312 is a decrease from the previous year's figure (4,377). With respect to academic achievement, the Virginia Department of Education released its listing of public schools that are fully accredited based on achievement results during 2023-2024. All of Botetourt County's public schools comprising its school division were fully accredited. Central Academy Middle School was named 2024 National Blue Ribbon School awardee by the U.S. Department of Education. This is a prestigious honor and a rare accomplishment, and is the second time in recent years a public school in Botetourt County has received the award. Another notable achievement was the 2023-2024 on-time graduation rates. This rate measures how many students earn a Virginia Department of Education diploma in four years. Botetourt County's on-time graduation rate of 94.0% (Class of 2024, Four Year Rate) was exceptional and well above the state average of 92.8%. Botetourt County's 2023-2024 graduation rate decreased slightly from the last two school years (94.7%).

The County's CTE (Career and Technical Education) Program is a flourishing career-oriented program that begins its foundation with the use of an Academic Career Plan, which receives updates and follows the students through their middle school years. This is a credentialing initiative for high school students that has grown significantly, including workplace readiness skills that focus on personal, professional, and technology knowledge and skills. A Mechatronic Program offering makes BTEC the first secondary school to offer a mechatronic engineering program for high school students.

The County's schools offer Regional Academy Programs that allow high school students to explore post-secondary specialized programs of study in high demand career fields. These programs are affiliated with

Virginia Western Community College (VWCC). Students meet daily on the VWCC campus and are enrolled in courses that meet the foundational requirements for degree programs often while completing a VWCC Career Studies Certificate or industry credentialing examinations. Programs offered include Engineering, Mechatronics, and Interdisciplinary and Health Sciences. High School students also have the option of taking dual enrollment courses at VWCC or at Mountain Gateway Community College.

The County's School Board places a high value on continuing education and use of management practices to increase the skill level and teaching proficiency of its professional teaching base. The County School System continues to be a valuable element in efforts to attract and retain quality business concerns and providing those businesses with an educated and skilled employment base.

Higher Education

Two community colleges offer a wide spectrum of education for numerous degrees, as well as adult education programs. In addition, the community colleges operate an in-County education and training center, which supports workforce training for businesses and residents. The County, along with five other regional localities, participates in a CCAP (Community College Access Program) initiative through Virginia Western Community College (VWCC). This program makes attending college a reality for a selected, qualified group of public school students that have financial challenges. The CCAP Program is celebrating its 15-year anniversary. VWCC also offers FastForward, a short-term workforce training program that provides credentialing and certifications for in-demand jobs. Most programs take between 6 to 12 weeks and offer the flexibility necessary for those students that are working.

Mountain Gateway Community College (MGCC), formerly known as Dabney S. Lancaster Community College (DSLCC) also plays a role in preparing students for career jobs in Botetourt County, as its Promise Program helps to strengthen the local workforce by providing tuition assistance to as many students as possible, based on need and available funding. MGCC also has a welding certificate program (an 80-hour Flux Core Arc Welding course), and this offering and the resulting certified students assist in meeting the job market requirements for those specific skills required by County businesses. DSLCC offers Workforce Solutions and Community Education resources for Business and Professional Development, Healthcare and Wellness, Professional Trades and Industry.

These community colleges are presenting viable alternatives to four-year institutions and continue to experience increases in attendance. There are also numerous four-year colleges in the near vicinity of Botetourt County including Virginia Tech.

Long-Term Financial Planning and Policies

With respect to long-term financial planning, Botetourt County utilized a five-year capital improvement plan for the Primary Government and its related components. This tool assists in identifying potential funding requirements on the horizon for capital spending and associated operating costs. Consideration for future levels of revenues and expenditures is an element in the annual budget process and assists in the projection of fund balance levels for the current budget year and for outgoing years as well.

The County's financial policies play a significant role in the development of the annual budget and consideration of ongoing operations. The County's legal level of budgetary control is monitored at the departmental level. A Fund Balance Policy is utilized to assist in determining the ability to adequately cover

proposed budgeted expenditures as well as identifying proper levels of unassigned fund balance. Strategic use of this policy is part of the annual budget process and is used to assist in right-sizing budgeted expenditures given certain levels of projected revenues.

Major Initiatives and Goals

In 2019, the Botetourt County Board of Supervisors made a decision to enhance their long-term planning outlook with a strategic planning process. In March 2019, the Board attended a strategic planning retreat, and then adopted an updated Vision Statement in April 2019 sub-titled “Botetourt 2045 Vision: Honoring Our History, Enjoying the Present and Shaping the Future”. Key elements contained in the Vision Statement are as follows:

Thriving Business Environment

Agricultural Innovation

The Gateway Center

Botetourt Awesome

Public Service Leadership & Engagement

Lifelong Learning Excellence

Worldwide Connectivity

Smart Growth & Conservation

Celebrating Our Unique History & Heritage

On March 19, 2022, strategic planning work sessions were held with the Board of Supervisors and executive administration. These work sessions assisted in reinforcing the previously developed Vision Statement and identifying the goals for each of the 9 key elements. The Vision Statement and related strategic priorities are being utilized in the development of the FY24 County Budget to ensure that the strategic priorities in the budget align with the strategic priorities developed by the Board of Supervisors.

Current and Future Initiatives

Assisted by a Moody’s Investor Service issuer credit rating review (rating of Aa1), Botetourt County secured and received financing in March 30 2022 in the amount of \$32 million for Public Facility Lease Revenue Bonds (Botetourt County Projects) Series 2022 issued through the Economic Development Authority (EDA) of Botetourt County. The proceeds of this financing will fund a) the construction of a new County courthouse in Fincastle, Virginia and the expansion of the current County administration facility (Botetourt Center at Greenfield) for Virginia Western Community College (VWCC). The courthouse is a multi-year project while the VWCC expansion project was recently completed.

The County is currently working on a Radio System Replacement Plan, which will accommodate the County’s public safety communication needs for responding to and servicing citizen and business needs. This will require financing, which is being planned by the County and its financial advisors, with the financing method to be in place during FY25.

Beginning June 2020 and through December 2021 Botetourt County received \$5.8 million in a total of two receipts of Coronavirus Aid, Relief, and Economic Security (CARES Act) funds and an additional \$1.5 million of CARES Act funds (mostly for specific broadband expansion projects). These funds had to be spent originally by December 2020 but was then extended to a spending deadline of December 2021. These funds were to be expended in assisting with the challenges posed by the COVID-19 pandemic, and were primarily utilized for:

- Improving telecommunication resources being provided to Botetourt County citizens and businesses
- Public Health expenses, including COVID-19 testing and tracking
- Funding to the County School Component for equipment to assist with the COVID-19 environment
- Reimbursement for Public Health & Safety employees
- Economic support for towns and small businesses, including farms
- Improving telework capabilities and functionality for public employees

On June 2, 2021 and June 21, 2022, Botetourt County received American Rescue Plan Act (ARPA) funding from the U.S. Treasury totaling \$ 6,491,249. These funds are to be used to combat the COVID-19 pandemic, including the public health and economic impacts. Allowable expenditures include using these funds for revenue loss, responding to the public health emergency and its negative economic impacts, responding to workers performing essential work during the public health emergency, and making investments in water, sewer, or broadband infrastructure. For FY24, \$4.7 million will be shown as utilization of ARPA funds in the eligible form of reimbursed public safety expenditures, which will serve to fully expend these funds ahead of the final deadline of December 31, 2024.

With respect to planned capital improvement projects (CIP), the FY25 County budget is heavily invested in Maintenance, Fire & EMS, and Community and Economic Development projects. The largest component of the \$1.9 million CIP Budget is reflected in Community & Economic Development, which includes \$300,000 as a matching contribution to the Daleville YMCA and \$475,000 for completion of Phase I of the Business Ready Sites Program (BRSP) in Greenfield. Maintenance funding (\$540,000) will be for several high priority projects. Funding of \$200,000 has been appropriated to the Treasurer for initial funding for a new Tax Treasury system. The balance of capital improvement plan dollars are distributed to Parks, Recreation and Cultural, Waste Management, Sheriff, and Technology Services areas.

Finally, Botetourt County continues to maintain AA bond ratings with all three rating agencies - Fitch Ratings, Moody's (upgraded in 2022), and Standard & Poor's. Currently, Botetourt County remains the highest rated county in Virginia for its population size. It is believed that these ratings reflect proper, continued executive management, support staff, and financial practices which will assist the County to move forward and meet future fiscal challenges.

Acknowledgements

The preparation of this annual financial report could not have been accomplished without the dedicated effort of both the County and School administration and their respective staffs. In addition, sincere thanks to the Board of Supervisors for their leadership and support.

Respectfully submitted,



Gary Larowe
County Administrator



Katie H. Davis
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Botetourt
Virginia**

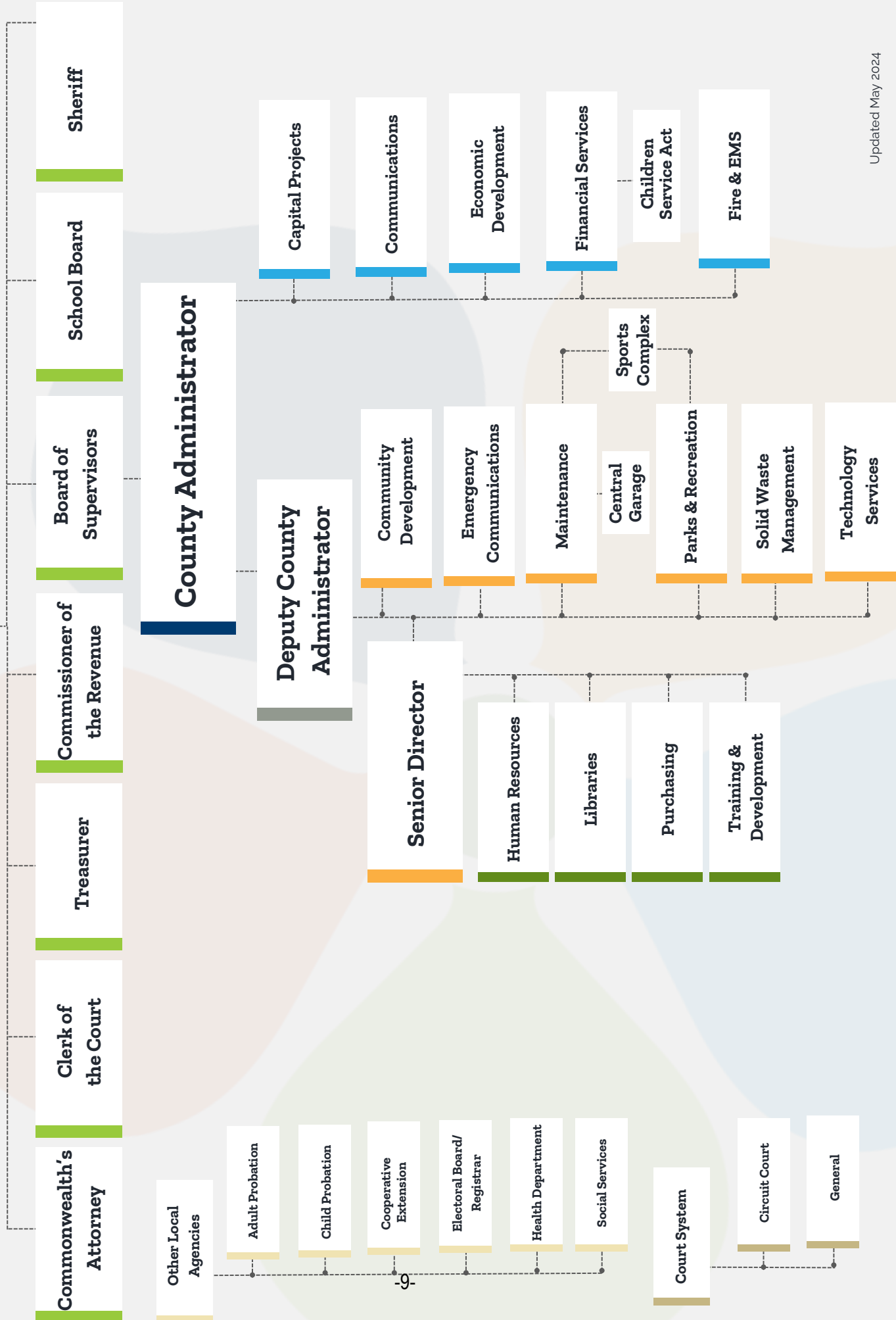
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

Citizens of Botetourt County



COUNTY OF BOTETOURT, VIRGINIA

BOARD OF SUPERVISORS

Amy S. White, Vice Chair
Walter Michael

Stephen P. Clinton, Chair

Brandon Nicely
Donald M. "Mac" Scothorn

COUNTY SCHOOL BOARD

Matthew East, Vice Chair
Dana McCaleb

Anna Weddle, Chair

Tim Davidick
Jenny Wilson

SOCIAL SERVICES BOARD

Patsy Dickerson
Walter Michael

Bonnie Henderson, Chair

Bonnie Henderson
Sue Sweet

OTHER OFFICIALS

Judge of the Circuit Court	Joel Branscom
Clerk of the Circuit Court	Tommy L. Moore
Judge of the General District Court	William Harrison Cleaveland
Judge of the Juvenile & Domestic Relations Court	Paul A. Tucker
Commonwealth's Attorney	John Alexander
Commissioner of the Revenue	Chris Booth
Treasurer	Donna Boothe
Sheriff	Matthew Ward
Superintendent of Schools	Dr. Jonathan Russ
Director of Social Services	Vacant
County Administrator	Gary Larrowe
County Attorney	Michael W. S. Lockaby

FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

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

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 Botetourt, 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 Botetourt, 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 Botetourt, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about County of Botetourt, Virginia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for

consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2024, on our consideration of County of Botetourt, 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 Botetourt, 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 Botetourt, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
November 20, 2024

Management's Discussion and Analysis

The following is a narrative overview and analysis of the financial activities of the County of Botetourt, Virginia for the fiscal year ended June 30, 2024. This narrative is included to provide insights as to financial results of operations for the above-mentioned fiscal year, and, in certain cases, provide comparative comments as they relate to the prior fiscal year. In addition, comments are included which address the economic factors considered in developing Botetourt County's budget for the fiscal year ending June 30, 2025.

Financial Highlights

Government-wide Financial Statements

The assets and deferred outflows of the County of Botetourt, Virginia exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$74,905,088 (net position). Of this amount, \$35,363,953 is unrestricted and may be used to meet the government's ongoing obligations to creditors and citizens. The School Board's net position was a deficit of \$657,761 (see Exhibit 1); the deficit net position is due primarily to School Board's net pension liabilities totaling \$32,716,368 (see Note 8).

The County's FY24 net position for governmental activities increased by \$7,615,411, as revenues exceeded expenses by 9%. When compared to FY23 results, revenues increased \$5.6 million (6%), and expenses increased \$7.6 million (10%). Public Safety had the largest increase in expenses, which increased \$3.5 million (16%), due to increases in existing public safety service costs, such as salaries and benefits, and additional costs related to the new Emergency Communications department.

The School Board's FY24 net position resulted in an increase of \$4,901,728, which reduced the negative net position by 88%. Net revenues exceeded expenses by \$4.9 million (7.0%), which was due in large part to operating grants and contributions and unrestricted grants and contributions.

Fund Financial Statements

At the end of the current fiscal year, fund balance for the general fund was \$71,755,648 or 76.4% of total general fund expenditures (see Exhibit 5). This amount includes taxes and accounts receivable reflected in the fiscal year 2024 budget, as well as, funds allocated to the School Board and County capital improvement projects for fiscal year 2024. The fund balance includes \$30.0 million of restricted funds, which primarily includes funds from the issuance of bonds relating to a) the renovation of the County Circuit Courthouse and b) the building expansion project for Virginia Western Community College, which is housed as part of the Botetourt Greenfield Administration Center. When the effect of the unspent bond proceeds is removed, the general fund balance would be \$43.4 million, or 46.3% of total general fund expenditures.

As of the close of the current fiscal year, the County's governmental fund reported an ending fund balance of \$71,755,648, which is an increase of \$845,530 (1.2%) compared to ending fund balance of \$70,910,118 for fiscal year ended June 30, 2023. The FY24 Budget was a balanced budget. The unassigned portion of fund balance is \$33,700,420, which is a \$6.4 million (16.0%) decrease compared to FY23 unassigned fund balance.

Management's Discussion and Analysis

Overview of the Financial Statements

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

Local government accounting and financial reporting originally focused on funds, which are designed to enhance and demonstrate fiscal accountability. Now accompanied by government-wide financial statements, the objective of operational accountability will also be met. These objectives will provide financial statement users with justification from the government that A) public monies have been used to comply with public decisions and B) whether operating objectives have been met efficiently and effectively and can continue to be met in the future.

Government-wide Financial Statements

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

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

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

Both government-wide financial statements separate governmental activities and business-type activities of the County. Governmental activities are principally supported by taxes and intergovernmental revenues. They include general government administration; judicial administration; public safety; public works; health and welfare; parks, recreation and cultural; and community development. Business-type activities recover all or a significant portion of their costs through user fees and charges. Effective July 1, 2015 (FY16), the County sold its interest in the Water and Sewer Enterprise Fund, which in previous years was shown as a business-type activity.

The government-wide financial statements include, in addition to the primary government (County), two component units: 1) the Botetourt County School Board and 2) the Economic Development Authority of Botetourt County. Although the component units are legally separate entities, the County is accountable or financially accountable for them. A primary government is accountable for an organization if the primary government

Management's Discussion and Analysis

appoints a majority of the organization's governing body. Further, a primary government is financially accountable if, in addition, either the government is able to impose its will on the organization or the organization is capable of imposing specific financial burdens on the primary government. For example, the primary government may approve debt issuances, rate structures, and/or provide significant funding for operations of the component unit. The latter is the case for Botetourt County for the School Board.

Fund Financial Statements

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

Governmental funds

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

Proprietary funds

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

Fiduciary funds

Fiduciary funds account for assets held by the government as a trustee or agent for another organization or individual. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide financial statement because the funds are not available to support the County's own activities. A separate Statement of Fiduciary Net Position (Exhibit 10) is provided in the report.

Notes to the financial statements

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

Management's Discussion and Analysis

Government-wide Financial Analysis

As previously noted, net position may serve as a useful indicator of a government's financial position. For the County of Botetourt, assets and deferred outflows exceeded liabilities and deferred inflows by \$74,905,088 at the end of the fiscal year. The County's net position is divided into three categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted.

County of Botetourt's Net Position			
Governmental activities			
	<u>2024</u>		<u>2023</u>
Current and other assets	\$ 89,036,315	\$	94,362,602
Capital assets	70,838,521		69,017,910
Total assets	<u>159,874,836</u>		<u>163,380,512</u>
Deferred outflows of resources	<u>\$ 3,953,295</u>	\$	<u>3,828,507</u>
Long-term liabilities	\$ 73,542,997	\$	78,107,014
Other liabilities	11,668,992		16,541,690
Total liabilities	<u>\$ 85,211,989</u>	\$	<u>94,648,704</u>
Deferred inflows of resources	<u>\$ 3,711,054</u>	\$	<u>5,270,638</u>
Net position:			
Net investment in capital assets	\$ 36,566,226	\$	29,059,891
Restricted	2,974,909		3,244,420
Unrestricted	35,363,953		34,985,366
Total net position	<u>\$ 74,905,088</u>	\$	<u>67,289,677</u>

For the County's governmental activities, investment in capital assets (i.e., land, buildings, machinery, and equipment), net of related debt used to acquire those assets that is still outstanding, represents 48.8% of total net position. The County uses these capital assets to provide services to citizens; therefore, the 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.

Restricted net position represents resources that are subject to external restrictions on how they may be used. For governmental activities, these assets (\$2,974,909) represent 4.0% of total net position. The remaining balance of unrestricted net position, which is \$35,363,953 or 47.2% of total net position, may be used to meet the government's ongoing obligations to citizens and creditors.

For current and other assets, there was a decrease of \$5.3 million, primarily attributable to expenses paid for the Public Safety Radio capital project.

Management's Discussion and Analysis

With respect to total liabilities and deferred inflows, there was a \$10,996,299 (11.0%) decrease. Long-term liabilities decreased \$4.6 million (5.8%) due to the combination of a) scheduled principal payments (\$3.9 million) of general obligation, revenue, and lease revenue bonds, b) reduction (\$126,000) in landfill post closure liability, and c) reduction (\$407,680) in unamortized bond premiums. Other liabilities decreased \$4.9 million, primarily due to a \$4.7 million decrease in unearned revenue related to ARPA grant funds. Deferred inflows of resources decreased \$1.6 million due to pension related items (net difference between projected and actual earnings on VRS pension plan investments). These items were the primary contributors to the government's net position increase of \$7,615,411 (11.3%) for the current fiscal year.

Changes in Net Position:

The following tables present the revenues and expenses of the Governmental Activities. Following the table is a brief discussion on key elements of the changes in net position.

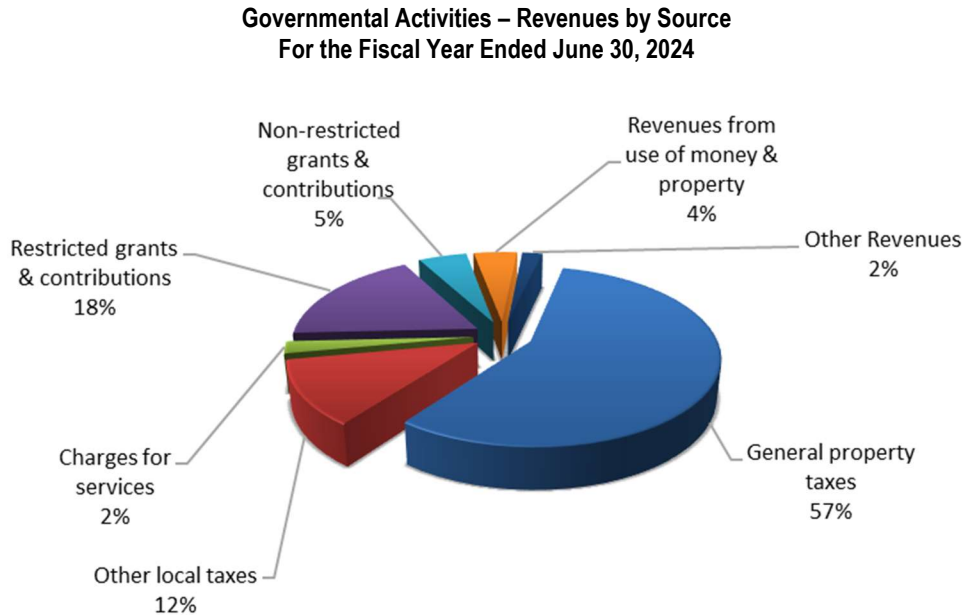
County of Botetourt's Changes in Net Position			
	Governmental activities		
	<u>2024</u>	<u>2023</u>	
Revenues:			
Program revenues:			
Charges for services	\$ 2,047,872	\$ 1,658,631	
Operating grants & contributions	16,566,534	13,071,336	
General revenues:			
General property taxes	52,572,119	52,219,959	
Other local taxes	10,916,385	10,715,182	
Use of money and property	4,145,870	3,718,303	
Miscellaneous	1,920,457	1,100,382	
Grants and contributions not restricted to specific programs	4,607,662	4,648,214	
Total revenues	<u>\$ 92,776,899</u>	<u>\$ 87,132,007</u>	
Expenses:			
General government	\$ 6,028,789	\$ 5,115,493	
Judicial administration	2,037,503	2,124,764	
Public safety	25,150,951	21,669,142	
Public works	3,875,572	3,858,109	
Health and welfare	4,845,978	4,504,520	
Education	30,316,914	28,731,111	
Parks, recreation and cultural	3,287,100	2,939,542	
Community development	7,507,492	6,267,998	
Interest on long-term debt	2,111,189	2,316,384	
Total expense	<u>\$ 85,161,488</u>	<u>\$ 77,527,063</u>	
Increase (decrease) in net position	\$ 7,615,411	\$ 9,604,944	
Net position, beginning (restated)	67,289,677	57,684,733	
Net position, ending	<u>\$ 74,905,088</u>	<u>\$ 67,289,677</u>	

Management's Discussion and Analysis

Governmental Activities

Governmental activities increased the County's net position by \$7,615,411 (11.3%). Key elements relating to FY24 activities as compared to the prior year (FY23) will be discussed below.

The following chart provides a breakdown of the various FY24 revenue components. The largest source is general property taxes (\$52.6 million), which accounts for 57% of total governmental revenues (\$92.8 million).

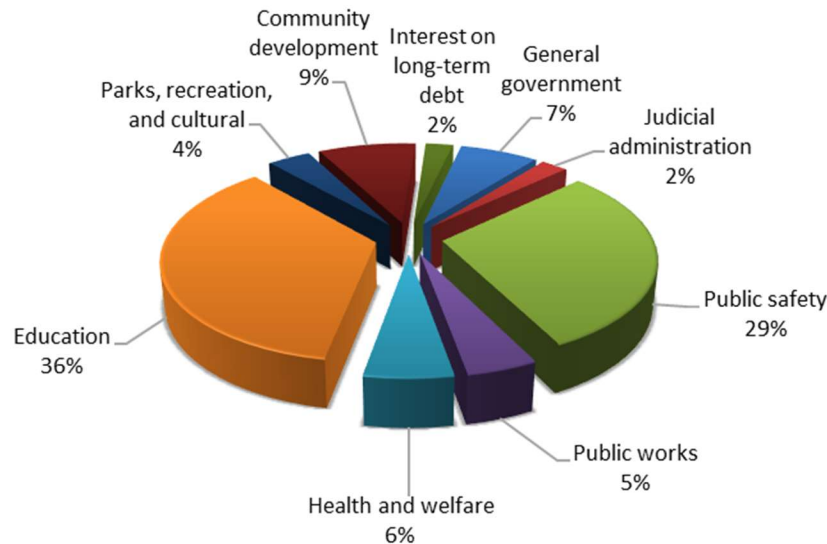


- Revenues: General property taxes increased approximately \$352,000 (0.7%). This remained level from the prior year as there was little change to real estate and used car values, unlike the previous year.
- Revenues: Operating grants and contributions increased \$3.5 million (26.7%) due to Public Safety grants.
- Revenues: Other local taxes increased \$201,000 (1.9%) due to an increase in business license and restaurant food taxes of \$149,000 and \$144,000, respectively and slight decreases or level earnings in nearly all other included taxes.
- Revenues: Use of Money and Property increased \$427,567 (11.5%) due to continued higher earnings from invested funds.
- Revenues: FY24 total revenues of \$92,776,899 were \$5.6 million (6.5%) greater than revenues of \$87,132,007 for FY23 due principally to increases in operating grants, use of money and property, and miscellaneous revenue.

Management's Discussion and Analysis

The following chart reflects the distribution of FY24 governmental expenses. As shown, education expenses account for 36% of total expenses, and when combined with public safety, expenses for these two categories are 65% of total expenses of \$85.2 million.

**Governmental Activities – Expenses by Function
For the Fiscal Year Ended June 30, 2024**



- Expenses: General Government Administration expenses totaling \$6 million increased \$913,000 (17.9%) from FY23. This category included an increase in salaries and benefits of \$465,000, increase in maintenance service contracts of \$160,000, and reassessment costs of \$472,000 in FY24.
- Expenses: Judicial Administration expenses totaling \$2 million decreased by \$87,000 (4.1%) for FY24. This was primarily due to an increase in salaries and benefits.
- Expenses: Public Safety expenses totaling \$25.2 million increased \$3.5 million (16.1%). This was due to an increase in salaries and benefits of \$1,835,000 and additional costs related to the new Emergency Communication department in FY24.
- Expenses: Public Works expenses totaling \$3.9 million remained relatively flat with an increase of \$17,000 (0.5%) as compared to FY23.
- Expenses: Health & Welfare expenses increased \$341,000 (7.6%). This was due to the cost of providing social services and at-risk youth (CSA) services.
- Expenses: Education expenses increased \$1.6 million (5.5%) due to activity regarding contributions to the County School Board.

Management's Discussion and Analysis

- Expenses: Parks, Recreation, and Culture totaling \$3.3 million increased by \$348,000 (11.8%). This was due to an increase in salaries and benefits of \$161,000 and the usage of the tourism ARPA grant received.
- Expenses: Community Development costs totaling \$7.5 million increased \$1.2 million (19.8%) for FY24. This increase is due to a \$1,167,000 (28%) increase in contributions to the Economic Development Authority.
- Expenses: Interest on Long-Term Debt decreased \$205,000 (8.9%) due to decreased interest expense relating to the \$30.8 million lease revenue bond for the Circuit Courthouse and Greenfield Expansion projects.
- Overall, for reasons cited above, FY24 expenses for governmental activities increased \$7.6 million (9.9%).

Financial Analysis of the Government's Funds

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

Governmental funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of financial resources. Such information is useful in assessing the County's financing requirements.

In comparing unassigned fund balances as a percentage of governmental fund expenditures, it can be noted that FY24's figure of 36.9% represents a decrease compared to FY23's figure of 46%. Total expenditures increased \$7.1 million (8.2%) due to increased expenses in the categories of General Government, Public Safety, Education, and Community Development.

At the end of the fiscal year, the County's governmental funds reported an ending fund balance of \$71,755,648, an increase of \$845,530 (1.2%) versus the prior year. There was a decrease in nonspendable fund balance for prepaids of \$586,000, an increase in committed fund balance of \$6.1 million, decrease in restricted fund balance of \$1.8 million and decrease in unassigned fund balance of \$6.4 million. Revenues increased \$5.3 million (5.9%), and FY24 expenditures increased \$7.1 million (8.2%) compared to FY23 expenditures (Exhibit 5). When compared to FY23, the FY24 unassigned (\$33,700,420) ending fund balance represents a 6.4 million (16.0%) decrease. Unassigned fund balance provides significant flexibility with respect to future discretionary spending.

As previously stated, the County's FY24 governmental fund balance increased \$846,000 (1.2%). Fiscal Year 2024 operational highlights include the following:

Revenues: Total FY24 revenues for the Primary Government increased \$5.3 million (5.9%).

- Local Revenues: (A) General property taxes increased \$165,000 (0.3%). Real Property taxes increased \$330,000 (1.0%) due to natural growth. Personal property taxes decreased \$522,000 (4.4%). (B) Other

Management's Discussion and Analysis

Local Taxes increased \$201,000 (1.9%), which included an increase of \$149,000 (12.6%) for Business License tax and \$144,000 (7.8%) for Restaurant Food tax. (C) Revenue from the use of money/property increased \$695,000 (18.4%) due to higher earnings on investments. (D) Charges for services for FY24 decreased \$51,000 (4.6%) primarily due to a \$39,000 decrease in charges for parks and recreation, courtroom security and sanitation/waste removal. (E) Miscellaneous revenue increased \$487,000 (41.5%) due to a construction bond settlement, sale of timber, as offset by a decrease in funds from sale of surplus property. Total Local Revenues were \$73.4 million for FY24 vs. \$71.6 million for FY23, representing an increase of \$1.8 million (2.6%). State Revenues: FY24 revenues of \$12.9 million from the State represent a \$1.0 million (7.4%) decrease from the previous year. This decrease is primarily due to the year over year decrease in DHCD VATI grant and VDOT Revenue Sharing Program funds received.

- Federal Revenues: These revenues totaled \$8.2 million, which represented a \$4.5 million (130.1%) increase due primarily to the receipt of federal recovery act funds.
- These subject revenues are shown in Exhibit 12.

Expenditures: Total expenditures of \$93.9 million for the Primary Government for FY24 increased \$7.1 million (8.2%). This increase was spread across all County functional areas as well as capital projects and debt service. Explanations of cost variances as compared to FY23 are as follows:

- General Government Administration's costs of \$6.1 million for FY24 increased \$1.1 million (22.6%). As with nearly all functional areas, there was a 7% compensation increase that mirrored the 7% increase provided by the Commonwealth to State employees and those County employees in state-supported functions, such as constitutional departments. Increases in technology costs related to enhanced cyber security measures also contributed to the increase. Additionally, approximately \$420,000 of the increase relates to costs associated with the real estate reassessment process
- Judicial Administration costs of \$2.0 million for FY24 represented a \$151,000 (8%) increase in expenditures, which was primarily due to the previously mentioned 7% compensation increase.
- Public Safety costs of \$26,675,953 were \$3.5 million (15.1%) greater than FY23. The compensation increase and multiple new public safety positions accounted for approximately \$2.3 million of the increase in wages and benefits cost. In addition, motor vehicle purchases resulted in increased costs for Sheriff and Fire-EMS.
- Public Works costs of \$3.3 million were \$190,000 (6.1%) greater than FY23 costs. This was driven primarily by an increase in maintenance service contracts.
- Health and Welfare costs of \$4.7 million were \$218,000 (4.9%) more than in FY23. The increase is directly related to Children's Services Act (CSA) expenditures having increased program activity.
- Education expense of \$29.2 resulted in a \$1.6 million (5.7%) increase due to increased contributions to the County School Board on a governmental basis.

Management's Discussion and Analysis

- Parks, Recreation, and Cultural expenses of \$3.0 million were \$273,000 (9.9%) more than FY23. The 7% compensation increase and additional personnel in the Sports Complex was the main driver, contributing to \$219,000 of the increase.
- Community Development costs totaling \$7.4 million increased \$1.2 million (18.6%) compared to FY23 costs. This increase can be attributed to an increase in Broadband projects activity.
- Capital Projects expenditures totaled \$4.8 million, which represents a \$926,000 (16.3%) decrease from FY23. An increase in project activity for the Public Safety Radio project occurred in FY24 but was offset by the decreased activity for the Circuit Courthouse project, netting an overall decrease.
- Debt Service costs of \$6.7 million are \$191,470 (2.8%) lower than FY23 due to the completion of debt payments related to the School Literary Fund borrowing and a decrease in lease payments.
- Expenditure categorization and activity is reflected in Exhibit 12.

General Fund Budgetary Highlights

Differences between the original budgeted expenditures and the final budgeted expenditures for the General Fund totaled \$56,320,396. This difference was primarily due to supplemental appropriations. Major components of this difference on a functional area and capital projects basis are as follows:

- General Government Administration – Supplemental Appropriations – decrease of \$489,000. Included in this functional category is a non-departmental original budget of \$1,975,000, of which \$1.6 million was allocated to other functional areas.
- Public Safety – Supplemental appropriations – increase of \$10.5 million. The major portion of the appropriations were for salary adjustments, and additional support for vehicle and equipment purchases for Sherriff and Animal Control due to higher costs.
- Public Works – increase of \$107,000. These were appropriations for Waste Management and Maintenance departments.
- Health and Welfare – increase of \$748,000. This includes appropriations totaling \$359,000 for Social Services and Van Program for seniors, and \$363,000 for additional CSA activity.
- Community Development – Supplemental appropriations – increase of \$5.9 million. Approximately 99% of the total supplemental appropriations pertained to contributions to the Economic Development Authority of Botetourt County.
- Capital Projects – Supplemental appropriations – increase of \$38.9 million. This was mainly comprised of appropriations for the Public Safety Radio project and reappropriation of prior year unspent proceeds for the Circuit Courthouse project.

Management's Discussion and Analysis

- All Other Functional Areas – Supplemental Appropriations – increase of \$602,000. These supplemental appropriations represent an increase of 0.7% to the overall budget for the areas of Judicial Administration, Education, Parks, Recreation & Cultural, and Debt Service.

The above-mentioned appropriations for amended budget expenditures account for approximately 100% of the difference between the original budget appropriation and the amended budget.

With respect to FY24 amended budget vs. actual results, general fund revenues for the primary government were approximately \$13.5 million (16.6%) over budget for the year. Results for revenues from local sources accounted for a \$5.5 million (8.0%) positive variance, due primarily to actual results vs. budget from a) General Property (+\$746,000), b) Revenue from the use of money/property (+\$3 million), c) Miscellaneous (+\$1.4 million). Intergovernmental budget versus actual revenue results yielded a positive variance primarily due to the use of ARPA grant funds.

Amended budget vs. actual results for general fund government expenditures for FY24 reflected a \$46.1 million (49%) positive variance, most notably due to budget vs actual savings for Capital Projects (\$35.5 million). Other notable savings were reflected in Public Safety (\$8.3 million).

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets for its governmental activities as of June 30, 2024 is \$70,838,521 (net of accumulated depreciation). This investment in capital assets includes land, leased land, buildings and system, leased buildings, machinery and equipment, leased machinery and equipment, construction in progress, and subscription assets. The total represents a \$1.8 million (2.6%) increase from the prior year.

Major capital asset transactions included the following for FY24:

- A \$1.8 million (3.6%) reduction in buildings due to an increase in accumulated depreciation.
- A \$3.2 million (57.6%) increase in construction-in-progress due to activity relating to the circuit courthouse renovation and Public Safety Radio projects.
- A \$705,000 (13.0%) increase in net machinery & equipment assets, which is attributed to the purchase of new machinery and equipment and increase in accumulated depreciation.

Management's Discussion and Analysis

A summary of capital asset balances follows:

County of Botetourt, Virginia Capital Assets for Governmental Activities (net of depreciation)

	Governmental activities	
	<u>2024</u>	<u>2023</u>
Land	\$ 5,447,579	\$ 5,447,579
Construction in progress	8,708,146	5,526,907
Leased land	56,416	72,966
Buildings	49,650,157	51,498,848
Leased buildings	692,485	803,426
Machinery and equipment	6,117,923	5,413,174
Leased machinery and equipment	59,578	81,270
Subscription assets	106,237	173,740
	<u> </u>	<u> </u>
Total	\$ 70,838,521	\$ 69,017,910
	<u> </u>	<u> </u>

Long-term debt

At the end of the fiscal year the County had the following outstanding obligations:

County of Botetourt's Outstanding Obligations

	Governmental activities	
	<u>2024</u>	<u>2023</u>
General obligation bonds	\$ 31,299,864	\$ 39,093,437
Revenue bond	35,050,949	31,593,753
Lease liabilities	849,552	989,260
Subscription liabilities	94,936	147,199
Landfill closure / post-closure	4,513,535	4,639,600
Compensated absences	896,920	814,504
Net OPEB liability	837,241	829,261
	<u> </u>	<u> </u>
Total	\$ 73,542,997	\$ 78,107,014
	<u> </u>	<u> </u>

Botetourt County's FY24 outstanding obligations for governmental activities totaled \$73,542,997, which represented a \$4.6 million (5.8%) decrease. This was primarily due to principal payments of \$3.9 million made for general obligation, revenue, and lease revenue bonds. In addition, landfill liabilities decreased by \$126,000..

Management's Discussion and Analysis

The County's debt policy establishes debt affordability limits. Results vs. these limits were as follows:

- Outstanding debt-per-capita, \$2,011 vs. Net Bonded debt Per Capita \$963
- Net bonded debt to assessed value, limit 4%, actual 0.61%
- Ratio of debt service to total general governmental expenditures, limit 10%, actual 7.66%.
- The County continues to maintain its AA bond ratings with all three credit rating agencies, including a positive FY22 credit rating review from Moody's Investors Service.

Additional information on the County's capital asset activity (Note 17) and long-term debt (Notes 7 through 14) can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The FY25 budget process was challenging once again with numerous requests for departmental, agency, and County component needs that required prioritization given the projected revenue levels from local, state, and federal sources. The FY25 Budget was adopted in June 2024.

The revenue portion of the FY25 County Budget includes a \$11.5 million (14.2%) increase vs. the FY24 Budget, with 85% of the revenue increase reflected in local revenues. The primary reason for the increase was a change in assessed value for real property, which resulted in an \$6.5 million (21%) increase in tax. There were also increases for the Machinery & Tools and Personal Property totaling \$2.2 million (36.9%) due to adjustments to the tax rates. Additionally, there was an increase in Restaurant Food tax of \$950,000 (52%) and in Earnings on Deposits of \$667,000 (107%) due to anticipated performance and higher interest earnings. State revenues are projected to increase \$576,000 (4.7%) due to state Compensation Board reimbursed salary increases and CSA reimbursements. Federal revenues are expected to increase \$35,000 due to an increase in public assistance/welfare and in federal Transportation Safety grant.

With respect to Federal ARPA (American Rescue Plan Act) funds, the remaining portion of the provided \$6.5 million budgeted was utilized in FY24, and therefore not reflected in the FY25 budget.

The expenditure portion of the County FY25 budget reflected a \$5.1 million (9.6%) increase in operational costs. This included a 3% increase in salaries due to a matching of the 3% increase the State is providing their employees and those employees in constitutional offices. The impact of the FY25 3% increase to the County for salaries and fringe benefits (before Compensation Board reimbursements and related adjustments) was budgeted for \$1.4 million and is included in a non-departmental area of the budget (Salary Adjustments). Also included in operations portion of the expenditure budget are ten (15) full-time personnel additions for Sheriff, Fire-EMS, Emergency Communications, Community Development, Parks & Rec, and Technology Services. The total cost (wages and benefits) of these personnel additions is approximately \$1 million.

In terms of functional areas, the General Government Administration area reflected a \$228,000 (3.7%) increase in expenditures vs. FY24. This was mainly related to increases for software for Human Resources and a continued emphasis on cybersecurity. Increased costs of technology maintenance contracts also contributed to the increase in General Government Administration. Public Safety expenditures increased \$4.3 million (17.9%) due to additional staff, an increase in the Sheriff vehicle replacement cost, and costs associated with the newly formed Emergency Communications department to support the Public Safety Radio project. There are also increased operational and contract costs for Animal Control. It should be noted that these increases exclude the

Management's Discussion and Analysis

3% compensation increase budgeted for FY25, but do reflect the 7% increase that was implemented in FY24. Public Works contains a \$91,000 (2.8%) increase compared to the FY24 budget due to increases in maintenance contracts and operating supplies for this area. There is a \$2 million (7%) increase in Education due to the increase in operational support for the School Division. Finally, there is a \$588,000 (5%) decrease in Non-Department expenditures related to the decrease in compensation adjustment increases from the prior year (7% for FY24 versus 3% for FY25) and includes a minor increase of \$250,000 for new debt service planned for FY25 for the radio system replacement project.

With respect to Capital Improvement Projects (CIP), the FY24 Budget contains \$1.9 million of funding, which is \$135,000 (8%) more than the FY24 CIP Budget. Community and Economic CIP items represent 41% of the total CIP budget, 29% in Maintenance, and 11% for the Treasurer. The remaining 19% of the funding for the FY25 Capital Improvement Plan is spread among Technology Services, Parks & Recreation, Library, and Waste Management.

Botetourt County has an Economic Development Authority (EDA) which relies heavily on County funding. With ongoing County economic development activity and the need to provide for local incentives in addition to providing for future projects, \$705,000 (\$25,000 or 3% decrease) was included in the budget as a contribution to the Botetourt County EDA.

The School portion of the FY25 budget calls for funding of \$30 million, which is a \$2 million (7%) increase. Of this additional funding, \$1 million is intended to be applied to capital project needs for BCPS.

The total FY25 Botetourt County budget of \$143.8 million (\$13.9 million, 11% increase) was approved in June 2024. The increase is primarily driving by additional budget for Public Safety and Education, and to support current and future capital project needs.

Additional Factors and finer points regarding the FY25 Budget are as follows:

- The most recent unemployment rate published (September 2024) for the County is 2.6 percent, which is the same for the same month one year ago. This is lower than both the State's September 2024 unemployment rate of 3.1 percent and the national rate of 3.9 percent for the same month.
- The School Board preliminary budget identified their priority needs which included new positions, compensation adjustments, and continued investment in technology. The use of a School Capital Reserve Fund (which is funded with annual school revenue dollars that exceed budget and annual school expenditure dollar savings compared to budget) provides a measure of resources to address relatively small capital-related projects and their associated costs. The State contribution to the Botetourt County Public Schools (BCPS) was increased by \$3 million in the FY25 budget. The County's contribution to BCPS increased \$2 million (7%) as compared to the FY24 budget.

As has been detailed, there are many initiatives incorporated into the FY25 Budget. At the end of the process, the FY25 Budget anticipates an addition to fund balance of \$3.4 million, to be utilized as needed for future year operations and capital project initiatives.

All these factors were considered in the preparation, development, and approval of Botetourt County's budget for the 2025 fiscal year.

Management's Discussion and Analysis

Contacting the County's Financial Management

This financial report is designed to provide readers with a general overview of the County of Botetourt's finances. The Component Unit Economic Development Authority (EDA) issues separate financial statements, while the Component Unit School Board does not. The EDA's financial statements may be obtained from the Botetourt County Financial Services Department (address below). Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Financial Services Department, 57 South Center Drive, Daleville, Virginia 24083. Also, please visit the County's website at www.co.botetourtva.gov

Basic Financial Statements

County of Botetourt, Virginia
Statement of Net Position
June 30, 2024

	Primary Government		Component Units	
	Governmental			
	Activities	School Board	EDA	
ASSETS				
Cash and cash equivalents	\$ 45,200,036	\$ 14,984,225	\$ 2,887,817	
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,414,758	-	-	
Accounts receivable	1,402,435	106,349	96,807	
Note receivable	-	-	271,800	
Leases receivable	1,488,698	-	4,074,457	
Due from component unit	4,539,476	-	-	
Due from primary government	-	-	2,166,968	
Due from other governmental units	3,076,477	5,434,910	315,075	
Inventories	-	86,539	5,134,884	
Prepaid items	1,227,003	-	-	
Restricted assets:				
Restricted:				
Cash and cash equivalents	30,021,543	-	-	
Net pension asset	665,889	-	-	
Capital assets, not being depreciated/amortized	14,155,725	1,916,240	541,796	
Capital assets, net of accumulated depreciation/amortization	56,682,796	27,260,216	5,022,970	
Total assets	\$ 159,874,836	\$ 49,788,479	\$ 20,512,574	
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	\$ 425,196	\$ -	\$ -	
Pension related items	3,261,108	9,971,065	-	
OPEB related items	266,991	1,989,412	-	
Total deferred outflows of resources	\$ 3,953,295	\$ 11,960,477	\$ -	
LIABILITIES				
Accounts payable	\$ 939,687	\$ 948,223	\$ 2,436,027	
Construction and retainage payables	-	613,388	-	
Accrued wages and health claims	386,773	5,696,054	-	
Accrued interest payable	742,117	-	-	
Due to primary government	-	4,539,476	-	
Due to component unit	2,166,968	-	-	
Due to other governments	497,850	-	-	
Unearned revenue	6,225,722	701,446	-	
Rebate arbitrage	709,875	-	-	
Long-term liabilities:				
Due within one year	4,937,064	720,214	-	
Due in more than one year	68,605,933	41,588,561	-	
Total liabilities	\$ 85,211,989	\$ 54,807,362	\$ 2,436,027	
DEFERRED INFLOWS OF RESOURCES				
Property taxes paid in advance	\$ 340,444	\$ -	\$ -	
Lease related items	1,388,961	-	4,035,063	
Pension related items	1,861,741	4,621,291	-	
OPEB related items	119,908	2,978,064	-	
Total deferred inflows of resources	\$ 3,711,054	\$ 7,599,355	\$ 4,035,063	
NET POSITION				
Net investment in capital assets	\$ 36,566,226	\$ 28,563,068	\$ 5,564,766	
Restricted				
Judicial administration	108,386	-	-	
Public safety	1,079,567	-	-	
Public works	97,724	-	-	
Health and welfare	860,989	-	-	
Parks, recreation, and cultural	162,354	-	-	
Cafeteria operations	-	1,557,423	-	
School activity fund	-	919,133	-	
School construction funds	-	1,274,282	-	
Net pension asset	665,889	-	-	
Unrestricted	35,363,953	(32,971,667)	8,476,718	
Total net position	\$ 74,905,088	\$ (657,761)	\$ 14,041,484	

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions		Primary Governmental Activities	Component Units	
			Grants and Contributions	Capital Grants and Contributions		School Board	EDA
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 6,028,789	\$ 354,568	\$ 438,305	\$ -	\$ (5,235,916)	\$ -	\$ -
Judicial administration	2,037,503	125,994	1,006,710	-	(904,799)	-	-
Public safety	25,150,951	1,025,634	10,005,019	-	(14,120,298)	-	-
Public works	3,875,572	313,115	-	-	(3,562,457)	-	-
Health and welfare	4,845,978	-	2,763,595	-	(2,082,383)	-	-
Education	30,316,914	-	-	-	(30,316,914)	-	-
Parks, recreation, and cultural	3,287,100	228,561	349,069	-	(2,709,470)	-	-
Community development	7,507,492	-	2,003,836	-	(5,503,656)	-	-
Interest on long-term debt	2,111,189	-	-	-	(2,111,189)	-	-
Total governmental activities	\$ 85,161,488	\$ 2,047,872	\$ 16,566,534	\$ -	\$ (66,547,082)	\$ -	\$ -
COMPONENT UNITS:							
School Board	\$ 69,791,725	\$ 3,328,876	\$ 41,005,279	\$ -	\$ -	\$ (25,457,570)	\$ -
Economic Development Authority	4,706,380	359,648	5,864,152	341,736	-	-	1,859,156
Total component units	\$ 74,498,105	\$ 3,688,524	\$ 46,869,431	\$ 341,736	\$ -	\$ (25,457,570)	\$ 1,859,156
General revenues:							
General property taxes					\$ 52,572,119	\$ -	\$ -
Other local taxes:							
Local sales and use taxes					4,670,242	-	-
Consumers' utility taxes					597,508	-	-
Business license taxes					1,334,894	-	-
Motor vehicle taxes					722,930	-	-
Restaurant food taxes					1,999,967	-	-
Other local taxes					1,590,844	-	-
Unrestricted revenues from the use of money					4,145,870	77,646	56,724
Miscellaneous					1,920,457	17,238	-
Grants and contributions not restricted to specific programs					4,607,662	30,264,414	-
Total general revenues					\$ 74,162,493	\$ 30,359,298	\$ 56,724
Change in net position					\$ 7,615,411	\$ 4,901,728	\$ 1,915,880
Net position - beginning					67,289,677	(5,559,489)	12,125,604
Net position - ending					\$ 74,905,088	\$ (657,761)	\$ 14,041,484

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

County of Botetourt, Virginia
Balance Sheet
Governmental Funds
June 30, 2024

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 42,644,330
Receivables (net of allowance for uncollectibles):	
Taxes receivable	1,414,758
Accounts receivable	1,402,435
Leases receivable	1,488,698
Due from component unit	4,539,476
Due from other governmental units	3,076,477
Prepaid items	1,227,003
Restricted assets:	
Cash and cash equivalents	30,021,543
Total assets	<u>\$ 85,814,720</u>
LIABILITIES	
Accounts payable	\$ 939,687
Due to component unit	2,166,968
Due to other governments	497,850
Unearned revenue	6,225,722
Rebate arbitrage	709,875
Total liabilities	<u>\$ 10,540,102</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue-property taxes	\$ 1,096,669
Property taxes paid in advance	340,444
Unavailable revenue-opioid settlement	593,159
Lease related items	1,488,698
Total deferred inflows of resources	<u>\$ 3,518,970</u>
FUND BALANCES	
Nonspendable	
Prepaid items	\$ 1,227,003
Committed	6,806,682
Restricted	30,021,543
Unassigned	33,700,420
Total fund balances	<u>\$ 71,755,648</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 85,814,720</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$	71,755,648
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets not being depreciated/amortized	\$	14,155,725	
Capital assets being depreciated/amortized		104,301,889	
Accumulated depreciation/amortization		<u>(47,619,093)</u>	70,838,521
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
Unavailable revenue - property taxes	\$	1,096,669	
Unavailable revenue - opioid settlement		593,159	
Leases receivable related items		99,737	
Net pension asset		<u>665,889</u>	2,455,454
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items	\$	3,261,108	
OPEB related items		<u>266,991</u>	3,528,099
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			2,168,933
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
General obligation bonds/revenue bonds	\$	(34,652,122)	
Deferred charges on refunding (to be amortized as interest expense)		425,196	
Lease revenue bond		(29,690,000)	
Bond premium (to be amortized over life of debt)		(2,008,691)	
Lease liabilities		(849,552)	
Subscription liabilities		(94,936)	
Accrued interest payable		(742,117)	
Landfill post-closure liability		(4,513,535)	
Compensated absences		(896,920)	
Net OPEB liability		<u>(837,241)</u>	(73,859,918)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(1,861,741)	
OPEB related items		<u>(119,908)</u>	(1,981,649)
Net position of governmental activities			<u>\$ 74,905,088</u>

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

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

	<u>General</u>
REVENUES	
General property taxes	\$ 52,561,073
Other local taxes	10,916,385
Permits, privilege fees, and regulatory licenses	568,798
Fines and forfeitures	79,697
Revenue from the use of money and property	4,477,556
Charges for services	1,046,577
Miscellaneous	1,661,951
Recovered costs	2,169,653
Intergovernmental	21,174,196
Total revenues	<u>\$ 94,655,886</u>
EXPENDITURES	
Current:	
General government administration	\$ 6,135,417
Judicial administration	1,984,628
Public safety	26,675,953
Public works	3,315,342
Health and welfare	4,696,880
Education	29,211,114
Parks, recreation, and cultural	3,028,648
Community development	7,361,534
Capital projects	4,766,412
Debt service:	
Principal retirement	4,202,332
Interest and other fiscal charges	2,513,760
Total expenditures	<u>\$ 93,892,020</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 763,866</u>
OTHER FINANCING SOURCES (USES)	
Issuance of subscription liabilities	\$ 81,664
Total other financing sources (uses)	<u>\$ 81,664</u>
Net change in fund balances	\$ 845,530
Fund balances - beginning	70,910,118
Fund balances - ending	<u><u>\$ 71,755,648</u></u>

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

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

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

Net change in fund balances - total governmental funds	\$	845,530
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the detail of items supporting this adjustment:

Capital outlays	\$ 6,177,495	
Depreciation/amortization expense	<u>(4,349,986)</u>	1,827,509

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

Gain (loss) on sale of assets	(6,898)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$ 11,046	
Opioid settlement	258,506	
Leases receivable related items	<u>21,114</u>	290,666

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

Debt issued or incurred:

Issuance of subscription liabilities	\$ (81,664)	
(Increase) decrease in accrued landfill post-closure liability	126,065	

Principal repayments:

General obligation bonds/revenue bonds/lease revenue bond/lease liabilities/subscription liabilities	<u>4,202,332</u>	4,246,733
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Change in compensated absences	\$ (82,416)	
Change in accrued interest payable	44,914	
Change in pension related items	640,290	
Change in OPEB related items	52,407	
Amortization of bond premium	407,680	
Amortization of deferred charge on refunding	<u>(50,023)</u>	1,012,852

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

(600,981)

Change in net position of governmental activities	\$	<u><u>7,615,411</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Botetourt, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2024

	Internal Service <u>Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,555,706
Total assets	<u>\$ 2,555,706</u>
LIABILITIES	
Current liabilities:	
Accrued health claims	\$ 386,773
Total liabilities	<u>\$ 386,773</u>
NET POSITION	
Unrestricted	\$ 2,168,933
Total net position	<u><u>\$ 2,168,933</u></u>

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

County of Botetourt, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2024

	Internal Service <u>Fund</u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 4,480,737
Total operating revenues	<u>\$ 4,480,737</u>
OPERATING EXPENSES	
Insurance claims and expenses	\$ 5,115,122
Total operating expenses	<u>\$ 5,115,122</u>
Operating income (loss)	<u>\$ (634,385)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 33,404
Total nonoperating revenues (expenses)	<u>\$ 33,404</u>
Change in net position	\$ (600,981)
Total net position - beginning	2,769,914
Total net position - ending	<u><u>\$ 2,168,933</u></u>

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

County of Botetourt, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 4,480,737
Payments for health claims	(5,199,850)
Net cash provided by (used for) operating activities	<u>\$ (719,113)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 33,404
Net cash provided by (used for) investing activities	<u>\$ 33,404</u>
Net increase (decrease) in cash and cash equivalents	\$ (685,709)
Cash and cash equivalents - beginning	3,241,415
Cash and cash equivalents - ending	<u><u>\$ 2,555,706</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	<u>\$ (634,385)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Increase (decrease) in health claims payable	(84,728)
Total adjustments	<u>\$ (84,728)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (719,113)</u></u>

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

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

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 190,611
Total assets	<u>\$ 190,611</u>
LIABILITIES	
Accounts payable	\$ 5,000
Total liabilities	<u>\$ 5,000</u>
NET POSITION	
Restricted:	
Amounts held for social services clients	\$ 63,042
Amounts held for employees	20,487
Amounts held for inmates	77,866
Amounts held for performance bond	24,216
Total net position	<u>\$ 185,611</u>
Total liabilities and net position	<u>\$ 190,611</u>

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

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

	Custodial Funds
ADDITIONS	
Gifts and donations	\$ 19,995
Contributions	65,916
Deposits from inmates	186,344
Performance bond payment	14,188
Total additions	<u>\$ 286,443</u>
DEDUCTIONS	
Special welfare payments	\$ 25,491
Benefit expenditures	63,158
Vendor payments for benefit of inmates	27,400
Inmate refunds	161,226
Return of funds to participants	38,500
Total deductions	<u>\$ 315,775</u>
Net increase (decrease) in fiduciary net position	\$ (29,332)
Total net position, beginning of year	<u>214,943</u>
Total net position, end of year	<u><u>\$ 185,611</u></u>

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

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

Blended component units - None

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County's discretely presented component units.

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

The Botetourt County Economic Development Authority (“EDA”) encourages and provides financing for industrial development in the County. The EDA board members are appointed by the Board of Supervisors. The EDA is fiscally dependent upon the County because the County provides significant funding and approves all debt issuances. In addition, the EDA does not have separate taxing powers. The EDA is presented as an enterprise fund type. Complete financial statements for the EDA may be obtained at the County’s administrative offices: 57 S Center Drive Daleville, Virginia 24083.

Related Organizations - The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointment.

Jointly Governed Organizations - The County, in conjunction with other localities, participates in supporting the Blue Ridge Community Services Board and the Regional Center for Animal Control and Protection (Pound). The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$75,000 to the Blue Ridge Community Services Board and \$382,030 to the Regional Center for Animal Control and Protection.

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

B. Government-wide and fund financial statements

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. The interfund services provided by and used for in the internal services fund are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of net position is designed to display 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.

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

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

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

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

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

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

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

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

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

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

The government reports the following major governmental fund:

The *General Fund* is the government's primary operating fund. It is used to account for and report for all financial resources of the general government, except those required to be accounted for and reported in other funds.

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

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

The government reports the following major proprietary funds:

The *Internal Service Fund* accounts for and reports the financing of goods and services provided by one department or agency to other departments or agencies of the County government. The self-insured health insurance plan is accounted for and reported in this fund.

Additionally, the government reports the following fund types:

Fiduciary funds account for and report assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Custodial funds include the Special Welfare, Cafeteria Plan, Inmate Account, Flexible Benefits Funds and Escrow Funds.

The School Board reports the following major fund types:

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's proprietary fund are charges to customers for insurance premiums. Operating expenses for proprietary funds include insurance claims and expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

1. Cash and cash equivalents

The government's cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Restricted cash and cash equivalents include unspent bond proceeds of \$28,305,682 at year end.

2. Investments

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

3. Receivables and payables

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

4. Property taxes

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

5. Allowance for uncollectible accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$106,487 at June 30, 2024 consisting of delinquent taxes.

6. Use of estimates

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

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

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

7. Compensated absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The County accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide financial statements.

8. Capital assets

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

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

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

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

8. Capital assets (Continued)

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

Assets	Years
Lease land	10-25
Buildings	40
Lease buildings	3-11
Building improvements	10-20*
Structures, lines, and accessories	20-40
Machinery and equipment	4-30
Lease machinery and equipment	5
Subscription assets	3

* up to the remaining life of the building

9. Pensions

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

10. Other postemployment benefit (OPEB) programs

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

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

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

11. Long-term obligations

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

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

12. 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." Governmental funds reported the following categories of fund balance, based on the nature of any limitation requiring the use of resources for specific purposes:

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

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

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

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

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

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

12. Fund balance (Continued)

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

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

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

13. Net position

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

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

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

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

14. 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.

15. Prepaid items

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

16. Restricted assets

Restricted assets consist of cash and cash equivalents that are legally restricted for use by enabling state legislation, grant awards or debt agreements.

17. Inventories

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

18. Self-insurance

The County was self-insured for health insurance beginning with the fiscal year ending June 30, 2012. The School Board was self-insured for health insurance beginning with the fiscal year ending June 30, 2015. Estimates for the accrued liability at the end of the year have been recorded.

19. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The County only has two items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to pension and OPEB, reference the related notes.

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

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

19. Deferred outflows/inflows of resources (Continued)

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

20. Leases and subscription-based IT arrangements

The County has various lease assets and subscription-based IT arrangements (SBITAs) 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. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

Lessee

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

Lessor

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

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

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

20. Leases and subscription-based IT arrangements (Continued)

Subscriptions

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

Key Estimates and Judgments

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

- The County uses the interest rate stated in lease or subscription 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 and subscription.
- The lease and subscription term includes the noncancellable period of the lease or subscription and certain periods covered by options to extend to reflect how long the lease or subscription 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 or subscription incentives and certain other payments are included in the measurement of the lease receivable (lessor), lease liability (lessee) or subscription liability.

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

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

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

B. Excess of expenditures over appropriations

For the fiscal year ended June 30, 2024, no expenditures exceeded appropriations.

C. Deficit fund balance

At June 30, 2024, there were no funds with negative equity.

D. Debt Limitations

There is no limitation imposed by state law or local ordinance on the amount of general obligation debt that a county may issue; however, with certain exceptions, all debt which is either directly or indirectly secured by the general obligation of a county must be approved at public referendum prior to issuance.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 3-Deposits and Investments:

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

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

Interest Rate Risk

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

Investment Maturities (in years)		
Investment Type	Fair Value	1 Year
Local Government Investment Pool	\$ 16,997,943	\$ 16,997,943
VML/VACO Virginia Investment Pool (VIP)	28,312,791	28,312,791
Totals	\$ 45,310,734	\$ 45,310,734

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 3-Deposits and Investments: (Continued)

Credit Risk of Debt Securities

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

Investment Maturities (in years)		
Investment Type	Fair Value	1 Year
Local Government Investment Pool	\$ 16,997,943	\$ 16,997,943
VML/VACO Virginia Investment Pool (VIP)	28,312,791	28,312,791
Totals	\$ 45,310,734	\$ 45,310,734

External Investment Pools

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

The primary government is a participant in the Virginia Investment Pool (VIP). VIP is a Section 115 governmental fund created under the Joint Exercise of Powers statute of the Commonwealth of Virginia to provide political subdivisions with an investment vehicle to pool surplus funds and to invest such funds into one or more investment portfolios under the direction and daily supervision of a professional fund manager. The VIP Trust is governed by a Board of Trustees. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County has measured fair value of the above VML/VACO Investment Pool investment at the net asset value (NAV). VML/VACO VIP allows the County to have the option to have access to withdrawal funds twice a month, with a five-day period notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources, one-time outlays (disasters, immediate capital needs, state budget cuts, and etc.).

Custodial Credit Risk

At year end, the County was not exposed to any custodial credit risk for deposits or investments. The County limits deposits to those banks fully collateralized under the Commonwealth's Security for Public Deposits Act. The County policy in regards to investments requires that all investments be held in the County's name. As of June 30, 2024, the County and Component Unit School Board did not hold any investments that were subject to custodial credit risk.

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 3-Deposits and Investments: (Continued)

Concentration of Credit Risk

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

Note 4-Due from/Due to Other Governmental Units:

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

	Primary Government	Component Unit- School Board
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 790,080	\$ -
Categorical aid-State sales tax	-	1,071,679
Categorical aid-Other	663,320	336,000
Non-categorical aid	28,063	-
Categorical aid-Virginia Public Assistance	53,473	-
Categorical aid-Comprehensive Services Act	167,285	-
<u>Federal Government:</u>		
Categorical aid-Virginia Public Assistance	82,282	-
Categorical aid-Other	1,291,974	4,027,231
Totals	<u>\$ 3,076,477</u>	<u>\$ 5,434,910</u>

During fiscal year 2024, the County received grant funding for the Town of Buchanan, Virginia's theater. The County holds the funds and the Town of Buchanan, Virginia requests reimbursement from the project expenses as they are incurred. At the end of the project, any remaining funds will be turned over to the Town of Buchanan, Virginia. At year-end, \$497,850 was shown as due to other governments related to the Town of Buchanan, Virginia's theater project.

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COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 5-Interfund/Component Unit Obligations:

Interfund obligations at June 30, 2024, consisted of the following:

	Due from	Due to
Component Unit-School Board:		
School Operating Fund	\$ 67,834	\$ -
School Activity Fund	-	67,834
Total	<u>\$ 67,834</u>	<u>\$ 67,834</u>

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

	Due from	Due to
Primary Government:		
Governmental Activities	\$ 4,539,476	\$ 2,166,968
Component Unit:		
School Board	-	4,539,476
EDA	2,166,968	-
Total	<u>\$ 6,706,444</u>	<u>\$ 6,706,444</u>

Note 6-Interfund Transfers/Component Unit Contributions:

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

	Transfer In	Transfers Out
Component Unit-School Board:		
School Operating Fund	\$ 263,781	\$ 160,872
School Activity Fund	160,872	263,781
Total	<u>\$ 424,653</u>	<u>\$ 424,653</u>

Primary government contributions to component units for the year ended June 30, 2024, consisted of the following:

Component Unit:	
School Board	\$ 29,158,614
EDA	5,864,152
Total	<u>\$ 35,022,766</u>

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

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 7-Long-Term Obligations:

Primary Government - Governmental Activities Obligations:

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

	Balance July 1, 2023	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2024
Direct Borrowings and Placements:				
General Obligation and Revenue Bonds	\$ 37,925,819	\$ -	\$ (3,273,697)	\$ 34,652,122
Lease revenue bond	30,345,000	-	(655,000)	29,690,000
Unamortized Premium	2,416,371	-	(407,680)	2,008,691
Lease liabilities	989,260	-	(139,708)	849,552
Subscription liabilities	147,199	81,664	(133,927)	94,936
Landfill post-closure liability	4,639,600	-	(126,065)	4,513,535
Compensated absences	814,504	693,294	(610,878)	896,920
Net OPEB liability	829,261	397,126	(389,146)	837,241
Total	<u>\$ 78,107,014</u>	<u>\$ 1,172,084</u>	<u>\$ (5,736,101)</u>	<u>\$ 73,542,997</u>

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COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 7-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Obligations: (Continued)

For governmental activities, compensated absences, landfill closure/post-closure liability, net pension liability, and net OPEB liability are generally liquidated in the General Fund.

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

Year Ending June 30,	Direct Borrowings and Placements		Lease Revenue Bond	
	Principal	Interest	Principal	Interest
2025	\$ 3,394,305	\$ 1,334,793	\$ 675,000	\$ 1,064,800
2026	3,395,808	1,174,421	700,000	1,037,800
2027	3,549,593	1,009,940	730,000	1,009,800
2028	2,417,803	870,526	750,000	987,900
2029	2,483,448	757,379	780,000	957,900
2030-2034	12,231,165	2,300,848	4,390,000	4,296,100
2035-2039	7,180,000	654,496	5,345,000	3,344,900
2040-2044	-	-	5,925,000	2,304,675
2045-2049	-	-	6,170,000	1,349,906
2050-2052	-	-	4,225,000	288,394
Totals	<u>\$ 34,652,122</u>	<u>\$ 8,102,403</u>	<u>\$ 29,690,000</u>	<u>\$ 16,642,175</u>

Year Ending June 30,	Lease Liabilities		Subscription Liabilities	
	Principal	Interest	Principal	Interest
2025	\$ 142,189	\$ 14,774	\$ 52,880	\$ 3,342
2026	145,651	12,348	20,331	1,527
2027	129,742	9,913	21,725	789
2028	83,484	7,850	-	-
2029	83,778	6,206	-	-
2030-2032	264,708	8,086	-	-
Totals	<u>\$ 849,552</u>	<u>\$ 59,177</u>	<u>\$ 94,936</u>	<u>\$ 5,658</u>

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 7-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Obligations: (Continued)

Details of long-term obligations:

Type/ Project	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements:						
Revenue Bonds:						
2017 School Energy Program - VRA ⁽¹⁾	3.75%	7/5/2017	2033	\$ 6,512,144	\$ 4,292,128	\$ 426,646
General Obligation Bonds:						
Fire Truck Loan	4.25%	8/6/2013	2029	446,372	85,367	18,032
2018 Fire Truck Loan	2.8769%	5/1/2018	2025	1,188,185	184,627	184,627
School construction - VPSA	4.1% - 5.1%	5/11/2006	2026	15,890,000	3,465,000	1,100,000
Jail Construction Bond - VRA	2.011%-5.125%	8/14/2014	2033	13,150,000	8,490,000	780,000
School construction - VPSA	3.05%-5.05%	5/15/2018	2039	21,265,000	18,135,000	885,000
Total General Obligation Bonds					\$ 30,359,994	\$ 2,967,659
Add:						
Unamortized premium on Issuance	n/a	n/a	n/a	n/a	\$ 939,870	\$ -
Net General Obligation Bonds					\$ 31,299,864	\$ 2,967,659
Total Direct Borrowings and Placements					\$ 35,591,992	\$ 3,394,305
Revenue Bond:						
2022 Lease revenue bond	3.375% - 4.0%	3/30/2022	2052	\$ 30,790,000	\$ 29,690,000	\$ 675,000
Add:						
Unamortized premium on Issuance	n/a	n/a	n/a	n/a	\$ 1,068,821	\$ -
Net Revenue Bond					\$ 30,758,821	\$ 675,000
Lease Liabilities:						
Copier ⁽²⁾	0.76%	11/1/2019	2025	\$ 6,487	\$ 440	\$ 440
Copier ⁽²⁾	0.76%	11/1/2019	2025	6,487	440	440
Office building ⁽²⁾	1.41%	12/1/2016	2027	324,783	82,636	33,853
Cell tower site ⁽²⁾	2.00%	1/1/2018	2027	110,866	37,542	12,013
Cell tower site ⁽²⁾	2.00%	10/1/2002	2028	117,965	18,865	5,675
Office building ⁽²⁾	2.00%	6/1/2021	2032	848,229	650,566	70,765
Copiers	0.76%	8/1/2022	2027	83,838	52,046	16,745
Copier	0.76%	8/1/2022	2027	3,963	2,460	792
Copier	0.76%	8/1/2022	2027	7,340	4,557	1,466
Total Lease Liabilities					\$ 849,552	\$ 142,189
Subscription Liabilities:						
ESRI ⁽³⁾	0.76%	10/1/2022	2025	\$ 101,662	\$ 33,875	\$ 33,875
Munis and Cashiering ⁽³⁾	0.76%	7/13/2021	2024	241,695	61,061	19,005
Total Subscription Liabilities					\$ 94,936	\$ 52,880
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 896,920	\$ 672,690
Landfill post-closure liability	n/a	n/a	n/a	n/a	4,513,535	-
Net OPEB liability	n/a	n/a	n/a	n/a	837,241	-
Total Other Obligations					\$ 6,247,696	\$ 672,690
Total Long-term obligations					\$ 73,542,997	\$ 4,937,064

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 7-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Obligations: (Continued)

Details of long-term obligations: (Continued)

⁽¹⁾ This bond is considered an operating debt as same was used for energy savings improvements for the Component Unit School Board.

⁽²⁾ The lease issue date and amount of original issue are from the onset of the lease agreement. The amounts included in the GASB Statement No. 87 implementation are as of July 1, 2021, the date of implementation. Original information is included for informational purposes only.

⁽³⁾ The subscription lease issue date and amount of original issue are from the onset of the lease agreement. The amounts included in the GASB Statement No. 96 implementation are as of July 1, 2022, the date of implementation. Original information is included for informational purposes

The locality's direct borrowings and placements revenue bond and general obligation bonds are subject to the state aid intercept program. Under terms of the program, the County's State aid is redirected to bond holders to cure any event(s) of default. In addition, VRA and VPSA bonds can be called in their entirety if an event of default occurs.

In the event of default, the locality's leave revenue bond bondholder's may accelerate payment of the Bond. The lease revenue bond is secured by the Courthouse.

Note 8-Long-Term Obligations-Component Unit:

Discretely Presented Component Unit School Board Obligations:

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

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Compensated absences	\$ 929,170	\$ 727,993	\$ (696,878)	\$ 960,285
Net pension liabilities	30,629,120	16,042,211	(13,954,963)	32,716,368
Net OPEB liabilities	8,944,420	1,737,028	(2,049,326)	8,632,122
Total	<u>\$ 40,502,710</u>	<u>\$ 18,507,232</u>	<u>\$ (16,701,167)</u>	<u>\$ 42,308,775</u>

Compensated absences, pension liabilities, and net OPEB liabilities of the Component Unit School Board are liquidated by the School Operating Fund.

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COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 8-Long-Term Obligations-Component Unit: (Continued)

Discretely Presented Component Unit School Board Obligations: (Continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 960,285	\$ 720,214
Net OPEB Liabilities	n/a	n/a	n/a	n/a	8,632,122	-
Net Pension Liabilities	n/a	n/a	n/a	n/a	32,716,368	-
Total long-term obligations					\$ 42,308,775	\$ 720,214

Note 9-Pension Plans:

Aggregate Pension Information

The following is a summary of deferred outflows, deferred inflows, net pension liabilities (assets), and pension expense for the year ended June 30, 2024.

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 3,261,108	\$ 1,861,741	\$ (665,889)	\$ 1,309,268	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	492,341	226,790	934,263	65,087
School Board Professional	-	-	-	-	9,478,724	4,394,501	31,782,105	2,655,300
Totals	\$ 3,261,108	\$ 1,861,741	\$ (665,889)	\$ 1,309,268	\$ 9,971,065	\$ 4,621,291	\$ 32,716,368	\$ 2,720,387

Plan Description

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

Note 9-Pension Plans: (Continued)

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 creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- 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 9-Pension Plans: (Continued)***Average Final Compensation and Service Retirement Multiplier***

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

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

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

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	170	165
Inactive members:		
Vested inactive members	76	40
Non-vested inactive members	114	86
Inactive members active elsewhere in VRS	113	31
Total inactive members	303	157
Active members	276	126
Total covered employees	749	448

Note 9-Pension Plans: (Continued)

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2024 was 11.14% 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 \$1,953,894 and \$1,738,058 for the years ended June 30, 2024 and June 30, 2023, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2024 was 8.01% 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 \$271,473 and \$249,927 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net Pension Liability (Asset)

The net pension liability (asset) (NPL/A) 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 net pension asset and Component Unit School Board's (nonprofessional) net pension liability were measured as of June 30, 2023. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions - General Employees

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

Note 9-Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**Note 9-Pension Plans: (Continued)*****Actuarial Assumptions - General Employees (Continued)***

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

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

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

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

Note 9-Pension Plans: (Continued)

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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Note 9-Pension Plans: (Continued)***Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)***

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

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

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

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Note 9-Pension Plans: (Continued)***Long-Term Expected Rate of Return***

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

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

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

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

Note 9-Pension Plans: (Continued)

Discount Rate

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024Note 9-Pension Plans: (Continued)*Changes in Net Pension Liability (Asset)*

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 63,012,547	\$ 64,528,214	\$ (1,515,667)
Changes for the year:			
Service cost	\$ 2,221,294	\$ -	\$ 2,221,294
Interest	4,284,280	-	4,284,280
Differences between expected and actual experience	1,006,813	-	1,006,813
Contributions - employer	-	1,738,058	(1,738,058)
Contributions - employee	-	791,491	(791,491)
Net investment income	-	4,172,615	(4,172,615)
Benefit payments, including refunds	(3,526,065)	(3,526,065)	-
Administrative expenses	-	(41,230)	41,230
Other changes	-	1,675	(1,675)
Net changes	\$ 3,986,322	\$ 3,136,544	\$ 849,778
Balances at June 30, 2023	\$ 66,998,869	\$ 67,664,758	\$ (665,889)

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**Note 9-Pension Plans: (Continued)****Changes in Net Pension Liability (Asset) (Continued)**

	Component Unit-School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 14,042,954	\$ 13,632,214	\$ 410,740
Changes for the year:			
Service cost	\$ 318,774	\$ -	\$ 318,774
Interest	941,798	-	941,798
Differences between expected and actual experience	531,950	-	531,950
Contributions - employer	-	249,927	(249,927)
Contributions - employee	-	157,814	(157,814)
Net investment income	-	869,725	(869,725)
Benefit payments, including refunds	(818,328)	(818,328)	-
Administrative expenses	-	(8,815)	8,815
Other changes	-	348	(348)
Net changes	\$ 974,194	\$ 450,671	\$ 523,523
Balances at June 30, 2023	\$ 15,017,148	\$ 14,082,885	\$ 934,263

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

The following presents the net pension liability (asset) of the County and Component Unit School Board (nonprofessional) using the discount rate of 6.75%, as well as what the County's and Component Unit School Board's (nonprofessional) net pension liability 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		
	(5.75%)	(6.75%)	(7.75%)
County's			
Net Pension Liability (Asset)	\$ 8,551,679	\$ (665,889)	\$ (8,228,774)
Component Unit School Board's (Nonprofessional)			
Net Pension Liability (Asset)	\$ 2,583,776	\$ 934,263	\$ (475,386)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**Note 9-Pension Plans: (Continued)*****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended June 30, 2024, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$1,309,268 and \$65,087, 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:

	Primary Government		Component Unit-School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 758,991	\$ 863,011	\$ 220,868	\$ -
Changes of assumptions	548,223	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	998,730	-	226,790
Employer contributions subsequent to the measurement date	1,953,894	-	271,473	-
Total	\$ 3,261,108	\$ 1,861,741	\$ 492,341	\$ 226,790

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**Note 9-Pension Plans: (Continued)**

\$1,953,894 and \$271,473 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/increase of the Net Pension Liability/Asset in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit-School Board (nonprofessional)</u>
2025	\$ (329,234)	\$ 61,484
2026	(1,330,703)	(271,127)
2027	1,075,794	196,459
2028	29,616	7,262

Pension Plan Data

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

Component Unit School Board (Professional)**Plan Description**

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employer contribution rate for the year ended June 30, 2024 was 16.62% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school divisions were \$5,301,630 and \$4,963,836 for the years ended June 30, 2024 and June 30, 2023, respectively.

Note 9-Pension Plans: (Continued)

Contributions (Continued)

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

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

At June 30, 2024, the school division reported a liability of \$31,782,105 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion was 0.31445% as compared to 0.31740% at June 30, 2022.

For the year ended June 30, 2024, the school division recognized pension expense of \$2,655,300. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

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Note 9-Pension Plans: (Continued)**Component Unit School Board (Professional) (Continued)*****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

At June 30, 2024, 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	\$ 2,730,110	\$ 1,240,274
Changes of assumptions	1,440,794	-
Net difference between projected and actual earnings on pension plan investments	-	2,066,478
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,190	1,087,749
Employer contributions subsequent to the measurement date	5,301,630	-
Total	<u>\$ 9,478,724</u>	<u>\$ 4,394,501</u>

\$5,301,630 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 fiscal the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2025	\$ (1,007,885)
2026	(2,202,314)
2027	2,422,198
2028	570,594

Note 9-Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions

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

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

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 standard rates

Note 9-Pension Plans: (Continued)**Component Unit School Board (Professional) (Continued)*****Actuarial Assumptions (Continued)***

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

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

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Note 9-Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Net Pension Liability

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

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

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

Long-Term Expected Rate of Return

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 9-Pension Plans: (Continued)**Component Unit School Board (Professional) (Continued)*****Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 56,338,337	\$ 31,782,105	\$ 11,594,863

Pension Plan Fiduciary Net Position

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

Note 10-Aggregate OPEB Information:

The following is a summary of deferred outflows, deferred inflows, net OPEB liabilities, and OPEB expense for the year ended June 30, 2024.

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Plan:								
County	\$ 266,991	\$ 119,908	\$ 837,241	\$ 54,712	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	64,263	35,729	176,419	11,093
School Board Professional	-	-	-	-	370,540	308,872	1,568,342	33,694
Health Insurance Credit Plan								
School Board Nonprofessional	-	-	-	-	34,170	10,776	158,050	14,855
School Board Professional	-	-	-	-	489,439	368,687	3,742,311	227,624
School Stand-Alone Plan	-	-	-	-	1,031,000	2,254,000	2,987,000	(24,000)
Totals	\$ 266,991	\$ 119,908	\$ 837,241	\$ 54,712	\$ 1,989,412	\$ 2,978,064	\$ 8,632,122	\$ 263,266

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

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,254 as of June 30, 2024.

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

Contributions

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

Contributions to the GLI Plan from the County were \$100,037 and \$88,791 for the years ended June 30, 2024 and June 30, 2023, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (nonprofessional) were \$20,641 and \$18,705 for the years ended June 30, 2024 and June 30, 2023, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (professional) were \$178,681 and \$166,333 for the years ended June 30, 2024 and June 30, 2023, respectively.

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

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

At June 30, 2024, the County reported a liability of \$837,241 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2024, the Component Unit School Board (nonprofessional) reported a liability of \$176,419 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2024, the Component Unit School Board (professional) reported a liability of \$1,568,342 for its proportionate share of the Net GLI OPEB Liability.

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

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

The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2023, the County's proportion was 0.06981% as compared to 0.06887% at June 30, 2022.

At June 30, 2023, the Component Unit School Board (nonprofessional) proportion was 0.01471% as compared to 0.01295% at June 30, 2022.

At June 30, 2023, the Component Unit School Board (professional) proportion was 0.13078% as compared to 0.13360% at June 30, 2022.

For the year ended June 30, 2024, the County recognized GLI OPEB expense of \$54,712. 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.

For the year ended June 30, 2024, the Component Unit School Board (nonprofessional) recognized GLI OPEB expense of \$11,093. 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.

For the year ended June 30, 2024, the Component Unit School Board (professional) recognized GLI OPEB expense of \$33,694. 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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)*****GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)***

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

	Primary Government		Component Unit School Board (Nonprofessional)		Component Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 83,620	\$ 25,415	\$ 17,620	\$ 5,355	\$ 156,639	\$ 47,607
Net difference between projected and actual earnings on GLI OPEB plan investments	-	33,645	-	7,090	-	63,025
Change in assumptions	17,896	58,007	3,771	12,223	33,524	108,661
Changes in proportionate share	65,438	2,841	22,231	11,061	1,696	89,579
Employer contributions subsequent to the measurement date	100,037	-	20,641	-	178,681	-
Total	\$ 266,991	\$ 119,908	\$ 64,263	\$ 35,729	\$ 370,540	\$ 308,872

\$100,037, \$20,641 and \$178,681 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's, Component Unit School Board (Nonprofessional), and Component Unit School Board (Professional), respectively, contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (Nonprofessional)	Component Unit School Board (Professional)
2025	\$ 15,040	\$ 1,495	\$ (38,843)
2026	(15,322)	(6,127)	(87,919)
2027	27,997	4,223	6,590
2028	9,108	2,892	(6,491)
2029	10,223	5,410	9,650

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

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**Actuarial Assumptions: (Continued)****Mortality Rates - Teachers (Continued)**

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

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

Mortality Rates - Non-Largest Ten Locality Employers - General Employees**Pre-Retirement:**

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**Actuarial Assumptions: (Continued)****Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)**

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

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

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees**Pre-Retirement:**

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

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

Actuarial Assumptions: (Continued)

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

Mortality Improvement Scale:

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

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

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

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

NET GLI OPEB Liability

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

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

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)*****Long-Term Expected Rate of Return***

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

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

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

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

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)***Discount Rate***

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the 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 GLI Plan Net OPEB Liability	\$ 1,241,052	\$ 837,241	\$ 510,756
Component Unit-School Board (Nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	\$ 261,508	\$ 176,419	\$ 107,624
Component Unit-School Board (Professional) proportionate share of the GLI Plan Net OPEB Liability	\$ 2,324,773	\$ 1,568,342	\$ 956,763

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

Group Life Insurance Plan Fiduciary Net Position

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

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

Component Unit School Board (Nonprofessional)

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

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

Component Unit 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, 2022 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	59
Vested inactive members	4
Active members	157
Total covered employees	<u>220</u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Component Unit School Board's (Nonprofessional) contractually required employer contribution rate for the year ended June 30, 2024 was 0.80% 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 Component Unit School Board (Nonprofessional) to the HIC Plan were \$30,580 and \$27,656 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net HIC OPEB Liability

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

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

Component Unit School Board (Nonprofessional) (Continued)

Actuarial Assumptions

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**Component Unit School Board (Nonprofessional) (Continued)*****Actuarial Assumptions: (Continued)*****Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)**

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

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)****Component Unit School Board (Nonprofessional) (Continued)*****Long-Term Expected Rate of Return***

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)****Component Unit School Board (Nonprofessional) (Continued)*****Discount Rate***

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

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 277,014	\$ 104,614	\$ 172,400
Changes for the year:			
Service cost	\$ 4,165	\$ -	\$ 4,165
Interest	18,377	-	18,377
Differences between expected and actual experience	(2,584)	-	(2,584)
Contributions - employer	-	27,656	(27,656)
Net investment income	-	6,235	(6,235)
Benefit payments	(17,850)	(17,850)	-
Administrative expenses	-	(142)	142
Other changes	-	559	(559)
Net changes	\$ 2,108	\$ 16,458	\$ (14,350)
Balances at June 30, 2023	\$ 279,122	\$ 121,072	\$ 158,050

Note 12-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**Component Unit School Board (Nonprofessional) (Continued)*****Sensitivity of the Component Unit School Board's (Nonprofessional) HIC Net OPEB Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Component Unit School Board (Nonprofessional)			
Net HIC OPEB Liability	\$ 185,682	\$ 158,050	\$ 134,347

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

For the year ended June 30, 2024, the Component Unit School Board (Nonprofessional) recognized HIC Plan OPEB expense of \$14,855. At June 30, 2024, the Component Unit School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the Component Unit School Board's (Nonprofessional) HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience \$	528	\$ 5,975
Net difference between projected and actual earnings on HIC OPEB plan investments	-	238
Change in assumptions	3,062	4,563
Employer contributions subsequent to the measurement date	30,580	-
Total	\$ 34,170	\$ 10,776

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

Component Unit School Board (Nonprofessional) (Continued)

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

\$30,580 reported as deferred outflows of resources related to the HIC OPEB resulting from the Component Unit School Board's (Nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2025	\$ (2,614)
2026	(4,360)
2027	(447)
2028	235

HIC Plan Data

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

Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

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

Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Plan Description (Continued)

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2024 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$400,378 and \$372,710 for the years ended June 30, 2024 and June 30, 2023, respectively.

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

Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)***Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB***

At June 30, 2024, the school division reported a liability of \$3,742,311 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2023 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion of the VRS Teacher Employee HIC Program was 0.3089% as compared to 0.3117% at June 30, 2022.

For the year ended June 30, 2024, the school division recognized VRS Teacher HIC OPEB expense of \$227,624. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 164,718
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	1,878	-
Change in assumptions	87,115	3,771
Change in proportionate share and difference between actual and expected contributions	68	200,198
Employer contributions subsequent to the measurement date	400,378	-
Total	\$ 489,439	\$ 368,687

Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

\$400,378 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2025	\$ (77,078)
2026	(64,629)
2027	(41,860)
2028	(50,010)
2029	(33,256)
Thereafter	(12,793)

Actuarial Assumptions

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

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

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Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

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

Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2023, 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	\$	1,475,471
Plan Fiduciary Net Position		264,054
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<u>1,211,417</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		17.90%

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

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Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)***Long-Term Expected Rate of Return***

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

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

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

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

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Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

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

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

The following presents the school division's proportionate share of the VRS Teacher Employee HIC 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	\$ 4,232,971	\$ 3,742,311	\$ 3,326,518

Teacher Employee HIC OPEB Fiduciary Net Position

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

Note 14-Other Postemployment Benefits - Health Insurance:

Plan Description

The School Board administers a single-employer defined benefit healthcare plan, The Botetourt County Public Schools Post Retirement Health Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees include health insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. An eligible School Board retiree may receive this benefit until the retiree is eligible to receive Medicare. To be eligible for this benefit a retiree must have 10 years of service with the School Board and the employee must be eligible to retire from the School Board under the Virginia Retirement System. The benefits, employee contributions and the employer contributions are governed by the School Board and can be amended through School Board action. The plan is closed to new entrants.

Plan Membership

At July 1, 2023 (measurement date), the following employees were covered by the benefit terms:

Total active employees	619
Total retirees with coverage	<u>24</u>
Total	<u><u>643</u></u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2024 was \$315,000.

Total OPEB Liability

The School Board's total OPEB liability was measured as of July 1, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of July 1, 2022 and rolled forward to the measurement date of July 1, 2023.

Note 14-Other Postemployment Benefits - Health Insurance: (Continued)***Actuarial Assumptions***

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

Salary Increases	Future salaries are assumed to increase by 2.50% annually.
Healthcare Cost Trend Rates	0.00% for fiscal year end 2023 (to reflect actual experience), then 6.50% for fiscal year end 2024, decreasing 0.25% per year to an ultimate rate of 5.00%
Discount Rate	3.86%

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

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

Changes in Total OPEB Liability

		Component Unit School Board <u>Total OPEB Liability</u>
Beginning Balance	\$	3,114,000
Changes for the year:		
Service cost		125,000
Interest		114,000
Difference between expected and actual experience		20,000
Benefit payments		(315,000)
Other changes		(71,000)
Net changes	\$	<u>(127,000)</u>
Ending Balance	\$	<u>2,987,000</u>

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Note 14-Other Postemployment Benefits - Health Insurance: (Continued)***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.86%) or one percentage point higher (4.86%) than the current discount rate:

Rate		
1% Decrease (2.86%)	Current Discount Rate (3.86%)	1% Increase (4.86%)
\$ 3,439,000	\$ 2,987,000	\$ 2,624,000

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

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.50% decreasing by 0.25% annually to an ultimate rate of 4.00%) or one percentage point higher (4.50% decreasing by 0.25% annually to an ultimate rate of 6.00%) than the current healthcare cost trend rates (6.50% decreasing by 0.25% annually to an ultimate rate of 5.00%):

Rate		
1% Decrease (as noted above)	Healthcare Cost Trend (as noted above)	1% Increase (as noted above)
\$ 2,535,000	\$ 2,987,000	\$ 3,569,000

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 14-Other Postemployment Benefits - Health Insurance: (Continued)

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

For the year ended June 30, 2024, the School Board recognized OPEB expense in the amount of \$(24,000). At June 30, 2024, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 18,000	\$ 1,331,000
Changes in assumptions	698,000	923,000
Employer contributions subsequent to the measurement date	315,000	-
Total	\$ <u>1,031,000</u>	\$ <u>2,254,000</u>

\$315,000 reported as deferred outflows of resources related to OPEB resulting from the Component Unit School Board's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in the OPEB expense in future reporting periods as follows:

Year Ended June 30

2025	\$ (274,000)
2026	(274,000)
2027	(274,000)
2028	(232,000)
2029	(162,000)
Thereafter	(322,000)

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.

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Note 15-Line of Duty Act (LODA) (OPEB Benefits):

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2024 was \$63,367.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**Note 16-Unearned and Deferred/Unavailable Revenue:**

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

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Deferred/unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings are not available for the funding of current expenditures	\$ -	\$ 1,096,669
Prepaid property taxes due after June 30 but paid in advance by taxpayers	340,444	340,444
Unavailable opioid settlement proceeds representing uncollected opioid settlement proceeds not available for the funding of current expenditures	-	593,159
Total deferred/unavailable revenue	<u>\$ 340,444</u>	<u>\$ 2,030,272</u>
Unearned revenue:		
Unspent Governor's Opportunity Funds received during the previous fiscal years	\$ 200,000	\$ 200,000
Unspent Community Foundation grant received during the previous fiscal years	50,000	50,000
Unspent museum grant funds received during the current fiscal year	5,831,175	5,831,175
Unspent LATCF grant funds received during the current fiscal year	144,547	144,547
	<u>\$ 6,225,722</u>	<u>\$ 6,225,722</u>

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 17-Capital Assets:

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

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 5,447,579	\$ -	\$ -	\$ 5,447,579
Construction in progress	5,526,907	3,589,219	(407,980)	8,708,146
Total capital assets not being depreciated/amortized	<u>\$ 10,974,486</u>	<u>\$ 3,589,219</u>	<u>\$ (407,980)</u>	<u>\$ 14,155,725</u>
Capital assets, being depreciated/amortized:				
Lease land	\$ 105,976	\$ -	\$ -	\$ 105,976
Buildings and improvements	78,591,522	280,549	-	78,872,071
Lease buildings and improvements	1,024,702	-	-	1,024,702
Machinery and equipment	22,024,092	2,634,043	(804,645)	23,853,490
Lease machinery and equipment	103,839	-	-	103,839
Subscription assets	375,174	81,664	(115,027)	341,811
Total capital assets being depreciated/amortized	<u>\$ 102,225,305</u>	<u>\$ 2,996,256</u>	<u>\$ (919,672)</u>	<u>\$ 104,301,889</u>
Accumulated depreciation/amortization:				
Lease land	\$ (33,010)	\$ (16,550)	\$ -	\$ (49,560)
Buildings and improvements	(27,092,674)	(2,129,240)	-	(29,221,914)
Lease buildings and improvements	(221,276)	(110,941)	-	(332,217)
Machinery and equipment	(16,610,918)	(1,922,396)	797,747	(17,735,567)
Lease machinery and equipment	(22,569)	(21,692)	-	(44,261)
Subscription assets	(201,434)	(149,167)	115,027	(235,574)
Total accumulated depreciation/amortization	<u>\$ (44,181,881)</u>	<u>\$ (4,349,986)</u>	<u>\$ 912,774</u>	<u>\$ (47,619,093)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 58,043,424</u>	<u>\$ (1,353,730)</u>	<u>\$ (6,898)</u>	<u>\$ 56,682,796</u>
Governmental activities capital assets, net	<u>\$ 69,017,910</u>	<u>\$ 2,235,489</u>	<u>\$ (414,878)</u>	<u>\$ 70,838,521</u>

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COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 17-Capital Assets: (Continued)

Primary Government: (Continued)

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

Governmental activities:	
General government administration	\$ 600,008
Judicial administration	75,650
Public safety	1,882,106
Public works	186,367
Health and welfare	107,904
Education	1,105,800
Parks, recreation, and culture	377,073
Community development	15,078
Total depreciation/amortization expense	<u>\$ 4,349,986</u>

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COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 17-Capital Assets: (Continued)

Discretely Presented Component Unit School Board:

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,515,203	\$ -	\$ -	\$ 1,515,203
Construction in progress	121,564	577,632	(298,159)	401,037
Total capital assets not being depreciated	<u>\$ 1,636,767</u>	<u>\$ 577,632</u>	<u>\$ (298,159)</u>	<u>\$ 1,916,240</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 64,890,258	\$ 1,870,007	\$ -	\$ 66,760,265
Machinery and equipment	17,106,516	3,077,893	-	20,184,409
Total capital assets being depreciated	<u>\$ 81,996,774</u>	<u>\$ 4,947,900</u>	<u>\$ -</u>	<u>\$ 86,944,674</u>
Accumulated depreciation:				
Buildings and improvements	\$ (45,210,800)	\$ (1,472,055)	\$ -	\$ (46,682,855)
Machinery and equipment	(10,964,210)	(2,037,393)	-	(13,001,603)
Total accumulated depreciation	<u>\$ (56,175,010)</u>	<u>\$ (3,509,448)</u>	<u>\$ -</u>	<u>\$ (59,684,458)</u>
Total capital assets being depreciated, net	<u>\$ 25,821,764</u>	<u>\$ 1,438,452</u>	<u>\$ -</u>	<u>\$ 27,260,216</u>
School Board capital assets, net	<u>\$ 27,458,531</u>	<u>\$ 2,016,084</u>	<u>\$ (298,159)</u>	<u>\$ 29,176,456</u>

Note 18-Leases Receivable:

The following is a summary of leases receivable transactions of the County for the year ended June 30, 2024:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	\$ 1,684,766	\$ -	\$ (196,068)	\$ 1,488,698	\$ 66,415

Lease revenue recognized during the fiscal year was \$217,182.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 18-Leases Receivable: (Continued)

Details of leases receivable:

Lease Description	Lease Origination Date*	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One Year
Cell Tower	8/1/1998	7/31/2028	Annually	4.00%	\$ 177,144	\$ 38,972
Cell Tower	10/7/2002	10/6/2027	Annually	4.00%	157,034	48,157
Cell Tower	6/21/2011	6/20/2031	Monthly	3.00%	370,358	43,985
Cell Tower	6/1/2021	5/31/2027	Monthly	3.00%	25,184	8,136
Jail Building	11/30/2008	11/29/2033	Annually	4.50%	758,978	70,262
Total					<u>\$ 1,488,698</u>	<u>\$ 209,512</u>

There are no variable payments for any of the lease receivables above

*Date shown is the original lease commencement date. GASB Statement No. 87 was implemented as of July 1, 2021.

Note 19-Risk Management:

The County and its Component Unit School Board are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County participates with other localities in a public entity risk pool for their coverage of general liability, property, auto insurance and workers compensation with the Virginia Association of Counties Risk Pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County pays the Virginia Association of Counties Risk Pool contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit, or depletion of all available funds and/or excess insurance, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The Component Unit School Board participates with other localities in a public entity risk pool for their coverage of general liability, property, auto insurance and workers compensation with the Virginia Municipal League Risk Pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The School Board pays the Virginia Municipal League Risk Pool contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit, and depletion of all available funds and/or excess insurance, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County and its Component Unit School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**Note 20-Contingent Liabilities:**

Federal programs in which the County and its component units participate were audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*. Pursuant to the provisions of this circular, all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 21-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:

Tommy Moore, Clerk of the Circuit Court	\$ 270,000
Donna Boothe, Treasurer	500,000
Chris Booth, Commissioner of the Revenue	3,000
Matt Ward, Sheriff	30,000
All constitutional officers' employees: blanket bond	50,000

Selective Insurance Company of America:

Gary Larrowe, County Administrator	\$ 250,000
David Moorman, Deputy County Administrator	150,000
Katie Davis, Director of Finance	150,000
Karen Dunbar, Bookkeeper	150,000
Nicole Payne, Payroll	150,000
All administrative employees	50,000
All Social Services employees: blanket bond	100,000

United States Fidelity and Guaranty Company-Surety:Board of Supervisors:

Stephen P. Clinton	\$ 1,000
Amy S. White	1,000
Brandon Nicely	1,000
Walter Michael	1,000
Dr. Donald M. (Mac) Scothorn	1,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 21-Surety Bonds: (Continued)

Component Unit School Board:

The Continental Insurance Company:		
Cathy Quinn, Clerk of the School Board	\$	10,000
All School Board employees: blanket bond		10,000

Note 22-Landfill Closure and Post-closure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. On October 1, 2018, the County signed a contract with County Waste which turned over all rights of the landfill to County Waste. As such, County Waste will operate and receive any fees related to the remaining capacity of the landfill. Under the contract, County Waste will be responsible for paying all closure costs and the County is responsible for paying all post-closure care and corrective action costs related to the landfill. At June 30, 2024, the estimated post-closure care and correction action costs are estimated to be \$4,513,535 based on 100% usage of the landfill. Actual costs for post-closure monitoring and correction action costs may change due to inflation, deflation, changes in technology or changes in applicable laws or regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the Department of Environmental Quality's assurance requirements for landfill post-closure costs. The County demonstrated financial assurance requirements for post-closure care and corrective action costs through the submission of a Local Governmental Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

Note 23-Arbitrage Rebate Compliance:

As of June 30, 2024 and for the year then ended, the County was liable for amounts due under current rules governing arbitrage earnings totaling \$709,875. Such amount has been recorded as rebate arbitrage in the accompanying financial statements.

Note 24-Contingencies and Commitments:

The County had the following construction commitments at June 30, 2024.

Project	Original Contract Amount	Outstanding at June 30, 2024
County		
Public Safety Radio System	\$ 17,958,323	\$ 14,605,589
School Board		
Read Mountain Middle School Security Vestibule	119,073	93,798
Troutville Elementary School Security Vestibule	299,767	230,919
HVAC upgrades - Read Mountain Elementary	318,050	15,909

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**Note 25-Self Health Insurance:**

The County established a limited risk management program for health insurance. Premiums are paid into the health plan fund from the County and are available to pay claims, and administrative costs of the program. During the fiscal year 2024, a total of \$5,199,850 was paid in benefits and administrative costs. The risk assumed by the County is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type (Keycare, Bluecare, etc.). Incurred but not reported claims of \$386,773 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions. Changes in the claims liability for the current and prior two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Fiscal Year</u>
2023-24	\$ 471,501	\$ 5,115,122	\$ (5,199,850)	\$ 386,773
2022-23	240,767	3,313,553	(3,082,819)	471,501
2021-22	333,129	3,171,760	(3,264,122)	240,767

Component Unit School Board

The School Board established a limited risk management program for health insurance. Premiums are paid into the health plan fund from the School Board and are available to pay claims, and administrative costs of the program. During the fiscal year 2024, a total of \$7,238,408 was paid in benefits and administrative costs. The risk assumed by the School Board is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type (Keycare, Bluecare, etc.). Incurred but not reported claims of \$325,000 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Activity of the School Board self-insurance program is reported within the School Operating Fund. Changes in the claims liability for the current and prior fiscal year are as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Fiscal Year</u>
2023-24	\$ 434,590	\$ 7,128,818	\$ (7,238,408)	\$ 325,000
2022-23	447,400	6,247,880	(6,260,690)	434,590
2021-22	428,200	5,666,225	(5,647,025)	447,400

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

Note 26-Litigation:

At June 30, 2024, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decisions on pending matters not be favorable.

Note 27-Restricted Net Position/Fund Balance:

	Governmental <u>Activities</u>	Component Unit <u>School Board</u>
Restricted Net Position:		
Judicial		
Law Library	\$ 108,386	\$ -
Public safety		
Property Seizure	67,967	-
E-Summons Program	21,014	-
Traffic Safety Program	422,832	-
Courtroom Security	278,702	-
Criminal Processing	14,882	-
Fire and EMS Funds	234,209	-
Community Outreach Program - Sheriff	38,848	-
Sheriff Employee Assistance	1,113	-
Public works		
Courthouse Maintenance	97,724	-
Health and welfare		
Opioid Settlement Proceeds	860,989	-
Parks, recreation, and cultural		
Van Program	50,180	-
Greenfield Preservation Area	70,874	-
Sestercentennial Committee Fund	31,712	-
BoCo Children's Fishing Carnival	9,588	-
Net pension asset	665,889	-
Cafeteria Operations	-	1,557,423
School Activity Fund	-	919,133
School Construction Funds	-	1,274,282
Total Restricted Net Position	<u>\$ 2,974,909</u>	<u>\$ 3,750,838</u>
	<u>General Fund</u>	<u>Total School Fund</u>
Restricted Fund Balance:		
Restricted Net Position Above	\$ 2,974,909	\$ 3,750,838
Unspent Lease Revenue Bond Proceeds	28,305,682	-
Less Net Pension Asset	(665,889)	-
Less Unavailable Opioid Settlement Proceeds	(593,159)	-
Total Restricted Fund Balance	<u>\$ 30,021,543</u>	<u>\$ 3,750,838</u>
	<u>General Fund</u>	<u>Total School Fund</u>
Committed Fund Balance:		
Construction Projects	\$ 6,806,682	\$ -
Total Committed Fund Balance	<u>\$ 6,806,682</u>	<u>\$ -</u>

Note 28-Tax Abatement Agreements:

The County entered into an agreement with Eldor Automotive Powertrain USA, LLC to refund local real estate and machinery and tools taxes for fiscal years 2019 through 2040. Terms of the agreement allow Eldor to request(s) a refund of taxes paid annually. Annual refunds are based on employment numbers and the value of real estate and capital investments subject to tax by the County. Any refunds are prorated for failure to meet benchmarks established in the agreement and refunds based on real estate and capital investments are reduced over time from a maximum of 50% of the taxes paid to 0% of the taxes paid in the final year of the agreement. For the year ending June 30, 2024, the Company applied for and received refunds totaling \$308,374 for 2023 taxes.

Note 29-Upcoming Pronouncements:

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

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

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

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

Required Supplementary Information

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
General property taxes	\$ 51,814,600	\$ 51,814,600	\$ 52,561,073	\$ 746,473
Other local taxes	10,741,200	10,741,200	10,916,385	175,185
Permits, privilege fees, and regulatory licenses	554,750	554,750	568,798	14,048
Fines and forfeitures	68,000	68,000	79,697	11,697
Revenue from the use of money and property	1,500,916	1,500,916	4,477,556	2,976,640
Charges for services	473,569	473,569	1,046,577	573,008
Miscellaneous	305,524	305,524	1,661,951	1,356,427
Recovered costs	2,548,562	2,548,562	2,169,653	(378,909)
Intergovernmental	13,198,641	13,168,641	21,174,196	8,005,555
Total revenues	\$ 81,205,762	\$ 81,175,762	\$ 94,655,886	\$ 13,480,124
EXPENDITURES				
General government administration:				
Board of supervisors	\$ 233,930	\$ 352,930	\$ 343,753	\$ 9,177
County administrator	911,530	1,023,352	939,696	83,656
Human resources	448,667	462,569	408,283	54,286
Central garage	100,499	105,679	80,712	24,967
Commissioner of revenue	430,934	459,491	445,116	14,375
Assessor	-	472,630	471,993	637
Equalization Board	11,085	11,086	7,526	3,560
Central purchasing	133,733	151,147	144,036	7,111
Treasurer	660,053	714,627	624,354	90,273
Management information systems	1,784,226	2,018,624	1,396,047	622,577
Financial services	550,259	576,250	536,448	39,802
Communications	251,704	264,401	233,630	30,771
Nondepartmental	1,975,000	358,220	-	358,220
Electoral board/registrar	606,105	637,251	503,823	133,428
Total general government administration	\$ 8,097,725	\$ 7,608,257	\$ 6,135,417	\$ 1,472,840
Judicial administration:				
Circuit court	\$ 76,215	\$ 80,855	\$ 78,129	\$ 2,726
General district court	21,898	51,307	46,328	4,979
Magistrate	3,920	4,056	3,506	550
Clerk of the circuit court	853,633	925,342	881,482	43,860
Juvenile and domestic relations district court	26,849	26,848	24,732	2,116
Commonwealth's attorney	883,120	965,338	950,451	14,887
Total judicial administration	\$ 1,865,635	\$ 2,053,746	\$ 1,984,628	\$ 69,118
Public safety:				
Sheriff	\$ 6,975,107	\$ 13,457,847	\$ 8,334,346	\$ 5,123,501
Fire departments and rescue squads	8,324,766	11,247,037	9,371,502	1,875,535
Emergency communications	300,462	360,924	352,043	8,881
County operated institutions - jail	5,647,866	6,261,960	5,603,544	658,416
Probation office	5,100	31,455	28,306	3,149

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
EXPENDITURES (Continued)				
Public safety: (Continued)				
Juvenile detention	\$ 332,000	\$ 332,000	\$ 330,977	\$ 1,023
Building inspections	468,310	507,187	434,944	72,243
Animal control	803,332	997,252	951,524	45,728
Dispatch	1,550,735	1,550,893	1,231,325	319,568
Courtroom security	-	204,438	37,442	166,996
Total public safety	\$ 24,407,678	\$ 34,950,993	\$ 26,675,953	\$ 8,275,040
Public works:				
Refuse collection and disposal	\$ 942,867	\$ 959,109	\$ 958,966	\$ 143
General properties	2,321,280	2,411,824	2,356,376	55,448
Total public works	\$ 3,264,147	\$ 3,370,933	\$ 3,315,342	\$ 55,591
Health and welfare:				
Supplement of local health department	\$ 377,500	\$ 403,578	\$ 403,578	\$ -
Mental health contribution	75,000	75,000	75,000	-
Welfare administration and programs	1,497,460	1,713,023	1,667,350	45,673
Comprehensive services act	1,533,604	1,896,690	1,866,025	30,665
Senior van program	99,876	134,898	81,047	53,851
Tax relief for the elderly	577,000	577,000	576,380	620
Other welfare programs	27,500	135,407	27,500	107,907
Total health and welfare	\$ 4,187,940	\$ 4,935,596	\$ 4,696,880	\$ 238,716
Education:				
Contribution to Community Colleges	\$ 52,500	\$ 52,500	\$ 52,500	\$ -
Contribution to County School Board*	27,967,986	27,967,986	29,158,614	(1,190,628)
Total education	\$ 28,020,486	\$ 28,020,486	\$ 29,211,114	\$ (1,190,628)
Parks, recreation, and cultural:				
Supervision of parks and recreation	\$ 695,806	\$ 718,069	\$ 676,420	\$ 41,649
Sports complex	414,272	458,694	415,918	42,776
Tourism	-	255,000	146,425	108,575
Contributions to cultural organizations	26,500	29,000	29,000	-
Library expenses	1,420,321	1,495,362	1,460,885	34,477
YMCA support	300,000	300,000	300,000	-
Total parks, recreation, and cultural	\$ 2,856,899	\$ 3,256,125	\$ 3,028,648	\$ 227,477
Community development:				
Economic development - contributions	\$ 310,017	\$ 310,017	\$ 310,017	\$ -
Environmental management	20,111	20,111	20,111	-
Contribution to Economic Development Authority	725,000	6,524,971	5,864,152	660,819
Community development	732,485	793,292	680,296	112,996

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
EXPENDITURES (Continued)				
Community development: (Continued)				
Economic development	\$ 445,422	\$ 463,676	\$ 422,410	\$ 41,266
Extension office	70,803	79,290	64,548	14,742
Total community development	\$ 2,303,838	\$ 8,191,357	\$ 7,361,534	\$ 829,823
Capital projects:				
General government administration	\$ 183,000	\$ 530,585	\$ 173,435	\$ 357,150
Public safety	253,000	10,933,216	3,738,025	7,195,191
Public works	906,000	27,899,576	554,708	27,344,868
Parks, recreation, and cultural	-	319,432	130,604	188,828
Community development	100,400	617,885	169,640	448,245
Total capital projects	\$ 1,442,400	\$ 40,300,694	\$ 4,766,412	\$ 35,534,282
Debt service:				
Principal retirement	\$ 4,788,470	\$ 4,803,470	\$ 4,202,332	\$ 601,138
Interest and other fiscal charges	2,513,760	2,513,760	2,513,760	-
Total debt service	\$ 7,302,230	\$ 7,317,230	\$ 6,716,092	\$ 601,138
Total expenditures	\$ 83,748,978	\$ 140,005,417	\$ 93,892,020	\$ 46,113,397
Excess (deficiency) of revenues over (under) expenditures	\$ (2,543,216)	\$ (58,829,655)	\$ 763,866	\$ 59,593,521
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ (33,957)	\$ -	\$ 33,957
Issuance of subscription liabilities	81,664	81,664	81,664	-
Total other financing sources (uses)	\$ 81,664	\$ 47,707	\$ 81,664	\$ 33,957
Net change in fund balances	\$ (2,461,552)	\$ (58,781,948)	\$ 845,530	\$ 59,627,478
Fund balances - beginning	2,461,552	58,781,948	70,910,118	12,128,170
Fund balances - ending	\$ -	\$ -	\$ 71,755,648	\$ 71,755,648

Note 1: GAAP serves as the budgetary basis of accounting

Note 2: Expenditures with a negative variance represent an overexpenditure of appropriations, with exceptions * which are items not subject to appropriation.

County of Botetourt, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Primary Government
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 2,221,294	\$ 1,924,100	\$ 1,780,899	\$ 1,671,154	\$ 1,433,860	\$ 1,463,887	\$ 1,444,742	\$ 1,506,669	\$ 1,473,286	\$ 1,439,117
Interest	4,284,280	4,181,304	3,672,609	3,485,586	3,386,772	3,321,046	3,207,090	3,057,284	2,912,687	2,727,789
Differences between expected and actual experience	1,006,813	(1,801,067)	172,095	244,877	(708,377)	(1,733,336)	(696,038)	(476,335)	(620,659)	-
Changes of assumptions	-	-	2,578,680	-	1,564,443	-	(246,558)	-	-	-
Benefit payments	(3,526,065)	(2,625,871)	(2,558,440)	(2,703,388)	(2,138,305)	(2,086,947)	(2,075,626)	(1,819,459)	(1,579,811)	(1,471,211)
Net change in total pension liability	\$ 3,986,322	\$ 1,678,466	\$ 5,645,843	\$ 2,698,229	\$ 3,338,393	\$ 964,625	\$ 1,633,610	\$ 2,268,159	\$ 2,185,503	\$ 2,695,695
Total pension liability - beginning	\$ 63,012,547	\$ 61,334,081	\$ 55,688,238	\$ 52,990,009	\$ 49,451,616	\$ 48,486,991	\$ 46,853,381	\$ 44,585,222	\$ 42,399,719	\$ 39,704,024
Total pension liability - ending (a)	\$ 66,998,869	\$ 63,012,547	\$ 61,334,081	\$ 55,688,238	\$ 52,990,009	\$ 49,451,616	\$ 48,486,991	\$ 46,853,381	\$ 44,585,222	\$ 42,399,719
Plan fiduciary net position										
Contributions - employer	\$ 1,738,058	\$ 1,359,098	\$ 1,255,477	\$ 1,113,996	\$ 1,038,353	\$ 1,090,914	\$ 1,112,944	\$ 1,310,669	\$ 1,332,674	\$ 1,404,239
Contributions - employee	791,491	726,473	668,672	644,985	602,149	570,181	579,692	553,564	571,538	572,060
Net investment income	4,172,615	(82,236)	14,182,255	995,424	3,273,430	3,397,764	5,055,303	7,189,947	1,785,372	5,227,639
Benefit payments	(3,526,065)	(2,625,871)	(2,558,440)	(2,703,388)	(2,138,305)	(2,086,947)	(2,075,626)	(1,819,459)	(1,579,811)	(1,471,211)
Administrative charges	(41,230)	(40,406)	(34,975)	(33,613)	(32,121)	(29,123)	(29,044)	(24,969)	(23,760)	(27,445)
Other	1,675	1,516	1,338	(1,165)	(2,062)	(3,036)	(4,493)	(803)	(377)	276
Net change in plan fiduciary net position	\$ 3,136,544	\$ (661,426)	\$ 13,514,327	\$ 16,239	\$ 2,741,444	\$ 2,939,753	\$ 4,638,776	\$ 738,449	\$ 2,085,636	\$ 5,705,558
Plan fiduciary net position - beginning	\$ 64,528,214	\$ 65,189,640	\$ 51,675,313	\$ 51,659,074	\$ 48,917,630	\$ 45,977,877	\$ 41,339,101	\$ 40,600,652	\$ 38,515,016	\$ 32,809,458
Plan fiduciary net position - ending (b)	\$ 67,664,758	\$ 64,528,214	\$ 65,189,640	\$ 51,675,313	\$ 51,659,074	\$ 48,917,630	\$ 45,977,877	\$ 41,339,101	\$ 40,600,652	\$ 38,515,016
County's net pension liability (asset) - ending (a) - (b)	\$ (665,889)	\$ (1,515,667)	\$ (3,855,559)	\$ 4,012,925	\$ 1,330,935	\$ 533,986	\$ 2,509,114	\$ 5,514,280	\$ 3,984,570	\$ 3,884,703
Plan fiduciary net position as a percentage of the total pension liability	100.99%	102.41%	106.29%	92.79%	97.49%	98.92%	94.83%	88.23%	91.06%	90.84%
Covered payroll	\$ 16,432,204	\$ 14,965,257	\$ 13,765,981	\$ 13,397,701	\$ 12,251,621	\$ 11,408,577	\$ 11,583,919	\$ 11,220,923	\$ 11,362,485	\$ 11,163,709
County's net pension liability (asset) as a percentage of covered payroll	-4.05%	-10.13%	-28.01%	29.95%	10.86%	4.68%	21.66%	49.14%	35.07%	34.80%

County of Botetourt, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Component Unit-School Board (nonprofessional)
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 318,774	\$ 246,735	\$ 260,497	\$ 275,590	\$ 233,978	\$ 241,309	\$ 244,440	\$ 246,453	\$ 297,919	\$ 301,655
Interest	941,798	958,276	910,130	860,868	861,276	841,348	844,304	856,146	825,985	800,682
Differences between expected and actual experience	531,950	(698,461)	(410,758)	488,264	(33,925)	75,013	(325,615)	(497,217)	61,619	-
Changes of assumptions	-	-	556,692	-	324,206	-	(14,323)	-	-	-
Benefit payments	(818,328)	(827,072)	(872,981)	(916,847)	(954,916)	(791,053)	(791,011)	(758,111)	(751,171)	(730,570)
Net change in total pension liability	\$ 974,194	\$ (320,521)	\$ 443,580	\$ 707,875	\$ 430,619	\$ 366,617	\$ (42,205)	\$ (152,729)	\$ 434,352	\$ 371,767
Total pension liability - beginning	\$ 14,042,954	\$ 14,363,476	\$ 13,919,896	\$ 13,212,021	\$ 12,781,402	\$ 12,414,785	\$ 12,456,990	\$ 12,609,719	\$ 12,175,367	\$ 11,803,600
Total pension liability - ending (a)	\$ 15,017,148	\$ 14,042,954	\$ 14,363,476	\$ 13,919,896	\$ 13,212,021	\$ 12,781,402	\$ 12,414,785	\$ 12,456,990	\$ 12,609,719	\$ 12,175,367
Plan fiduciary net position										
Contributions - employer	\$ 249,927	\$ 241,299	\$ 236,879	\$ 220,603	\$ 222,836	\$ 235,211	\$ 229,281	\$ 280,851	\$ 279,259	\$ 360,472
Contributions - employee	157,814	129,336	127,662	131,196	131,165	121,316	119,757	115,418	114,370	136,232
Net investment income	869,725	(9,482)	3,098,400	223,459	761,552	827,465	1,260,114	179,145	477,032	1,459,455
Benefit payments	(818,328)	(827,072)	(872,981)	(916,847)	(954,916)	(791,053)	(791,011)	(758,111)	(751,171)	(730,570)
Administrative charges	(8,815)	(8,865)	(7,992)	(7,945)	(7,994)	(7,364)	(7,564)	(6,778)	(6,794)	(8,002)
Other	348	320	290	(414)	(474)	(728)	(1,108)	(77)	(99)	77
Net change in plan fiduciary net position	\$ 450,671	\$ (474,464)	\$ 2,582,258	\$ (349,548)	\$ 152,169	\$ 384,847	\$ 809,469	\$ (189,552)	\$ 112,597	\$ 1,217,664
Plan fiduciary net position - beginning	\$ 13,632,214	\$ 14,106,678	\$ 11,524,420	\$ 11,874,368	\$ 11,722,199	\$ 11,337,352	\$ 10,527,883	\$ 10,717,435	\$ 10,604,838	\$ 9,387,174
Plan fiduciary net position - ending (b)	\$ 14,082,885	\$ 13,632,214	\$ 14,106,678	\$ 11,524,420	\$ 11,874,368	\$ 11,722,199	\$ 11,337,352	\$ 10,527,883	\$ 10,717,435	\$ 10,604,838
School Division's net pension liability - ending (a) - (b)	\$ 934,263	\$ 410,740	\$ 256,798	\$ 2,395,476	\$ 1,337,653	\$ 1,059,203	\$ 1,077,433	\$ 1,929,107	\$ 1,892,284	\$ 1,570,529
Plan fiduciary net position as a percentage of the total pension liability	93.78%	97.08%	98.21%	82.79%	89.88%	91.71%	91.32%	84.51%	84.99%	87.10%
Covered payroll	\$ 3,456,990	\$ 2,817,781	\$ 2,794,257	\$ 2,867,623	\$ 2,823,365	\$ 2,562,104	\$ 2,471,143	\$ 2,351,533	\$ 2,324,240	\$ 2,681,093
School Division's net pension liability as a percentage of covered payroll	27.03%	14.58%	9.19%	83.54%	47.38%	41.34%	43.60%	82.04%	81.42%	58.58%

County of Botetourt, Virginia
Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2023

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (6)
2023	0.31445%	\$ 31,782,105	\$ 30,802,497	103.18%	82.45%
2022	0.31740%	30,218,380	29,054,312	104.01%	82.61%
2021	0.32097%	24,917,214	27,934,547	89.20%	85.46%
2020	0.33060%	48,113,893	28,557,600	168.48%	71.47%
2019	0.33309%	43,836,537	27,624,375	158.69%	73.51%
2018	0.33293%	39,152,000	26,698,715	146.64%	74.81%
2017	0.34343%	42,235,000	26,920,153	156.89%	72.92%
2016	0.34454%	48,284,000	26,267,105	183.82%	68.28%
2015	0.35138%	44,226,000	26,125,137	169.29%	70.68%
2014	0.36427%	44,021,000	26,639,468	165.25%	70.88%

County of Botetourt, Virginia
Schedule of Employer Contributions
Pension Plans

For the Years Ended June 30, 2015 through June 30, 2024

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2024	\$ 1,953,894	\$ 1,953,894	\$ -	\$ 18,497,856	10.56%
2023	1,738,058	1,738,058	-	16,432,204	10.58%
2022	1,359,098	1,359,098	-	14,965,257	9.08%
2021	1,255,477	1,255,477	-	13,765,981	9.12%
2020	1,113,996	1,113,996	-	13,397,701	8.31%
2019	1,038,353	1,038,353	-	12,251,621	8.48%
2018	1,090,914	1,090,914	-	11,408,577	9.56%
2017	1,112,944	1,112,944	-	11,583,919	9.61%
2016	1,310,669	1,310,669	-	11,220,923	11.68%
2015	1,332,674	1,332,674	-	11,362,485	11.73%
Component Unit School Board (nonprofessional)					
2024	\$ 271,473	\$ 271,473	\$ -	\$ 3,822,440	7.10%
2023	249,927	249,927	-	3,456,990	7.23%
2022	241,299	241,299	-	2,817,781	8.56%
2021	236,879	236,879	-	2,794,257	8.48%
2020	220,603	220,603	-	2,867,623	7.69%
2019	222,836	222,836	-	2,823,365	7.89%
2018	235,211	235,211	-	2,562,104	9.18%
2017	229,281	229,281	-	2,471,143	9.28%
2016	280,851	280,851	-	2,351,533	11.94%
2015	279,259	279,259	-	2,324,240	12.02%
Component Unit School Board (professional)					
2024	\$ 5,301,630	\$ 5,301,630	\$ -	\$ 33,089,099	16.02%
2023	4,963,836	4,963,836	-	30,802,497	16.12%
2022	4,715,240	4,715,240	-	29,054,312	16.23%
2021	4,540,820	4,540,820	-	27,934,547	16.26%
2020	4,393,399	4,393,399	-	28,557,600	15.38%
2019	4,295,989	4,295,989	-	27,624,375	15.55%
2018	4,305,859	4,305,859	-	26,698,715	16.13%
2017	3,923,194	3,923,194	-	26,920,153	14.57%
2016	3,678,209	3,678,209	-	26,267,105	14.00%
2015	3,775,000	3,775,000	-	26,125,137	14.45%

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

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

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

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

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

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

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

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

Component Unit School Board - Professional Employees

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

Detailed information about the pension plan(s) annual money-weighted rate of return on plan investments is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2023	0.06981%	\$ 837,241	\$ 16,442,776	5.09%	69.30%
2022	0.06887%	829,261	14,982,088	5.54%	67.21%
2021	0.06660%	775,288	13,765,981	5.63%	67.45%
2020	0.06430%	1,073,563	13,235,097	8.11%	52.64%
2019	0.06275%	1,021,110	12,289,430	8.31%	52.00%
2018	0.06019%	914,000	11,408,577	8.01%	51.22%
2017	0.06286%	946,000	11,583,919	8.17%	48.86%
Component Unit School Board (Nonprofessional)					
2023	0.01471%	\$ 176,419	\$ 3,463,826	5.09%	69.30%
2022	0.01295%	155,930	2,817,781	5.53%	67.21%
2021	0.01350%	157,526	2,794,257	5.64%	67.45%
2020	0.01390%	232,469	2,867,623	8.11%	52.64%
2019	0.01441%	234,489	2,823,365	8.31%	52.00%
2018	0.01347%	204,000	2,562,104	7.96%	51.22%
2017	0.01340%	201,000	2,471,143	8.13%	48.86%
Component Unit School Board (Professional)					
2023	0.13078%	\$ 1,568,342	\$ 30,802,497	5.09%	69.30%
2022	0.13360%	1,608,312	29,054,312	5.54%	67.21%
2021	0.13510%	1,573,513	27,934,547	5.63%	67.45%
2020	0.13880%	2,315,677	28,557,600	8.11%	52.64%
2019	0.14092%	2,293,144	27,624,375	8.30%	52.00%
2018	0.14041%	2,133,000	26,698,715	7.99%	51.22%
2017	0.14595%	2,196,000	26,920,153	8.16%	48.86%

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2024	\$ 100,037	\$ 100,037	\$ -	\$ 18,525,403	0.54%
2023	88,791	88,791	-	16,442,776	0.54%
2022	80,903	80,903	-	14,982,088	0.54%
2021	74,238	74,238	-	13,765,981	0.54%
2020	68,823	68,823	-	13,235,097	0.52%
2019	63,906	63,906	-	12,289,430	0.52%
2018	59,499	59,499	-	11,408,577	0.52%
2017	60,295	60,295	-	11,583,919	0.52%
2016	53,965	53,965	-	11,220,923	0.48%
2015	54,540	54,540	-	11,362,485	0.48%
Component Unit School Board (Nonprofessional)					
2024	\$ 20,641	\$ 20,641	\$ -	\$ 3,822,440	0.54%
2023	18,705	18,705	-	3,463,826	0.54%
2022	15,216	15,216	-	2,817,781	0.54%
2021	15,079	15,079	-	2,794,257	0.54%
2020	14,911	14,911	-	2,867,623	0.52%
2019	14,681	14,681	-	2,823,365	0.52%
2018	13,323	13,323	-	2,562,104	0.52%
2017	12,850	12,850	-	2,471,143	0.52%
2016	11,287	11,287	-	2,351,533	0.48%
2015	11,156	11,156	-	2,324,240	0.48%
Component Unit School Board (Professional)					
2024	\$ 178,681	\$ 178,681	\$ -	\$ 33,089,099	0.54%
2023	166,333	166,333	-	30,802,497	0.54%
2022	156,893	156,893	-	29,054,312	0.54%
2021	150,683	150,683	-	27,934,547	0.54%
2020	148,497	148,497	-	28,557,600	0.52%
2019	143,643	143,643	-	27,624,375	0.52%
2018	138,836	138,836	-	26,698,715	0.52%
2017	139,985	139,985	-	26,920,153	0.52%
2016	126,095	126,095	-	26,267,105	0.48%
2015	125,401	125,401	-	26,125,137	0.48%

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

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

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Detailed information about the OPEB plan(s) annual money-weighted rate of return on plan investments is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

County of Botetourt, Virginia
Schedule of Changes in the Employers' Net OPEB Liability and Related Ratios
 Component Unit-School Board (nonprofessional)
 Health Insurance Credit (HIC) Program
 For the Measurement Dates of June 30, 2017 through June 30, 2023

	2023	2022	2021	2020	2019	2018	2017
Total HIC OPEB Liability							
Service cost	\$ 4,165	\$ 5,819	\$ 7,161	\$ 6,970	\$ 5,079	\$ 6,000	\$ 7,000
Interest	18,377	19,215	18,022	16,678	16,335	15,000	15,000
Benefit changes	-	-	-	11,182	-	-	-
Differences between expected and actual experience	(2,584)	(7,492)	101	6,274	4,983	11,000	-
Changes of assumptions	-	(8,213)	8,468	-	-	-	(7,000)
Benefit payments	(17,850)	(22,319)	(21,483)	(20,914)	(15,917)	(15,000)	(11,000)
Other	-	-	-	-	6,065	(1,000)	-
Net change in total HIC OPEB liability	\$ 2,108	\$ (12,990)	\$ 12,269	\$ 20,190	\$ 16,545	\$ 16,000	\$ 4,000
Total HIC OPEB Liability - beginning	277,014	290,004	277,735	257,545	241,000	225,000	221,000
Total HIC OPEB Liability - ending (a)	\$ 279,122	\$ 277,014	\$ 290,004	\$ 277,735	\$ 257,545	\$ 241,000	\$ 225,000
Plan fiduciary net position							
Contributions - employer	\$ 27,656	\$ 21,134	\$ 20,944	\$ 20,646	\$ 20,358	\$ 17,000	\$ 16,000
Net investment income	6,235	78	-	1,499	4,490	4,000	6,000
Benefit payments	(17,850)	(22,319)	19,856	(20,914)	(15,917)	(15,000)	(11,000)
Administrative charges	(142)	(176)	(21,483)	(144)	(99)	-	-
Other	559	10,453	(236)	(1)	445	(1,000)	-
Net change in plan fiduciary net position	\$ 16,458	\$ 9,170	\$ 19,081	\$ 1,086	\$ 9,277	\$ 5,000	\$ 11,000
Plan fiduciary net position - beginning	104,614	95,444	76,363	75,277	66,000	61,000	50,000
Plan fiduciary net position - ending (b)	\$ 121,072	\$ 104,614	\$ 95,444	\$ 76,363	\$ 75,277	\$ 66,000	\$ 61,000
School Division's net HIC OPEB liability - ending (a) - (b)	\$ 158,050	\$ 172,400	\$ 194,560	\$ 201,372	\$ 182,268	\$ 175,000	\$ 164,000
Plan fiduciary net position as a percentage of the total HIC OPEB liability	43.38%	37.76%	32.91%	27.49%	29.23%	27.39%	27.11%
Covered payroll	\$ 3,456,990	\$ 2,817,781	\$ 2,794,257	\$ 2,867,623	\$ 2,823,365	\$ 2,562,104	\$ 2,471,143
School Division's net HIC OPEB liability as a percentage of covered payroll	4.57%	6.12%	6.96%	7.02%	6.46%	6.83%	6.64%

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

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2023	0.3089%	\$ 3,742,311	\$ 30,802,497	12.15%	17.90%
2022	0.3117%	3,893,778	29,054,312	13.40%	15.08%
2021	0.3155%	4,049,789	27,934,547	14.50%	13.15%
2020	0.3257%	4,249,462	28,557,600	14.88%	9.95%
2019	0.3293%	4,311,381	27,624,375	15.61%	8.97%
2018	0.3301%	4,191,000	26,698,715	15.70%	8.08%
2017	0.3411%	4,327,000	26,920,153	16.07%	7.04%

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

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

Date	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)		
(1)	(2)	(3)	(4)	(5)	
Component Unit School Board (Nonprofessional)					
2024	\$ 30,580	\$ 30,580	\$ -	\$ 3,822,440	0.80%
2023	27,656	27,656	-	3,456,990	0.80%
2022	21,134	21,134	-	2,817,781	0.75%
2021	20,944	20,944	-	2,794,257	0.75%
2020	20,914	20,914	-	2,867,623	0.73%
2019	20,358	20,358	-	2,823,365	0.72%
2018	16,654	16,654	-	2,562,104	0.65%
2017	16,090	16,090	-	2,471,143	0.65%
2016	13,404	13,404	-	2,351,533	0.57%
2015	13,248	13,248	-	2,324,240	0.57%
Component Unit School Board (Professional)					
2024	\$ 400,378	\$ 400,378	\$ -	\$ 33,089,099	1.21%
2023	372,710	372,710	-	30,802,497	1.21%
2022	351,557	351,557	-	29,054,312	1.21%
2021	337,637	337,637	-	27,934,547	1.21%
2020	342,694	342,694	-	28,557,600	1.20%
2019	331,495	331,495	-	27,624,375	1.20%
2018	328,391	328,391	-	26,698,715	1.23%
2017	298,814	298,814	-	26,920,153	1.11%
2016	278,461	278,461	-	26,267,105	1.06%
2015	276,926	276,926	-	26,125,137	1.06%

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

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

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

Component Unit School Board (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

Component Unit School Board (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

Detailed information about the OPEB plan(s) annual money-weighted rate of return on plan investments is available in the separately issued VRS 20223 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

County of Botetourt, Virginia
 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios - Health Insurance
 Component Unit-School Board

For the Measurement Dates of July 1, 2017 through July 1, 2023

	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability							
Service cost	\$ 125,000	\$ 232,000	\$ 203,000	\$ 199,000	\$ 183,000	\$ 228,000	\$ 222,000
Interest	114,000	89,000	108,000	152,000	166,000	202,000	196,000
Differences between expected and actual experience	20,000	(441,000)	(135,000)	(939,000)	(115,000)	(725,000)	-
Benefit payments	(315,000)	(590,000)	(230,000)	(242,000)	(335,000)	(335,000)	(164,000)
Other changes	(71,000)	(899,000)	473,000	361,000	309,000	(413,000)	-
Net change in total OPEB liability	\$ (127,000)	\$ (1,609,000)	\$ 419,000	\$ (469,000)	\$ 208,000	\$ (1,043,000)	\$ 254,000
Total OPEB liability - beginning	3,114,000	4,723,000	4,304,000	4,773,000	4,565,000	5,608,000	5,354,000
Total OPEB liability - ending	\$ 2,987,000	\$ 3,114,000	\$ 4,723,000	\$ 4,304,000	\$ 4,773,000	\$ 4,565,000	\$ 5,608,000
Covered-employee payroll	\$ 31,137,000	\$ 31,137,000	\$ 28,088,000	\$ 28,088,000	\$ 29,375,000	\$ 29,375,000	\$ 27,543,000
Component Unit-School Board total OPEB liability (asset) as a percentage of covered-employee payroll	9.59%	10.00%	16.82%	15.32%	16.25%	15.54%	20.36%

County of Botetourt, Virginia
Notes to Required Supplementary Information - Component Unit-School Board Health Insurance OPEB
For the Year Ended June 30, 2024

Valuation Date: 7/1/2022
Measurement Date: 7/1/2023

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 actuarial cost method
Discount Rate	3.86%
Healthcare Trend Rate	0.00% for fiscal year end 2023 (to reflect actual experience), then 6.50% for fiscal year end 2024, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increase Rates	Future salaries are assumed to increase by 2.50% annually.
Retirement Age	The average age at retirement is 62
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected two-dimensional mortality improvement scale MP-2021

Other Supplementary Information Section

FIDUCIARY FUNDS - CUSTODIAL FUNDS

Special Welfare - The Special Welfare fund accounts for those funds belonging to individuals entrusted to the local social services agency, such as foster care children.

Cafeteria Plan - The cafeteria plan fund accounts for those funds belonging to County employees as participants in the County's cafeteria plan.

Inmate Account - The Jail Inmate Account fund accounts for the inmate activity.

Escrow - The escrow fund accounts for funds held by the County on behalf of developers, corporations, or individuals to ensure performance under requirements set forth by the County.

Flexible Benefits - The Flexible Benefits Fund accounts for funds held on behalf of the employees.

County of Botetourt, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024

	Custodial Funds					
	<u>Special Welfare</u>	<u>Flexible Benefits</u>	<u>Inmate Account</u>	<u>Cafeteria Plan</u>	<u>Escrow</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ 63,042	\$ 376	\$ 77,866	\$ 25,111	\$ 24,216	\$ 190,611
Total assets	<u>\$ 63,042</u>	<u>\$ 376</u>	<u>\$ 77,866</u>	<u>\$ 25,111</u>	<u>\$ 24,216</u>	<u>\$ 190,611</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ 5,000
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 5,000</u>
NET POSITION						
Restricted:						
Amounts held for social services clients	\$ 63,042	\$ -	\$ -	\$ -	\$ -	\$ 63,042
Amounts held for employees	-	376	-	20,111	-	20,487
Amounts held for inmates	-	-	77,866	-	-	77,866
Amounts held for performance bond	-	-	-	-	24,216	24,216
Total net position	<u>\$ 63,042</u>	<u>\$ 376</u>	<u>\$ 77,866</u>	<u>\$ 20,111</u>	<u>\$ 24,216</u>	<u>\$ 185,611</u>
Total liabilities and net position	<u>\$ 63,042</u>	<u>\$ 376</u>	<u>\$ 77,866</u>	<u>\$ 25,111</u>	<u>\$ 24,216</u>	<u>\$ 190,611</u>

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

	Custodial Funds					Total
	Special Welfare	Flexible Benefits	Inmate Account	Cafeteria Plan	Escrow	
ADDITIONS						
Gifts and donations	\$ 19,995	\$ -	\$ -	\$ -	\$ -	\$ 19,995
Contributions	-	-	-	65,916	-	65,916
Deposits from inmates	-	-	186,344	-	-	186,344
Performance bond payment	-	-	-	-	14,188	14,188
Total additions	<u>\$ 19,995</u>	<u>\$ -</u>	<u>\$ 186,344</u>	<u>\$ 65,916</u>	<u>\$ 14,188</u>	<u>\$ 286,443</u>
DEDUCTIONS						
Special welfare payments	\$ 25,491	\$ -	\$ -	\$ -	\$ -	\$ 25,491
Benefit expenditures	-	-	-	63,158	-	63,158
Vendor payments for benefit of inmates	-	-	27,400	-	-	27,400
Inmate refunds	-	-	161,226	-	-	161,226
Return of funds to participants	-	-	-	-	38,500	38,500
Total deductions	<u>\$ 25,491</u>	<u>\$ -</u>	<u>\$ 188,626</u>	<u>\$ 63,158</u>	<u>\$ 38,500</u>	<u>\$ 315,775</u>
Net increase (decrease) in fiduciary net position	\$ (5,496)	\$ -	\$ (2,282)	\$ 2,758	\$ (24,312)	\$ (29,332)
Total net position, beginning of year	68,538	376	80,148	17,353	48,528	214,943
Total net position, end of year	<u>\$ 63,042</u>	<u>\$ 376</u>	<u>\$ 77,866</u>	<u>\$ 20,111</u>	<u>\$ 24,216</u>	<u>\$ 185,611</u>

**DISCRETELY PRESENTED COMPONENT UNIT SCHOOL
BOARD**

MAJOR GOVERNMENTAL FUNDS

School Operating Fund - The School Operating Fund accounts for and reports the operations of the County's school system. Financing is provided by the State and Federal governments as well as contributions from the County's General Fund.

School Activity Fund - The School Activity Fund accounts for and reports the operations of the individual schools.

County of Botetourt, Virginia
Balance Sheet
Discretely Presented Component Unit School Board
June 30, 2024

	School Operating Fund	School Activity Fund	Total School Fund
ASSETS			
Cash and cash equivalents	\$ 13,997,258	\$ 986,967	\$ 14,984,225
Receivables (net of allowance for uncollectibles):			
Accounts receivable	106,349	-	106,349
Due from other funds	67,834	-	67,834
Due from other governmental units	5,434,910	-	5,434,910
Inventories	86,539	-	86,539
Total assets	<u>\$ 19,692,890</u>	<u>\$ 986,967</u>	<u>\$ 20,679,857</u>
LIABILITIES			
Accounts payable	\$ 948,223	\$ -	\$ 948,223
Construction and retainage payables	613,388	-	613,388
Accrued wages and health claims	5,696,054	-	5,696,054
Due to other funds	-	67,834	67,834
Due to primary government	4,539,476	-	4,539,476
Unearned revenue	701,446	-	701,446
Total liabilities	<u>\$ 12,498,587</u>	<u>\$ 67,834</u>	<u>\$ 12,566,421</u>
FUND BALANCES			
Nonspendable:			
Inventories	\$ 86,539	\$ -	\$ 86,539
Restricted:			
School cafeterias	1,557,423	-	1,557,423
School activity fund	-	919,133	919,133
School construction funds	1,274,282	-	1,274,282
Unassigned	4,276,059	-	4,276,059
Total fund balances	<u>\$ 7,194,303</u>	<u>\$ 919,133</u>	<u>\$ 8,113,436</u>
Total liabilities and fund balances	<u>\$ 19,692,890</u>	<u>\$ 986,967</u>	<u>\$ 20,679,857</u>

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total fund balances per above	\$ 8,113,436
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets not being depreciated/amortized	1,916,240
Capital assets being depreciated/amortized	86,944,674
Accumulated depreciation/amortization	(59,684,458)
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Pension related items	9,971,065
OPEB related items	1,989,412
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	(960,285)
Net OPEB liabilities	(8,632,122)
Net pension liabilities	(32,716,368)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	
Pension related items	(4,621,291)
OPEB related items	(2,978,064)
Net position of governmental activities	<u>\$ (657,761)</u>

County of Botetourt, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit School Board
For the Year Ended June 30, 2024

	School Operating Fund	School Activity Fund*	Total School Fund
REVENUES			
Revenue from the use of money and property	\$ 77,646	\$ -	\$ 77,646
Charges for services	918,874	2,410,002	3,328,876
Miscellaneous	17,238	-	17,238
Recovered costs	162,494	-	162,494
Intergovernmental	69,700,214	-	69,700,214
Total revenues	<u>\$ 70,876,466</u>	<u>\$ 2,410,002</u>	<u>\$ 73,286,468</u>
EXPENDITURES			
Education	\$ 71,626,507	\$ 2,206,567	\$ 73,833,074
Total expenditures	<u>\$ 71,626,507</u>	<u>\$ 2,206,567</u>	<u>\$ 73,833,074</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (750,041)</u>	<u>\$ 203,435</u>	<u>\$ (546,606)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 263,781	\$ 160,872	\$ 424,653
Transfers out	(160,872)	(263,781)	(424,653)
Total other financing sources and uses	<u>\$ 102,909</u>	<u>\$ (102,909)</u>	<u>\$ -</u>
Net change in fund balances	\$ (647,132)	\$ 100,526	\$ (546,606)
Fund balances - beginning	7,841,435	818,607	8,660,042
Fund balances - ending	<u>\$ 7,194,303</u>	<u>\$ 919,133</u>	<u>\$ 8,113,436</u>

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

Net change in fund balances - total governmental funds - per above \$ (546,606)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the detail of items supporting this adjustment:

Capital outlays	5,227,373
Depreciation expenses	(3,509,448)

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

Change in compensated absences	(31,115)
Change in OPEB related items	445,146
Change in pension related items	3,316,378

Change in net position of governmental activities	<u>\$ 4,901,728</u>
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*The School Activity Fund does not require a legally adopted budget.

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

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 20,000	\$ 20,000	\$ 77,646	\$ 57,646
Charges for services	65,500	1,850,450	918,874	(931,576)
Miscellaneous	32,784	32,784	17,238	(15,546)
Recovered costs	462,000	467,250	162,494	(304,756)
Intergovernmental	65,771,938	68,907,702	69,700,214	792,512
Total revenues	\$ 66,352,222	\$ 71,278,186	\$ 70,876,466	\$ (401,720)
EXPENDITURES				
Education	\$ 66,152,222	\$ 74,540,221	\$ 71,626,507	\$ 2,913,714
Debt service:				
Principal retirement	200,000	200,000	-	200,000
Total expenditures	\$ 66,352,222	\$ 74,740,221	\$ 71,626,507	\$ 3,113,714
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (3,462,035)	\$ (750,041)	\$ 2,711,994
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 234,428	\$ 263,781	\$ 29,353
Transfers out	-	-	(160,872)	(160,872)
Total other financing sources and uses	\$ -	\$ 234,428	\$ 102,909	\$ (131,519)
Net change in fund balances	\$ -	\$ (3,227,607)	\$ (647,132)	\$ 2,580,475
Fund balances - beginning	-	3,227,607	7,841,435	4,613,828
Fund balances - ending	\$ -	\$ -	\$ 7,194,303	\$ 7,194,303

STATISTICAL SECTION

Statistical Section

The statistical section of the County's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the County's overall financial health. This information has not been audited by the independent auditor.

Contents

Tables

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 - 6

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.

7 - 10

Debt Capacity

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

11 - 14

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.

15

Operating Information

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

16-19

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

Table 1

COUNTY OF BOTETOURT, VIRGINIA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities										
Net investment in capital assets	\$ 37,094,464	\$ 38,247,104	\$ 34,392,020	\$ 36,914,554	\$ 38,795,003	\$ 41,093,881	\$ 32,576,820	\$ 28,886,094	\$ 29,059,891	\$ 36,566,226
Restricted	249,392	276,250	122,663	430,509	593,603	1,064,456	1,487,836	5,373,922	3,244,420	2,974,909
Unrestricted	13,655,336	12,502,865	13,976,126	10,298,650	16,283,151	17,396,284	17,997,416	23,424,717	34,985,366	35,363,953
Total governmental activities net position	\$ 50,999,192	\$ 51,026,219	\$ 48,490,809	\$ 47,643,713	\$ 55,671,757	\$ 59,554,621	\$ 52,062,072	\$ 57,684,733	\$ 67,289,677	\$ 74,905,088
Business-type activities										
Net investment in capital assets	\$ 10,039,266	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,044,299	-	-	-	-	-	-	-	-	-
Total business-type activities net position	\$ 11,083,565	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Primary government										
Net investment in capital assets	\$ 47,133,730	\$ 38,247,104	\$ 34,392,020	\$ 36,914,554	\$ 38,795,003	\$ 41,093,881	\$ 32,576,820	\$ 28,886,094	\$ 29,059,891	\$ 36,566,226
Restricted	249,392	276,250	122,663	430,509	593,603	1,064,456	1,487,836	5,373,922	3,244,420	2,974,909
Unrestricted	14,699,635	12,502,865	13,976,126	10,298,650	16,283,151	17,396,284	17,997,416	23,424,717	34,985,366	35,363,953
Total primary government net position	\$ 62,082,757	\$ 51,026,219	\$ 48,490,809	\$ 47,643,713	\$ 55,671,757	\$ 59,554,621	\$ 52,062,072	\$ 57,684,733	\$ 67,289,677	\$ 74,905,088

Source: County financial reports

Note: GASBS No. 87 was implemented in fiscal year 2022. Prior years information has not been adjusted to reflect the impact of GASBS No. 87.

Note: GASBS No. 96 was implemented in fiscal year 2023. Prior years information has not been adjusted to reflect the impact of GASBS No. 96.

COUNTY OF BOTETOURT, VIRGINIA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities:										
General government administration	\$ 3,352,349	\$ 3,568,952	\$ 3,262,899	\$ 3,271,312	\$ 3,850,532	\$ 4,062,260	\$ 4,781,699	\$ 4,314,714	\$ 5,115,493	\$ 6,028,789
Judicial administration	1,359,135	1,375,872	1,447,717	1,387,205	1,433,388	1,509,133	1,616,739	1,660,498	2,124,764	2,037,503
Public safety	13,795,657	14,128,003	15,488,178	14,814,140	15,568,648	16,767,396	19,620,920	18,712,393	21,733,483	25,150,951
Public works	1,937,224	2,120,535	3,037,534	1,844,947	2,105,297	2,355,669	4,347,033	2,703,140	3,858,109	3,875,572
Health and welfare	3,343,542	3,518,667	3,670,109	3,521,856	3,612,811	4,315,321	6,055,077	4,121,904	4,504,520	4,845,978
Education	23,089,557	24,384,045	28,951,576	29,253,247	25,471,753	26,539,961	30,972,796	29,143,456	28,731,111	30,316,914
Parks, recreation and cultural	3,167,746	3,586,367	2,907,748	2,850,232	3,045,560	3,247,448	2,684,848	2,622,987	2,939,542	3,287,100
Community development	1,042,460	3,449,920	5,287,420	2,432,431	3,926,147	3,290,998	12,120,125	4,354,966	6,267,998	7,507,492
Interest on long-term debt	1,230,403	1,134,705	1,039,664	1,571,127	1,881,932	1,760,043	1,612,733	2,013,689	2,316,384	2,111,189
Total governmental activities expenses	\$ 52,318,073	\$ 57,267,066	\$ 65,092,845	\$ 60,946,497	\$ 60,896,068	\$ 63,848,229	\$ 83,811,970	\$ 69,647,747	\$ 77,591,404	\$ 85,161,488
Business-type activities:										
Water	\$ 2,789,595	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total primary government expenses	\$ 55,107,668	\$ 57,267,066	\$ 65,092,845	\$ 60,946,497	\$ 60,896,068	\$ 63,848,229	\$ 83,811,970	\$ 69,647,747	\$ 77,591,404	\$ 85,161,488
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	\$ 736	\$ 131,950	\$ 68,472	\$ 84,938	\$ 91,880	\$ 84,832	\$ 77,444	\$ 86,914	\$ 371,552	\$ 354,568
Judicial administration	263,000	217,156	180,704	126,667	115,017	100,747	108,840	81,134	129,737	125,994
Public safety	591,880	623,338	547,878	592,072	864,333	617,684	636,719	994,128	995,252	1,025,634
Public works	163,934	171,249	184,054	200,839	222,436	256,710	259,088	250,342	318,376	313,115
Parks, recreation and cultural	186,413	167,683	160,335	150,661	180,721	133,466	20,527	174,415	246,006	228,561
Operating grants and contributions	6,788,151	8,642,874	10,392,900	6,904,529	8,129,008	8,989,679	14,949,931	8,845,370	13,071,336	16,566,534
Total governmental activities program revenues	\$ 7,994,114	\$ 9,954,250	\$ 11,534,343	\$ 8,059,706	\$ 9,603,395	\$ 10,183,118	\$ 16,052,549	\$ 10,432,303	\$ 15,132,259	\$ 18,614,406
Business-type activities:										
Charges for services:										
Water	\$ 3,001,021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total business-type activities program revenues	\$ 3,001,021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total primary government program revenues	\$ 10,995,135	\$ 9,954,250	\$ 11,534,343	\$ 8,059,706	\$ 9,603,395	\$ 10,183,118	\$ 16,052,549	\$ 10,432,303	\$ 15,132,259	\$ 18,614,406

COUNTY OF BOTETOURT, VIRGINIA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net (expense) / revenue										
Governmental activities	\$ (44,323,959)	\$ (47,312,816)	\$ (53,558,502)	\$ (52,886,791)	\$ (51,292,673)	\$ (53,665,111)	\$ (67,759,421)	\$ (59,215,444)	\$ (62,459,145)	\$ (66,547,082)
Business-type activities	211,426	-	-	-	-	-	-	-	-	-
Total primary government net expense	<u>\$ (44,112,533)</u>	<u>\$ (47,312,816)</u>	<u>\$ (53,558,502)</u>	<u>\$ (52,886,791)</u>	<u>\$ (51,292,673)</u>	<u>\$ (53,665,111)</u>	<u>\$ (67,759,421)</u>	<u>\$ (59,215,444)</u>	<u>\$ (62,459,145)</u>	<u>\$ (66,547,082)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 33,933,251	\$ 34,668,727	\$ 38,120,606	\$ 39,698,191	\$ 40,970,422	\$ 42,784,283	\$ 46,974,383	\$ 49,210,772	\$ 52,219,959	\$ 52,572,119
Local sales and use taxes	2,677,918	2,900,954	2,835,846	2,744,051	3,034,992	3,281,555	3,488,964	4,054,589	4,784,503	4,670,242
Taxes on recordation and wills	263,879	305,433	381,730	352,757	397,587	416,941	588,920	488,201	425,232	368,900
Motor vehicle licenses taxes	668,174	657,801	666,327	653,037	674,493	657,354	664,525	662,891	696,964	722,930
Consumers' utility taxes	712,242	709,924	714,794	572,118	574,527	584,390	588,920	594,872	599,089	597,508
Business licenses taxes	823,543	851,925	813,572	910,399	947,815	976,576	1,010,804	1,073,675	1,185,411	1,334,894
Other local taxes	1,804,665	1,918,323	2,021,210	2,302,760	2,469,760	2,200,393	2,276,541	2,766,891	3,023,983	3,221,911
Unrestricted grants and contributions	4,636,128	4,655,097	4,647,481	4,695,818	4,673,792	4,650,129	4,660,228	4,645,661	4,648,214	4,607,662
Unrestricted revenues from use of money	477,777	425,030	584,924	959,680	1,787,364	1,604,624	576,078	438,416	3,380,352	4,145,870
Miscellaneous	195,928	236,630	236,602	185,589	729,999	391,730	424,924	902,137	1,100,382	1,920,457
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	-	-	-	-
Special item - Gain on transfer of landfill rights	-	-	-	-	3,059,966	-	-	-	-	-
Transfers	2,975,826	9,999	-	-	-	-	-	-	-	-
Total governmental activities	<u>\$ 49,169,331</u>	<u>\$ 47,339,843</u>	<u>\$ 51,023,092</u>	<u>\$ 53,074,400</u>	<u>\$ 59,320,717</u>	<u>\$ 57,547,975</u>	<u>\$ 61,254,287</u>	<u>\$ 64,838,105</u>	<u>\$ 72,064,089</u>	<u>\$ 74,162,493</u>
Business-type activities:										
Unrestricted revenues from use of money and property	\$ 14,303	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special item - Loss on transfer of operations	-	(11,073,566)	-	-	-	-	-	-	-	-
Transfers	(2,975,826)	(9,999)	-	-	-	-	-	-	-	-
Total business-type activities	<u>\$ (2,961,523)</u>	<u>\$ (11,083,565)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 46,207,808</u>	<u>\$ 36,256,278</u>	<u>\$ 51,023,092</u>	<u>\$ 53,074,400</u>	<u>\$ 59,320,717</u>	<u>\$ 57,547,975</u>	<u>\$ 61,254,287</u>	<u>\$ 64,838,105</u>	<u>\$ 72,064,089</u>	<u>\$ 74,162,493</u>
Change in Net Position										
Governmental activities	\$ 4,845,372	\$ 27,027	\$ (2,535,410)	\$ 187,609	\$ 8,028,044	\$ 3,882,864	\$ (6,505,134)	\$ 5,622,661	\$ 9,604,944	\$ 7,615,411
Business-type activities	(2,750,097)	(11,083,565)	-	-	-	-	-	-	-	-
Total primary government	<u>\$ 2,095,275</u>	<u>\$ (11,056,538)</u>	<u>\$ (2,535,410)</u>	<u>\$ 187,609</u>	<u>\$ 8,028,044</u>	<u>\$ 3,882,864</u>	<u>\$ (6,505,134)</u>	<u>\$ 5,622,661</u>	<u>\$ 9,604,944</u>	<u>\$ 7,615,411</u>

Source: County financial reports
Note: GASBS No. 87 was implemented in fiscal year 2022. Prior years information has not been adjusted to reflect the impact of GASBS No. 87.
Note: GASBS No. 96 was implemented in fiscal year 2023. Prior years information has not been adjusted to reflect the impact of GASBS No. 96.

Table 3

COUNTY OF BOTETOURT, VIRGINIA
 Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumers' Utility Tax	Motor				Record-ation and Wills Tax	Business License Tax	Restaurant		Other		Total
				Vehicle License Tax	Record-ation and Wills Tax	Business License Tax	Food Tax			Taxes	Local Taxes			
2024	\$ 52,572,119	\$ 4,670,242	\$ 597,508	\$ 722,930	\$ 368,900	\$ 1,334,894	\$ 1,999,967	\$ 1,221,944	\$ 63,488,504					
2023	52,219,959	4,784,503	599,089	696,964	425,232	1,185,411	1,658,955	1,365,028	62,935,141					
2022	49,210,772	4,054,589	594,872	662,891	488,201	1,073,675	1,658,955	1,107,936	58,851,891					
2021	46,974,383	3,488,964	588,920	664,525	588,920	1,010,804	1,438,291	838,250	55,593,057					
2020	42,784,283	3,281,555	584,390	657,354	416,941	976,576	1,380,403	819,990	50,901,492					
2019	40,970,422	3,034,992	574,527	674,493	397,587	947,815	1,529,324	940,436	49,069,596					
2018	39,698,191	2,744,051	572,118	653,037	352,757	910,399	1,431,301	871,459	47,233,313					
2017	38,120,606	2,835,846	714,794	666,327	381,730	813,572	1,302,205	719,005	45,554,085					
2016	34,668,727	2,900,954	709,924	657,801	305,433	851,925	1,294,246	624,077	42,013,087					
2015	33,933,251	2,677,918	712,242	668,174	263,879	823,543	1,244,855	559,810	40,883,672					

Source: County financial reports

Note: The motor vehicle license tax was not collected in FY08, as the County eliminated vehicle decals. The tax will be a fee collected with the personal property taxes due each December.

Table 4

COUNTY OF BOTETOURT, VIRGINIA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General fund										
Restricted	\$ 775,696	\$ 276,250	\$ 122,663	\$ 23,005,779	\$ 21,785,746	\$ 11,665,803	\$ 1,487,836	\$ 32,570,529	\$ 28,233,297	\$ 30,021,543
Committed	1,300,957	-	-	-	800,000	487,500	1,238,139	1,588,139	750,639	6,806,682
Unassigned	22,478,701	21,862,769	22,988,746	25,517,069	26,793,545	27,721,715	27,909,735	32,759,141	40,112,793	33,700,420
Nonspendable	251,649	235,716	147,063	1,317,058	676,031	269,373	533,563	1,253,983	1,813,389	1,227,003
Total general fund	\$ 24,807,003	\$ 22,374,735	\$ 23,258,472	\$ 49,839,906	\$ 50,055,322	\$ 40,144,391	\$ 31,169,273	\$ 68,171,792	\$ 70,910,118	\$ 71,755,648

Source: County financial reports

Table 5

COUNTY OF BOTETOURT, VIRGINIA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
General property taxes	\$ 34,032,340	\$ 34,656,986	\$ 38,014,898	\$ 39,686,234	\$ 40,967,373	\$ 42,787,623	\$ 46,961,025	\$ 48,758,018	\$ 52,396,475	\$ 52,561,073
Other local taxes	6,950,421	7,344,360	7,433,479	7,535,122	8,099,174	8,117,209	8,618,674	9,641,119	10,715,182	10,916,385
Permits, privilege fees and regulatory licenses	312,369	498,046	384,983	475,519	525,329	366,880	389,147	447,812	460,506	568,798
Fines and forfeitures	141,023	105,481	112,769	77,064	64,213	50,775	49,976	56,303	78,336	79,697
Revenue from use of money and property	477,777	425,030	584,924	959,680	1,787,364	1,604,624	576,078	611,448	3,782,644	4,477,556
Charges for services	752,571	707,849	643,691	602,594	884,845	775,784	663,495	853,455	1,097,497	1,046,577
Miscellaneous	195,928	236,630	236,602	185,589	729,999	391,730	424,924	493,076	1,174,790	1,661,951
Recovered costs	1,563,432	1,546,004	1,813,036	2,072,357	2,128,298	2,254,453	2,313,123	2,650,701	1,920,677	2,169,653
Intergovernmental:										
Commonwealth	10,307,516	12,355,099	14,118,464	10,568,246	11,722,009	12,307,520	11,469,812	11,424,962	13,982,202	12,947,434
Federal	916,763	942,872	921,917	1,032,101	1,080,791	1,332,288	8,140,347	2,066,069	3,737,348	8,226,762
Total revenues	\$ 55,850,140	\$ 58,818,357	\$ 64,264,763	\$ 63,194,506	\$ 67,989,395	\$ 69,988,886	\$ 79,606,601	\$ 77,002,963	\$ 89,345,657	\$ 94,655,886
Expenditures										
General government administration	\$ 3,630,519	\$ 3,877,689	\$ 3,430,318	\$ 3,489,398	\$ 3,913,231	\$ 4,185,054	\$ 4,350,405	\$ 4,800,702	\$ 5,005,466	\$ 6,135,417
Judicial administration	1,418,447	1,436,618	1,508,125	1,426,771	1,516,370	1,589,592	1,668,255	1,742,276	1,833,750	1,984,628
Public safety	14,972,418	15,911,380	16,283,139	15,758,959	17,961,187	18,691,250	20,380,600	20,840,627	23,174,249	26,675,953
Health and welfare	1,735,611	1,855,518	1,995,355	1,714,161	1,563,162	1,707,163	1,976,141	2,701,633	3,125,034	3,315,342
Education	3,461,038	3,606,886	3,739,064	3,546,407	3,752,760	4,443,166	6,241,152	4,172,638	4,479,358	4,696,880
Parks, recreation and cultural	21,963,977	23,258,465	24,052,579	23,932,434	24,607,991	25,705,391	24,218,632	24,353,773	27,625,311	29,211,114
Community development	2,963,364	3,456,445	2,690,490	2,630,626	2,843,713	2,974,340	2,629,689	2,475,752	2,755,876	3,028,648
Capital projects	211,088	3,417,586	5,274,461	2,043,143	3,958,438	3,194,929	6,536,125	4,174,647	6,205,331	7,361,534
Debt service	122,404	594,223	1,035,549	8,712,817	2,948,598	12,816,202	15,424,226	1,812,697	5,692,197	4,766,412
Principal	3,095,330	2,587,313	2,150,758	2,199,943	2,789,648	2,541,442	3,234,693	3,128,075	3,951,575	4,202,332
Bond issuance cost	108,500	-	-	261,812	-	-	-	228,865	2,000	-
Interest and other fiscal charges	1,243,450	1,311,631	1,218,669	1,152,285	1,918,881	2,051,288	1,921,801	1,797,599	2,953,987	2,513,760
Total expenditures	\$ 54,886,146	\$ 61,313,754	\$ 63,378,507	\$ 66,858,756	\$ 67,773,979	\$ 79,899,817	\$ 88,581,719	\$ 72,233,284	\$ 86,804,134	\$ 93,892,020
Excess (deficiency) of revenues over (under) expenditures	\$ 963,994	\$ (2,495,397)	\$ 886,256	\$ (3,664,250)	\$ 215,416	\$ (9,910,931)	\$ (8,975,118)	\$ 4,769,679	\$ 2,541,523	\$ 763,866
Other financing sources (uses)										
Transfers in	\$ 3,175,826	\$ 9,999	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	(2,519)	-	-	-	-	-	-	-
Proceeds from refunding bonds issued	14,985,611	-	-	-	-	-	-	-	-	-
Payments to refunded bonds escrow agent	(14,878,212)	-	-	-	-	-	-	-	-	-
Proceeds of general obligation bonds	-	-	-	-	-	-	-	-	-	-
Premium on general obligation bonds	-	-	-	28,965,329	-	-	-	-	-	-
Proceeds of revenue bonds	-	-	-	1,280,355	-	-	-	30,790,000	-	-
Premium on revenue bonds	-	-	-	-	-	-	-	1,442,840	-	-
Proceeds of capital lease	526,304	53,130	-	-	-	-	-	-	-	-
Issuance of leases	-	-	-	-	-	-	-	-	196,803	81,664
Sale of assets	238,338	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ 4,047,867	\$ 63,129	\$ (2,519)	\$ 30,245,684	\$ -	\$ -	\$ -	\$ 32,232,840	\$ 196,803	\$ 81,664
Net change in fund balances	\$ 5,011,861	\$ (2,432,268)	\$ 883,737	\$ 26,581,434	\$ 215,416	\$ (9,910,931)	\$ (8,975,118)	\$ 37,002,519	\$ 2,738,326	\$ 845,530
Debt service as a percentage of noncapital expenditures	8.00%	6.61%	5.41%	5.39%	7.42%	6.95%	7.05%	6.99%	8.47%	7.66%

Source: County financial reports

Table 6

COUNTY OF BOTETOURT, VIRGINIA
 General Governmental Tax Revenues by Source
 Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumers' Utility Tax	Motor Vehicle		Record-ation and Wills Tax	Business License Tax	Other Local Taxes	Total
				License Tax	Tax				
2024	\$ 52,561,073	\$ 4,670,242	\$ 597,508	\$ 722,930	\$ 722,930	\$ 368,900	\$ 1,334,894	\$ 3,221,911	\$ 63,477,458
2023	52,396,475	4,784,503	599,089	696,964	696,964	425,232	1,185,411	3,023,983	63,111,657
2022	48,758,018	4,054,589	594,872	662,891	662,891	488,201	1,073,675	2,766,891	58,399,137
2021	46,961,025	3,488,964	588,920	664,525	664,525	566,371	1,010,804	2,299,090	55,579,699
2020	42,787,623	3,281,555	584,390	657,354	657,354	416,941	976,576	2,200,393	50,904,832
2019	40,967,373	3,034,992	574,527	674,493	674,493	397,587	947,815	2,469,760	49,066,547
2018	39,686,234	2,744,051	572,118	653,037	653,037	352,757	910,399	2,302,760	47,221,356
2017	38,014,898	2,835,846	568,681	666,327	666,327	381,730	813,572	2,167,323	45,448,377
2016	34,656,986	2,900,954	565,368	657,801	657,801	305,433	851,925	2,062,879	42,001,346
2015	34,032,340	2,677,918	562,325	668,174	668,174	263,879	823,543	1,954,582	40,982,761

Note: The motor vehicle license tax was not collected in FY08, as the County eliminated vehicle decals. The tax will be a fee collected with the personal property taxes due each December.

Source: County financial reports

Table 7

COUNTY OF BOTETOURT, VIRGINIA
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Public Service	Total Direct Tax Rate	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2024	\$ 3,994,918,380	\$ 561,334,451	\$ 6,192,130	\$ 287,230,645	\$ n/a	\$ 442,115,165	0.984	\$ 5,291,790,771	\$ 5,291,790,771	100.00%
2023	3,920,770,840	585,270,159	5,754,052	268,580,153	n/a	456,255,099	1.056	5,236,630,303	5,236,630,303	100.00%
2022	3,946,990,470	464,289,847	5,743,946	264,096,426	n/a	514,313,172	1.013	5,195,433,861	5,195,433,861	100.00%
2021	3,829,561,830	402,574,386	5,668,078	260,336,873	n/a	518,671,936	0.997	5,016,813,103	5,016,813,103	100.00%
2020	3,484,788,345	348,155,885	6,493,769	246,438,071	n/a	443,090,758	1.010	4,528,966,828	4,528,966,828	100.00%
2019	3,383,680,365	373,024,564	6,269,452	214,817,351	n/a	421,609,952	1.002	4,399,401,684	4,399,401,684	100.00%
2018	3,341,675,855	353,464,762	5,956,583	206,025,238	n/a	377,553,798	0.997	4,284,676,236	4,284,676,236	100.00%
2017	3,351,117,360	351,925,121	6,090,836	192,175,546	n/a	285,856,059	0.998	4,187,164,922	4,187,164,922	100.00%
2016	3,307,696,135	332,372,947	6,992,559	191,005,313	n/a	246,481,530	0.926	4,084,548,484	4,084,548,484	100.00%
2015	3,287,828,902	318,709,760	7,060,247	186,676,796	n/a	220,905,260	0.922	4,021,180,965	4,021,180,965	100.00%

Source: Commissioner of Revenue
Tax rate is per \$100 of assessed value.

Table 8

COUNTY OF BOTETOURT, VIRGINIA
Property Tax Rates (1)
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Years	Direct Rates										Overlapping Rates	
											Town of Buchanan	
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Total Direct Tax Rate	Real Estate	Personal Property			Real Estate	Personal Property
2024 \$	0.79	\$ 2.71	\$ 0.79	1.80	n/a	\$ 0.984	0.19	\$ 0.32			0.19	\$ 0.32
2023	0.79	2.71	0.79	1.80	n/a	1.056	0.19	\$ 0.32			0.19	\$ 0.32
2022	0.79	2.71	0.79	1.80	n/a	1.013	0.19	0.32			0.19	0.32
2021	0.79	2.71	0.79	1.80	n/a	0.997	0.19	0.32			0.19	0.32
2020	0.79	2.71	0.79	1.80	n/a	1.010	0.19	0.32			0.19	0.32
2019	0.79	2.71	0.79	1.80	n/a	1.002	0.19	0.32			0.19	0.32
2018	0.79	2.71	0.79	1.80	n/a	0.997	0.19	0.32			0.19	0.32
2017	0.79	2.71	0.79	1.80	n/a	0.998	0.19	0.32			0.19	0.32
2016	0.72	2.63	0.72	1.80	n/a	0.926	0.19	0.32			0.19	0.32
2015	0.72	2.63	0.72	1.80	n/a	0.922	0.19	0.32			0.19	0.32

Source: Commissioner of the Revenue

(1) Per \$100 of assessed value

Total Direct Tax Rate is for County only; information to develop direct rate inclusive of Town was not readily available.

Table 9

COUNTY OF BOTETOURT, VIRGINIA
Principal Property Taxpayers
Current Year and the Period Nine Years Prior
(dollars in millions)

Taxpayer	Type Business	Fiscal Year 2024			Fiscal Year 2015		
		2023	Assessed Valuation	% of Total Assessed Valuation	2014	Assessed Valuation	% of Total Assessed Valuation
American Electric Power	Utility	\$	304.3	7.62%	\$	107.4	3.27%
Roanoke Cement	Manufacturing		134.0	3.35%		95.6	2.91%
Dynax America Corporation	Manufacturing		64.3	1.61%		49.0	1.49%
Metalsa Roanoke	Manufacturing		61.0	1.53%		53.6	1.63%
Eldor Corporation	Manufacturing		51.3	1.28%		-	-
New River Electrical	Construction		57.2	1.43%		209.9	6.38%
Ballast Point (Constellation Brands)	Brewing Company		34.9	0.87%		-	-
Altec Industries	Manufacturing		37.2	0.93%		17.1	0.52%
Roanoke Gas	Utility		28.9	0.72%		16.3	0.50%
Munters	Manufacturing		32.1	0.80%		-	0.00%
	Totals	\$	805.2	20.16%	\$	548.9	16.69%

Source: Commissioner of Revenue

Table 10

COUNTY OF BOTETOURT, VIRGINIA
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ending June 30	Total Tax Levy for Fiscal Year(1)	Collected within the		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2024	\$ 48,525,710	\$ 47,342,569	97.56%	-	\$ 47,342,569	97.56%
2023	48,184,260	46,953,921	97.45%	706,969	47,660,890	98.91%
2022	44,789,299	43,894,574	98.00%	451,011	44,345,585	99.01%
2021	43,765,429	43,198,536	98.70%	493,069	43,691,605	99.83%
2020	42,066,469	41,531,794	98.73%	505,228	42,037,022	99.93%
2019	40,322,554	39,741,256	98.56%	513,641	40,254,897	99.83%
2018	39,056,917	38,608,350	98.85%	427,697	39,036,047	99.95%
2017	37,675,151	36,987,684	98.18%	464,348	37,452,032	99.41%
2016	34,091,602	33,612,597	98.59%	416,303	34,028,900	99.82%
2015	33,381,580	32,921,494	98.62%	393,695	33,315,189	99.80%

(1) Levy and collections include amounts due under the State Personal Property Tax Relief Act.

Source of information: Commissioner of the Revenue's assessment records and the Treasurer's collections records.

Table 11

COUNTY OF BOTETOURT, VIRGINIA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities					Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Literary Fund Loans	Revenue Bond	Capital Leases	Lease Liabilities	Subscription Liabilities	Revenue Bonds				
2024	\$ 31,299,864	\$ -	\$ 35,050,949	\$ -	\$ 849,552	\$ 94,936	\$ -	\$ -	67,295,301	3.31%	\$ 2,011
2023	34,393,699	-	36,293,491	-	989,260	147,199	-	-	71,823,649	3.69%	2,142
2022	37,360,418	26,930	37,321,791	-	1,041,858	-	-	-	75,750,997	4.16%	2,237
2021	40,232,334	53,860	5,460,385	-	-	-	-	-	45,746,579	2.65%	1,362
2020	43,004,718	455,790	5,814,642	-	-	-	-	-	49,275,150	2.95%	1,471
2019	44,993,122	857,720	6,152,307	121,359	-	-	-	-	52,124,508	3.26%	1,566
2018	46,959,216	1,509,650	6,512,144	239,315	-	-	-	-	55,220,325	3.54%	1,656
2017	24,845,517	2,161,580	-	353,964	-	-	-	-	27,361,061	1.76%	825
2016	26,423,079	2,813,510	-	465,397	-	-	-	-	29,701,986	1.90%	887
2015	28,432,950	3,465,440	-	526,304	-	-	-	8,949,142	41,373,836	2.65%	1,234

Source: County financial reports

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics - Table 16

Note: GASBS No. 87 was implemented in fiscal year 2022. Prior years information has not been adjusted to reflect the impact of GASBS No. 87.

Note: GASBS No. 96 was implemented in fiscal year 2023. Prior years information has not been adjusted to reflect the impact of GASBS No. 96.

Table 12

COUNTY OF BOTETOURT, VIRGINIA
Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt	Less: Amounts		Net Bonded Debt (3)	Ratio of Net General Obligation		Net Bonded Debt per Capita (1)
		Reserved for Debt Service			Debt to Assessed Value (2)		
2024	\$ 32,244,352	\$ -	\$ -	\$ 32,244,352	0.61%	\$	963
2023	35,530,158	-	-	35,530,158	0.68%		1,060
2022	38,429,206	-	-	38,429,206	0.74%		1,135
2021	40,286,194	-	-	40,286,194	0.80%		1,199
2020	43,460,508	-	-	43,460,508	0.96%		1,298
2019	45,850,842	-	-	45,850,842	1.04%		1,377
2018	48,468,866	-	-	48,468,866	1.13%		1,453
2017	27,007,097	-	-	27,007,097	0.64%		814
2016	29,236,589	-	-	29,236,589	0.72%		873
2015	31,898,390	-	-	31,898,390	0.79%		952

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 16

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

(3) Includes all long-term general obligation bonded debt, Literary Fund Loans, lease liabilities, subscription liabilities, excludes revenue bonds, capital leases, and compensated absences. Bond indebtedness includes debt to be repaid with general government resources.

Source: County financial reports

Table 13

COUNTY OF BOTETOURT, VIRGINIA
Direct and Overlapping Governmental Activities Debt
As of June 30, 2024

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with taxes: Town of Troutville	\$ 215,723	100%	\$ 215,723
Subtotal, overlapping debt			\$ 215,723
County of Botetourt, direct debt			\$ 67,295,301
Total direct and overlapping debt			\$ 67,511,024

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This table estimates the portion of the outstanding debt of those overlapping government's that is borne by the residents and businesses of the County of Botetourt. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the Town's taxable assessed value that is within the government's boundaries and dividing it by the Town's total taxable assessed value.

Source: Financial reports of Towns within the County.

Table 14

COUNTY OF BOTETOURT, VIRGINIA
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Water/Sewer Revenue Bonds				Special Assessment Bonds			
	Water/ Sewer Charges and Other(1)	Less: Operating Expenses	Net Available Revenue		Special Assessment Collections	Principal	Interest	Coverage
			Revenue	Debt Service				
2024	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2023	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2022	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2021	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2020	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2019	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2018	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2017	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2016	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2015 \$	3,015,324 \$	1,559,272 \$	1,456,052 \$	675,725 \$	290,208	n/a	n/a	1.51

Note: The County has had no special assessment bonds activity during this period.

(1) Other includes cash and cash equivalents and contributions available for funding debt service.

Effective July 1, 2015, the County's water and sewer operations were transferred to the Western Virginia Water Authority; therefore, no activity occurs after this date.

Source: County financial reports

Table 15

COUNTY OF BOTETOURT, VIRGINIA
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita		Median Age	School Enrollment	Unemploy- ment Rate
			Personal Income	Personal Income			
2024	33,466	\$ 2,031,153	\$	60,693	47.5	4,312	2.43%
2023	33,525	1,944,349		57,997	47.1	4,377	2.59%
2022	33,866	1,820,873		53,767	47.4	4,359	2.53%
2021	33,596	1,729,024		51,465	47.2	4,301	3.90%
2020	33,494	1,672,975		49,948	47.0	4,539	3.73%
2019	33,288	1,598,263		48,013	47.2	4,540	2.58%
2018	33,350	1,559,046		46,748	46.9	4,548	3.10%
2017	33,176	1,553,002		46,811	46.9	4,553	3.64%
2016	33,486	1,508,712		45,055	44.9	4,675	3.70%
2015	33,521	1,564,224		46,664	44.9	4,780	4.62%

Population Source: Weldon Cooper Center (most recent year not available; estimate used)

Income Source: U.S. Bureau of Economic Analysis (most recent year not available)

Median Age figures are estimates using year 2010 (provided by U.S. Census Bureau) as benchmark

School enrollment is derived from March ADM (Average Daily Membership) figures

Unemployment Rate Source: Virginia Employment Commission

Table 16

COUNTY OF BOTETOURT, VIRGINIA

Principal Employers

Current Year and Nine Years Ago

	Fiscal Year 2024			Fiscal Year 2015		
	Rank	Ownership	Number of Employees	Rank	Ownership	Number of Employees
Altec Industries Inc	1	Private	1,000+	3	Private	500 to 999
Botetourt County School Board	2	Local Government	500 to 999	1	Local Government	500 to 999
Dynax America Corporation	3	Private	250 to 499	2	Private	500 to 999
County of Botetourt	4	Local Government	250 to 499	4	Local Government	250 to 499
Metalsa Roanoke Inc	5	Private	250 to 499	5	Private	100 to 249
Eldor Automotive Powertrain Usa LLC	6	Private	250 to 499	-	-	-
Action Personnel	7	Private	100 to 249	-	-	-
Virginia Baptist Homes	8	Private	100 to 249	-	-	-
Arkay Packaging Corporation	9	Private	100 to 249	11	Private	100 to 249
Lawrence Transportation Services	10	Private	100 to 249	8	Private	100 to 249
Virginia Truck Center, Inc.	11	Private	100 to 249	10	Private	100 to 249
Gala Industries, Inc.	12	Private	100 to 249	9	Private	100 to 249
Roanoke Cement Comp LLC	13	Private	100 to 249	7	Private	100 to 249
Single Source Security	14	Private	100 to 249	-	-	-
Pepsico Beverage Sales LLC	15	Private	100 to 249	15	Private	100 to 249
Food Lion	16	Private	100 to 249	19	Private	50 to 99
Mcclintic Operations Hold Coii LLC	17	Private	100 to 249	-	-	-
Cracker Barrel Old Country Store	18	Private	100 to 249	12	Private	100 to 249
Kroger	19	Private	100 to 249	14	Private	100 to 249
Canatal Steel USA Inc	20	Private	100 to 249	-	-	-
The Glebe Inc. Dip				6	Private	100 to 249
Lanford Brothers Company				13	Private	100 to 249
Carrington Place Botetourt				16	Private	50 to 99
Kirby Vass Insulation				17	Private	50 to 99
Tread Corporation				18	Private	50 to 99
Howell's Motor Freight				20	Private	50 to 99

Source: Virginia Employment Commission

Table 17

COUNTY OF BOTETOURT, VIRGINIA
Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government administration	31	31	31	31	32	33	33	36	39	39
Judicial administration	17	17	17	17	17	17	18	18	18	19
Public safety:										
Sheriffs department	115	115	116	117	117	118	119	122	125	113
Fire & rescue	34	34	40	43	43	44	55	60	63	68
Inspections (Development Services)	9	10	10	11	12	12	13	14	15	12
Animal control	4	4	4	4	4	4	4	4	4	4
GIS / Communications	0	0	0	0	0	0	0	0	1	1
Public works:										
Utilities/General Services	11	4	4	2	1	1	1	1	1	1
General maintenance	7	7	7	7	8	8	8	18	18	12
Waste Management	4	4	4	4	4	4	4	4	4	3
Engineering	0	0	0	0	0	0	0	0	0	0
Health and welfare:										
Department of social services	19	20	21	21	21	21	21	21	21	19
Comprehensive Services	1	1	1	1	1	1	1	1	1	1
Culture and recreation:										
Parks and recreation	13	13	13	14	14	15	14	4	4	8
Library	13	13	13	13	13	13	13	13	13	14
Community development:										
Planning	2	2	2	2	3	3	3	3	3	3
Totals	<u>280</u>	<u>275</u>	<u>283</u>	<u>287</u>	<u>290</u>	<u>294</u>	<u>307</u>	<u>319</u>	<u>330</u>	<u>317</u>

Source: Individual county departments

Note: GIS employees have been reallocated to General Government, then Public Works.

Note: Engineering employees have been reallocated to Development Services and Utilities.

Note: Planning employees have been reallocated Development Services.

Table 18

COUNTY OF BOTETOURT, VIRGINIA
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Building inspections:										
Building Permits issued (same as Planning)	1,328	1,306	958	785	752	823	848	856	810	967
Animal control:										
Number of calls answered	5,543	5,878	5,051	5,398	4,616	4,988	4,833	2,720	4,528	5,297
Public works										
General maintenance:										
Trucks/vehicles	6	5	6	6	6	6	6	16	17	17
Landfill:										
Refuse collected (tons/day)	6.7	6.8	6.9	6.0	16.1	14.2	11.8	10.3	9.4	9.4
Recycling (tons/day)	10.0	10.9	9.3	7.8	8.4	7.9	8.8	8.5	9.7	9.7
Health and welfare										
Department of Social Services:										
Caseload	5,929	5,437	6,840	4,148	4,651	4,907	3,572	4,268	5,324	4,089
Culture and recreation										
Parks and recreation:										
Recreation permits issued	156	115	106	94	285	285	n/a	210	265	187
Youth sports participants	2,766	2,917	3,590	2,490	2,771	2,771	n/a	2,021	2,135	2,249
Community development										
Planning:										
Building permits issued	1,328	1,306	958	785	752	823	848	856	810	967
Component Unit - School Board										
Education:										
School age population (per census)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Number of teachers	393	399	390	388	385	384	382	382	382	383
Local expenditures per pupil	5,015	5,402	5,823	6,044	5,830	6,007	6,045	6,216	6,111	6,539

Source: Individual county departments. Prior year information provided to the extent available.

Note: Landfill - Increase in FY19 is due to County Waste assuming operation of the landfill and opening the landfill to their customers.

Note: Number of Youth sports participants was calculated using a new method compared to previous years and factored for figures used for 2010 to 2017.

Note: Increase in number of reported traffic violations for FY19 is due to implementation of a new Traffic Safety Program.

Note: Social Services caseload based on data from the Department of Social Services.

Table 19

COUNTY OF BOTETOURT, VIRGINIA
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government administration										
Administration buildings	4	4	4	4	4	4	4	4	4	4
Vehicles	4	4	4	3	3	2	4	4	4	4
Public safety										
Sheriffs department:										
Patrol units	51	51	51	48	49	49	49	53	53	53
Other vehicles	18	21	22	22	22	22	22	30	26	23
Development Services / Building inspections:										
Vehicles	8	9	8	6	7	8	12	8	9	8
Animal control:										
Vehicles	4	4	4	4	4	4	4	4	4	4
Public works										
General maintenance:										
Trucks/vehicles	20	12	12	8	8	7	18	16	16	17
Landfill:										
Vehicles	6	6	6	6	6	6	6	6	6	6
Equipment	9	9	9	9	9	7	7	7	7	7
Sites	2	2	2	2	2	2	2	2	2	2
Health and welfare										
Department of Social Services: Vehicles	2	3	3	4	5	3	3	3	3	3
County Van Program - Vehicles	2	3	4	3	4	3	3	3	3	3
Culture and recreation										
Parks and recreation:										
Community centers	1	1	1	1	1	1	1	1	1	1
Vehicles - Parks & Recreation, Library	20	21	21	21	23	23	11	11	8	8
Parks acreage	158	158	158	158	158	158	158	158	158	158
Tennis courts	4	4	4	4	4	4	4	4	4	4
Component Unit - School Board										
Education:										
Schools	13	13	13	13	13	13	13	13	13	13
School buses	95	96	98	97	96	99	99	100	100	99

Source: Individual county departments.

Beginning in FY12, Planning vehicles are combined into Development Services.

Note: Public Works - General maintenance vehicles includes Public Works, Utilities, and Maintenance.

COMPLIANCE SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

**The Honorable Members of the Board of Supervisors
County of Botetourt, Virginia
Daleville, 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 Botetourt, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County of Botetourt, Virginia's basic financial statements, and have issued our report thereon dated November 20, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Botetourt, 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 Botetourt, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Botetourt, 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 Botetourt, 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.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
November 20, 2024



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

**The Honorable Members of the Board of Supervisors
County of Botetourt, Virginia
Fincastle, Virginia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Botetourt, 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 Botetourt, Virginia's major federal programs for the year ended June 30, 2024. County of Botetourt, 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 Botetourt, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

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 Botetourt, 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 Botetourt, 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 Botetourt, 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 Botetourt, 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 Botetourt, 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 Botetourt, 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 Botetourt, 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 Botetourt, 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.

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.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
November 20, 2024

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

Page 1 of 3

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number			Federal Expenditures
DEPARTMENT OF AGRICULTURE:					
Pass through payments from:					
<i>Virginia Department of Social Services:</i>					
SNAP Cluster:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010123;0010124; 0040123;0040124		\$	228,237
<i>Virginia Department of Education:</i>					
Forest Service School And Roads Cluster:					
Schools and Roads - Grants to States	10.665	APE438410000			57,485
Pandemic EBT Administrative Costs	10.649	DOE865560000			3,256
Team Nutrition Grants	10.574	APE600720000			525
Child Nutrition Cluster:					
School Breakfast Program	10.553	APE402530000		\$	248,094
National School Lunch Program	10.555	APE402540000;APE411080000	\$	903,295	
<i>Virginia Department of Agriculture:</i>					
Food Distribution-Schools (Note C)	10.555	Not available	181,527	1,084,822	
Total Child Nutrition Cluster					1,332,916
Total Department of Agriculture					\$ 1,622,419
DEPARTMENT OF HEALTH AND HUMAN SERVICES:					
Pass through payments from:					
<i>Virginia Department of Social Services:</i>					
Temporary Assistance for Needy Families	93.558	0400123;0400124		\$	127,260
MaryLee Allen Promoting Safe and Stable Families	93.556	0950122;0950123			12,260
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500123;0500124			616
Low Income Home Energy Assistance	93.568	0600423;0600424			31,500
Social Services Block Grant	93.667	1000123;1000124			153,818
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150122;9150123			1,237
Children's Health Insurance Program	93.767	0540123;0540124			2,053
Medicaid Cluster:					
Medical Assistance Program	93.778	1200123;1200124			179,318
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900122;0900123			112
CCDF Cluster:					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760123;0760124			28,898
Foster Care - Title IV E	93.658	1100123;1100124			82,092
Adoption Assistance	93.659	1120123;1120124			151,611
Child Support Enforcement	93.563	Not available			1,800
Title IV-E Prevention Program	93.472	1140123;11401248			2,417
Guardianship Assistance	93.090	1110123;1110124			171
Total Department of Health and Human Services				\$	775,163
DEPARTMENT OF HOMELAND SECURITY:					
Pass through payments from:					
<i>Virginia Department of Emergency Services:</i>					
Emergency Management Performance Grants	97.042	EMP-2022-EP-00006		\$	4,198
Total Department of Homeland Security				\$	4,198
DEPARTMENT OF TRANSPORTATION:					
Pass through payments from:					
<i>Virginia Department of Motor Vehicles:</i>					
Highway Safety Cluster:					
State and Community Highway Safety	20.600	BPT-2023-53100-23100; BPT-2024-54116-24116	\$	22,703	
National Priority Safety Programs	20.616	BM6OT-2023-53162-23162		6,582	
Total Highway Safety Cluster				\$	29,285
Alcohol Open Container Requirements	20.607	ENF_AL-2024-54128-24128			10,003
Total Department of Transportation				\$	39,288
DEPARTMENT OF JUSTICE:					
Pass through payments from:					
<i>Virginia Department of Criminal Justice Services:</i>					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA22GG00616MUMU; 15PBJA23GG03038MUMU		\$	2,736
Total Department of Justice				\$	2,736

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

Page 2 of 3

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF TREASURY:			
Direct payments:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not applicable	\$ 4,665,242
Pass through payments from:			
<i>Virginia Department of Criminal Justice:</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	0000122373	164,000
<i>Virginia Tourism Corporation:</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	30,000
<i>Virginia Department of Education:</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	APE452770	867,938
<i>Virginia Department of Housing and Community Development:</i>			
COVID-19 Coronavirus Capital Project Funds	21.029	120353	2,001,686
Total Department of Treasury			<u>\$ 7,728,866</u>
FEDERAL COMMUNICATIONS COMMISSION:			
Direct payments:			
Emergency Connectivity Fund Program	32.009	Not applicable	\$ 58,735
Total Federal Communications Commission			<u>\$ 58,735</u>
DEPARTMENT OF EDUCATION:			
Pass through payments from:			
<i>City of Salem School Board:</i>			
Adult Education - Basic Grants to States	84.002	Not available	\$ 4,241
<i>Department of Education:</i>			
Career and Technical Education -- Basic Grants to States	84.048	APE600310000	58,998
Student Support and Academic Enrichment Program	84.424	APE600220000	12,672
Supporting Effective Instruction State Grants	84.367	APE614800000	126,793
Title I Grants to Local Educational Agencies	84.010	APE429010000	580,426
Special Education Cluster - IDEA:			
Special Education - Grants to States	84.027	APE402870000; APE430710000; APE601800000	\$ 1,400,953
Special Education - Preschool Grants	84.173	APE625210000; APE402860000	56,329
Total Special Education Cluster - IDEA			1,457,282
English Language Acquisition Grants	84.365	APE605120000	8,470
Education Stabilization Fund:			
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	APE501950000	\$ 308,882
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	APE501930000; APE411120000	1,844,276
Total Education Stabilization Fund			2,153,158
Total Department of Education			<u>\$ 4,402,040</u>
Total Expenditures of Federal Awards			<u>\$ 14,633,445</u>

Notes to Schedule of Expenditures of Federal Awards

Note A--Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Botetourt, Virginia under programs of the federal government for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of the 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 Botetourt, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Botetourt, Virginia.

Note B--Summary of Significant Accounting Policies

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

Note C--Food Distribution

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

NOTE D--Subrecipients

The County did not have any subrecipients for the year ended June 30, 2024.

NOTE E--Outstanding Balance of Federal Loans

The County has not received any federal funding through loans.

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

Page 3 of 3

Note F--Relationship to the Financial Statements:

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

Primary government:

General Fund - Intergovernmental	\$ 21,174,196
Less: Revenue from the Commonwealth	(12,947,434)
Less: Payment in Lieu of Taxes	(316,212)
Total General Fund	<u>\$ 7,910,550</u>

Component Unit School Board:

School Operating Fund - Intergovernmental	\$ 69,700,214
Less: Revenue from local governments	(29,158,614)
Less: Revenue from the Commonwealth	(33,818,705)
Total Component Unit School Board	<u>\$ 6,722,895</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 14,633,445</u>
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County of Botetourt, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	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
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section, 200.516 (a)?	No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
84.425	Education Stabilization Fund
21.029	COVID-19 Coronavirus Capital Projects Fund

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

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.

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

Finding 2023-001

Finding Type: Material weakness

Condition: The School Board's financial statements required year end adjusting entries to ensure such statements complied with Generally Accepted Accounting Principles.

Recommendation: The School Board should review proposed audit adjustments and consider same as they close out the books for the 2023/24 fiscal year. Finance staff should review all accrual entries and balances against subsidiary ledgers and supporting documentation going forward.

Current Status: The finding was corrected during fiscal year 2024.