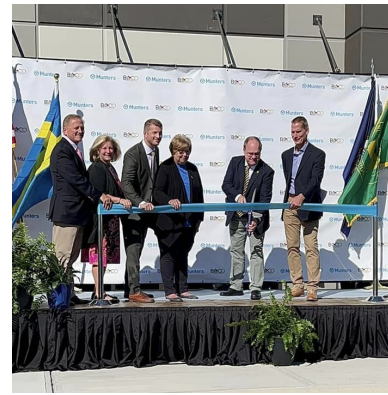




2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2022



COUNTY OF BOTETOURT, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

Prepared By:
Department of Financial Services

COUNTY OF BOTETOURT, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	1-7
GFOA Certificate of Achievement	8
Organizational Chart.....	9
List of Elected and Appointed Officials.....	10

FINANCIAL SECTION

Independent Auditors' Report	11-14
Management's Discussion and Analysis	15-29

	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	1	30
Statement of Activities	2	31
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	32
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4	33
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5	34
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	35
Statement of Net Position - Proprietary Funds.....	7	36
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	8	37
Statement of Cash Flows - Proprietary Funds	9	38
Statement of Fiduciary Net Position - Fiduciary Funds	10	39
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	11	40
Notes to the Financial Statements		41-122

Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:		
General Fund	12	123-125
Pension Plans:		
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios:		
Primary Government	13	126
Component Unit School Board (nonprofessional).....	14	127
Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan ..	15	128
Schedule of Employer Contributions	16	129
Notes to Required Supplementary Information	17	130

COUNTY OF BOTETOURT, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS (CONTINUED)

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information: (Continued)		
Other Postemployment Benefits - Group Life Insurance (GLI) Plan		
Schedule of Employer's Share of Net OPEB Liability	18	131
Schedule of Employer's Contributions	19	132
Notes to Required Supplementary Information	20	133
Other Postemployment Benefits - Health Insurance Credit (HIC) Plan - Component		
Unit School Board (Nonprofessional) and Teacher Employee Health Insurance		
Credit Plan		
Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios -		
Component Unit School Board (Nonprofessional)	21	134
Schedule of School Board's Share of Net OPEB Liability - Teacher Employee Health		
Insurance Credit Plan	22	135
Schedule of Employer Contributions	23	136
Notes to Required Supplementary Information	24	137
Other Postemployment Benefits - Health Insurance - Component Unit School Board		
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios	25	138
Notes Required to Supplementary Information	26	139
Other Supplementary Information:		
Combining Statement of Fiduciary Net Position - Custodial Funds	27	140
Combining Statement of Changes in Assets and Liabilities - Custodial Funds	28	141
Discretely Presented Component Unit School Board:		
Balance Sheet	29	142
Statement of Revenues, Expenditures, and Changes in Fund Balances		
Governmental Funds	30	143
Schedule of Revenues, Expenditures, and Changes in Fund Balances -		
Budget and Actual	31	144

STATISTICAL SECTION

	<u>Table</u>	<u>Page</u>
Net Position by Component	1	145
Changes in Net Position	2	146-147
Governmental Activities Tax Revenue By Source	3	148
Fund Balances of Governmental Funds	4	149
Changes in Fund Balances of Governmental Funds	5	150
General Governmental Tax Revenues by Source	6	151
Assessed Value and Estimated Actual Value of Taxable Property	7	152
Property Tax Rates - Direct and Overlapping Governments	8	153
Principal Property Taxpayers	9	154
Property Tax Levies and Collections	10	155

COUNTY OF BOTETOURT, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS (CONTINUED)

STATISTICAL SECTION (CONTINUED)

	<u>Table</u>	<u>Page</u>
Ratios of Outstanding Debt by Type.....	11	156
Ratios of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita	12	157
Direct and Overlapping Governmental Activities Debt	13	158
Pledged - Revenue Coverage	14	159
Demographic and Economic Statistics	15	160
Principal Employers	16	161
Full-time Equivalent County Government Employees by Function	17	162
Operating Indicators by Function	18	163
Capital Asset Statistics by Function	19	164

COMPLIANCE SECTION

	<u>Page</u>
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 <i>Government Auditing Standards</i>	165-166
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	167-169
Schedule of Expenditures of Federal Awards	170-171
Schedule of Findings and Questioned Costs.....	172-173
Summary Schedule of Prior Audit Findings.....	174

INTRODUCTORY SECTION

Botetourt County, Virginia

Office of the County Administrator

December 7, 2022

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, 2022.

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, 2021. This was the fifteenth consecutive year that the government has achieved this prestigious award. In order 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. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Robinson, Farmer, Cox Associates, LLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the County of Botetourt's financial statements for the year ended June 30, 2022. 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 38% of the jobs in the County, manufacturing 19%, trade 21%, government 15%, construction 6%, and all others 1%. The civilian labor force totals approximately 17,183 (June 2022). 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 and 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 (2020). The County's ranking was 101 out of 133 localities, placing Botetourt County in the lower 25% quartile. 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, FY22 construction permit activity for all components (residential, commercial, manufactured, additions and alterations, and miscellaneous) realized a 4% decrease vs. FY21 results in terms of number of construction permits (FY22 = 456, FY21 = 478) In terms of total dollar value, FY22's total figure of \$76.1

million was more than double FY21's figure (\$36.8 million) due to significant commercial permit activity, due in large part to a \$26 million permit for Munters Corporation. Total construction permit dollar value was 30% greater than the 3-year average value from FY19 to FY21.

With respect to residential building construction, FY22's average permit value (\$264,000) increased 7% vs. FY21 and this value was also 17% greater than the previous three-year average. This was the tenth consecutive year that average residential permit values exceeded \$200,000. In reviewing permit applications for FY22, residential growth is being experienced in all districts of the County, and the number of FY22 permit applications (95) was 5% less than the previous three-year average. The total value of FY22 residential permit applications was \$25.1 million, which is just below FY19's \$25.2 million.

Regarding commercial construction, FY22's number of permits (73) were 40% greater FY21 permits (52), as COVID-19 played a role in FY21's reduced building activity. This positive FY22 impact along with a much smaller FY21 permit value led to a significant increase in FY22 commercial construction permit values. FY22's Commercial construction value (\$41.7 million) was nearly ten times FY21's value (\$4.2 million).

Economic Development

Economic development activity for Botetourt County during recent years and leading into FY22 reflects the continued growth and momentum trend in the community. Between 2017 and 2021, despite national manufacturing job contraction, Botetourt County experienced 10.5% growth in manufacturing jobs. In 2021, there were 1,907 manufacturing jobs (20.8% 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 11.6%, with an average salary of \$58,330 (\$28/hr.) in 2021. Private sector jobs grew by 3.5% compared to flat national and Virginia private sector job growth between 2017 and 2021, there were 9,162 private sector jobs in Botetourt. Private sector wages have grown 17.8%, with the average of \$47,597 (\$22.88/hr.) in 2021.

Between 2017 and 2021, new business starts in Botetourt County grew by 4.2% compared to regional growth of 2.2%. Virginia new business starts grew by 4.9%. In 2021, there were 845 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 March 2019, Governor Northam announced a \$758,998 grant to the Craig-Botetourt Electric Cooperative and Botetourt County to expand broadband availability to 621 homes and fifty- two businesses in the County. This initial broadband grant announcement has been followed by two additional grant announcements with Lumos in 2021 and 2022. Combined Virginia telecommunications initiative grants, private provider contributions, and county investment for broadband deployment total \$34.5 million to serve 12,291 addresses in the county. Completion of these various broadband deployment projects is scheduled for early 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.

Economic development announcements in Botetourt County from 2016 to August 2022 accounted for 1,071 new jobs and \$236,500,000 in capital investment. Total annual payroll for the 1,071 announced jobs equals over \$44 million, of which to date approximately \$27 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 \$201,883,000, or 85% of capital investment announced from 2016 to August 2022.

Public School System

The Botetourt County School System is composed of seven elementary schools serving students in grades 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 4,400 and has been on a consistent decline since FY2011-2012. However, the most recent enrollment figure of 4,435 is a 1.3% increase from the previous year figure (4,301). 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 2019-2020. All of Botetourt County's public schools comprising its school division were fully accredited. For 2020-2021, the impact of COVID-19 on schools and students caused a waiving of annual accreditation for all Virginia schools, and this waiver will continue for the 2021-2022 school year. Another notable achievement was the 2020-2021 on-time graduation rates. This rate measures how many students earn a Virginia Board of Education diploma in four years. Botetourt County's on-time graduation rate of 94.7% (Class of 2022, Four Year Rate) was exceptional and well above the state average of 92.1%. Botetourt County's 2021-2022 graduation rate was 1% more (95.7%) than the 2020-2021 year.

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 Dabney S. Lancaster 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. VWCC also offers FastForward, a short-term workforce training program that provides for 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.

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. DSLCC 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. With respect to Dabney S. Lancaster Community College, the college will change its name to Mountain Gateway Community College, which will represent the geography of its region, and represent the inclusiveness and welcoming environment to all students, businesses, and the community.

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 FY23 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 will be completed in FY23.

The Virginia Department of Transportation continues to work with the Botetourt County Board of Supervisors to address traffic and safety issues that impact both County residents and travelers passing through the County borders.

VDOT had begun work on improving US 220 north of Eagle Rock in 2017. The multi-year project will provide safety enhancements and bridge replacements along the stretch of road between Eagle Rock and Iron Gate. There is construction work in each of the three phases, with the project continuing through August 2021 (FY22).

VDOT has announced a safety improvement project on Interstate 81 in the County. This will serve to improve S-curves along a portion of the interstate that has experienced a noticeable amount of vehicle crashes. The project will enhance safety and improve vehicle traction, and will include repaving travel lanes, applying new pavement markers and installing underground pavement drains. This project was expected to be completed in Summer 2021 (FY22).

Beginning June 2020 and through December 2022 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. As of June 30, 2022, no ARPA funds have been expended. The deadline for allocating these funds for use is December 31, 2024.

With respect to planned capital improvement projects (CIP), the FY23 County budget is heavily invested Recreation & Cultural, Maintenance, Fire & EMS, and Community and Economic Development projects. The largest component of the \$1.7 million CIP Budget is reflected in Community & Economic Development, which includes \$300,000 as a matching contribution to the Daleville YMCA. Recreation & Cultural (including Libraries) projects include \$250,000 toward renovations for the Buchanan Library and \$138,000 towards improvements for the Sports Complex. Maintenance projects include \$220,000 in funding for a roof replacement. Fire & EMS projects include \$100,000 to be applied toward the County radio system replacement plan.

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



Anthony G. Zerrilla
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

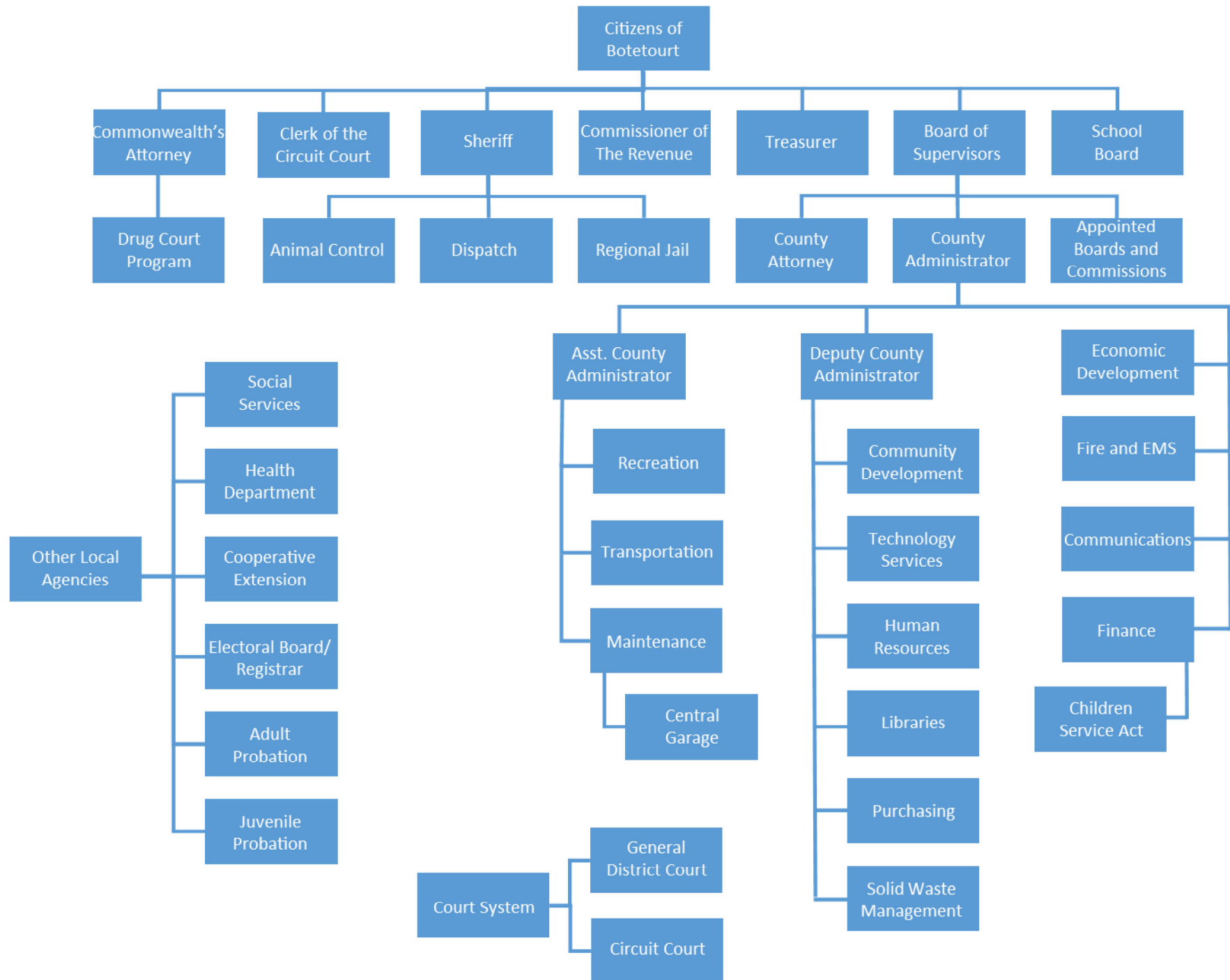
**County of Botetourt
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



COUNTY OF BOTETOURT, VIRGINIA

BOARD OF SUPERVISORS

Donald M. "Mac" Scothorn, Vice Chair	Richard G. Bailey, Chair	Stephen P. Clinton
Billy W. Martin, Sr.		Amy S. White

COUNTY SCHOOL BOARD

Dana McCaleb, Vice Chair	Anna Weddle, Chair	Tim Davidick
Michael East		Jenny Wilson

SOCIAL SERVICES BOARD

Patsy Dickerson	Betty Painter, Chair	Bonnie Henderson
Billy W. Martin, Sr.		Sue Sweet

OTHER OFFICIALS

Judge of the Circuit Court	W. Chapman Goodwin
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	Laura Mays-Smith
County Administrator	Gary Larrowe
County Attorney	Michael W. S. Lockaby

FINANCIAL SECTION



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, 2022, 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, 2022, 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.

Change in Accounting Principle

As described in Note 30 to the financial statements, in 2022, the County adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair

presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about County of 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 December 7, 2022, 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
December 7, 2022

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, 2022. 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, 2023.

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 \$57,684,733 (net position). Of this amount, \$23,424,717 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 \$14,019,193 (See Exhibit 1); the deficit position is due primarily to the recording of a net pension liability in accordance with Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. The amount of the net pension liability recorded in FY19 for the School Board was \$40,211,203, which increased to \$45,174,190 for FY20, which increased to \$50,509,369 for FY21. For FY22, the School Board's net pension liability has decreased to \$25,174,012. (see Note 8).

The Government's FY22 net position for governmental activities increased by \$5,622,661, as revenues exceeded expenses by 8.0%. When compared to FY21 results, Revenues decreased \$2.0 million (2.6%), and expenses decreased \$14.2 million (17%). The largest categorical decrease was contained in Community Development expenses, which decreased \$7.8 million (64%), primarily related to the nonrecurrence of Broadband project contributions and contributions to the Economic Development Authority for FY21.

The School Board's FY22 net position resulted in an increase of \$9,409,812 (40%). Net revenues exceeded expenses which was largely caused by the contributions of assets from the County to the School Board.

Fund Financial Statements

At the end of the current fiscal year, fund balance for the general fund was \$68,171,792 or 94% of total general fund expenditures (See Exhibit 5). This amount includes taxes and accounts receivable reflected in the fiscal year 2022 budget as well as funds allocated to the School Board and County capital improvement projects for fiscal year 2022..The fund balance includes \$32.6 million of restricted 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 bond issuance is removed, the general fund balance would be \$35.9 million, or 49% 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 \$68,171,792, which is an increase of \$37,002,519 (119%) versus ending fund balance of \$31,169,273 for fiscal year ended June 30, 2021. The FY22 Budget was a balanced budget. When the bond issuance source is excluded, the fund balance increased \$4.8 million (15%). The unassigned portion of fund balance is \$32,759,141, which is a \$4.8 million (17%) increase compared to FY21 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 showed as a business-type activity.

The government-wide financial statements include, in addition to the primary government or 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 \$57,247,531 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>2022</u>	<u>2021</u>
Current and other assets	\$	88,332,698	\$ 41,089,841
Capital assets		67,631,122	72,287,748
Total assets		<u>155,963,820</u>	<u>113,377,589</u>
Deferred outflows of resources	\$	<u>4,606,628</u>	\$ 4,545,012
Long-term liabilities	\$	82,221,174	\$ 56,870,025
Other liabilities		10,543,511	7,875,946
Total liabilities	\$	<u>92,764,685</u>	\$ 64,745,971
Deferred inflows of resources	\$	<u>10,121,030</u>	\$ 1,114,558
Net position:			
Net investment in capital assets	\$	28,886,094	\$ 32,576,820
Restricted		5,373,922	1,487,836
Unrestricted		23,424,717	17,997,416
Total net position	\$	<u>57,684,733</u>	\$ 52,062,072

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 50% 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 (\$5,373,922) represent 9% of total net position. The remaining balance of unrestricted net position, which is \$23,424,717 or 41% of total net position, may be used to meet the government's ongoing obligations to citizens and creditors.

During the current fiscal year, the government's net position increased \$5,622,661 (10.8%). This was largely due to a reduction in pension and OPEB liabilities (and related funding requirements) as well as strong tax collections and increases in tax assessments.

Management's Discussion and Analysis

With respect to total liabilities and deferred inflows, there was a \$37,025,186 (56%) increase due primarily to a \$25.4 million (45%) increase in long-term liabilities due to the combination of a) an issuance of \$30,790,000 of revenue bonds and b) a beginning net pension liability of \$4 million transitioning to a net pension asset as of June 30 2022 with the latter item impact reflected in deferred inflows of resources. In addition, deferred inflows increased due to the implementation of GASB Statement No. 87.

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.

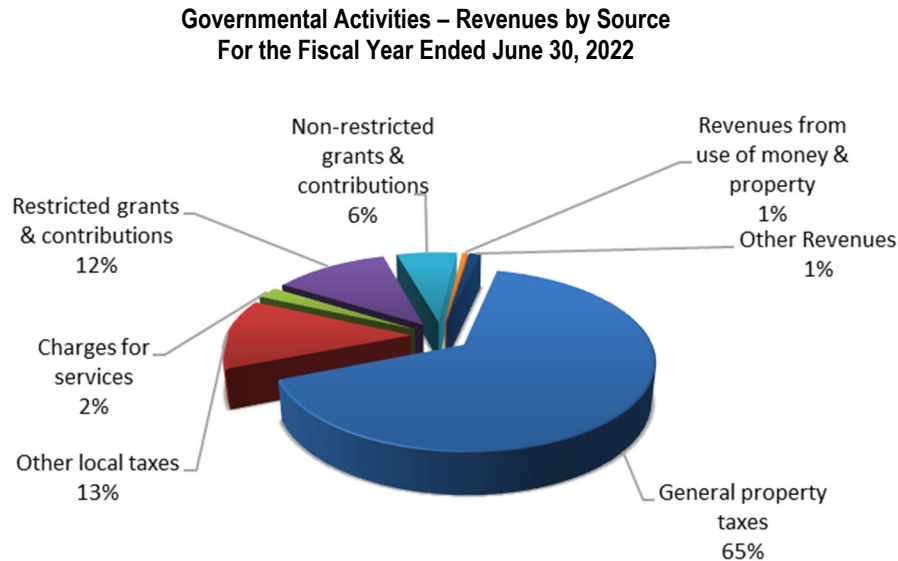
County of Botetourt's Changes in Net Position			
	Governmental activities		
	<u>2022</u>	<u>2021</u>	
Revenues:			
Program revenues:			
Charges for services	\$ 1,586,933	\$ 1,102,618	
Operating grants & contributions	8,845,370	14,949,931	
General revenues:			
General property taxes	49,210,772	46,974,383	
Other local taxes	9,641,119	8,618,674	
Use of money and property	438,416	576,078	
Other	902,137	424,924	
Grants and contributions not restricted to specific programs	4,645,661	4,660,228	
Total revenues	<u>\$ 75,270,408</u>	<u>\$ 77,306,836</u>	
Expenses:			
General government	\$ 4,314,714	\$ 4,781,699	
Judicial administration	1,660,498	1,616,739	
Public safety	18,712,393	19,620,920	
Public works	2,703,140	4,347,033	
Health and welfare	4,121,904	6,055,077	
Education	29,143,456	30,972,796	
Parks, recreation and cultural	2,622,987	2,684,848	
Community development	4,354,966	12,120,125	
Interest on long-term debt	2,013,689	1,612,733	
Total expense	<u>\$ 69,647,747</u>	<u>\$ 83,811,970</u>	
Increase (decrease) in net position	\$ 5,622,661	\$ (6,505,134)	
Net position, beginning (restated)	52,062,072	58,567,206	
Net position, ending	<u>\$ 57,684,733</u>	<u>\$ 52,062,072</u>	

Governmental Activities

Governmental activities increased the County's net position by \$5,622,661 (10.8%). Key elements relating to FY22 activities as compared to the prior year (FY21) will be discussed below.

Management's Discussion and Analysis

The following chart provides a breakdown of the various FY22 revenue components. The largest source is general property taxes (\$49 million), which accounts for 65% of total governmental revenues (\$75.3 million).

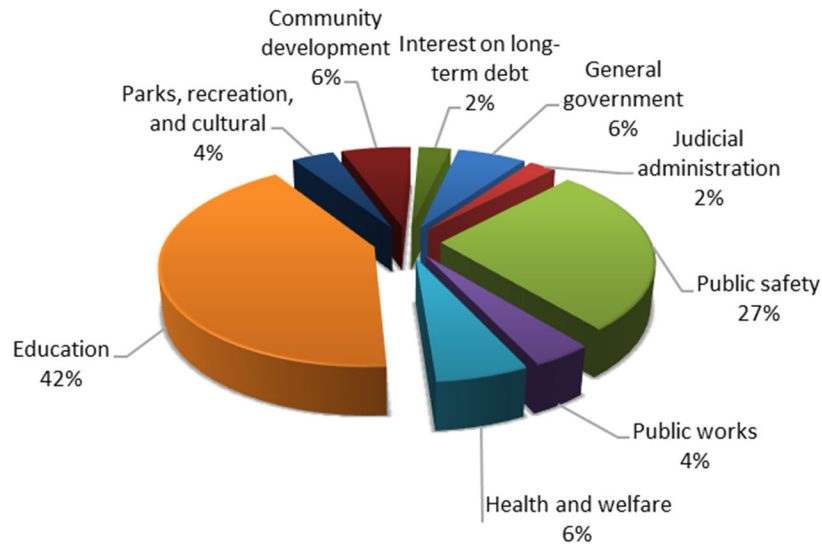


- Revenues: General property taxes increased \$2.2 million (5%). The largest contributor to this increase was Personal Property taxes, which increased \$1.5 million (20%) due primarily to an increase in used car values.
- Revenues: Operating grants and contributions decreased \$ 6.1 million (41%) due to the nonrecurring receipt of CARES Act funds received in FY21 from the Federal government passed through from the Commonwealth of Virginia. These funds were primarily classified as a Public Safety grant.
- Revenues: Other local taxes increased \$1 million (12%) due to increases in nearly all components, and most notably local sales and use taxes (\$565,000, 16%) which received a full year of additional revenues through internet sales. Hotel and restaurant food taxes (\$426,000, 23% combined increase) rebounded from the FY21 negative impact from COVID-19
- Revenues: Charges for Services increased \$484,000 (43%) due to a) an increase (\$153,000) in Parks & Recreation fees, as County recreation programs returned, and b) lease activities recognized as revenue (\$216,000) and reflected in this category.
- Revenues: FY22 total revenues of \$75,270,408 were \$2,036,428 (2.6%) less than revenues of \$77,306,836 for FY21 due principally to a reduction in grant funds.

Management's Discussion and Analysis

The following chart reflects the distribution of FY22 governmental expenses. As shown, education expenses account for 42% of total expenses, and when combined with public safety, expenses for these two categories are 69% of total expenses of \$69.6 million.

**Governmental Activities – Expenses by Function
For the Fiscal Year Ended June 30, 2022**



- Expenses: General Government Administration expenses totaling \$4,315,000 decreased \$467,000 (10%) vs. FY21. This category included a decrease of \$351,000 in non-capitalized repairs and maintenance. In addition, there was an increase of \$310,000 in recovered costs. Alternatively, there was an increase of \$190,000 in this category due to the full-year impact of a new Communications department, which serves to work with media groups and others with respect to the receiving and providing of pertinent information regarding activities in Botetourt County
- Expenses: Public Safety expenses totaling \$18,712,000 decreased \$908,000 (4.6%). This category included a decrease of \$424,000 in non-capitalized repairs and maintenance. In addition, there was a \$768,000 difference between Pension and OPEB amounts for FY22 vs. FY21. Total decreases of \$1.2 million was reduced by approximately \$476,000 for an annual 5% raise in compensation and benefits.
- Expenses: Public Works expenses decreased \$1.6 million (38%) for FY22. A \$383,000 decrease in estimated landfill post closure costs was credited to this fiscal year vs. a figure of a charge of \$1.7 million in FY21. In addition, there was a \$241,000 decrease in non-capital related repairs and maintenance. Finally, there was a cost increase of \$705,000 (64%). This was due in part to the reallocation of resources (wages and benefits) and expenses from Parks & Recreation, including certain maintenance service contracts.

Management's Discussion and Analysis

- Expenses: Community Development costs decreased \$7.8 million (64%) for FY22. This decrease is due to the non-recurrence of a) FY21 expenses of \$2,465,296 relating to Non-capital Broadband projects, and the non-recurrence of b) an FY21 increase of \$5,537,028 in transactions related to the transfer of assets to the EDA.
- Expenses: Interest on Long-Term Debt increased \$401,000 (25%) due to a) interest expense relating to the issuance of new debt and b) a reduction in previous existing debt.
- Expenses: Health & Welfare expenses decreased \$1.9 million (32%). This was due the cost of providing tax relief to citizens in the aggregate amount of \$1.9 million in FY21. This was not a recurring item in FY22.
- Expenses: Education expenses decreased \$1.8 million (6%) due primarily to a reduction in construction related to the completed Colonial Elementary School.
- Overall, for reasons cited above, FY22 expenses for governmental activities decreased \$14 million (17%).

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 FY22's figure of 45% represents an increase compared to FY21's figure of 32%. FY22 unassigned fund balance of \$32.8 million increased \$4.8 million (17%), total expenditures decreased \$16.3 million (18%) due primarily to a \$13.6 million decrease in capital projects and \$2.4 million decrease in community development costs.

At the end of the fiscal year, the County's governmental funds reported an ending fund balance of \$68,171,792, an increase of \$37,002,519 (119%) versus the prior year. When the impact of the increase in Restricted funds (\$31.1 million) is excluded, ending fund balance increases \$5.9 million, with \$4.8 million of the \$5.9 million attributed to the increase in Unassigned fund balance. Revenues decreased \$2.6 million (3%), while FY22 expenditures decreased \$16.3 million (18%) compared to FY21 expenditures (Exhibit 5). When compared to FY21, the FY22 unassigned component (\$32,759,141) of ending fund balance represents a \$4.8 million (17%) increase. Unassigned fund balance provides significant flexibility with respect to future discretionary spending.

As previously stated, the County's FY22 governmental fund balance increased \$37,002,519. Fiscal Year 2022 operational highlights include the following:

Revenues: Total FY22 revenues for the Primary Government decreased \$2.6 million (3%).

Management's Discussion and Analysis

- Local Revenues: (A) General property taxes increased \$1.8 million (4%). Real Property taxes increased \$254,000 (1%) due to natural growth. Personal property taxes increased \$1.5 million (20%) due to a significant increase in reported used vehicle values. (B) Other Local Taxes increased \$1 million (12%). Contributing to this increase was Local Sales and Use taxes (+\$566,000), Hotel & Motel Taxes (+\$91,000) and Meals Taxes (+\$221,000). (C) Charges for services for FY22 increased \$190,000 (29%) due primarily to a \$153,000 increase in charges for parks and recreation due to the return of recreation programs previously halted due to the Pandemic. (D) Recovered Costs increased \$380,000 (16%) due to an increase in other recovered costs. Total Local Revenues were \$63.5 million for FY22 vs. \$60.0 million for FY21, representing an increase of \$3.5 million (6%).
- State Revenues: FY22 revenues of \$11.4 million from the State represents a \$45,000 (0.4%) decrease from the previous year. This decrease is reflected on Other Categorical Aid and is due primarily to the nonrecurrence of \$193,000 of a VATI grant that was recognized in FY21. Categorical and Non-Categorical Aid were a combined \$245,000 (3%) greater than last year due to an increase in reimbursements and grant funds for shared expenses.
- Federal Revenues: These revenues totaled \$2.1 million, which represented a \$6.1 million (75%) decrease due primarily to \$6.9 million of COVID-19 Coronavirus relief funds recognized in FY21.
- These subject revenues are shown in Exhibit 12.

Expenditures: Total expenditures of \$72.2 million for the Primary Government for FY22 decreased \$16.3 million (18%). This decrease was primarily due to the FY21 Colonial Elementary project, which showed \$13.3 million of cost that did not repeat in FY22. In addition, Community Development reflected a \$2.4 million (37%) decrease due to a nonrecurrence of \$2.5 million of broadband project expense. Explanations of cost variances as compared to FY21 are as follows:

- General Government Administration's costs of \$4,800,000 for FY22 increased \$450,000 (10%). As with nearly all functional areas, there was a 5% compensation increase that mirrored the 5% increase provided by the Commonwealth to State employees and those County employees in state-supported functions, such as constitutional departments. In addition, there was a new department – Communications department, which had two new employees, and Financial Services, which added one employee near the mid-year point of FY22.
- Judicial Administration costs of \$1,742,000 for FY22 represented a \$74,000 (4%) increase in expenditures, which was primarily due to the previously mentioned 5% compensation increase.
- Public Safety costs of \$20,841,600 were \$461,000 (2%) greater than FY22. The 5% compensation increase accounted for approximately \$600,000 of incremental wages and benefits cost. In addition, motor vehicle and ambulance purchases resulted in increased costs in Emergency Services.
- Public Works costs of \$2,702,000 were \$725,000 (37%) greater than FY21 costs. Maintenance department costs increased \$705,000 (64%) due to a reallocation of staff support and maintenance contract costs from Parks & Recreation to Maintenance. In addition, there were several staff vacancies experienced in FY21 that were filled in FY22.

Management's Discussion and Analysis

- Parks, Recreation, and Cultural expenses of \$2,480,000 were \$150,000 (6%) less than FY21. The Parks & Recreation department's FY22 actual costs were \$333,000 (35%) less than FY21 costs, due in large part to position vacancies as well as the transfer of certain costs from this department to the Maintenance department. The Sports Complex department experienced a \$106,000 (80%) increase in costs as the Complex experienced an increase in activity that were negatively impacted by COVID-19. Finally, Library departmental expenditures for FY22 were \$74,000 (6%) greater than in FY21 due to increased costs for books and subscriptions, the 5% compensation increase, and the filling of positions that were vacant at time during FY21.
- Health and Welfare costs of \$4,173,000 were \$2.1 million (33%) less than in FY21. The significant decrease is due to FY21 real estate tax relief provided to County taxpayers in the amount of \$1.9 million that did not recur in FY22. In addition, there was a \$310,000 (18%) decrease in Children's Services Act expenditures due to less program activity.
- Community Development costs totaling \$4,174,000 decreased \$2.4 million (36%) compared to FY21 costs. This decrease can be attributed to the nonrecurrence of Broadband projects activity, which totaled \$2.5 million.
- Education expense of \$24,354,000 resulted in a \$135,000 (0.6%) increase due to increased contributions to the County School Board on a governmental basis.
- Debt Service costs of \$5,155,000 was nearly the same (\$5,156,000) as FY21 despite bond issuance costs of \$229,000 incurred in FY22 due to the issuance of bonds relating to two projects.
- Capital Projects – FY22 spending for capital projects totaled \$1.8 million, which represents a \$13.6 million (88%) decrease compared to FY21, which included \$13.3 million in spending for the construction and completion of the new Colonial Elementary School.
- 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 \$11,534,516. This difference was primarily due to supplemental appropriations. Major components of this difference on a functional area and capital projects basis are as follows:

- Public Safety – Supplemental appropriations – increase of \$5,091,713. The major portion of the appropriations were for allocation of salary adjustments, allocation of CARES Act budgeted funds, and allocation of budget for general expenditures. In addition, supplemental appropriations were made for Fire & EMS apparatus that were prepaid and required an appropriation to cover the eventual delivery of the vehicles. The supplemental appropriations included \$738,000 for reappropriation of funds for FY21 projects that were continuing in FY22, as well as appropriations for grant funds, Courtroom security, and Pandemic response funds.

Management's Discussion and Analysis

- Community Development – Supplemental appropriations – increase of \$3,185,894. Approximately 94% of the total supplemental appropriations pertained to contributions to the Economic Development Authority of Botetourt County.
- Capital Projects – Supplemental appropriations – increase of \$3,568,622. Appropriations included \$1.2 million for reappropriation of funds for FY21 continuing capital projects. This included projects for general government, public safety, public works, and community development.
- General Government Administration – Supplemental Appropriations – decrease of \$997,781. Included in this functional category is a non-departmental original budget of \$1,454,982 of which \$997,781 has been allocated to other functional areas.
- All Other Functional Areas – Supplemental Appropriations – increase of \$686,158. The supplemental appropriations represent an increase of 1.6% for all other areas, including Judicial, Public works, Health & Welfare, Education, Parks, Recreation & Cultural, and Debt Service.

The above-mentioned appropriations for amended budget expenditures total \$11,534,516, accounting for 100% of the difference between the original budget appropriation and the amended budget.

With respect to FY22 amended budget vs. actual results, general fund revenues for the primary government were approximately \$3.7 million (5%) over budget for the year. Results for revenues from local sources accounted for a \$2.7 million (4%) positive variance, due primarily to a) actual results vs. budget in General Property and Other Local Taxes (\$1.8 million), and b) \$1.4 million in additional revenues vs. budget for Charges for Services and Recovered Costs. State revenue results accounted for a \$21,000 positive budget variance, which was assisted by the receipt of grant funds. Federal budget vs actual revenue results yielded a \$995,000 (93%) positive variance due to the receipts of \$632,000 COVID-19 Coronavirus relief funds.

Amended budget vs. actual results for general fund government expenditures for FY22 reflected a \$12.6 million (15%) positive variance, most notably due to budget vs actual savings for: Public Safety (\$4.6 million), Contributions to School (\$2.1 million), and Capital Projects (\$3.5 million). All functional areas contributed to the positive variance.

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets for its governmental activities as of June 30 2022 is \$67,631,122. (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, machinery and equipment, and construction in progress. The total represents a \$4,656,626 (6%) decrease from the prior year.

Major capital asset transactions included the following for FY22:

- A \$4.8 million (8%) reduction in buildings, as there was a land transfer of a building to the School Board with a net book value of \$3.7 million.

Management's Discussion and Analysis

- An \$823,000 (215%) increase in construction in progress due to activity relating to the circuit courthouse renovation project and the Virginia Western Community College expansion project in Daleville at Greenfield.
- A \$728,000 (10%) decrease in net machinery & equipment assets, which is attributed to accumulated depreciation.
- Construction in progress activity yielded an \$823,000 (215%) increase, as construction was in progress for two large projects.

A summary of capital asset balances follows:

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

		Governmental activities	
		<u>2022</u>	<u>2021</u>
Land	\$	5,537,050	\$ 5,447,579
Buildings		54,539,135	59,380,891
Machinery and equipment		6,347,867	7,075,588
Construction in progress		<u>1,207,070</u>	<u>383,690</u>
Total	\$	<u>67,631,122</u>	\$ 72,287,748

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>2022</u>	<u>2021</u>
General obligation bonds	\$	42,449,369	\$ 45,692,719
Revenue Bond		32,232,840	-
Literary Loans		26,930	53,860
Revenue Bonds		-	-
Capital Leases		1,041,858	-
Landfill closure / post-closure		4,974,490	5,357,468
Compensated absences		720,399	679,490
Net pension liability		-	4,012,925
Net OPEB liability		<u>775,288</u>	<u>1,073,563</u>
Total	\$	<u>82,221,174</u>	\$ 56,870,025

Management's Discussion and Analysis

Botetourt County's FY22 outstanding obligations for governmental activities totaled \$82,221,174, which represented a \$25.4 million (45%) increase. This was primarily due to a \$32 million revenue bond for financing the circuit courthouse renovation and the Virginia Western Community College (VWCC) expansion project in Daleville at Greenfield as part of the Botetourt County Administration building. The Circuit Courthouse Renovation project is scheduled for completion in FY24 or soon thereafter, while the VWCC expansion project will be completed in FY23. Leases are being reflected here as a lease liability in accordance with the new GASB 87 pronouncement (effective FY22) for leases as the County follows Government Accounting Standards Board (GASB) reporting guidance. Therefore, all leases are recognized as both a lease liability and a right-to-use asset. As an offset to the aforementioned increases in obligations, the County's existing debt was reduced by \$3.2 million. In addition, landfill liabilities decreased by \$383,000 and the County's net pension liability (previously \$4.0 million) turned to a net pension asset during the fiscal year.

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

- Net bonded debt-per-capita, \$2,237 vs. \$1,254
- Net bonded debt to assessed value, limit 4%, actual 0.82%
- Ratio of debt service to total general governmental expenditures, limit 10%, actual 7.14%.
- 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 FY23 budget process was challenging once again with the unknown continuing impact of the COVID-19 epidemic. There was the issue of the discontinuation of CARES Act funding, which served to assist local government and businesses that had been negatively affected financially by COVID-19. The FY23 budget was adopted in April 2022.

The recurring revenue portion of the FY23 County Budget includes a \$3.9 million (5%) increase vs. the FY22 Budget, with 93% of the revenue increase reflected in local revenues. While Personal Property, Other Taxes and Local Taxes, Charges for Services, and Recovered Costs are budgeted to increase a combined \$4 million, there are budgeted net reductions of \$355,000 (vs the FY22 Budget) for the remaining local revenue types. Approximately 73% of the increase in FY23 budgeted local revenues are derived from Personal Property Taxes (\$2.4 million increase) due to the forecasted increase in used car values. State revenues are projected to increase \$206,000 (2%) due to a) State Compensation Board salary increases and b) an increase in reimbursed Children's Services Act (CSA) expenditure reimbursements. Federal revenues are expected to increase \$57,000 (5%) primarily due to an increase in federal welfare receipts.

In addition to the recurring revenue portion of the budget, there is \$6.5 million in the budget for Federal ARPA (American Rescue Plan Act) funds, which can be used along the same general guideline as CARES Act funds. Also, there is \$30 million included in the budget as revenue bond proceeds to pay for costs associated with the circuit courthouse renovation and the Virginia Western Community College expansion project.

Management's Discussion and Analysis

The expenditure portion of the County FY23 budget reflected a \$3.8 million (10%) increase in operational costs. This included a 5% increase in salaries due to a matching of the 5% increase the State is providing their employees and those employees in constitutional offices. The impact of the FY23 5% increase to the County for salaries and fringe benefits (before Compensation Board reimbursements and related adjustments) was budgeted for \$1.2 million and is included in a non-departmental area of the budget (Salary Adjustments). Also included in operations portion of the expenditure budget are thirteen (13) personnel additions, of which three (3) of these additions are converted part-time to full-time personnel. Five of the thirteen additions are for Fire & EMS, while three of the positions are for Sheriff's-responsible departments. The total cost (wages and benefits) of these personnel additions is \$907,000.

In terms of functional areas, General Government Administration reflected a \$911,000 (19%) increase in expenditures vs. FY21. This was partly due to the addition of new personnel and converted part-time positions in Registrar, Technology Services, and Treasurer departments. In addition, FY23 is the first year of the next real estate assessment cycle, and therefore there is \$182,000 included for Assessor's services. Public Safety expenditures increased \$2.4 million (12%) due in part to the impact of additional Fire & EMS and Sheriff's departments positions (\$621,000 wages and benefits) approved in FY21. It should be noted here that while the 5% FY23 Budget compensation adjustment is in a non-departmental area of the budget (as was the case in FY22), that the 5% wage increase received for FY22 is reflected in departmental salaries for FY23. Public Works contains a \$220,000 (8%) increase compared to the FY22 budget, as there continues to be increases in maintenance contracts, operating supplies, and certain personnel costs that have transferred out of Parks & Recreation. The increases in these three functional areas mentioned above account for \$3.5 million (93%) of the total \$3.8 million increase in the FY23 operational budget.

With respect to Capital Improvement Projects (CIP), the FY23 Budget contains \$1.7 million of funding, which is a \$270,000 (13%) decrease compared to the FY22 CIP budget. Approximately 21% of the total budget is included in Community and Economic Development, 27% Maintenance, 5% in General Government, 16% in Fire & EMS, and 18% in Libraries. The remaining 13% of the funding for the FY23 Capital Improvement Plan is spread among Technology Services, Parks & Recreation, and Waste Management.

Botetourt County has an Economic Development Authority (EDA) which relies heavily on County funding. With a continuing increase in economic development activity, and the need to provide for local incentives in addition to providing for future projects, \$835,000 (\$206,000, 33% increase) was included in the budget as a contribution to the Botetourt County EDA.

The Debt Service portion of the FY23 budget reflected a \$1.7 million (35%) increase, due to new debt service expense for the circuit courthouse renovation and Virginia Western Community College expansion projects.

The School portion of the FY23 budget calls for funding of \$27.2 million in operations, a \$800,000 (3%) increase.

The total FY23 Botetourt County budget of \$159.2 million (43% increase) was approved in April 2022. Excluding the \$30 million portion of the budget relating to the spending of revenue bond proceeds, the County budget would be \$129.2 million, representing a 16% increase.

Management's Discussion and Analysis

Factors and finer points regarding the FY23 Budget are as follows:

- The most recent unemployment rate published (September 2022) for the County is 2.3 percent, which is a decrease from the rate of 2.8 percent from the same month a year ago and is an improvement while still rebounding from the negative impact on employment from COVID-19. However, the 2.3 percent compares favorably to the State's September 2022 unemployment rate of 2.6 percent and the current national rate of 3.5 percent.
- 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 FY23 Budget was finalized late but added \$2.4 million in funding that was termed as construction funds and additional funding for instructional areas. In addition, \$472,000 of State funding was provided after the beginning of the FY23 fiscal year as a bonus payment for SOQ funded instructional and support positions.
- In terms of FY23 personnel additions for the County, a new Road Deputy and two Call Takers for Dispatch were added to the Sheriff's department, the conversion of a part-time position to full time position was added to Registrar, Treasurer, Economic Development departments. An Applications Analyst position was added to Technology Services, and a Planner II position was added to Community Development. A total of five positions were added to the Fire & EMS area: Three Field Supervisors (with various start dates), a Training Lieutenant, and a Radio System Administrator as the County prepares to replace its County-wide radio system. In terms of compensation adjustments, County employees were budgeted to receive a 5% increase that matches what the State approved for State employees. Compensation adjustments for School employees also included a 5% compensation increase for all School employees.

As has been detailed, there are many initiatives incorporated into the FY23 Budget. At the end of the process, the FY23 Budget anticipates the use of ARPA funds (currently reported in unearned revenue) to cover necessary expenses related to the pandemic.

All of these factors were considered in the preparation, development, and approval of Botetourt County's budget for the 2023 fiscal year.

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, 2022

	Primary Government		Component Units	
	Governmental			
	Activities	School Board	EDA	
ASSETS				
Cash and cash equivalents	\$ 64,608,930	\$ 10,866,969	\$ 530,722	
Cash in custody of others	-	-	845,985	
Investments	10,514,695	-	-	
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,434,477	-	-	
Accounts receivable	1,517,650	121,068	3,418	
Note receivable	-	-	947,104	
Leases receivable	2,321,920	-	3,567,584	
Due from component unit	1,017,794	-	-	
Due from primary government	-	-	1,104,780	
Due from other governmental units	1,807,690	2,551,532	-	
Inventories	-	87,942	5,134,884	
Prepaid items	1,253,983	-	-	
Net pension asset	3,855,559	-	-	
Capital assets (net of accumulated depreciation):				
Land	5,447,579	1,621,728	541,796	
Buildings and improvements	53,611,616	21,321,320	2,242,332	
Machinery and equipment	6,341,595	5,945,286	35,106	
Construction in progress	1,207,070	-	2,743,253	
Right-to-use lease assets (net of accumulated amortization):				
Land	89,471	-	-	
Buildings and improvements	927,519	-	-	
Machinery and equipment	6,272	-	-	
Total assets	\$ 155,963,820	\$ 42,515,845	\$ 17,696,964	
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	\$ 525,242	\$ -	\$ -	
Pension related items	3,802,871	9,578,626	-	
OPEB related items	278,515	2,134,595	-	
Total deferred outflows of resources	\$ 4,606,628	\$ 11,713,221	\$ -	
LIABILITIES				
Accounts payable	\$ 1,243,016	\$ 1,132,130	\$ 1,060,052	
Construction and retainage payables	69,450	-	810,108	
Accrued wages and health claims	240,767	5,281,576	-	
Accrued interest payable	1,030,569	782	-	
Due to primary government	-	1,017,794	-	
Due to component unit	1,104,780	-	-	
Unearned revenue	6,854,929	-	9,216	
Long-term liabilities:				
Due within one year	4,246,679	769,908	403,504	
Due in more than one year	77,974,495	36,098,871	-	
Total liabilities	\$ 92,764,685	\$ 44,301,061	\$ 2,282,880	
DEFERRED INFLOWS OF RESOURCES				
Property taxes paid in advance	\$ 320,484	\$ -	\$ -	
Lease related items	2,265,589	-	3,611,243	
Pension related items	7,221,560	21,170,414	-	
OPEB related items	313,397	2,776,784	-	
Total deferred inflows of resources	\$ 10,121,030	\$ 23,947,198	\$ 3,611,243	
NET POSITION				
Net investment in capital assets	\$ 28,886,094	\$ 28,797,840	\$ 4,752,379	
Restricted				
Judicial administration	99,542	-	-	
Public safety	1,194,603	-	-	
Public works	64,852	-	-	
Parks, recreation, and cultural	159,366	-	-	
Cafeteria operations	-	1,189,369	-	
School activity fund	-	892,592	-	
Net pension asset	3,855,559	-	-	
Unrestricted	23,424,717	(44,898,994)	7,050,462	
Total net position	\$ 57,684,733	\$ (14,019,193)	\$ 11,802,841	

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, 2022

For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Units	
						School Board	EDA
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 4,314,714	\$ 86,914	\$ 388,021	\$ -	\$ (3,839,779)	\$ -	\$ -
Judicial administration	1,660,498	81,134	816,914	-	(762,450)	-	-
Public safety	18,712,393	994,128	5,049,655	-	(12,668,610)	-	-
Public works	2,703,140	250,342	-	-	(2,452,798)	-	-
Health and welfare	4,121,904	-	2,416,670	-	(1,705,234)	-	-
Education	29,143,456	-	-	-	(29,143,456)	-	-
Parks, recreation, and cultural	2,622,987	174,415	174,110	-	(2,274,462)	-	-
Community development	4,354,966	-	-	-	(4,354,966)	-	-
Interest on long-term debt	2,013,689	-	-	-	(2,013,689)	-	-
Total governmental activities	\$ 69,647,747	\$ 1,586,933	\$ 8,845,370	\$ -	\$ (59,215,444)	\$ -	\$ -
COMPONENT UNITS:							
School Board	\$ 61,015,334	\$ 2,084,298	\$ 35,365,304	\$ -	\$ -	\$ (23,565,732)	\$ -
Economic Development Authority	535,358	304,169	-	2,821,842	-	-	2,590,653
Total component units	\$ 61,550,692	\$ 2,388,467	\$ 35,365,304	\$ 2,821,842	\$ -	\$ (23,565,732)	\$ 2,590,653
General revenues:							
General property taxes					\$ 49,210,772	\$ -	\$ -
Other local taxes:							
Local sales and use taxes					4,054,589	-	-
Consumers' utility taxes					594,872	-	-
Business license taxes					1,073,675	-	-
Motor vehicle taxes					662,891	-	-
Restaurant food taxes					1,658,955	-	-
Other local taxes					1,596,137	-	-
Unrestricted revenues from the use of money and property					438,416	35,929	58,328
Miscellaneous					902,137	22,182	59,322
Grants and contributions not restricted to specific programs					4,645,661	32,917,433	-
Total general revenues					\$ 64,838,105	\$ 32,975,544	\$ 117,650
Change in net position					\$ 5,622,661	\$ 9,409,812	\$ 2,708,303
Net position - beginning					52,062,072	(23,429,005)	9,094,538
Net position - ending					\$ 57,684,733	\$ (14,019,193)	\$ 11,802,841

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

County of Botetourt, Virginia
Balance Sheet
Governmental Funds
June 30, 2022

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 61,889,533
Investments	10,514,695
Receivables (net of allowance for uncollectibles):	
Taxes receivable	1,434,477
Accounts receivable	1,517,479
Leases receivable	2,321,920
Due from component unit	1,017,794
Due from other governmental units	1,807,690
Prepaid items	1,253,983
Total assets	<u>\$ 81,757,571</u>
LIABILITIES	
Accounts payable	\$ 1,243,016
Construction and retainage payables	69,450
Due to component unit	1,104,780
Unearned revenue	6,854,929
Total liabilities	<u>\$ 9,272,175</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue-property taxes	\$ 1,262,139
Property taxes paid in advance	320,484
Unavailable revenue-opioid settlement	409,061
Lease related items	2,321,920
Total deferred inflows of resources	<u>\$ 4,313,604</u>
FUND BALANCES	
Nonspendable	
Prepaid items	\$ 1,253,983
Committed	1,588,139
Restricted	32,570,529
Unassigned	32,759,141
Total fund balances	<u>\$ 68,171,792</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 81,757,571</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, 2022

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 68,171,792

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

Capital assets		
Land	\$ 5,447,579	
Buildings and improvements	53,611,616	
Machinery and equipment	6,341,595	
Construction in progress	1,207,070	
Right-to-use lease assets		
Land	89,471	
Buildings and improvements	927,519	
Machinery and equipment	6,272	67,631,122

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

Unavailable revenue - property taxes	\$ 1,262,139	
Unavailable revenue - opioid settlement	409,061	
Leases receivable related items	56,331	
Net pension asset	3,855,559	5,583,090

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

Pension related items	\$ 3,802,871	
OPEB related items	278,515	4,081,386

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.

2,478,801

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/literary fund loans	\$ (41,056,680)	
Deferred charges on refunding (to be amortized as interest expense)	525,242	
Lease revenue bond	(30,790,000)	
Bond premium (to be amortized over life of debt)	(2,862,459)	
Lease liabilities	(1,041,858)	
Accrued interest payable	(1,030,569)	
Landfill post-closure liability	(4,974,490)	
Compensated absences	(720,399)	
Net OPEB liability	(775,288)	(82,726,501)

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

Pension related items	\$ (7,221,560)	
OPEB related items	(313,397)	(7,534,957)

Net position of governmental activities	\$ 57,684,733
---	---------------

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, 2022

	<u>General</u>
REVENUES	
General property taxes	\$ 48,758,018
Other local taxes	9,641,119
Permits, privilege fees, and regulatory licenses	447,812
Fines and forfeitures	56,303
Revenue from the use of money and property	611,448
Charges for services	853,455
Miscellaneous	493,076
Recovered costs	2,650,701
Intergovernmental	13,491,031
Total revenues	<u>\$ 77,002,963</u>
EXPENDITURES	
Current:	
General government administration	\$ 4,800,702
Judicial administration	1,742,276
Public safety	20,840,627
Public works	2,701,633
Health and welfare	4,172,638
Education	24,353,773
Parks, recreation, and cultural	2,479,752
Community development	4,174,647
Capital projects	1,812,697
Debt service:	
Principal retirement	3,128,075
Bond issuance cost	228,865
Interest and other fiscal charges	1,797,599
Total expenditures	<u>\$ 72,233,284</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 4,769,679</u>
OTHER FINANCING SOURCES (USES)	
Issuance of bonds	\$ 30,790,000
Premium on bonds issued	1,442,840
Total other financing sources (uses)	<u>\$ 32,232,840</u>
Net change in fund balances	\$ 37,002,519
Fund balances - beginning	31,169,273
Fund balances - ending	<u><u>\$ 68,171,792</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, 2022

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

Net change in fund balances - total governmental funds	\$	37,002,519
--	----	------------

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 amount by which depreciation/amortization expense exceeded capital outlays in the current period.

Capital outlays	\$ 1,773,829	
Depreciation/amortization expense	(3,946,971)	(2,173,142)

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

Transfer of assets (net) to Component Unit-School Board		(3,656,507)
---	--	-------------

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

Property taxes	\$ 452,754	
Opioid settlement	409,061	
Leases receivable related items	56,331	918,146

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:		
Premium on lease revenue bond	\$ (1,442,840)	
Issuance of lease revenue bond	(30,790,000)	
(Increase) decrease in accrued landfill post-closure liability	382,978	
Principal repayments:		
General obligation bonds/literary loans/lease liabilities	3,128,075	(28,721,787)

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	\$ (40,909)	
Change in accrued interest payable	(210,571)	
Change in pension related items	1,537,991	
Change in OPEB related items	40,105	
Amortization of bond premium	273,370	
Amortization of deferred charge on refunding	(50,024)	1,549,962

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.

703,470

Change in net position of governmental activities	\$	5,622,661
---	----	-----------

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, 2022

	Internal Service <u>Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,719,397
Accounts receivable	171
Total assets	<u>\$ 2,719,568</u>
LIABILITIES	
Current liabilities:	
Accrued health claims	240,767
Total liabilities	<u>\$ 240,767</u>
NET POSITION	
Unrestricted	\$ 2,478,801
Total net position	<u><u>\$ 2,478,801</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, 2022

	Internal Service Fund
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 3,872,401
Total operating revenues	<u>\$ 3,872,401</u>
OPERATING EXPENSES	
Insurance claims and expenses	\$ 3,171,760
Total operating expenses	<u>\$ 3,171,760</u>
Operating income (loss)	<u>\$ 700,641</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 2,829
Total nonoperating revenues (expenses)	<u>\$ 2,829</u>
Change in net position	\$ 703,470
Total net position - beginning	1,775,331
Total net position - ending	<u><u>\$ 2,478,801</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, 2022

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 3,872,230
Payments for health claims	(3,264,122)
Net cash provided by (used for) operating activities	<u>\$ 608,108</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 2,829
Net cash provided by (used for) investing activities	<u>\$ 2,829</u>
Net increase (decrease) in cash and cash equivalents	\$ 610,937
Cash and cash equivalents - beginning	2,108,460
Cash and cash equivalents - ending	<u><u>\$ 2,719,397</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	<u>\$ 700,641</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
(Increase) decrease in accounts receivable	\$ (171)
Increase (decrease) in health claims payable	(92,362)
Total adjustments	<u>\$ (92,533)</u>
Net cash provided by (used for) operating activities	<u><u>\$ 608,108</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, 2022

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 220,834
Total assets	<u>\$ 220,834</u>
LIABILITIES	
Accounts payable	\$ 7,213
Total liabilities	<u>\$ 7,213</u>
NET POSITION	
Restricted:	
Amounts held for social services clients	\$ 74,960
Amounts held for employees	12,700
Amounts held for inmates	78,793
Amounts held for performance bond	47,168
Total net position	<u>\$ 213,621</u>
Total liabilities and net position	<u>\$ 220,834</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, 2022

	<u>Custodial Funds</u>
ADDITIONS	
Gifts and donations	\$ 34,350
Expenditure reimbursements	13,407
Contributions	39,223
Deposits from inmates	418,103
Performance bond payment	29,668
Total additions	<u>\$ 534,751</u>
DEDUCTIONS	
Special welfare payments	\$ 42,858
Benefit expenditures	34,598
Vendor payments for benefit of inmates	39,619
Inmate refunds	436,705
Return of funds to participants	140,111
Total deductions	<u>\$ 693,891</u>
Net increase (decrease) in fiduciary net position	\$ (159,140)
Total net position, beginning of year	<u>372,761</u>
Total net position, end of year	<u><u>\$ 213,621</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, 2022

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 \$40,000 to the Blue Ridge Community Services Board and \$428,217 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 liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are 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. Accordingly, investments totaling \$39,405,483 are reported in the accompanying financial statements as cash and cash equivalents.

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 \$45,958 at June 30, 2022 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 assets (lease assets), the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

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, 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
Buildings	40
Building improvements	10-20*
Structures, lines, and accessories	20-40
Machinery and equipment	4-30
Right-to-use lease assets:	
Land	10-25
Buildings	3-11
Machinery and equipment	5

* 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

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

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;

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.

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)

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.

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.

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

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

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

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

Lessee

The County recognizes lease liabilities and intangible right-to-use lease assets (lease 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 (Continued)

Key Estimates and Judgments

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

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

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

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information (Continued)

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, 2022, expenditures exceeded appropriations in the Circuit Court Department due to unanticipated grant expenditures.

C. Deficit fund balance

At June 30, 2022, 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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 3-Deposits and Investments: (Continued)**

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 and 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	\$ 7,944,256	\$ 7,944,256
VML/VACO Virginia Investment Pool (VIP)	31,461,227	31,461,227
Certificates of Deposit	10,514,695	10,514,695
Totals	\$ 49,920,178	\$ 49,920,178

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, 2022 were rated by Standard and Poor’s rating scale and the ratings are presented below.

County's Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
Local Government Investment Pool	\$ 7,944,256
VML/VACO Virginia Investment Pool (VIP)	31,461,227

Note 3-Deposits and Investments: (Continued)

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, 2022, the County and Component Unit School Board did not hold any investments that were subject to custodial credit risk.

Concentration of Credit Risk

At June 30, 2022, the County did not have any investments requiring concentration of credit risk disclosures that exceeded 5% of total investments.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 4-Due from 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	\$ 742,657	\$ -
Categorical aid-State sales tax	-	1,152,481
Categorical aid-Other	643,839	-
Non-categorical aid	134,767	-
Categorical aid-Virginia Public Assistance	45,064	-
Categorical aid-Comprehensive Services Act	164,478	-
<u>Federal Government:</u>		
Categorical aid-Virginia Public Assistance	73,641	-
Categorical aid-Other	3,244	1,399,051
Totals	<u>\$ 1,807,690</u>	<u>\$ 2,551,532</u>

Note 5-Interfund/Component Unit Obligations:

At year end, there were no interfund obligations.

Component unit obligations at June 30, 2022, consisted of the following:

	Due from	Due to
Primary Government:		
Governmental Activities	\$ 1,017,794	\$ 1,104,780
Component Unit:		
School Board	-	1,017,794
EDA	1,104,780	-
Total	<u>\$ 2,122,574</u>	<u>\$ 2,122,574</u>

Remainder of page left blank intentionally.

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 6-Interfund Transfers/Component Unit Contributions:

During the year end, there were no interfund transfers.

Primary government contributions to component units for the year ended June 30, 2022, consisted of the following:

Component Unit:	
School Board	\$ 24,311,633
Capital assets (net) transferred to School Board	3,656,507
EDA	2,821,842
Total	<u>\$ 30,789,982</u>

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

Note 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, 2022.

	Balance July 1, 2021	GASBS No. 87 Implementation	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2022
Direct Borrowings and Placements:					
General Obligation and Revenue Bonds	\$ 43,999,730	\$ -	\$ -	\$ (2,969,980)	\$ 41,029,750
Literary Fund Loans	53,860	-	-	(26,930)	26,930
Revenue Bond	-	-	30,790,000	-	30,790,000
Unamortized Premium	1,692,989	-	1,442,840	(273,370)	2,862,459
Lease liabilities	-	1,173,023	-	(131,165)	1,041,858
Landfill post-closure liability	5,357,468	-	-	(382,978)	4,974,490
Compensated absences	679,490	-	550,527	(509,618)	720,399
Net pension liability ⁽¹⁾	4,012,925	-	8,239,258	(12,252,183)	-
Net OPEB liability	1,073,563	-	293,922	(592,197)	775,288
Total	<u>\$ 56,870,025</u>	<u>\$ 1,173,023</u>	<u>\$ 41,316,547</u>	<u>\$ (17,138,421)</u>	<u>\$ 82,221,174</u>

⁽¹⁾ Beginning balance resulted in net pension liability; however, the ending balance is a net pension asset.

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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		Revenue Bond		Lease Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 3,130,861	\$ 1,636,563	\$ 445,000	\$ 1,289,020	\$ 130,518	\$ 18,771
2024	3,258,697	1,488,846	655,000	1,084,450	120,852	16,606
2025	3,409,305	1,334,793	675,000	1,064,800	123,185	14,391
2026	3,395,808	1,174,421	700,000	1,037,800	126,502	12,111
2027	3,549,594	1,009,940	730,000	1,009,800	110,448	9,821
2028-2032	12,976,502	3,297,334	4,060,000	4,627,300	430,353	22,141
2033-2037	8,310,913	1,177,551	4,940,000	3,748,100	-	-
2038-2042	3,025,000	108,364	5,985,000	2,709,238	-	-
2043-2047	-	-	5,785,000	1,739,763	-	-
2048-2052	-	-	6,815,000	705,375	-	-
Totals	<u>\$ 41,056,680</u>	<u>\$ 11,227,812</u>	<u>\$ 30,790,000</u>	<u>\$ 19,015,646</u>	<u>\$ 1,041,858</u>	<u>\$ 93,841</u>

Remainder of page left blank intentionally.

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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	\$ 5,088,950	\$ 389,212
General Obligation Bonds:						
Fire Truck Loan	4.25%	8/6/2013	2029	446,372	162,372	30,345
2018 Fire Truck Loan	2.8769%	5/1/2018	2025	1,188,185	538,428	174,374
School construction - VPSA	4.1% - 5.1%	5/11/2006	2026	15,890,000	5,525,000	1,005,000
Jail Construction Bond - VRA	2.011%-5.125%	8/14/2014	2033	13,150,000	9,935,000	705,000
School construction - VPSA	3.05%-5.05%	5/15/2018	2039	21,265,000	19,780,000	800,000
Total Bonds					\$ 41,029,750	\$ 3,103,931
Add:						
Unamortized premium on Issuance	n/a	n/a	n/a	n/a	\$ 1,419,618	\$ -
Net General Obligation Bonds					\$ 42,449,368	\$ 3,103,931
Literary Fund Loans:						
School construction	3.00%	1/15/2003	2023	\$ 538,600	\$ 26,930	\$ 26,930
Total Literary Fund Loans					\$ 26,930	\$ 26,930
Total Direct Borrowings and Placements					\$ 42,476,298	\$ 3,130,861
Revenue Bond:						
2022 Lease revenue bond	3.375% - 4.0%	3/30/2022	2052	\$ 30,790,000	\$ 30,790,000	\$ 445,000
Add:						
Unamortized premium on Issuance	n/a	n/a	n/a	n/a	\$ 1,442,841	\$ -
Net Revenue Bond					\$ 32,232,841	\$ 445,000
Lease Liabilities:						
Copier ⁽²⁾	0.76%	11/1/2019	2025	\$ 6,487	\$ 3,056	\$ 1,303
Copier ⁽²⁾	0.76%	11/1/2019	2025	6,487	3,056	1,303
Copier ⁽²⁾	0.76%	8/17/2017	2023	10,320	175	175
Recreation building ⁽²⁾	0.42%	4/1/2020	2023	53,671	13,476	13,476
Office building ⁽²⁾	1.41%	12/1/2016	2027	324,783	148,927	32,912
Cell tower site ⁽²⁾	2.00%	1/1/2018	2027	110,866	60,140	11,066
Cell tower site ⁽²⁾	2.00%	10/1/2002	2028	117,965	29,879	5,452
Office building ⁽²⁾	2.00%	6/1/2021	2032	848,229	783,149	64,832
Total Lease Liabilities					\$ 1,041,858	\$ 130,519
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 720,399	\$ 540,299
Landfill post-closure liability	n/a	n/a	n/a	n/a	4,974,490	-
Net OPEB liability	n/a	n/a	n/a	n/a	775,288	-
Total Other Obligations					\$ 6,470,177	\$ 540,299
Total Long-term obligations					\$ 82,221,174	\$ 4,246,679

⁽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.

The locality's direct borrowings and placements revenue bond, general obligation bonds and literary loans 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.

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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, 2022.

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Direct Borrowings and Placements:				
Note payable	\$ 297,761	\$ -	\$ (207,267)	\$ 90,494
Compensated absences	948,885	668,664	(711,664)	905,885
Net OPEB liabilities	11,302,980	1,943,998	(2,548,590)	10,698,388
Net pension liabilities	50,509,369	9,284,784	(34,620,141)	25,174,012
Total	<u>\$ 63,058,995</u>	<u>\$ 11,897,446</u>	<u>\$ (38,087,662)</u>	<u>\$ 36,868,779</u>

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

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

Year Ending June 30,	Direct Borrowings and Placements	
	Principal	Interest
2023	\$ 90,494	\$ 2,667
Totals	<u>\$ 90,494</u>	<u>\$ 2,667</u>

Remainder of page left blank intentionally.

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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
Direct Borrowings and Placements:						
Note Payable - School Buses	2.95%	3/15/2019	2023	\$ 439,890	\$ 90,494	\$ 90,494
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	905,885	679,414
Net OPEB Liabilities	n/a	n/a	n/a	n/a	10,698,388	-
Net Pension Liabilities	n/a	n/a	n/a	n/a	25,174,012	-
Total long-term obligations					<u>\$ 36,868,779</u>	<u>\$ 769,908</u>

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, 2022.

	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	\$ 3,802,871	\$ 7,221,560	\$ (3,855,559)	\$ (178,630)	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	488,717	1,712,473	256,798	111,331
School Board Professional	-	-	-	-	9,089,909	19,457,941	24,917,214	(255,003)
Totals	<u>\$ 3,802,871</u>	<u>\$ 7,221,560</u>	<u>\$ (3,855,559)</u>	<u>\$ (178,630)</u>	<u>\$ 9,578,626</u>	<u>\$ 21,170,414</u>	<u>\$ 25,174,012</u>	<u>\$ (143,672)</u>

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, 2020 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	150	173
Inactive members:		
Vested inactive members	67	43
Non-vested inactive members	88	83
Inactive members active elsewhere in VRS	101	27
Total inactive members	256	153
Active members	273	125
Total covered employees	679	451

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, 2022 was 9.51% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$1,361,703 and \$1,255,477 for the years ended June 30, 2022 and June 30, 2021, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2022 was 9.27% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$241,298 and \$236,879 for the years ended June 30, 2022 and June 30, 2021, 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, 2021. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021.

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, 2020, 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, 2021.

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

Remainder of page left blank intentionally.

Note 9-Pension Plans: (Continued)***Actuarial Assumptions - General Employees (Continued)***

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

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

Remainder of page left blank intentionally.

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

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

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

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

Remainder of page left blank intentionally.

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

* The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

Note 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, 2021, 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, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2021, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 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.

Remainder of page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 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, 2020	\$ 55,688,238	\$ 51,675,313	\$ 4,012,925
Changes for the year:			
Service cost	\$ 1,780,899	\$ -	\$ 1,780,899
Interest	3,672,609	-	3,672,609
Changes of assumptions	2,578,680	-	2,578,680
Differences between expected and actual experience	172,095	-	172,095
Contributions - employer	-	1,255,477	(1,255,477)
Contributions - employee	-	668,672	(668,672)
Net investment income	-	14,182,255	(14,182,255)
Benefit payments, including refunds	(2,558,440)	(2,558,440)	-
Administrative expenses	-	(34,975)	34,975
Other changes	-	1,338	(1,338)
Net changes	\$ 5,645,843	\$ 13,514,327	\$ (7,868,484)
Balances at June 30, 2021	\$ 61,334,081	\$ 65,189,640	\$ (3,855,559)

Remainder of page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**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, 2020	\$ 13,919,896	\$ 11,524,420	\$ 2,395,476
Changes for the year:			
Service cost	\$ 260,497	\$ -	\$ 260,497
Interest	910,130	-	910,130
Changes of assumptions	556,692	-	556,692
Differences between expected and actual experience	(410,758)	-	(410,758)
Contributions - employer	-	236,879	(236,879)
Contributions - employee	-	127,662	(127,662)
Net investment income	-	3,098,400	(3,098,400)
Benefit payments, including refunds	(872,981)	(872,981)	-
Administrative expenses	-	(7,992)	7,992
Other changes	-	290	(290)
Net changes	\$ 443,580	\$ 2,582,258	\$ (2,138,678)
Balances at June 30, 2021	\$ 14,363,476	\$ 14,106,678	\$ 256,798

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)	\$ 4,629,887	\$ (3,855,559)	\$ (10,817,371)
Component Unit School Board's (Nonprofessional)			
Net Pension Liability (Asset)	\$ 1,812,159	\$ 256,798	\$ (1,056,690)

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, 2022, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$(178,630) and \$111,331, respectively. At June 30, 2022, 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	\$ 236,511	\$ 137,105	\$ -	\$ 182,559
Changes of assumptions	2,204,657	-	247,419	-
Net difference between projected and actual earnings on pension plan investments	-	7,084,455	-	1,529,914
Employer contributions subsequent to the measurement date	1,361,703	-	241,298	-
Total	\$ 3,802,871	\$ 7,221,560	\$ 488,717	\$ 1,712,473

Remainder of page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 9-Pension Plans: (Continued)**

\$1,361,703 and \$241,298 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, 2023. 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>
2023	\$ (708,945)	\$ (293,317)
2024	(861,277)	(348,308)
2025	(1,066,828)	(355,843)
2026	(2,143,342)	(467,586)
Thereafter	-	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$4,715,240 and \$4,540,820 for the years ended June 30, 2022 and June 30, 2021, respectively.

Note 9-Pension Plans: (Continued)**Contributions (Continued)**

In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2022, the school division reported a liability of \$24,917,214 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was 0.32097% as compared to 0.33060% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized pension expense of \$(255,503). 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.

At June 30, 2022, 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	\$ -	\$ 2,122,298
Changes of assumptions	4,365,431	-
Net difference between projected and actual earnings on pension plan investments	-	15,702,161
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,238	1,633,482
Employer contributions subsequent to the measurement date	4,715,240	-
Total	\$ 9,089,909	\$ 19,457,941

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)

\$4,715,240 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, 2023. 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>	
2023	\$ (3,709,047)
2024	(3,234,928)
2025	(3,460,427)
2026	(4,680,581)
Thereafter	1,711

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020 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, 2021.

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

Note 9-Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions (Continued)

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

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

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, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$ 53,381,141
Plan Fiduciary Net Position	45,617,878
Employers' Net Pension Liability (Asset)	\$ <u><u>7,763,263</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.46%

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.

Remainder of page left blank intentionally.

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	\$ 48,088,873	\$ 24,917,214	\$ 5,855,429

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2022.

	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	\$ 278,515	\$ 313,397	\$ 775,288	\$ 41,006	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	51,003	70,228	157,526	7,468
School Board Professional	-	-	-	-	427,355	704,741	1,573,513	35,819
School Board Nonprofessional Health Insurance Credit Plan	-	-	-	-	37,207	9,528	194,560	24,082
Teacher Health Insurance Credit Plan	-	-	-	-	461,030	375,287	4,049,789	274,718
School Stand-Alone Plan	-	-	-	-	1,158,000	1,617,000	4,723,000	199,000
Totals	\$ 278,515	\$ 313,397	\$ 775,288	\$ 41,006	\$ 2,134,595	\$ 2,776,784	\$ 10,698,388	\$ 541,087

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 \$8,722 as of June 30, 2022.

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, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$80,903 and \$74,238 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (nonprofessional) were \$15,216 and \$15,079 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (professional) were \$156,893 and \$150,683 for the years ended June 30, 2022 and June 30, 2021, respectively.

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, 2022, the County reported a liability of \$775,288 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2022, the Component Unit School Board (nonprofessional) reported a liability of \$157,526 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2022, the Component Unit School Board (professional) reported a liability of \$1,573,513 for its proportionate share of the Net GLI OPEB Liability.

The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2021, the County's proportion was 0.06660% as compared to 0.06430% at June 30, 2020.

At June 30, 2021, the Component Unit School Board (nonprofessional) proportion was 0.01350% as compared to 0.01390% at June 30, 2020.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**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, 2021, the Component Unit School Board (professional) proportion was 0.13510% as compared to 0.13880% at June 30, 2020.

For the year ended June 30, 2022, the County recognized GLI OPEB expense of \$41,006. 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, 2022, the Component Unit School Board (nonprofessional) recognized GLI OPEB expense of \$7,468. 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, 2022, the Component Unit School Board (professional) recognized GLI OPEB expense of \$35,819. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, 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	\$ 88,424	\$ 5,907	\$ 17,966	\$ 1,200	\$ 179,465	\$ 11,989
Net difference between projected and actual earnings on GLI OPEB plan investments	-	185,045	-	37,598	-	375,564
Change in assumptions	42,741	106,076	8,684	21,553	86,747	215,290
Changes in proportionate share	66,447	16,369	9,137	9,877	4,250	101,898
Employer contributions subsequent to the measurement date	80,903	-	15,216	-	156,893	-
Total	<u>\$ 278,515</u>	<u>\$ 313,397</u>	<u>\$ 51,003</u>	<u>\$ 70,228</u>	<u>\$ 427,355</u>	<u>\$ 704,741</u>

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)***

\$80,903, \$15,216 and \$156,893 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, 2023. 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)
2023	\$ (28,949)	\$ (6,746)	\$ (106,163)
2024	(20,715)	(5,493)	(88,455)
2025	(16,375)	(5,819)	(78,487)
2026	(45,414)	(12,956)	(129,362)
2027	(4,332)	(3,427)	(31,812)
Thereafter	-	-	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021. 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

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

Actuarial Assumptions (Continued)

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

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

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

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 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

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

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

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

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, 2021, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,577,346
Plan Fiduciary Net Position		2,413,074
GLI Net OPEB Liability (Asset)	\$	<u>1,164,272</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.45%

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.

Remainder of page left blank intentionally.

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including 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, 2021, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 1,132,724	\$ 775,288	\$ 486,642
Component Unit-School Board (Nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	\$ 230,151	\$ 157,526	\$ 98,878
Component Unit-School Board (Professional) proportionate share of the GLI Plan Net OPEB Liability	\$ 2,298,960	\$ 1,573,513	\$ 987,682

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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2020 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	41
Inactive members:	
Vested inactive members	2
Total inactive members	<u>43</u>
Active members	125
Total covered employees	<u><u>168</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Component Unit School Board's (Nonprofessional) contractually required employer contribution rate for the year ended June 30, 2022 was 0.75% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. 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 \$21,133 and \$20,944 for the years ended June 30, 2022 and June 30, 2021, respectively.

During the 2020 session, House Bill 1513 was enacted. This bill required the addition of Health Insurance Credit benefits for non-teacher employees effective July 1, 2021. While benefit payments became effective July 1, 2021, employers were required to pre-fund the benefits beginning July 1, 2020. The bill impacted 95 employers and resulted in approximately \$2.5 million of additional employer contributions in FY 2021.

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

Component Unit School Board (Nonprofessional) (Continued)

Net HIC OPEB Liability

The Component Unit School Board's (Nonprofessional) net HIC OPEB liability was measured as of June 30, 2021. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

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)

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

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

Remainder of page left blank intentionally.

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

Note 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, 2021, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2020 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, 2020	\$ 277,735	\$ 76,363	\$ 201,372
Changes for the year:			
Service cost	\$ 7,161	\$ -	\$ 7,161
Interest	18,022	-	18,022
Differences between expected and actual experience	101	-	101
Assumption changes	8,468	-	8,468
Contributions - employer	-	20,944	(20,944)
Net investment income	-	19,856	(19,856)
Benefit payments	(21,483)	(21,483)	-
Administrative expenses	-	(236)	236
Net changes	\$ 12,269	\$ 19,081	\$ (6,812)
Balances at June 30, 2021	\$ 290,004	\$ 95,444	\$ 194,560

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	\$ 223,620	\$ 194,560	\$ 169,635

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, 2022, the Component Unit School Board (Nonprofessional) recognized HIC Plan OPEB expense of \$24,082. At June 30, 2022, 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 \$	7,276	\$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	-	9,528
Change in assumptions	8,798	-
Employer contributions subsequent to the measurement date	21,133	-
Total	\$ 37,207	\$ 9,528

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)***

\$21,133 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, 2023. 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

2023	\$ 5,305
2024	2,829
2025	79
2026	(1,667)
2027	-
Thereafter	-

HIC Plan Data

Information about the VRS Political Subdivision HIC Program is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021annual-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 credit 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 credit 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, 2022 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 \$351,557 and \$337,637 for the years ended June 30, 2022 and June 30, 2021, respectively.

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, 2022, the school division reported a liability of \$4,049,789 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, 2021 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, 2020 and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion of the VRS Teacher Employee HIC Program was 0.3155% as compared to 0.3257% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized VRS Teacher HIC OPEB expense of \$274,718. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 70,669
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	53,348
Change in assumptions	109,473	16,276
Change in proportion	-	234,994
Employer contributions subsequent to the measurement date	<u>351,557</u>	<u>-</u>
Total	<u>\$ 461,030</u>	<u>\$ 375,287</u>

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)***

\$351,557 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2023	\$ (60,060)
2024	(60,666)
2025	(56,724)
2026	(44,257)
2027	(21,238)
Thereafter	(22,869)

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, 2020, 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, 2021.

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

Remainder of page left blank intentionally.

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

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

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, 2021, 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	\$	1,477,874
Plan Fiduciary Net Position		194,305
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<u>1,283,569</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		13.15%

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.

Remainder of page left blank intentionally.

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

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, 2021, 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, 2021 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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 4,558,940	\$ 4,049,789	\$ 3,618,926

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 2021 Annual Comprehensive Annual Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2020 (measurement date), the following employees were covered by the benefit terms:

Total active employees	602
Total retirees with coverage	<u>26</u>
Total	<u><u>628</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, 2022 was \$230,000.

Total OPEB Liability

The School Board's total OPEB liability was measured as of July 1, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of July 1, 2020, and rolled forward to the measurement date of July 1, 2021.

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

The total OPEB liability in the July 1, 2020 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	7.00% pre-medicare, decreasing 0.25% per year to an ultimate rate of 5.00%, and 5.00% for post-medicare.
Discount Rate	1.92%

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 Total OPEB Liability
Beginning Balance	\$	4,304,000
Changes for the year:		
Service cost		203,000
Interest		108,000
Difference between expected and actual experience		(135,000)
Benefit payments		(230,000)
Other changes		473,000
Net changes	\$	419,000
Ending Balance	\$	4,723,000

Remainder of page left blank intentionally.

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 (0.92%) or one percentage point higher (2.92%) than the current discount rate:

Rate		
1% Decrease (0.92%)	Current Discount Rate (1.92%)	1% Increase (2.92%)
\$ 5,581,000	\$ 4,723,000	\$ 4,052,000

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 (6.00% for Pre-Medicare and 4.00% for Post-Medicare decreasing by 0.25% annually to an ultimate rate of 4.00%) or one percentage point higher (7.00% for Pre-Medicare and 6.00% for Post-Medicare decreasing by 0.25% annually to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

Rate		
1% Decrease (as noted above)	Healthcare Cost Trend (as noted above)	1% Increase (as noted above)
\$ 3,878,000	\$ 4,723,000	\$ 5,852,000

Remainder of page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**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, 2022, the School Board recognized OPEB expense in the amount of \$199,000. At June 30, 2022, 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	\$ -	\$ 1,376,000
Changes in assumptions	928,000	241,000
Employer contributions subsequent to the measurement date	230,000	-
Total	\$ <u>1,158,000</u>	\$ <u>1,617,000</u>

\$230,000 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, 2023. 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:

<u>Year Ended June 30</u>	
2023	\$ (123,000)
2024	(123,000)
2025	(123,000)
2026	(123,000)
2027	(123,000)
Thereafter	(74,000)

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.

Remainder of page left blank intentionally.

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, 2022 was \$66,192.

Remainder of page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**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	Balance Sheet
	Governmental Activities	Governmental Funds
Deferred/unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings are not available for the funding of current expenditures	\$ -	\$ 1,262,139
Prepaid property taxes due after June 30 but paid in advance by taxpayers	320,484	320,484
Unavailable opioid settlement proceeds representing uncollected opioid settlement proceeds not available for the funding of current expenditures	-	409,061
Total deferred/unavailable revenue	<u>\$ 320,484</u>	<u>\$ 1,991,684</u>
Unearned revenue:		
Unspent Governor's Opportunity Funds received during the previous fiscal years	\$ 287,500	\$ 287,500
Unspent ARPA funds received during the current fiscal year	6,517,429	6,517,429
Unspent Community Foundation grant received during the current fiscal year	50,000	50,000
	<u>\$ 6,854,929</u>	<u>\$ 6,854,929</u>

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 17-Capital Assets:

Capital asset activity for the year ended June 30, 2022 was as follows:

Primary Government:

	Beginning Balance	GASBS No. 87 Implementation	Increases	Decreases ⁽¹⁾	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 5,447,579	\$ -	\$ -	\$ -	\$ 5,447,579
Construction in progress	383,690	-	823,380	-	1,207,070
Total capital assets not being depreciated	\$ 5,831,269	\$ -	\$ 823,380	\$ -	\$ 6,654,649
Capital assets, being depreciated:					
Buildings and improvements	\$ 86,091,522	\$ -	\$ -	\$ (7,500,000)	\$ 78,591,522
Machinery and equipment	22,559,714	-	950,449	(380,695)	23,129,468
Total capital assets being depreciated	\$ 108,651,236	\$ -	\$ 950,449	\$ (7,880,695)	\$ 101,720,990
Accumulated depreciation:					
Buildings and improvements	\$ (26,710,631)	\$ -	\$ (2,112,768)	\$ 3,843,493	\$ (24,979,906)
Machinery and equipment	(15,484,126)	-	(1,684,442)	380,695	(16,787,873)
Total accumulated depreciation	\$ (42,194,757)	\$ -	\$ (3,797,210)	\$ 4,224,188	\$ (41,767,779)
Total capital assets being depreciated, net	\$ 66,456,479	\$ -	\$ (2,846,761)	\$ (3,656,507)	\$ 59,953,211
Right-to-use lease assets, being amortized:					
Land	\$ -	\$ 105,976	\$ -	\$ -	\$ 105,976
Buildings and improvements	-	1,056,081	-	-	1,056,081
Machinery and equipment	-	10,966	-	-	10,966
Total right-to-use lease assets being amortized	\$ -	\$ 1,173,023	\$ -	\$ -	\$ 1,173,023
Accumulated amortization:					
Land	\$ -	\$ -	\$ (16,505)	\$ -	\$ (16,505)
Buildings and improvements	-	-	(128,562)	-	(128,562)
Machinery and equipment	-	-	(4,694)	-	(4,694)
Total accumulated amortization	\$ -	\$ -	\$ (149,761)	\$ -	\$ (149,761)
Total right-to-use lease assets being amortized, net	\$ -	\$ 1,173,023	\$ (149,761)	\$ -	\$ 1,023,262
Governmental activities capital assets, net	\$ 72,287,748	\$ 1,173,023	\$ (2,173,142)	\$ (3,656,507)	\$ 67,631,122

⁽¹⁾ Current year decreases include the transfer of a building with the net book value of \$3,656,507 (cost \$7,500,000 and accumulated depreciation \$3,843,493) to the School Board.

Remainder of page left blank intentionally.

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	\$ 332,778
Judicial administration	78,362
Public safety	1,779,074
Public works	162,929
Health and welfare	106,948
Education	1,105,800
Parks, recreation, and culture	374,032
Community development	7,048
	<hr/>
Total depreciation/amortization expense-governmental activities	<u><u>\$ 3,946,971</u></u>

Remainder of page left blank intentionally.

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 17-Capital Assets: (Continued)

Discretely Presented Component Unit School Board:

Capital asset activity for the School Board for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases ⁽¹⁾	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,621,728	\$ -	\$ -	\$ 1,621,728
Total capital assets not being depreciated	\$ 1,621,728	\$ -	\$ -	\$ 1,621,728
Capital assets, being depreciated:				
Buildings and improvements	\$ 59,622,075	\$ 7,514,515	\$ (36,922)	\$ 67,099,668
Machinery and equipment	13,442,055	2,156,812	(7,065)	15,591,802
Total capital assets being depreciated	\$ 73,064,130	\$ 9,671,327	\$ (43,987)	\$ 82,691,470
Accumulated depreciation:				
Buildings and improvements	\$ (40,402,605)	\$ (5,396,324)	\$ 20,581	\$ (45,778,348)
Machinery and equipment	(8,418,119)	(1,235,462)	7,065	(9,646,516)
Total accumulated depreciation	\$ (48,820,724)	\$ (6,631,786)	\$ 27,646	\$ (55,424,864)
Total capital assets being depreciated, net	\$ 24,243,406	\$ 3,039,541	\$ (16,341)	\$ 27,266,606
School Board capital assets, net	\$ 25,865,134	\$ 3,039,541	\$ (16,341)	\$ 28,888,334

⁽¹⁾ Current year increases include the transfer of a building with the net book value of \$3,656,507 (cost \$7,500,000 and accumulated depreciation \$3,843,493) from the County.

Note 18-Leases Receivable:

The following is a summary of leases receivable transactions of the County for the year ended June 30, 2022:

	Beginning Balance	GASBS No. 87 Implementation	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	\$ -	\$ 2,560,741	\$ -	\$ (238,821)	\$ 2,321,920	\$ 100,741

Lease revenue recognized during the fiscal year was \$238,821.

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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	3/1/2007	2/28/2027	Annually	4.00%	\$ 184,231	\$ 40,531
Cell Tower	8/1/1998	7/31/2028	Annually	4.00%	245,671	32,756
Cell Tower	10/7/2002	10/6/2027	Annually	4.00%	241,979	40,652
Cell Tower	6/21/2011	6/20/2031	Monthly	3.00%	449,877	38,394
Cell Tower	2/1/2014	1/31/2029	Monthly	4.00%	269,603	32,904
Cell Tower	6/1/2021	5/31/2027	Monthly	3.00%	40,003	7,175
Jail Building	11/30/2008	11/29/2033	Annually	4.50%	890,556	64,341
Total					<u>\$ 2,321,920</u>	<u>\$ 256,753</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.

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
Anthony Zerrilla, Finance Manager	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:

Dr. Donald M. (Mac) Scothorn	\$ 1,000
Richard G. Bailey	1,000
Stephen P. Clinton	1,000
Billy W. Martin, Sr.	1,000
Amy S. White	1,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**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, 2022, the estimated post-closure care and correction action costs are estimated to be \$4,974,490 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, 2022 and for the year then ended, the County was not liable for any amounts due under current rules governing arbitrage earnings.

Note 24-Contingencies and Commitments:

The County had the following construction commitments at June 30, 2022.

Project	Original Contract Amount	Outstanding at June 30, 2022
County		
Circuit Courthouse	\$ 1,779,000	\$ 1,312,032

Note 24-Contingencies and Commitments: (Continued)

The County, the EDA, Shooting Star Virginia Partners, LLC (Developer), and Munters Corporation (Company) entered into a performance agreement during the fiscal year. In addition, the EDA and the Developer entered into a real estate sale agreement. Key provisions of these agreements are as follow:

- The Developer agreed to purchase tax Parcel Number 88-20 (lots A, B, and C) (the “Site”) from the Authority at a price of \$900,000, which such amount placed in escrow to cover anticipated development cost for the Authority to construct a road and to extend public water and sewer (utilities) to the Site. Assets constructed will be conveyed to the Virginia Department of Transportation, the Developer or the Western Virginia Water Authority.
- The County has agreed to provide a workforce training credit to the Company of (up to) \$150,000 in tuition assistance.
- The Developer has agreed to make capital investments of at least \$23,400,000 to the Site. Failure to make the aforementioned improvements could result in a payment of (up to) \$150,000 by the Developer to the EDA.
- The Company has agreed to create at least 180 new jobs. Failure to create these jobs could result in a payment of (up to) \$150,000 by the Developer to the EDA.
- The EDA and the County have entered into a support agreement that limits the EDA’s responsibility for the road and utility construction (development cost) to the amount available from the escrow account for same.

As of June 30, 2022, the EDA has reported funds totaling \$845,985, as funds held by others. This balance represents funds held in escrow from the land sale by the Law Firm of Gynn, Waddell, Carroll and Lockaby, P.C.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**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 2022, a total of \$3,264,122 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 \$240,767 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>
2021-22	\$ 333,129	\$ 3,171,760	\$ (3,264,122)	\$ 240,767
2020-21	149,196	3,400,691	(3,216,758)	333,129
2019-20	436,760	3,500,089	(3,787,653)	149,196

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 2010, a total of \$5,647,025 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 \$447,400 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>
2021-22	\$ 428,200	\$ 5,666,225	\$ (5,647,025)	\$ 447,400
2020-21	417,200	5,005,038	(4,994,038)	428,200
2019-20	416,000	4,801,800	(4,800,600)	417,200

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 26-Litigation:

At June 30, 2022, 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	99,542	-
Public safety		
Property Seizure	72,209	-
E-Summons Program	23,623	-
Traffic Safety Program	405,215	-
Courtroom Security	199,264	-
Criminal Processing	8,190	-
Fire and EMS Funds	27,702	-
Community Outreach Program - Sheriff	33,506	-
Sheriff Employee Assistance	1,113	-
Opioid Settlement Proceeds	423,781	-
Public works		
Courthouse Maintenance	64,852	-
Parks, recreation, and cultural		
Van Program	38,197	-
Greenfield Preservation Area	86,124	-
Sestercentennial Committee Fund	32,712	-
BoCo Children's Fishing Carnival	2,333	-
Net pension asset	3,855,559	-
Cafeteria Operations	-	1,189,369
School Activity Fund	-	892,592
Total Restricted Net Position	<u>\$ 5,373,922</u>	<u>\$ 2,081,961</u>
	<u>General Fund</u>	<u>Total School Fund</u>
Restricted Fund Balance:		
Restricted Net Position Above	\$ 5,373,922	\$ 2,081,961
Unspent Lease Revenue Bond Proceeds	31,461,227	-
Less Net Pension Asset	(3,855,559)	-
Less Unavailable Opioid Settlement Proceeds	(409,061)	-
Total Restricted Fund Balance	<u>\$ 32,570,529</u>	<u>\$ 2,081,961</u>
	<u>General Fund</u>	<u>Total School Fund</u>
Committed Fund Balance:		
Construction Projects	\$ 750,639	\$ -
Local Economic Incentives	837,500	-
Total Committed Fund Balance	<u>\$ 1,588,139</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**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, 2022, the Company applied for and received refunds totaling \$181,416 for 2021 taxes.

Note 29-Incentive Agreements:

The County has entered into certain local incentive agreements with businesses to encourage economic development in the County. At year end, funds totaling \$837,500 have been committed to fund these incentive agreements. The incentive agreements contain performance measures that must be achieved by the business(es) prior to the release of funds. At year end, no amounts were currently due and/or payable under the current incentive agreements.

Note 30-Adoption of Accounting Principle:

The County implemented provisions of Governmental Accounting Standards Board Statement No. 87, *Leases* during the fiscal year ended June 30, 2022. Statement No. 87, *Leases* requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the leases:

Primary Government:

	Governmental Activities	General Fund
Lessee activity:		
Right-to-use lease assets	\$ 1,173,023	\$ -
Lease liabilities	\$ 1,173,023	\$ -
Lessor activity:		
Leases receivable	\$ 2,560,741	\$ 2,560,741
Deferred inflows of resources-leases	\$ 2,560,741	\$ 2,560,741

Note 31-COVID-19 Pandemic Funding and Subsequent Event:

ARPA Funding

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

As of June 30, 2022, the County received their share of CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$6,517,429 are reported as unearned revenue as of June 30.

ESF Funding

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

Note 32-Upcoming Pronouncements:

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

Note 32-Upcoming Pronouncements: (Continued)

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

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

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

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

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, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 48,858,600	\$ 48,858,600	\$ 48,758,018	\$ (100,582)
Other local taxes	8,274,800	8,274,800	9,641,119	1,366,319
Permits, privilege fees, and regulatory licenses	412,800	412,800	447,812	35,012
Fines and forfeitures	67,000	67,000	56,303	(10,697)
Revenue from the use of money and property	641,050	641,050	611,448	(29,602)
Charges for services	163,519	163,519	853,455	689,936
Miscellaneous	379,364	377,754	493,076	115,322
Recovered costs	2,018,141	2,018,141	2,650,701	632,560
Intergovernmental	12,497,307	12,475,354	13,491,031	1,015,677
Total revenues	\$ 73,312,581	\$ 73,289,018	\$ 77,002,963	\$ 3,713,945
EXPENDITURES				
General government administration:				
Board of supervisors	\$ 234,466	\$ 254,417	\$ 239,289	\$ 15,128
County administrator	791,795	915,115	854,638	60,477
Human resources	403,444	370,222	311,672	58,550
Central garage	99,478	110,615	98,071	12,544
Commissioner of revenue	425,011	441,835	408,981	32,854
Central purchasing	143,529	174,883	165,658	9,225
Treasurer	560,161	591,701	580,077	11,624
Management information systems	1,233,080	1,285,057	1,130,488	154,569
Financial services	460,875	472,944	427,214	45,730
Communications	183,491	212,318	193,209	19,109
Nondepartmental	1,454,982	98,912	-	98,912
Electoral board/registrar	352,155	416,667	391,405	25,262
Total general government administration	\$ 6,342,467	\$ 5,344,686	\$ 4,800,702	\$ 543,984
Judicial administration:				
Circuit court	\$ 70,340	\$ 73,084	\$ 98,128	\$ (25,044)
General district court	22,248	43,048	39,034	4,014
Magistrate	3,000	3,249	3,140	109
Clerk of the circuit court	739,363	778,250	768,768	9,482
Juvenile and domestic relations district court	24,073	29,721	18,250	11,471
Commonwealth's attorney	831,435	866,012	814,956	51,056
Total judicial administration	\$ 1,690,459	\$ 1,793,364	\$ 1,742,276	\$ 51,088
Public safety:				
Sheriff	\$ 5,901,360	\$ 7,159,376	\$ 5,861,509	\$ 1,297,867
Fire departments and rescue squads	654,770	666,277	590,925	75,352
Emergency communications	404,140	407,269	268,032	139,237
County operated institutions - jail	5,341,803	5,957,546	5,455,871	501,675
Probation office	5,726	5,727	4,946	781
Juvenile detention	182,000	182,000	181,916	84

County of Botetourt, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	<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)				
Building inspections	\$ 498,269	\$ 530,813	\$ 412,847	\$ 117,966
Animal control	835,449	873,114	751,784	121,330
Emergency services	5,581,843	8,138,304	6,299,347	1,838,957
Dispatch	987,300	1,127,190	942,000	185,190
Courtroom security	-	192,364	51,450	140,914
Pandemic response	-	244,393	20,000	224,393
Total public safety	\$ 20,392,660	\$ 25,484,373	\$ 20,840,627	\$ 4,643,746
Public works:				
Refuse collection and disposal	\$ 892,669	\$ 987,605	\$ 894,856	\$ 92,749
General properties	1,865,926	1,902,246	1,806,777	95,469
Total public works	\$ 2,758,595	\$ 2,889,851	\$ 2,701,633	\$ 188,218
Health and welfare:				
Supplement of local health department	\$ 340,817	\$ 373,773	\$ 373,773	\$ -
Mental health contribution	40,000	40,000	40,000	-
Welfare administration and programs	1,501,157	1,756,156	1,659,204	96,952
Comprehensive services act	1,531,048	1,532,293	1,432,448	99,845
Senior van program	131,797	155,144	82,154	72,990
Tax relief for the elderly	558,000	558,000	557,559	441
Other welfare programs	27,500	27,500	27,500	-
Total health and welfare	\$ 4,130,319	\$ 4,442,866	\$ 4,172,638	\$ 270,228
Education:				
Contribution to Community Colleges	\$ 42,140	\$ 42,140	\$ 42,140	\$ -
Contribution to County School Board	26,441,235	26,441,235	24,311,633	2,129,602
Total education	\$ 26,483,375	\$ 26,483,375	\$ 24,353,773	\$ 2,129,602
Parks, recreation, and cultural:				
Supervision of parks and recreation	\$ 651,849	\$ 766,038	\$ 615,103	\$ 150,935
Sports complex	374,387	335,604	237,447	98,157
Contributions to cultural organizations	26,500	31,000	31,000	-
Library expenses	1,302,429	1,351,973	1,296,202	55,771
YMCA support	300,000	300,000	300,000	-
Total parks, recreation, and cultural	\$ 2,655,165	\$ 2,784,615	\$ 2,479,752	\$ 304,863
Community development:				
Economic development - contributions	\$ 273,426	\$ 273,426	\$ 273,426	\$ -
Environmental management	20,111	20,111	20,111	-
Contribution to Economic Development Authority	629,000	3,728,480	2,821,842	906,638
Community development	779,343	830,246	645,736	184,510

County of Botetourt, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Community development: (Continued)				
Economic development	\$ 417,654	\$ 453,158	\$ 366,624	\$ 86,534
Extension office	66,470	66,387	46,908	19,479
Total community development	\$ 2,186,004	\$ 5,371,808	\$ 4,174,647	\$ 1,197,161
Capital projects:				
General government administration	\$ 246,333	\$ 564,776	\$ 307,213	\$ 257,563
Public safety	263,500	1,167,099	137,850	1,029,249
Public works	1,027,485	2,571,471	1,079,695	1,491,776
Education	-	157,151	27,376	129,775
Parks, recreation, and cultural	18,000	18,000	-	18,000
Community development	160,000	805,443	260,563	544,880
Total capital projects	\$ 1,715,318	\$ 5,283,940	\$ 1,812,697	\$ 3,471,243
Debt service:				
Principal retirement	\$ 3,160,620	\$ 3,170,620	\$ 3,128,075	\$ 42,545
Bond issuance costs*	-	-	228,865	(228,865)
Interest and other fiscal charges	1,797,599	1,797,599	1,797,599	-
Total debt service	\$ 4,958,219	\$ 4,968,219	\$ 5,154,539	\$ (186,320)
Total expenditures	\$ 73,312,581	\$ 84,847,097	\$ 72,233,284	\$ 12,613,813
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (11,558,079)	\$ 4,769,679	\$ 16,327,758
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	\$ -	\$ 30,790,000	\$ 30,790,000	\$ -
Premium on bonds issued	-	1,442,840	1,442,840	-
Total other financing sources (uses)	\$ -	\$ 32,232,840	\$ 32,232,840	\$ -
Net change in fund balances	\$ -	\$ 20,674,761	\$ 37,002,519	\$ 16,327,758
Fund balances - beginning	-	9,793,389	31,169,273	21,375,884
Fund balances - ending	\$ -	\$ 30,468,150	\$ 68,171,792	\$ 37,703,642

Note 1: GAAP serves as the budgetary basis of accounting

Note 2: Expenditures with a negative variance represent an overexpenditure of appropriations, with exceptions * noted below

* item(s) 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, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 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	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	172,095	244,877	(708,377)	(1,733,361)	(696,038)	(476,335)	(620,659)	-
Changes of assumptions	2,578,680	-	1,564,443	-	(246,558)	-	-	-
Benefit payments	(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	\$ 5,645,843	\$ 2,698,229	\$ 3,538,393	\$ 964,625	\$ 1,633,610	\$ 2,268,159	\$ 2,185,503	\$ 2,695,695
Total pension liability - beginning	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)	\$ 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	\$ 1,255,477	\$ 1,113,996	\$ 1,038,353	\$ 1,090,914	\$ 1,112,944	\$ 1,310,669	\$ 1,332,674	\$ 1,404,239
Contributions - employee	668,672	644,985	602,149	570,181	579,692	553,564	571,538	572,060
Net investment income	14,182,255	995,424	3,273,430	3,397,764	5,055,303	718,947	1,785,372	5,227,639
Benefit payments	(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	(34,975)	(33,613)	(32,121)	(29,123)	(29,044)	(24,969)	(23,760)	(27,445)
Other	1,338	(1,165)	(2,062)	(3,036)	(4,493)	(303)	(377)	276
Net change in plan fiduciary net position	\$ 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	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)	\$ 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)	\$ (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	106.29%	92.79%	97.49%	98.92%	94.83%	88.23%	91.06%	90.84%
Covered payroll	\$ 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	-28.01%	29.95%	10.86%	4.68%	21.66%	49.14%	35.07%	34.80%

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

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, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 260,497	\$ 275,590	\$ 233,978	\$ 241,309	\$ 244,440	\$ 246,453	\$ 297,919	\$ 301,655
Interest	910,130	860,868	861,276	841,348	844,304	856,146	825,985	800,682
Differences between expected and actual experience	(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	(872,981)	(916,847)	(954,916)	(791,053)	(791,011)	(758,111)	(751,171)	(730,570)
Net change in total pension liability	\$ 443,580	\$ 707,875	\$ 430,619	\$ 366,617	\$ (42,205)	\$ (152,729)	\$ 434,352	\$ 371,767
Total pension liability - beginning	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)	\$ 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	\$ 236,879	\$ 220,603	\$ 222,836	\$ 235,211	\$ 229,281	\$ 280,851	\$ 279,259	\$ 360,472
Contributions - employee	127,662	131,196	131,165	121,316	119,757	115,418	114,370	136,232
Net investment income	3,098,400	223,459	761,552	827,465	1,260,114	179,145	477,032	1,459,455
Benefit payments	(872,981)	(916,847)	(954,916)	(791,053)	(791,011)	(758,111)	(751,171)	(730,570)
Administrative charges	(7,992)	(7,945)	(7,994)	(7,364)	(7,564)	(6,778)	(6,794)	(8,002)
Other	290	(414)	(474)	(728)	(1,108)	(77)	(99)	77
Net change in plan fiduciary net position	\$ 2,582,258	\$ (349,948)	\$ 152,169	\$ 384,847	\$ 809,469	\$ (189,552)	\$ 112,597	\$ 1,217,664
Plan fiduciary net position - beginning	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)	\$ 14,106,678	\$ 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)	\$ 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	98.21%	82.79%	89.88%	91.71%	91.32%	84.51%	84.99%	87.10%
Covered payroll	\$ 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	9.19%	83.54%	47.38%	41.34%	43.60%	82.04%	81.42%	58.58%

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

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, 2021

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)
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%

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

County of Botetourt, Virginia
Schedule of Employer Contributions
Pension Plans

For the Years Ended June 30, 2013 through June 30, 2022

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					
2022	\$ 1,361,703	\$ 1,361,703	\$ -	\$ 14,965,257	9.10%
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%
2014	1,404,239	1,404,239	-	11,163,709	12.58%
2013	1,366,312	1,366,312	-	10,835,144	12.61%
Component Unit School Board (nonprofessional)					
2022	\$ 241,298	\$ 241,298	\$ -	\$ 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%
2014	360,472	360,472	-	2,681,093	13.44%
2013	344,690	344,690	-	2,562,753	13.45%
Component Unit School Board (professional)					
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%
2014	3,106,162	3,106,162	-	26,639,468	11.66%
2013	2,942,672	2,942,672	-	25,237,324	11.66%

*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, 2022

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

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

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

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

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

Component Unit School Board - Professional Employees

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

Detailed information about the retirement plan(s) annual money-weighted rate of return on plan investments is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2021

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					
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)					
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)					
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, 2013 through June 30, 2022

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					
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%
2014	53,706	53,706	-	11,163,709	0.48%
2013	52,093	52,093	-	10,835,144	0.48%
Component Unit School Board (Nonprofessional)					
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%
2014	12,869	12,869	-	2,681,093	0.48%
2013	12,301	12,301	-	2,562,753	0.48%
Component Unit School Board (Professional)					
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%
2014	127,869	127,869	-	26,639,468	0.48%
2013	121,139	121,139	-	25,237,324	0.48%

County of Botetourt, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2022

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Detailed information about the OPEB plan(s) annual money-weighted rate of return on plan investments is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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's 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, 2021

	2021	2020	2019	2018	2017
Total HIC OPEB Liability					
Service cost	\$ 7,161	\$ 6,970	\$ 5,079	\$ 6,000	\$ 7,000
Interest	18,022	16,678	16,335	15,000	15,000
Benefit changes	-	11,182	-	-	-
Differences between expected and actual experience	101	6,274	4,983	11,000	-
Changes of assumptions	8,468	-	-	-	(7,000)
Benefit payments	(21,483)	(20,914)	(15,917)	(15,000)	(11,000)
Other	-	-	6,065	(1,000)	-
Net change in total HIC OPEB liability	\$ 12,269	\$ 20,190	\$ 16,545	\$ 16,000	\$ 4,000
Total HIC OPEB Liability - beginning	277,735	257,545	241,000	225,000	221,000
Total HIC OPEB Liability - ending (a)	\$ 290,004	\$ 277,735	\$ 257,545	\$ 241,000	\$ 225,000
Plan fiduciary net position					
Contributions - employer	\$ 20,944	\$ 20,646	\$ 20,358	\$ 17,000	\$ 16,000
Net investment income	-	1,499	4,490	4,000	6,000
Benefit payments	19,856	(20,914)	(15,917)	(15,000)	(11,000)
Administrative charges	(21,483)	(144)	(99)	-	-
Other	(236)	(1)	445	(1,000)	-
Net change in plan fiduciary net position	\$ 19,081	\$ 1,086	\$ 9,277	\$ 5,000	\$ 11,000
Plan fiduciary net position - beginning	76,363	75,277	66,000	61,000	50,000
Plan fiduciary net position - ending (b)	\$ 95,444	\$ 76,363	\$ 75,277	\$ 66,000	\$ 61,000
School Division's net HIC OPEB liability - ending (a) - (b)	\$ 194,560	\$ 201,372	\$ 182,268	\$ 175,000	\$ 164,000
Plan fiduciary net position as a percentage of the total HIC OPEB liability	32.91%	27.49%	29.23%	27.39%	27.11%
Covered payroll	\$ 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	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, 2021

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)
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, 2013 through June 30, 2022

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
Component Unit School Board (Nonprofessional)					
2022	\$ 21,133	\$ 21,133	\$ -	\$ 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%
2014	16,087	16,087	-	2,681,093	0.60%
2013	15,361	15,361	-	2,562,753	0.60%
Component Unit School Board (Professional)					
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%
2014	295,698	295,698	-	26,639,468	1.11%
2013	280,134	280,134	-	25,237,324	1.11%

County of Botetourt, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2022

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

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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2021

	2021	2020	2019	2018	2017
Total OPEB liability					
Service cost	\$ 203,000	\$ 199,000	\$ 183,000	\$ 228,000	\$ 222,000
Interest	108,000	152,000	166,000	202,000	196,000
Differences between expected and actual experience	(135,000)	(939,000)	(115,000)	(725,000)	-
Benefit payments	(230,000)	(242,000)	(335,000)	(335,000)	(164,000)
Other changes	473,000	361,000	309,000	(413,000)	-
Net change in total OPEB liability	\$ 419,000	\$ (469,000)	\$ 208,000	\$ (1,043,000)	\$ 254,000
Total OPEB liability - beginning	4,304,000	4,773,000	4,565,000	5,608,000	5,354,000
Total OPEB liability - ending	\$ 4,723,000	\$ 4,304,000	\$ 4,773,000	\$ 4,565,000	\$ 5,608,000
 Covered-employee payroll	 \$ 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	 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, 2022

Valuation Date: 7/1/2020
Measurement Date: 7/1/2021

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	1.92%
Healthcare Trend Rate	7.00% pre-medicare, decreasing 0.25% per year to an ultimate rate of 5.00%, and 5.00% for post-medicare.
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, 2022

	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	\$ 74,960	\$ 376	\$ 78,793	\$ 18,037	\$ 48,668	\$ 220,834
Total assets	<u>\$ 74,960</u>	<u>\$ 376</u>	<u>\$ 78,793</u>	<u>\$ 18,037</u>	<u>\$ 48,668</u>	<u>\$ 220,834</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ 5,713	1,500	\$ 7,213
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,713</u>	<u>\$ 1,500</u>	<u>\$ 7,213</u>
NET POSITION						
Restricted:						
Amounts held for social services clients	\$ 74,960	\$ -	\$ -	\$ -	\$ -	\$ 74,960
Amounts held for employees	-	376	-	12,324	-	12,700
Amounts held for inmates	-	-	78,793	-	-	78,793
Amounts held for performance bond	-	-	-	-	47,168	47,168
Total net position	<u>\$ 74,960</u>	<u>\$ 376</u>	<u>\$ 78,793</u>	<u>\$ 12,324</u>	<u>\$ 47,168</u>	<u>\$ 213,621</u>
Total liabilities and net position	<u>\$ 74,960</u>	<u>\$ 376</u>	<u>\$ 78,793</u>	<u>\$ 18,037</u>	<u>\$ 48,668</u>	<u>\$ 220,834</u>

County of Botetourt, Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	Custodial Funds					
	<u>Special Welfare</u>	<u>Flexible Benefits</u>	<u>Inmate Account</u>	<u>Cafeteria Plan</u>	<u>Escrow</u>	<u>Total</u>
ADDITIONS						
Gifts and donations	\$ 34,350	\$ -	\$ -	\$ -	\$ -	\$ 34,350
Expenditure reimbursements	13,407	-	-	-	-	13,407
Contributions	-	-	-	39,223	-	39,223
Deposits from inmates	-	-	418,103	-	-	418,103
Performance bond payment	-	-	-	-	29,668	29,668
Total additions	<u>\$ 47,757</u>	<u>\$ -</u>	<u>\$ 418,103</u>	<u>\$ 39,223</u>	<u>\$ 29,668</u>	<u>\$ 534,751</u>
DEDUCTIONS						
Special welfare payments	\$ 42,858	\$ -	\$ -	\$ -	\$ -	\$ 42,858
Benefit expenditures	-	-	-	34,598	-	34,598
Vendor payments for benefit of inmates	-	-	39,619	-	-	39,619
Inmate refunds	-	-	436,705	-	-	436,705
Return of funds to participants	-	-	-	-	140,111	140,111
Total deductions	<u>\$ 42,858</u>	<u>\$ -</u>	<u>\$ 476,324</u>	<u>\$ 34,598</u>	<u>\$ 140,111</u>	<u>\$ 693,891</u>
Net increase (decrease) in fiduciary net position	\$ 4,899	\$ -	\$ (58,221)	\$ 4,625	\$ (110,443)	\$ (159,140)
Total net position, beginning of year	<u>70,061</u>	<u>376</u>	<u>137,014</u>	<u>7,699</u>	<u>157,611</u>	<u>372,761</u>
Total net position, end of year	<u>\$ 74,960</u>	<u>\$ 376</u>	<u>\$ 78,793</u>	<u>\$ 12,324</u>	<u>\$ 47,168</u>	<u>\$ 213,621</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, 2022

	School Operating Fund	School Activity Fund	Total School Fund
ASSETS			
Cash and cash equivalents	\$ 9,959,711	\$ 907,258	\$ 10,866,969
Receivables (net of allowance for uncollectibles):			
Accounts receivable	121,068	-	121,068
Due from other funds	14,666	-	14,666
Due from other governmental units	2,551,532	-	2,551,532
Inventories	87,942	-	87,942
Total assets	<u>\$ 12,734,919</u>	<u>\$ 907,258</u>	<u>\$ 13,642,177</u>
LIABILITIES			
Accounts payable	\$ 1,132,130	\$ -	\$ 1,132,130
Accrued wages and health claims	5,281,576	-	5,281,576
Due to other funds	-	14,666	14,666
Due to primary government	1,017,794	-	1,017,794
Total liabilities	<u>\$ 7,431,500</u>	<u>\$ 14,666</u>	<u>\$ 7,446,166</u>
FUND BALANCES			
Nonspendable:			
Inventories	\$ 87,942	\$ -	\$ 87,942
Restricted:			
School cafeterias	1,189,369	-	1,189,369
School activity fund	-	892,592	892,592
Unassigned	4,026,108	-	4,026,108
Total fund balances	<u>\$ 5,303,419</u>	<u>\$ 892,592</u>	<u>\$ 6,196,011</u>
Total liabilities and fund balances	<u>\$ 12,734,919</u>	<u>\$ 907,258</u>	<u>\$ 13,642,177</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Total fund balances per above			\$ 6,196,011
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land			1,621,728
Buildings and improvements			21,321,320
Machinery and equipment			5,945,286
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items			9,578,626
OPEB related items			2,134,595
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.			
Note payable			(90,494)
Accrued interest payable			(782)
Compensated absences			(905,885)
Net OPEB liabilities			(10,698,388)
Net pension liabilities			(25,174,012)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items			(21,170,414)
OPEB related items			(2,776,784)
Net position of governmental activities			<u>\$ (14,019,193)</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, 2022

	School Operating Fund	School Activity Fund*	Total School Fund
REVENUES			
Revenue from the use of money and property	\$ 35,929	\$ -	\$ 35,929
Charges for services	217,902	1,866,396	2,084,298
Miscellaneous	22,182	-	22,182
Recovered costs	348,417	-	348,417
Intergovernmental	59,480,040	-	59,480,040
Total revenues	<u>\$ 60,104,470</u>	<u>\$ 1,866,396</u>	<u>\$ 61,970,866</u>
EXPENDITURES			
Education	\$ 59,561,809	\$ 1,595,388	\$ 61,157,197
Debt service:			
Principal retirement	207,267	-	207,267
Interest and other fiscal charges	7,500	-	7,500
Total expenditures	<u>\$ 59,776,576</u>	<u>\$ 1,595,388</u>	<u>\$ 61,371,964</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 327,894</u>	<u>\$ 271,008</u>	<u>\$ 598,902</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 147,627	\$ 61,021	\$ 208,648
Transfers out	(61,021)	(147,627)	(208,648)
Total other financing sources and uses	<u>\$ 86,606</u>	<u>\$ (86,606)</u>	<u>\$ -</u>
Net change in fund balances	\$ 414,500	\$ 184,402	\$ 598,902
Fund balances - beginning	4,888,919	708,190	5,597,109
Fund balances - ending	<u>\$ 5,303,419</u>	<u>\$ 892,592</u>	<u>\$ 6,196,011</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 \$ 598,902

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

Capital outlays	2,171,327
Depreciation expenses	(2,788,293)

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	(16,341)
Transfer of assets (net) from primary government	3,656,507

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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal repayments:	
Note payable	207,267

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	43,000
Change in accrued interest payable	2,118
Change in OPEB related items	233,672
Change in pension related items	5,301,653

Change in net position of governmental activities	<u><u>\$ 9,409,812</u></u>
---	----------------------------

*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, 2022

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 20,250	\$ 20,250	\$ 35,929	\$ 15,679
Charges for services	1,213,664	1,213,664	217,902	(995,762)
Miscellaneous	1,108,192	1,108,192	22,182	(1,086,010)
Recovered costs	467,000	467,000	348,417	(118,583)
Intergovernmental	59,249,851	62,799,545	59,480,040	(3,319,505)
Total revenues	<u>\$ 62,058,957</u>	<u>\$ 65,608,651</u>	<u>\$ 60,104,470</u>	<u>\$ (5,504,181)</u>
EXPENDITURES				
Education	\$ 62,401,358	\$ 64,812,376	\$ 59,561,809	\$ 5,250,567
Debt service:				
Principal retirement	311,863	407,268	207,267	200,001
Interest and other fiscal charges	7,500	7,500	7,500	-
Total expenditures	<u>\$ 62,720,721</u>	<u>\$ 65,227,144</u>	<u>\$ 59,776,576</u>	<u>\$ 5,450,568</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (661,764)</u>	<u>\$ 381,507</u>	<u>\$ 327,894</u>	<u>\$ (53,613)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 184,763	\$ 184,763	\$ 147,627	\$ (37,136)
Transfers out	-	-	(61,021)	(61,021)
Total other financing sources and uses	<u>\$ 184,763</u>	<u>\$ 184,763</u>	<u>\$ 86,606</u>	<u>\$ (98,157)</u>
Net change in fund balances	\$ (477,001)	\$ 566,270	\$ 414,500	\$ (151,770)
Fund balances - beginning	3,273,769	3,273,769	4,888,919	1,615,150
Fund balances - ending	<u>\$ 2,796,768</u>	<u>\$ 3,840,039</u>	<u>\$ 5,303,419</u>	<u>\$ 1,463,380</u>

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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 35,731,696	\$ 37,238,281	\$ 37,094,464	\$ 38,247,104	\$ 34,392,020	\$ 36,914,554	\$ 38,795,003	\$ 41,093,881	\$ 32,576,820	\$ 28,886,094
Restricted	187,390	285,943	249,392	276,250	122,663	430,509	593,603	1,064,456	1,487,836	5,373,922
Unrestricted	14,637,371	13,957,491	13,655,336	12,502,865	13,976,126	10,298,650	16,283,151	17,396,284	17,997,416	23,424,717
Total governmental activities net position	<u>\$ 50,556,457</u>	<u>\$ 51,481,715</u>	<u>\$ 50,999,192</u>	<u>\$ 51,026,219</u>	<u>\$ 48,490,809</u>	<u>\$ 47,643,713</u>	<u>\$ 55,671,757</u>	<u>\$ 59,554,621</u>	<u>\$ 52,062,072</u>	<u>\$ 57,684,733</u>
Business-type activities										
Net investment in capital assets	\$ 10,091,246	\$ 10,222,456	\$ 10,039,266	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	3,520,581	3,773,638	1,044,299	-	-	-	-	-	-	-
Total business-type activities net position	<u>\$ 13,611,827</u>	<u>\$ 13,996,094</u>	<u>\$ 11,083,565</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary government										
Net investment in capital assets	\$ 45,822,942	\$ 47,460,737	\$ 47,133,730	\$ 38,247,104	\$ 34,392,020	\$ 36,914,554	\$ 38,795,003	\$ 41,093,881	\$ 32,576,820	\$ 28,886,094
Restricted	187,390	285,943	249,392	276,250	122,663	430,509	593,603	1,064,456	1,487,836	5,373,922
Unrestricted	18,157,952	17,731,129	14,699,635	12,502,865	13,976,126	10,298,650	16,283,151	17,396,284	17,997,416	23,424,717
Total primary government net position	<u>\$ 64,168,284</u>	<u>\$ 65,477,809</u>	<u>\$ 62,082,757</u>	<u>\$ 51,026,219</u>	<u>\$ 48,490,809</u>	<u>\$ 47,643,713</u>	<u>\$ 55,671,757</u>	<u>\$ 59,554,621</u>	<u>\$ 52,062,072</u>	<u>\$ 57,684,733</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.

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government administration	\$ 2,932,750	\$ 3,258,654	\$ 3,352,349	\$ 3,568,952	\$ 3,262,899	\$ 3,271,312	\$ 3,850,532	\$ 4,062,260	\$ 4,781,699	\$ 4,314,714
Judicial administration	1,317,267	1,421,543	1,359,135	1,375,872	1,447,717	1,387,205	1,433,388	1,509,133	1,616,739	1,660,498
Public safety	12,734,181	14,178,649	13,795,657	14,128,003	15,488,178	14,814,140	15,568,648	16,767,396	19,620,920	18,712,393
Public works	2,230,035	2,010,971	1,937,224	2,120,535	3,037,534	1,844,947	2,105,297	2,355,669	4,347,033	2,703,140
Health and welfare	3,249,941	3,415,997	3,343,542	3,518,667	3,670,109	3,521,856	3,612,811	4,315,321	6,055,077	4,121,904
Education	22,291,399	22,911,062	23,089,557	24,384,045	28,951,576	29,253,247	25,471,753	26,539,961	30,972,796	29,143,456
Parks, recreation and cultural	2,980,612	3,194,559	3,167,746	3,586,367	2,907,748	2,850,232	3,045,560	3,247,448	2,684,848	2,622,987
Community development	307,960	246,185	1,042,460	3,449,920	5,287,420	2,432,431	3,926,147	3,290,998	12,120,125	4,354,966
Interest on long-term debt	1,595,978	1,509,639	1,230,403	1,134,705	1,039,664	1,571,127	1,881,932	1,760,043	1,612,733	2,013,689
Total governmental activities expenses	\$ 49,640,123	\$ 52,147,259	\$ 52,318,073	\$ 57,267,066	\$ 65,092,845	\$ 60,946,497	\$ 60,896,068	\$ 63,848,229	\$ 83,811,970	\$ 69,647,747
Business-type activities:										
Water	\$ 2,819,888	\$ 2,883,325	\$ 2,789,595	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total primary government expenses	\$ 52,460,011	\$ 55,030,584	\$ 55,107,668	\$ 57,267,066	\$ 65,092,845	\$ 60,946,497	\$ 60,896,068	\$ 63,848,229	\$ 83,811,970	\$ 69,647,747
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	\$ 1,154	\$ 600	\$ 736	\$ 131,950	\$ 68,472	\$ 84,938	\$ 91,880	\$ 84,832	\$ 77,444	\$ 86,914
Judicial administration	240,931	276,141	263,000	217,156	180,704	126,667	115,017	100,747	108,840	81,134
Public safety	479,049	550,788	591,880	623,338	547,878	592,072	864,333	617,684	636,719	994,128
Public works	155,792	162,979	163,934	171,249	184,054	200,839	222,436	256,710	259,088	250,342
Parks, recreation and cultural	165,958	183,661	186,413	167,683	160,335	150,661	180,721	133,466	20,527	174,415
Operating grants and contributions	6,565,401	6,753,916	6,788,151	8,642,874	10,392,900	6,904,529	8,129,008	8,989,679	14,949,931	8,845,370
Total governmental activities program revenues	\$ 7,608,285	\$ 7,928,085	\$ 7,994,114	\$ 9,954,250	\$ 11,534,343	\$ 8,059,706	\$ 9,603,395	\$ 10,183,118	\$ 16,052,549	\$ 10,432,303
Business-type activities:										
Charges for services:										
Water	\$ 3,577,258	\$ 3,270,261	\$ 3,001,021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total business-type activities program revenues	\$ 3,577,258	\$ 3,270,261	\$ 3,001,021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total primary government program revenues	\$ 11,185,543	\$ 11,198,346	\$ 10,995,135	\$ 9,954,250	\$ 11,534,343	\$ 8,059,706	\$ 9,603,395	\$ 10,183,118	\$ 16,052,549	\$ 10,432,303

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (expense) / revenue										
Governmental activities	\$ (42,031,838)	\$ (44,219,174)	\$ (44,323,959)	\$ (47,312,816)	\$ (53,558,502)	\$ (52,886,791)	\$ (51,292,673)	\$ (53,665,111)	\$ (67,759,421)	\$ (59,215,444)
Business-type activities	757,370	386,936	211,426	-	-	-	-	-	-	-
Total primary government net expense	\$ (41,274,468)	\$ (43,832,238)	\$ (44,112,533)	\$ (47,312,816)	\$ (53,558,502)	\$ (52,886,791)	\$ (51,292,673)	\$ (53,665,111)	\$ (67,759,421)	\$ (59,215,444)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 33,065,115	\$ 33,063,716	\$ 33,933,251	\$ 34,668,727	\$ 38,120,606	\$ 39,698,191	\$ 40,970,422	\$ 42,784,283	\$ 46,974,383	\$ 49,210,772
Local sales and use taxes	2,226,360	2,514,913	2,677,918	2,900,954	2,835,846	2,744,051	3,034,992	3,281,555	3,488,964	4,054,589
Taxes on recordation and wills	310,308	269,869	263,879	305,433	381,730	352,757	397,587	416,941	588,920	488,201
Motor vehicle licenses taxes	647,951	661,412	668,174	657,801	666,327	653,037	674,493	657,354	664,525	662,891
Consumers' utility taxes	702,303	710,204	712,242	709,924	714,794	572,118	574,527	584,390	588,920	594,872
Business licenses taxes	875,526	840,808	823,543	851,925	813,572	910,399	947,815	976,576	1,010,804	1,073,675
Other local taxes	1,689,435	1,821,605	1,804,665	1,918,323	2,021,210	2,302,760	2,469,760	2,200,393	2,276,541	2,766,891
Unrestricted grants and contributions	4,663,034	4,653,193	4,636,128	4,655,097	4,647,481	4,695,818	4,673,792	4,650,129	4,660,228	4,645,661
Unrestricted revenues from use of money and property	571,498	369,202	477,777	425,030	584,924	959,680	1,787,364	1,604,624	576,078	438,416
Miscellaneous	217,703	221,521	195,928	236,630	236,602	185,589	729,999	391,730	424,924	902,137
Gain (loss) on disposal of capital assets	1,582,755	-	-	-	-	-	-	-	-	-
Special item - Gain on transfer of landfill rights	-	-	-	-	-	-	3,059,966	-	-	-
Transfers	(3,555)	17,989	2,975,826	9,999	-	-	-	-	-	-
Total governmental activities	\$ 46,548,433	\$ 45,144,432	\$ 49,169,331	\$ 47,339,843	\$ 51,023,092	\$ 53,074,400	\$ 59,320,717	\$ 57,547,975	\$ 61,254,287	\$ 64,838,105
Business-type activities:										
Unrestricted revenues from use of money and property	\$ 20,215	\$ 15,320	\$ 14,303	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special item - Loss on transfer of operations	-	-	-	(11,073,566)	-	-	-	-	-	-
Transfers	3,555	(17,989)	(2,975,826)	(9,999)	-	-	-	-	-	-
Total business-type activities	\$ 23,770	\$ (2,669)	\$ (2,961,523)	\$ (11,083,565)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total primary government	\$ 46,572,203	\$ 45,141,763	\$ 46,207,808	\$ 36,256,278	\$ 51,023,092	\$ 53,074,400	\$ 59,320,717	\$ 57,547,975	\$ 61,254,287	\$ 64,838,105
Change in Net Position										
Governmental activities	\$ 4,516,595	\$ 925,258	\$ 4,845,372	\$ 27,027	\$ (2,535,410)	\$ 187,609	\$ 8,028,044	\$ 3,882,864	\$ (6,505,134)	\$ 5,622,661
Business-type activities	781,140	384,267	(2,750,097)	(11,083,565)	-	-	-	-	-	-
Total primary government	\$ 5,297,735	\$ 1,309,525	\$ 2,095,275	\$ (11,056,538)	\$ (2,535,410)	\$ 187,609	\$ 8,028,044	\$ 3,882,864	\$ (6,505,134)	\$ 5,622,661

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.

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 Vehicle License Tax	Record-ation and Wills Tax	Business License Tax	Restaurant Food Tax	Other Local Taxes	Total
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
2014	33,063,716	2,514,913	710,204	661,412	269,869	840,808	1,209,735	611,870	39,882,527
2013	33,065,115	2,226,360	702,303	647,951	310,308	875,526	1,135,809	553,626	39,516,998

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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Restricted	\$ 187,390	\$ 285,943	\$ 775,696	\$ 276,250	\$ 122,663	\$ 23,005,779	\$ 21,785,746	\$ 11,665,803	\$ 1,487,836	\$ 32,570,529
Committed	1,643,315	992,671	1,300,957	-	-	-	800,000	487,500	1,238,139	1,588,139
Unassigned	18,164,705	18,289,310	22,478,701	21,862,769	22,988,746	25,517,069	26,793,545	27,721,715	27,909,735	32,759,141
Nonspendable	255,005	227,218	251,649	235,716	147,063	1,317,058	676,031	269,373	533,563	1,253,983
Total general fund	<u>\$ 20,250,415</u>	<u>\$ 19,795,142</u>	<u>\$ 24,807,003</u>	<u>\$ 22,374,735</u>	<u>\$ 23,258,472</u>	<u>\$ 49,839,906</u>	<u>\$ 50,055,322</u>	<u>\$ 40,144,391</u>	<u>\$ 31,169,273</u>	<u>\$ 68,171,792</u>

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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
General property taxes	\$ 33,052,057	\$ 33,167,127	\$ 34,032,340	\$ 34,656,986	\$ 38,014,898	\$ 39,686,234	\$ 40,967,373	\$ 42,787,623	\$ 46,961,025	\$ 48,758,018
Other local taxes	6,451,883	6,818,811	6,950,421	7,344,360	7,433,479	7,535,122	8,099,174	8,117,209	8,618,674	9,641,119
Permits, privilege fees and regulatory licenses	237,446	245,505	312,369	498,046	384,983	475,519	525,329	366,880	389,147	447,812
Fines and forfeitures	132,627	139,238	141,023	105,481	112,769	77,064	64,213	50,775	49,976	56,303
Revenue from use of money and property	571,498	369,202	477,777	425,030	584,924	959,680	1,787,364	1,604,624	576,078	611,448
Charges for services	672,811	789,426	752,571	707,849	643,691	602,594	884,845	775,784	663,495	853,455
Miscellaneous	217,703	221,521	195,928	236,630	236,602	185,589	729,999	391,730	424,924	493,076
Recovered costs	1,396,735	1,391,628	1,563,432	1,546,004	1,813,036	2,072,357	2,128,298	2,254,453	2,313,123	2,650,701
Intergovernmental:										
Commonwealth	9,854,658	10,229,724	10,507,516	12,355,099	14,118,464	10,568,246	11,722,009	12,307,520	11,469,812	11,424,962
Federal	1,373,777	1,177,385	916,763	942,872	921,917	1,032,101	1,080,791	1,332,288	8,140,347	2,066,069
Total revenues	\$ 53,961,195	\$ 54,549,567	\$ 55,850,140	\$ 58,818,357	\$ 64,264,763	\$ 63,194,506	\$ 67,989,395	\$ 69,988,886	\$ 79,606,601	\$ 77,002,963
Expenditures										
General government administration	\$ 2,865,931	\$ 3,443,109	\$ 3,630,519	\$ 3,877,689	\$ 3,430,318	\$ 3,489,398	\$ 3,913,231	\$ 4,185,054	\$ 4,350,405	\$ 4,800,702
Judicial administration	1,308,558	1,419,922	1,418,447	1,436,618	1,508,125	1,426,771	1,516,370	1,589,592	1,668,255	1,742,276
Public safety	13,406,454	15,094,607	14,972,418	15,911,380	16,283,139	15,758,959	17,961,187	18,691,250	20,380,600	20,840,627
Public works	1,666,210	1,739,422	1,735,611	1,855,518	1,995,355	1,714,161	1,563,162	1,707,163	1,976,141	2,701,633
Health and welfare	3,293,613	3,458,579	3,461,038	3,606,886	3,739,064	3,546,407	3,752,760	4,443,166	6,241,152	4,172,638
Education	21,165,820	21,785,483	21,963,977	23,258,465	24,052,579	23,922,434	24,607,991	25,705,391	24,218,632	24,353,773
Parks, recreation and cultural	2,687,058	3,030,846	2,963,364	3,456,445	2,690,490	2,630,626	2,843,713	2,974,340	2,629,689	2,479,752
Community development	304,429	242,770	211,088	3,417,586	5,274,461	2,043,143	3,958,438	3,194,929	6,536,125	4,174,647
Capital projects	92,247	776,212	122,404	594,223	1,035,549	8,712,817	2,948,598	12,816,202	15,424,226	1,812,697
Debt service										
Principal	2,787,190	2,881,768	3,055,330	2,587,313	2,150,758	2,199,943	2,789,648	2,541,442	3,234,693	3,128,075
Bond issuance cost	-	-	108,500	-	-	261,812	-	-	-	228,865
Interest and other fiscal charges	1,688,774	1,596,483	1,243,450	1,311,631	1,218,669	1,152,285	1,918,881	2,051,288	1,921,801	1,797,599
Total expenditures	\$ 51,266,284	\$ 55,469,201	\$ 54,886,146	\$ 61,313,754	\$ 63,378,507	\$ 66,858,756	\$ 67,773,979	\$ 79,899,817	\$ 88,581,719	\$ 72,233,284
Excess (deficiency) of revenues over (under) expenditures	\$ 2,694,911	\$ (919,634)	\$ 963,994	\$ (2,495,397)	\$ 886,256	\$ (3,664,250)	\$ 215,416	\$ (9,910,931)	\$ (8,975,118)	\$ 4,769,679
Other financing sources (uses)										
Transfers in	\$ -	\$ 17,989	\$ 3,175,826	\$ 9,999	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	(3,555)	-	-	-	(2,519)	-	-	-	-	-
Proceeds from refunding bonds issued	-	-	14,985,611	-	-	-	-	-	-	-
Payments to refunded bonds escrow agent	-	-	(14,878,212)	-	-	-	-	-	-	-
Proceeds of general obligation bonds	-	446,372	-	-	-	28,965,329	-	-	-	-
Premium on general obligation bonds	-	-	-	-	-	1,280,355	-	-	-	-
Proceeds of revenue bonds	-	-	-	-	-	-	-	-	-	30,790,000
Premium on revenue bonds	-	-	-	-	-	-	-	-	-	1,442,840
Proceeds of capital lease	-	-	526,304	53,130	-	-	-	-	-	-
Sale of assets	1,705,253	-	238,338	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ 1,701,698	\$ 464,361	\$ 4,047,867	\$ 63,129	\$ (2,519)	\$ 30,245,684	\$ -	\$ -	\$ -	\$ 32,232,840
Net change in fund balances	\$ 4,396,609	\$ (455,273)	\$ 5,011,861	\$ (2,432,268)	\$ 883,737	\$ 26,581,434	\$ 215,416	\$ (9,910,931)	\$ (8,975,118)	\$ 37,002,519
Debt service as a percentage of noncapital expenditures	8.88%	8.40%	8.00%	6.61%	5.41%	5.39%	7.42%	6.95%	7.05%	8.67%

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 License Tax	Record-ation and Wills Tax	Business License Tax	Other Local Taxes	Total
2022	\$ 48,758,018	\$ 4,054,589	\$ 594,872	\$ 662,891	\$ 488,201	\$ 1,073,675	\$ 2,766,891	\$ 58,399,137
2021	46,961,025	3,488,964	588,920	664,525	566,371	1,010,804	2,299,090	55,579,699
2020	42,787,623	3,281,555	584,390	657,354	416,941	976,576	2,200,393	50,904,832
2019	40,967,373	3,034,992	574,527	674,493	397,587	947,815	2,469,760	49,066,547
2018	39,686,234	2,744,051	572,118	653,037	352,757	910,399	2,302,760	47,221,356
2017	38,014,898	2,835,846	568,681	666,327	381,730	813,572	2,167,323	45,448,377
2016	34,656,986	2,900,954	565,368	657,801	305,433	851,925	2,062,879	42,001,346
2015	34,032,340	2,677,918	562,325	668,174	263,879	823,543	1,954,582	40,982,761
2014	33,167,127	2,514,913	558,366	661,412	269,869	840,808	1,973,443	39,985,938
2013	33,052,057	2,226,360	702,303	647,951	310,308	875,526	1,689,435	39,503,940

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
2022	\$ 3,938,239,570	\$ 473,040,747	\$ 5,743,946	\$ 264,096,426	\$ n/a	\$ 514,313,172	\$ 1.013	\$ 5,195,433,861	\$ 5,195,433,861	\$ 100.00%
2021	3,819,528,400	412,607,816	5,668,078	260,336,873	n/a	518,671,936	0.997	5,016,813,103	5,016,813,103	100.00%
2020	3,434,468,603	398,475,627	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%
2014	3,257,599,002	314,360,176	7,134,407	175,191,835	n/a	218,475,707	0.919	3,972,761,127	3,972,761,127	100.00%
2013	3,242,699,650	311,958,061	6,950,130	182,418,399	n/a	208,049,845	0.921	3,952,076,085	3,952,076,085	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
2022	\$ 0.79	\$ 2.71	\$ 0.79	\$ 1.80	n/a	\$ 1.013	\$ 0.19	\$ 0.32
2021	0.79	2.71	0.79	1.80	n/a	0.997	0.19	0.32
2020	0.79	2.71	0.79	1.80	n/a	1.010	0.19	0.32
2019	0.79	2.71	0.79	1.80	n/a	1.002	0.19	0.32
2018	0.79	2.71	0.79	1.80	n/a	0.997	0.19	0.32
2017	0.79	2.71	0.79	1.80	n/a	0.998	0.19	0.32
2016	0.72	2.63	0.72	1.80	n/a	0.926	0.19	0.32
2015	0.72	2.63	0.72	1.80	n/a	0.922	0.19	0.32
2014	0.72	2.63	0.72	1.80	n/a	0.919	0.19	0.32
2013	0.72	2.63	0.72	1.80	n/a	0.921	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 2022		Fiscal Year 2013	
		2021 Assessed Valuation	% of Total Assessed Valuation	2012 Assessed Valuation	% of Total Assessed Valuation
American Electric Power	Utility	\$ 364.0	7.33%	\$ 86.4	1.98%
Roanoke Cement	Manufacturing	115.5	2.32%	101.0	2.63%
Dynax America Corporation	Manufacturing	63.1	1.27%	40.5	0.84%
Metalsa Roanoke	Manufacturing	57.6	1.16%	48.7	1.20%
Eldor Corporation	Manufacturing	48.2	0.91%	-	-
New River Electrical	Construction	46.1	0.83%	18.0	0.39%
Ballast Point (Constellation Brands)	Brewing Company	37.2	0.75%	-	-
Altec Industries	Manufacturing	37.1	0.75%	13.6	0.33%
Roanoke Gas	Utility	31.4	0.63%	14.5	0.37%
CSX Transportation	Railroad	24.2	0.49%	16.9	0.40%
	Totals	\$ 824.4	16.07%	\$ 339.6	8.59%

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 Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2022	\$ 44,744,049	\$ 43,890,675	98.09%	\$ -	\$ 43,890,675	98.09%
2021	43,764,238	43,198,536	98.71%	355,497	43,554,033	99.52%
2020	42,065,498	41,531,794	98.73%	498,230	42,030,024	99.92%
2019	40,322,554	39,741,256	98.56%	491,572	40,232,828	99.78%
2018	39,056,917	38,608,350	98.85%	409,558	39,017,908	99.90%
2017	37,675,151	36,987,684	98.18%	450,290	37,437,974	99.37%
2016	34,091,602	33,612,597	98.59%	407,347	34,019,944	99.79%
2015	33,381,580	32,921,494	98.62%	390,340	33,311,834	99.79%
2014	32,788,844	32,281,609	98.45%	464,083	32,745,692	99.87%
2013	32,638,807	32,057,003	98.22%	572,599	32,629,602	99.97%

(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	Leases Payable	Revenue Bonds				
2022	\$ 42,449,368	\$ 26,930	\$ 32,232,841	\$ -	\$ 1,041,858	\$ -	\$ -	\$ 75,750,997	4.16%	\$ 2,237
2021	45,692,719	53,860	-	-	-	-	-	45,746,579	2.65%	\$ 1,362
2020	48,819,360	455,790	-	-	-	-	-	49,275,150	2.95%	1,471
2019	51,145,429	857,720	-	121,359	-	-	-	52,124,508	3.26%	1,566
2018	53,471,360	1,509,650	-	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
2014	29,907,498	4,117,370	-	-	-	9,152,023		43,176,891	2.85%	1,292
2013	31,735,140	4,769,300	-	-	-	9,126,667		45,631,107	3.02%	1,371

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.

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 Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2022	\$ 42,476,298	\$ -	\$ 42,476,298	0.82%	\$ 1,254
2021	45,746,579	-	45,746,579	0.91%	1,362
2020	49,275,150	-	49,275,150	1.09%	1,471
2019	52,003,149	-	52,003,149	1.18%	1,562
2018	54,981,010	-	54,981,010	1.28%	1,649
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
2014	34,024,868	-	34,024,868	0.86%	1,018
2013	36,504,440	-	36,504,440	0.92%	1,096

(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, 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, 2022

<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	\$ 235,499	100%	\$ 235,499
Subtotal, overlapping debt			<u>\$ 235,499</u>
County of Botetourt, direct debt			<u>\$ 75,750,997</u>
Total direct and overlapping debt			<u><u>\$ 75,986,496</u></u>

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	Debt Service		Coverage	Special Assessment Collections	Principal	Interest	Coverage
				Principal	Interest					
2022	n/a	n/a	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	n/a	n/a
2020	n/a	n/a	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	n/a	n/a
2018	n/a	n/a	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	n/a	n/a
2016	n/a	n/a	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	1.51	n/a	n/a	n/a	n/a
2014	6,812,390	1,774,092	5,038,298	604,659	327,591	5.40	n/a	n/a	n/a	n/a
2013	7,136,660	1,736,393	5,400,267	527,590	268,949	6.78	n/a	n/a	n/a	n/a
2012	5,590,913	1,595,354	3,995,559	498,158	284,171	5.11	n/a	n/a	n/a	n/a

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 Personal Income	Median Age	School Enrollment	Unemploy- ment Rate
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%
2014	33,423	1,514,730	45,320	44.9	4,777	5.07%
2013	33,293	1,508,839	45,320	44.9	4,876	5.18%

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

Employer	Fiscal Year 2022			Fiscal Year 2013		
	Rank	Ownership	Number of Employees	Rank	Ownership	Number of Employees
Altec Industries Inc	1	Private	1000 and over	3	Private	250 to 499
Botetourt County School Board	2	Local Government	500 to 999	1	Local Government	500 to 999
County of Botetourt	3	Local Government	250 to 499	4	Local Government	250 to 499
Dynax America Corporation	4	Private	250 to 499	2	Private	250 to 499
Metalsa Roanoke Inc	5	Private	250 to 499	6	Private	100 to 249
Lawrence Transportation Services	6	Private	250 to 499	5	Private	100 to 249
Eldor Automotive Powertrain Usa LLC	7	Private	100 to 249	-	-	-
The Glebe Inc	8	Private	100 to 249	-	-	-
Virginia Truck Center, Inc.	9	Private	100 to 249	12	Private	100 to 249
Arkay Packaging Corporation	10	Private	100 to 249	7	Private	100 to 249
Gala Industries, Inc.	11	Private	100 to 249	8	Private	100 to 249
Roanoke Cement Comp LLC	12	Private	100 to 249	11	Private	100 to 249
Single Source Security	13	Private	100 to 249	-	-	-
The Pepsi Bottling Group	14	Private	100 to 249	10	Private	100 to 249
Food Lion	15	Private	100 to 249	-	-	-
Kroger	16	Private	100 to 249	-	-	-
Cracker Barrel Old Country Store	17	Private	100 to 249	-	-	-
Canatal Steel	18	Private	100 to 249	-	-	-
Virginai Community College System	19					
Workforce Unlimited LLC	20	Private	100 to 249	-	-	-
Lanford Brothers	-	-	-	9	Private	250 to 499
nTelos / Lumos	-	-	-	13	Private	100 to 249
Tread Corporation	-	-	-	14	Private	100 to 249
Bank of Botetourt	-	-	-	15	Private	50 to 99
Virginia Forge	-	-	-	16	Private	50 to 99
Loomis Fargo	-	-	-	17	Private	50 to 99
Howell's Motor Freight	-	-	-	18	Private	50 to 99
General Shale & Brick	-	-	-	19	Private	50 to 99
Bank of Fincastle	-	-	-	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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government administration	29	30	31	31	31	31	32	33	33	36
Judicial administration	17	17	17	17	17	17	17	17	18	18
Public safety:										
Sheriffs department	113	115	115	115	116	117	117	118	119	122
Fire & rescue	30	34	34	34	40	43	43	44	55	60
Inspections (Development Services)	9	8	9	10	10	11	12	12	13	14
Animal control	4	4	4	4	4	4	4	4	4	4
GIS / Communications	0	0	0	0	0	0	0	0	0	0
Public works:										
Utilities/General Services	12	11	11	4	4	2	1	1	1	1
General maintenance	7	7	7	7	7	7	8	8	8	18
Waste Management	4	4	4	4	4	4	4	4	4	4
Engineering	0	0	0	0	0	0	0	0	0	0
Health and welfare:										
Department of social services	15	17	19	20	21	21	21	21	21	21
Comprehensive Services	1	1	1	1	1	1	1	1	1	1
Culture and recreation:										
Parks and recreation	14	13	13	13	13	14	14	15	14	4
Library	13	13	13	13	13	13	13	13	13	13
Community development:										
Planning	1	2	2	2	2	2	3	3	3	3
Totals	<u>269</u>	<u>276</u>	<u>280</u>	<u>275</u>	<u>283</u>	<u>287</u>	<u>290</u>	<u>294</u>	<u>307</u>	<u>319</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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public safety										
Sheriffs department:										
Physical arrests	2,302	2,051	2,417	2,448	2,375	2,413	2,719	2,643	2,845	2,971
Traffic violations	2,560	3,180	3,199	2,742	2,865	3,349	5,435	4,173	4,736	5,528
Civil papers	6,750	6,335	6,494	6,398	6,761	6,858	7,335	7,220	6,381	6,592
Fire and rescue:										
Number of calls answered	4,719	4,618	4,396	4,633	4,783	4,860	5,236	5,862	5,634	5,787
Building inspections:										
Permits issued (same as Planning)	395	411	421	399	446	471	469	460	478	456
Animal control:										
Number of calls answered	5,210	4,790	5,543	5,878	5,051	5,398	4,616	4,988	4,833	2,720
Public works										
General maintenance:										
Trucks/vehicles	3	4	6	5	6	6	6	6	6	16
Landfill:										
Refuse collected (tons/day)	6.4	7.1	6.7	6.8	6.9	6.0	16.1	14.2	11.8	10.3
Recycling (tons/day)	10.3	10.7	10.0	10.9	9.3	7.8	8.4	7.9	8.8	8.5
Health and welfare										
Department of Social Services:										
Caseload	4,479	5,014	5,929	5,437	6,840	4,148	4,651	4,907	3,572	4,268
Culture and recreation										
Parks and recreation:										
Recreation permits issued	129	118	156	115	106	94	285	285	n/a	210
Youth sports participants	2,447	2,755	2,766	2,917	3,590	2,490	2,771	2,771	n/a	2,021
Community development										
Planning:										
Zoning permits issued	395	411	421	399	446	471	469	460	478	456
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	408	398	393	399	390	388	385	384	382	382
Local expenditures per pupil	4,721	5,246	5,015	5,402	5,823	6,044	5,830	6,007	6,045	6,216

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government administration										
Administration buildings	4	4	4	4	4	4	4	4	4	4
Vehicles	3	5	4	4	4	3	3	2	4	4
Public safety										
Sheriffs department:										
Patrol units	51	51	51	51	51	48	49	49	49	53
Other vehicles	16	18	18	21	22	22	22	22	22	30
Development Services / Building inspections:										
Vehicles	6	8	8	9	8	6	7	8	12	8
Animal control:										
Vehicles	4	4	4	4	4	4	4	4	4	4
Public works										
General maintenance:										
Trucks/vehicles	22	19	20	12	12	8	8	7	18	16
Landfill:										
Vehicles	6	6	6	6	6	6	6	6	6	6
Equipment	9	9	9	9	9	9	9	7	7	7
Sites	2	2	2	2	2	2	2	2	2	2
Health and welfare										
Department of Social Services: Vehicles		2	2	3	3	4	5	3	3	3
County Van Program - Vehicles	2	2	2	3	4	3	4	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	21	21	20	21	21	21	23	23	11	11
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	12	13	13	13	13	13	13	13	13	13
School buses	95	94	95	96	98	97	96	99	99	100

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, 2022, 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 December 7, 2022.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Report 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*.

County of Botetourt, Virginia's Response to Findings

The County of Botetourt, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County of Botetourt, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
December 7, 2022



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

**The Honorable Members of the Board of Supervisors
County of 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, 2022. 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 types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

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
December 7, 2022

County of Botetourt, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Page 1 of 2

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	0010121/0010122/ 0040121/0040122	\$ 249,246
<i>Virginia Department of Education:</i>			
Forest Service School And Roads Cluster:			
Schools and Roads - Grants to States	10.665	43841	62,447
Pandemic EBT Administrative Costs	10.649	86556	3,063
Child Nutrition Cluster:			
School Breakfast Program	10.553	40253/41110	\$ 669,754
Summer Food Service Program for Children	10.559	60302/60303	27,590
National School Lunch Program	10.555	40254/41106/41108	\$ 2,213,228
COVID-19 - National School Lunch Program	10.555	86557	52,387
<i>Virginia Department of Agriculture:</i>			
Food Distribution-Schools (Note C)	10.555	Unknown	142,957
Total Child Nutrition Cluster			2,408,572
Total Department of Agriculture			\$ 3,105,916
			\$ 3,420,672
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass through payments from:			
<i>Virginia Department of Social Services:</i>			
Temporary Assistance for Needy Families	93.558	0400121/0400122	\$ 129,728
MaryLee Allen Promoting Safe and Stable Families	93.556	0950120/0950121	8,204
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500122	637
Low Income Home Energy Assistance	93.568	0600421/0600422	23,826
Social Services Block Grant	93.667	1000121/1000122	189,616
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150120/9150121	4,535
Children's Health Insurance Program	93.767	0540121/0540122	1,316
Medicaid Cluster:			
Medical Assistance Program	93.778	1200121/1200122	131,461
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121	319
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760121/0760122	29,614
Foster Care - Title IV E	93.658	1100121/1100122	143,221
Adoption Assistance	93.659	1120121/1120122	111,090
Child Support Enforcement	93.563	Unknown	7,600
Title IV-E Prevention Program	93.472	1140122	1,745
Guardianship Assistance	93.090	1110121/1110122	177
Total Department of Health and Human Services			\$ 783,089
DEPARTMENT OF HOMELAND SECURITY:			
Pass through payments from:			
<i>Virginia Department of Emergency Management:</i>			
Emergency Management Performance Grants	97.042	EMP-2020-EP-00005/ EMP-2021-EP-00004	\$ 15,000
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	4512 DRVAP00000001	13,819
Homeland Security Grant Program	97.067	EMW-2020-SS-00096	94,152
Total Department of Homeland Security			\$ 122,971
DEPARTMENT OF TRANSPORTATION:			
Pass through payments from:			
<i>Virginia Department of Motor Vehicles:</i>			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	FSC-2021-51384-21384/ FSC-2022-52302-22302	\$ 17,624
National Priority Safety Programs	20.616	FM60T-2021-51071-21071/ FM60T-2022-52001-22001	14,352
Total Highway Safety Cluster			\$ 31,976
Total Department of Transportation			\$ 31,976
DEPARTMENT OF JUSTICE:			
Pass through payments from:			
<i>Virginia Department of Criminal Justice Services:</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	18DJBX0728	\$ 1,337
Total Department of Justice			\$ 1,337

County of Botetourt, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Page 2 of 2

DEPARTMENT OF TREASURY:

Pass through payments from:

Virginia Department of Accounts:

COVID-19 Coronavirus Relief Funds	21.019	SLT022	\$ 377,023
-----------------------------------	--------	--------	------------

Virginia Department of Compensation Board:

COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	2207FFARPA	232,524
--	--------	------------	---------

Total Department of Treasury			<u>\$ 609,547</u>
------------------------------	--	--	-------------------

FEDERAL COMMUNICATIONS COMMISSION:

Direct payments:

Emergency Connectivity Fund Program

Emergency Connectivity Fund Program	32.009	Not applicable	\$ 380,100
-------------------------------------	--------	----------------	------------

Total Federal Communications Commission			<u>\$ 380,100</u>
---	--	--	-------------------

DEPARTMENT OF EDUCATION:

Pass through payments from:

Virginia Tech:

English Language Acquisition State Grants	84.365	Unknown	\$ 6,806
---	--------	---------	----------

Department of Education:

Career and Technical Education -- Basic Grants to States	84.048	60031	54,125
--	--------	-------	--------

Student Support and Academic Enrichment Program	84.424	60022/60281	21,275
---	--------	-------------	--------

Supporting Effective Instruction State Grants	84.367	61480	116,422
---	--------	-------	---------

Title I Grants to Local Educational Agencies	84.010	42901	434,808
--	--------	-------	---------

Special Education Cluster - IDEA:

Special Education - Grants to States	84.027	43071	\$ 1,240,130
--------------------------------------	--------	-------	--------------

Special Education - Preschool Grants	84.173	62521	12,859
--------------------------------------	--------	-------	--------

Total Special Education Cluster - IDEA			1,252,989
--	--	--	-----------

Education Stabilization Fund:

COVID-19 Governor's Emergency Education Relief Fund	84.425C	40299	\$ 7,500
---	---------	-------	----------

COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	60177/60041/ 50195/60173	661,756
--	---------	-----------------------------	---------

COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	50193/40285	316,884
--	---------	-------------	---------

Total Education Stabilization Fund			986,140
------------------------------------	--	--	---------

Total Department of Education			<u>\$ 2,872,565</u>
-------------------------------	--	--	---------------------

Total Expenditures of Federal Awards			<u>\$ 8,222,257</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, 2022. 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, 2022.

NOTE E--Outstanding Balance of Federal Loans

The County has not received any federal funding through loans.

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	\$ 13,491,031
----------------------------------	---------------

Less: Revenue from the Commonwealth	(11,424,962)
-------------------------------------	--------------

Less: Payment in Lieu of Taxes	(267,903)
--------------------------------	-----------

Total General Fund	<u>\$ 1,798,166</u>
--------------------	---------------------

Component Unit School Board:

School Operating Fund - Intergovernmental	\$ 59,480,040
---	---------------

Less: Revenue from local governments	(24,311,633)
--------------------------------------	--------------

Less: Revenue from the Commonwealth	(28,744,316)
-------------------------------------	--------------

Total Component Unit School Board	<u>\$ 6,424,091</u>
-----------------------------------	---------------------

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 8,222,257</u>
---	---------------------

County of Botetourt, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section I - Summary of Auditors' Results

Financial Statements

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

CFDA #	Name of Federal Program or Cluster
10.553/10.555/10.559	Child Nutrition Cluster
21.019	COVID-19 Coronavirus Relief Fund
84.425	Education Stabilization Fund Cluster

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

2022-001 Material Weakness

Criteria:	Identification of adjustments to the financial statements that were not detected by the entity's internal controls indicates that a material weakness may exist.
Condition:	The School Board's financial statements required year end adjusting entries to ensure such statements complied with Generally Accepted Accounting Principles.
Cause:	The School System did not identify all end of the year entries that were necessary for the books to be presented in accordance with current reporting standards.
Effect:	There is a reasonable possibility that a misstatement of the entity's financial statements would not have been prevented or detected and corrected by the entity's internal controls over financial reporting.
Recommendation:	The School Board should review proposed audit adjustments and consider same as they close out the books for the 2022/23 fiscal year. Finance staff should review all accrual entries and balances against subsidiary ledgers and supporting documentation going forward.
Management's Response:	Management will implement the procedures recommended by the Auditor above.

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, 2022**

Finding 2021-001

Finding Type:	Material weakness
Condition:	The County's financial statements required year end adjusting entries as recommended by the Auditor to ensure such statements were presented in accordance with current reporting standards.
Recommendation:	The Finance Department should review EDA agreements to determine if same require adjustments to the County's books or subsidiary ledgers.
Current Status:	Finding 2021-001 was corrected during the 2022 fiscal year.
Corrective Action:	During the 2022 fiscal year, EDA agreements were reviewed and all necessary adjustments to the County's books and/or subsidiary ledgers were identified by the County.

Finding 2021-002

Finding Type:	Noncompliance and Material Weakness
Condition:	The County and EDA transferred CARES Act Funding to the Roanoke Valley Broadband Authority (RVBA) (a governmental organization) to carry out part of a federal award; however, agreements (and related guidelines) were not in place to ensure compliance with terms of the award at the onset of same.
Recommendation:	The County and EDA should follow federal guidelines for subawards.
Current Status:	Finding 2021-002 was corrected during the 2022 fiscal year.
Corrective Action:	Management performed procedures to ensure grant funds were properly spent and is in the process of closing out the subaward.