

People, Tradition, & Spirit



ANNUAL COMPREHENSIVE FINANCIAL REPORT

HANOVER COUNTY, VIRGINIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2024



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COUNTY OF HANOVER, VIRGINIA
Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2024



Hanover: People, Tradition, and Spirit

This document was prepared by the Department of Finance and Management Services, County of Hanover, Virginia, Post Office Box 470, 7507 Library Drive, Hanover, Virginia 23069-0470. For additional information, contact Amanda L. Six, Director of Finance and Management Services, at (804) 365-6015 or by e-mail at fms@hanovercounty.gov. For information about the County, including the WEB-based version of this and other financial documents, refer to the County's web page at www.hanovercounty.gov.

COUNTY OF HANOVER, VIRGINIA
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2024

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BOARD OF SUPERVISORS

SUSAN P. DIBBLE, CHAIR
SOUTH ANNA, DISTRICT

F. MICHAEL HERZBERG IV, VICE-CHAIR
COLD HARBOR DISTRICT

SEAN DAVIS
HENRY DISTRICT

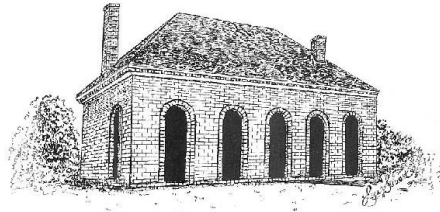
DANIELLE GRIESHABER FLOYD
CHICKAHOMINY DISTRICT

RYAN M. HUDSON
MECHANICSVILLE DISTRICT

FAYE O. PRICHARD
ASHLAND DISTRICT

JEFF S. STONEMAN
BEAVERDAM DISTRICT

JOHN A. BUDESKY
COUNTY ADMINISTRATOR



HANOVER COURTHOUSE

HANOVER COUNTY

ESTABLISHED IN 1720

DEPARTMENT OF FINANCE AND MANAGEMENT SERVICES

AMANDA L. SIX
DIRECTOR

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November 11, 2024

The Honorable Members of the Board of Supervisors
Citizens of the County
County of Hanover, Virginia

Honorable Members of the Board of Supervisors and Residents of the County of Hanover:

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) for the County of Hanover (the County) for the fiscal year ended June 30, 2024. The *Code of Virginia* requires that local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with government auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. This ACFR has been prepared by the County's Department of Finance and Management Services in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB) and the Auditor of Public Accounts of the Commonwealth of Virginia (APA).

This ACFR consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and fairness of presentation of the information presented in this financial report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed to ensure compliance with applicable laws and regulations and County policies, safeguard the County's assets, and compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and accurate, in all material respects, and presents fairly the financial position and results of operations of the various funds and component units of the County.

This ACFR is intended to provide informative and relevant financial information for the citizens of the County, the Board of Supervisors (the Board), investors, creditors and other interested readers. All are encouraged to contact the Department of Finance and Management Services with any comments or questions concerning this financial report.

The County's financial statements have been audited by PBMares, LLP, a firm of licensed certified public accountants. The independent auditor's responsibility is to express opinions on the County's financial statements based on their audit. The auditors conducted the audit in accordance with professional auditing standards, which require that the auditors plan and perform the audit to obtain reasonable assurance about whether the financial

statements are free of material misstatement. An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The independent auditors concluded, based upon the audit evidence they obtained, that there was a reasonable basis for forming and expressing unmodified opinions that the County's financial statements as of and for the fiscal year ended June 30, 2024, are fairly presented, in all material respects, in conformity with GAAP. The independent auditor's report on the financial statements is presented as the first component of the Financial Section of this financial report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the requirements of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also report on the County's compliance with federal requirements for each major program as well as on internal control over compliance pursuant to the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *U.S. Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The independent auditor's report on the Single Audit for the County is available in the Compliance Section of this financial report.

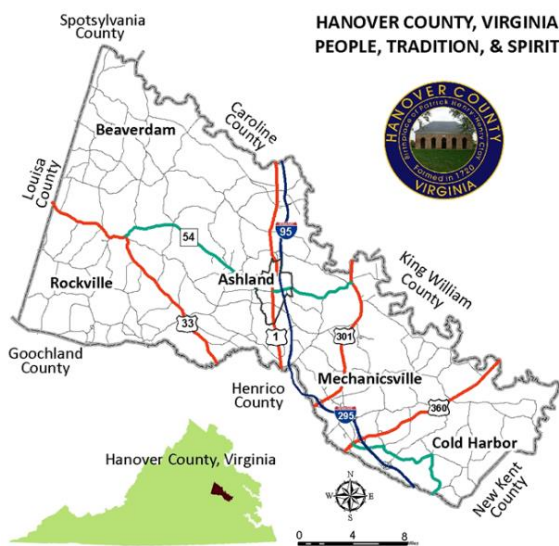
GAAP require that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the independent auditor's report on the financial statements.

Profile of the County

The County was formed on November 26, 1720, by the Virginia General Assembly in "An Act for dividing New Kent County." It is named for King George I of England, who, at the time he came to the throne, was Elector of Hanover in Germany. Two of the County's native sons, Patrick Henry and Henry Clay, distinguished themselves as orators, patriots and statesmen in the early history of this Country. Prior to English colonization in the seventeenth century, the Pamunkey Indians populated this area. The northern boundary, the Pamunkey River, carries their name and they maintain a reservation on the lower part of the river in neighboring King William County. The Town of Ashland is located in central Hanover County and was incorporated in 1858.

The County currently employs the traditional board form of county government with a county administrator. Policies governing the administration of the County are set by a seven-member Board of Supervisors, each elected from the County's seven magisterial districts. This body also has responsibility for appointing the County Administrator. The County has taxing powers subject to statewide restrictions and tax limits.

Located in central Virginia, Hanover County is a 90-minute drive south of the nation's capital, Washington D.C., and 15 minutes north of the Commonwealth's capital, Richmond. Hanover County is more than 470 square miles in area, and is strategically located in the northern Greater Richmond Region, which also includes the City of Richmond and the counties of Chesterfield and Henrico. Hanover is bordered by the counties of Caroline, King William, New Kent, Henrico, Goochland, Spotsylvania, and Louisa and by the Pamunkey, North Anna and Chickahominy Rivers. The South Anna River is also located in the County. Home of the internationally renowned Hanover tomato, the



County offers an appealing blend of both historic houses and the latest new home developments, a nationally recognized suburban school system, and a resilient economy with a balance between residential, commercial, industrial and agricultural tax bases.



The offices of the Board of Supervisors, County Administrator, County Attorney, Commissioner of the Revenue, Treasurer, Registrar, and the departments of Human Resources, Finance and Management Services, Internal Audit, Assessor, and Information Technology constitute the general government administration of the County. The elected and appointed officials, along with the staff of the various departments, implement the laws and policies of the County by developing and executing the procedures that are necessary to provide general support services to residents of the County.

The Court system is made up of the Circuit Court, General District Court, Magistrate, Juvenile and Domestic Relations Court, Clerk of the Circuit Court, Court Services, and Commonwealth's Attorney. The public safety operations of the County include the Sheriff, Pamunkey Regional Jail, Juvenile Court Services Unit, Community Corrections, Emergency Communications, Fire and Emergency Medical Services, Animal Control and Building Inspections.

Public Works administers capital projects of the County, maintains the stormwater management program, administers the State-sponsored erosion and sediment control law, and oversees solid waste management, the Cannery, the County Airport, and the recycling service district operations. General Services provides property management of all County-owned, non-school related properties, as well as, preventative maintenance and repair services for County and School vehicles and motorized equipment.

The Department of Social Services determines eligibility for public assistance programs, which are mandated by federal and state law and expenditures for services required by the Children's Services Act. The Community Services Board provides prevention, treatment, employment and support services for Hanover citizens and families with mental health, substance use and developmental disabilities. In addition, it provides adult services and supervised living services. Hanover is served by the Regional Health District of Hanover, Goochland, New Kent, and Charles City. Also included within human services expenditures is tax relief provided under the Tax Relief for the Elderly and Disabled Program.



Parks and Recreation provides and promotes leisure services such as park activities, educational and hobby programs, senior citizen activities, youth programs, adult athletic leagues, bus tours, special events, and other activities for County residents in addition to maintenance of the County's grounds. Parks and Recreation oversees and operates the Hanover Museum of History and Culture. The Pamunkey Regional Library provides public library service to the County through six branch libraries, and remote access to the library collection through the library's web site.

The Planning Department is responsible for the Comprehensive Plan, demographics, and the acceptance, review, and disposition of all land use and subdivision applications. The services of the Economic Development Department are designed to attract, retain, generate, and facilitate expansion of high-quality business and industry resulting in a stable and diverse local economy and an improved standard of living for the residents of the County.



The County's Department of Public Utilities operates and maintains public water and sanitary sewer systems in the "Suburban Service Area" (the crescent-shaped area north of the Chickahominy River, generally between Route 1 and Creighton Road including the Town of Ashland), the

Doswell area, the Route 33 area, and the Hanover Courthouse area. The County provides utility service to approximately 22,500 water and 22,000 wastewater customers.

The County provides education through its public school system administered by the Hanover County School Board (School Board) and promotes industry and commerce through the Economic Development Authority of Hanover County, Virginia (the EDA). In accordance with GASB pronouncements, these agencies have been classified as discretely presented component units in the accompanying financial statements because they are legally separate entities for which the County is financially accountable. The School Board administers the County's schools and administers its own appropriations within the categories defined by the Code of Virginia, but is fiscally dependent upon the County because the Board of Supervisors appropriates the annual budget, levies the necessary taxes to finance operations and issues debt to finance school capital projects. The Board of Supervisors also approves transfers between education funds, and appoints School Board members. The EDA has the power to issue tax-exempt industrial development revenue bonds on behalf of qualifying enterprises wishing to utilize that form of financing, as well as to finance County facilities. Those bonds do not constitute a debt or pledge of the faith and credit of the County or the EDA, but represent limited obligations of the EDA payable solely from the revenue and receipts derived from the projects funded with the proceeds.

The annual budget serves as the foundation of the County's financial planning and control. All agencies of the County generally submit requests for appropriation to the County Administrator on or before December 1st each year. The County Administrator uses these requests as the starting point for developing a proposed budget. The County Administrator then presents the proposed budget to the Board. The Board is required to hold a public hearing on the proposed budget and to adopt a final budget no later than June 30, the close of the County's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., Fire - EMS) with the budget appropriation resolution adopted by the Board of Supervisors placing legal restrictions on expenditures at the fund level.

The County's adopted budget policy also requires Board of Supervisors approval of certain budget transfers above established thresholds and all requests for supplemental appropriations. The School Board is authorized to transfer budgeted amounts within the school funds, with any transfer that increases total revenues requiring subsequent Board of Supervisors approval. Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented at Exhibit 6 as part of the basic financial statements. A more detailed General Fund budget-to-actual comparison by department is presented at Exhibit 13, and budget-to-actual comparisons for other governmental funds with appropriated annual budgets are presented in the Supplementary Information subsection of this report.

Factors Affecting Financial Condition



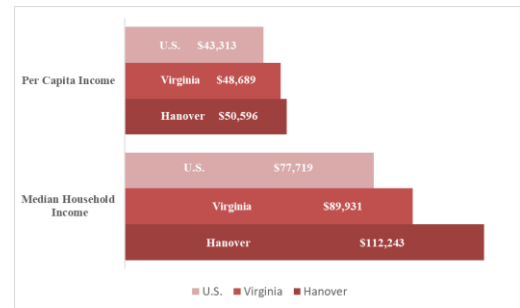
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates. Hanover County's municipal bond rating continues to be AAA from the rating agencies, Fitch, Moody's and Standard & Poor's. All three agencies noted the County's sound financial management, solid economic indicators, low debt burden and strong reserves in affirming the AAA rating.

Local Economy:

Based on its strategic location in the northern Greater Richmond region of the mid-Atlantic and its suburban/rural character, the County is an attractive location for businesses relocating or expanding and for developers interested in the opportunities in the area's residential and commercial markets. The County is primarily served by Interstates 95 and 295, with Interstate 95 connecting the County to the metropolitan Richmond area to the south and providing

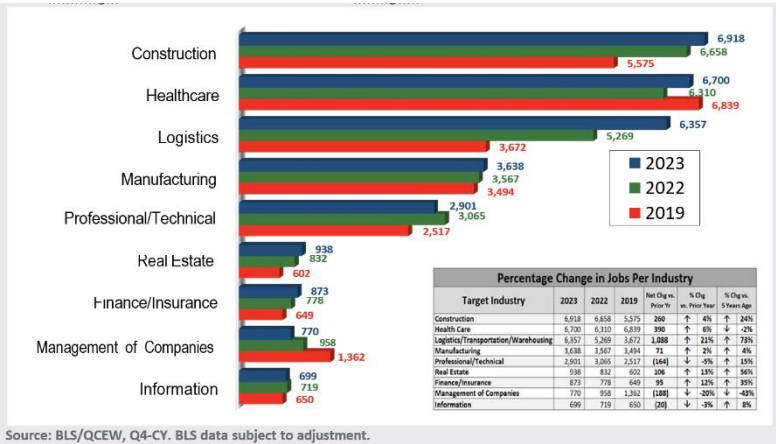
the passage to Washington, D.C. to the north. Interstate 295 connects the eastern and western portions of the County together and represents the northern “loop” around the Richmond metropolitan area.

The County continued to show strong economic conditions in 2024 with steady job growth and contintity of businesses in out community. Real estate and personal property tax revenues remained strong while sales tax revenues outpaced projections once again. These higher than budgeted revenues coupled with expenditure savings resulted in the County adding funds to its reserves at year-end. Hanover has remained in a favorable financial position due in large part to the financial strength and diversification of the County’s business community, its low reliance on federal jobs or procurement, its low debt levels and growing property tax base.



the United States’ of \$129,171.

The County also continues to attract and maintain diverse sectors of employment. The County’s major employment sectors have been in healthcare, logistics; manufacturing; and professional and technical services. The County continues to add to its labor force while maintaining low unemployment well below the state and federal rates.

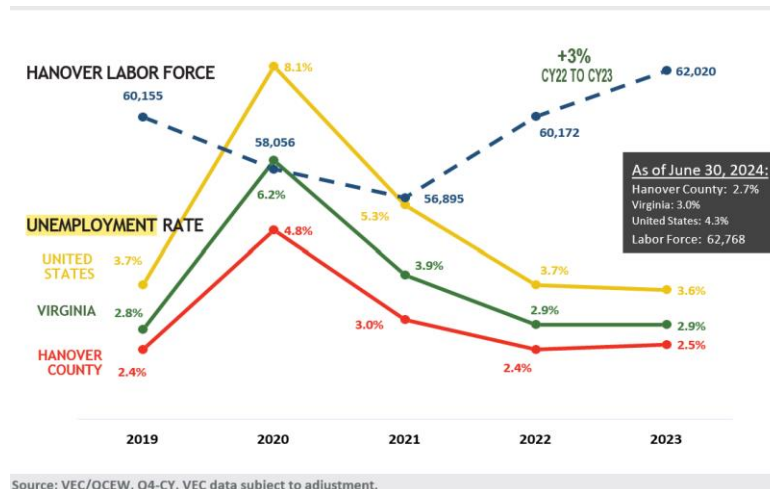


The County continues to target key industries poised for growth including: Professional Services, Advanced Manufacturing, Healthcare, and Supply Chain and Logistics. Within these growth industries, Hanover specifically works to recruit those with higher wage jobs.

Economic Development Update:

Hanover County’s economy remains strong and dynamic. The boom in warehousing and logistics has leveled resulting in slower demand for new speculative space thereby increasing vacancy from previous years. The demand for data center space has accelerated, and Hanover is well positioned to be successful in this market. This sector promises to provide significant job opportunities for residents and strong tax revenue which will enhance services provided to County citizens. Hanover County’s GDP has grown to \$7.9 billion, which represents an increase of 12.7% since 2021 and ranks 19th in Virginia localities. The County’s labor force has hit an all-time high of 62,768 and unemployment remains well below State and national averages.

According to a February 2024 CoStar report, the Richmond region is cited as one of the tightest markets in the country for available industrial space. A reshoring of industrial-related jobs and the region's business-friendly environment have pushed industrial users to quickly absorb existing stock. Much of the demand has come from logistics and distribution operators wanting to be among the state's most traveled interstates, giving these operators access to some of the largest population areas in the east. These factors, along with the ever-growing Port of Virginia, will likely help keep availability low in the near term. With an availability rate of 2.6 percent for properties smaller than 50,000 square feet, developers are beginning to address this market with new products.



In Hanover County, local tax receipts for the 2024 fiscal year generated \$1,555,015 in lodging taxes, which represents an 6.2% increase from last fiscal year. The County, along with the Richmond Region as a whole, set another year-over-year record for annual occupancy tax revenue in FY 2024. Beginning July 2023, the Richmond area's Tourism Improvement District (TID) initiative began collecting an additional 2% fee on nightly hotel rates to help Richmond Region Tourism attract and entice events, sports, meetings, and conferences to the region.

Hanover County Economic Development continued its business outreach utilizing staff and volunteers through its Business First Hanover program. Three business walks were conducted through this program in FY 2024 concentrating on the Hanover Industrial Air Park and Olde Towne Mechanicsville. A total of 69 businesses were visited just on these walks alone! Volunteers are paired with an experienced "business walker" to distribute relevant information to businesses and to gather data, identify needs of the company, and inquire about industry trends.

As the Comprehensive Plan helps guide where development will take place, and the recent Industry Cluster Analysis informs what sectors to target, the Economic Development Strategic Plan will piggyback on these plans to determine the best strategies to guide strategic, targeted, high-quality investment into areas best suited for the use. As part of this future strategic planning, Economic Development will be provided with an updated set of performance measures to maintain and analyze to determine if the plan is meeting its goals and objectives. These measures will continue to be reported to the Board of Supervisors and to the community through the Department's Annual Report and State of the County address. Given the dynamic and competitive nature of the larger economy, and desire to encourage and retain intentional, targeted projects into key areas identified in the Comprehensive Plan, Hanover County must proactively nurture and develop its business sector to address global economic conditions as well as needs of the local community.

Additional information can be found at <https://www.hanovervirginia.com/news-events/>.

Long-Term Financial Planning:

The County has long been recognized as formulating detailed public plans for its long-term financial planning. Planning enables the County to appropriately analyze issues and initiatives, receive public comment during public hearings, and formulate desired service level plans and phase-in funding to attain desired goals over the long term. Primarily, these long-term financial plans include the Five-Year Capital Improvements Program and Five-Year Financial Plan:

- **Capital Improvements Program (CIP):** The CIP is the County's plan for investing in facilities, equipment, and vehicles over the next five years, and includes those items with a unit cost greater than \$50,000. The fiscal year 2024 capital budget for County, School and Public Utilities projects is \$149.8 million. The County's budget policies recommend the use of "pay-as-you-go" CIP funding of 10% or more, to recognize the need to balance the use of debt with the use of other resources for funding. The fiscal year 2024 CIP includes 59% of "pay-as-you-go" funding (from non-debt sources) for County and School capital projects.

• **Five-Year Financial Plan:** The County's Five-Year Financial Plan represents the County's effort to quantify the fiscal impacts of future General Fund resources year this plan is adopted indicating to the public operating costs, capital requirements, school The plan is illustrated overview section of the seeks to maintain or objectives and Board-



needs, matched with a projection of available to meet those needs. Each by the Board of Supervisors, thereby the County's expected tax rates, improvements, debt service allocations and service level plans. with detailed assumptions in the budget document. Generally, the plan enhance all current budgetary adopted initiatives.

Relevant Financial Policies:

The Hanover County Financial Policies are approved by the County Administrator and adopted by the Board of Supervisors. These policies apply to all County and School funds except the School Activity Funds as defined by the Department of Education. The financial policies address the methods for accounting, internal controls, procurement, revenues and grant management, guidelines for appropriate fund balance to maintain positive financial position as well as debt issuance and post-issuance compliance. The financial policies prescribe budget formulation and sound financial practices that include the adoption of a Five-Year Financial Plan and the Capital Improvements Program (CIP). Additionally, the Board has adopted a joint Deposit and Investment policy between the County and the Treasurer, as well as, a Deferred Compensation 457(b) and 403(b) Plan investment policy. These policies are periodically reviewed, with amendments approved by the Board, as necessary. To add clarification and more detail, most policies have associated regulations which are approved by the County Administrator.

Major Initiatives and Accomplishments:

The Hanover County Board of Supervisors spearheaded an effort in FY2024 to focus on regional competitiveness for our public safety providers and continue to fund capital improvement projects that will serve our residents for years to come.



Montpelier Recreation Center and Library was approved by the Board of Supervisors in May 2022 and building construction was recently completed. In October, County leaders came together with community partners to celebrate the opening of Montpelier Recreation Center and Library. This is truly a project created by our community, for our community. The center houses a library, gym and classroom space which our community is already enjoying!

Fire-EMS Station 17 is well under construction on land the Board accepted as a donation of 3.5 acres in surplus property from the School Board, which is adjacent to Laurel Meadow Elementary School. The new station would enable Hanover Fire/EMS to meet emergency needs in that area and improve response times. The construction of this station is an excellent example of the County's pay-go cash strategies at work as this station is cash funded through strategic use of one-time surplus funds which saves the taxpayers interest payments and creates flexibility in years to come by not building an on-going debt service payment associated with this fourteen-million-dollar project into the County's operating budget.



Ashland Elementary School now serves as a replacement for the upper and lower elementary schools serving the Ashland community currently. The secure and modernly equipped school welcomed students for the 2024-2025 school year with the debt issuance and cash capital strategies deployed to fund this project being a major accomplishment as well as a timely draw down schedule of all bond funding in FY 2024. In August, students, staff and members of the community celebrated the ribbon cutting of this new \$50M facility! County taxpayers will save \$985,000 over the life of the bonds by maintaining its strong financial policies and pay-go strategies which are required to achieve and maintain a triple AAA bond rating.

Awards and Acknowledgements

Hanover County continued to be recognized for excellence in operational and fiscal management during fiscal year 2024. The County's mission to provide superior service through inclusion, creativity, innovation, and sound financial practices is exemplified by the awards and acknowledgements noted in this section.

Hanover County Public Schools

All Hanover schools have achieved full accreditation by the Virginia Department of Education based upon results during the 2018-2019 school year. Hanover is one of the largest school divisions in the Commonwealth to experience this level of success at all its schools. Hanover students exceeded all the SOL benchmarks set by the VDOE in English (reading and writing), math, history, and science, as well as met or exceeded the state average on 28 out of 29 SOL tests.

Community Resources

Hanover DASH is a specialized transportation service, coordinated by Hanover County Department of Community Resources, for County residents aged 65 or older and/or persons who have a physical, cognitive, emotional, visual, or other disability, either permanent or temporary. The program was recognized by VACO with an award in 2024 for its service to meeting our citizens as well as the unique collaboration between Ms. Shelly Wright, our Budget Division Director and the Human Services team to make this program such a success.

Sheriff's Office

Hanover County Sheriff's Office has been recertified as a Certified Crime Prevention Community and is one of only 12 localities in the Commonwealth to have achieved this distinction. "This is truly about the county we live in and the community we serve," said Colonel David R. Hines, Sheriff. On the reverse side of our "Welcome to Hanover County" signs is a reminder of the safe community that our Sheriff's Office has created by working alongside our residents.



Self-Insurance Fund Be Well Program

Hanover County's BE WELL Employee Wellness Program, lead by Jami Zanetta, has received a Making a Difference Workplace Well-being Award from our insurance carrier. This award is the culmination of our employees' desire to live healthier, more active lives and make well-being a priority.

Finance and Management Services

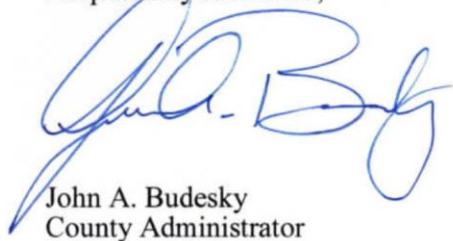
The Government Finance Officers Association (GFOA) awarded a **Certificate of Achievement for Excellence in Financial Reporting** to Hanover County for its ACFR for the fiscal year ended June 30, 2023. The County has received this prestigious award each fiscal year since 1985. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting. Hanover County's ACFR was judged by an impartial panel to meet the high standards of the program including demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the ACFR. The GFOA is a non-profit professional association serving nearly 19,000 appointed and elected government finance professionals throughout North America.

The GFOA awarded a **Distinguished Budget Presentation Award** to Hanover County for its FY2024 budget. The County has received this prestigious award each fiscal year since 1990. This award reflects the commitment of the governing body and staff to meeting the highest principles of governmental budgeting. In order to receive the budget award, Hanover County had to satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well an entity's budget serves as a policy document; a financial plan; an operations guide; and a communications device.


The County utilizes its website www.hanovercounty.gov for presentation of the ACFR and budget document. The budget document serves as the best source of information for County's current and five-year financial plan, new initiatives, capital improvements program and changes in service levels. In addition, the website provides many other topics of interest to County residents and service providers, and provides an excellent forum to recognize outstanding employees and their accomplishments. While many of those accomplishments could also be highlighted in this report, the remainder of this financial report will focus on the County's fiscal year 2024 results of operations and on an analysis of the financial statements.

The preparation of this report would not have been possible without the efficiency, knowledge and dedication of the Department of Finance and Management Services staff. We would like to express our sincere appreciation to all members of the department who assisted and contributed to the preparation of this report. A special thank you to the Financial Division led by Ms. Lauren Null, CPA, and Ms. Jackie Manzer, CPA for their important contributions and expertise in the accurate implementation of accounting standards and unwavering regard for proper internal controls. Credit also must be given to the Board for their unfailing support for maintaining high standards of professionalism in the oversight of the County's finances.

Respectfully submitted,



John A. Budesky
County Administrator



Amanda L. Six
Director of Finance and Management Services



Government Finance Officers Association

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

Presented to

**County of Hanover
Virginia**

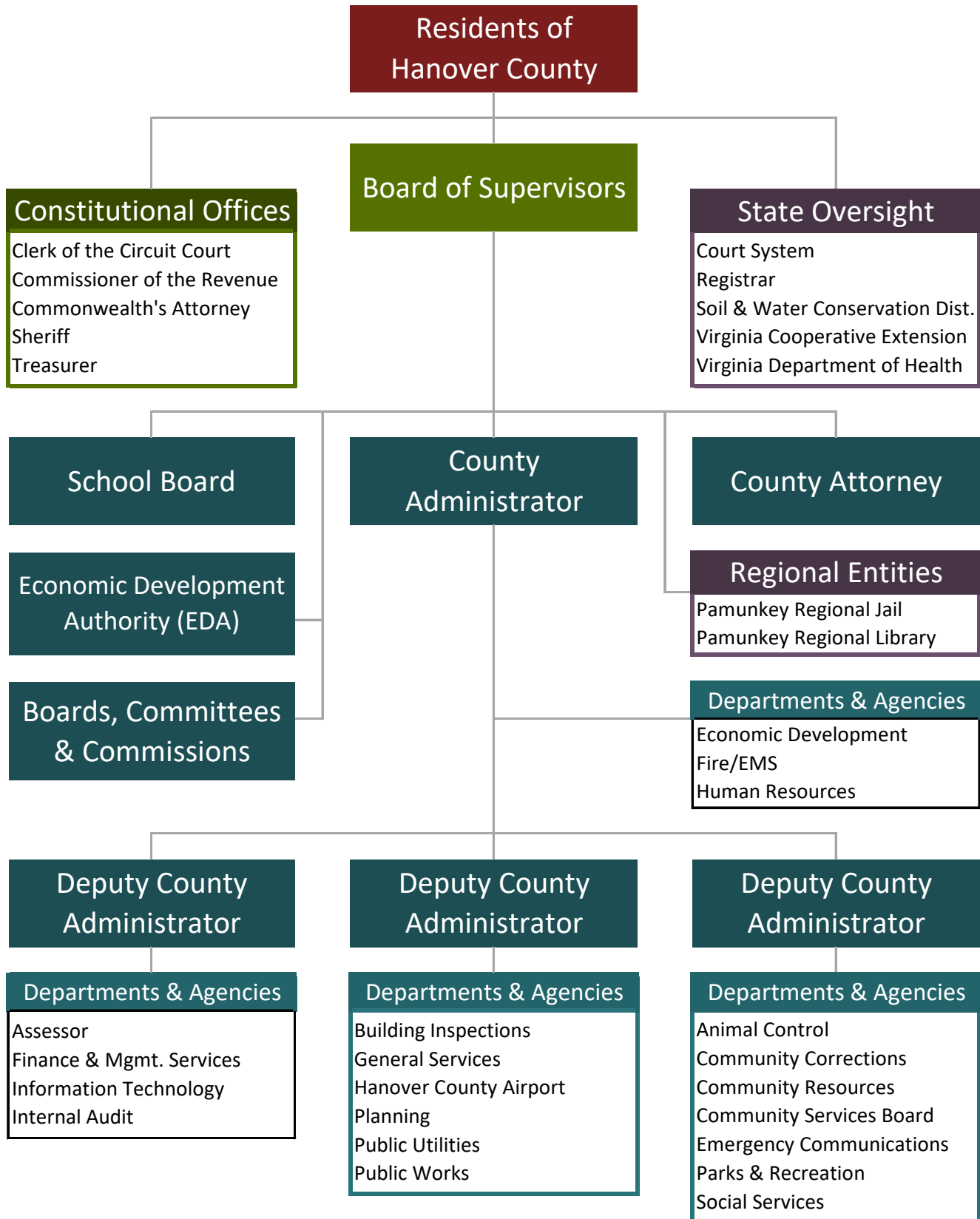
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

County Organizational Chart



Color Key

Elected Officials

County Entities

State & Regional Entities

DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2024

Board of Supervisors

Susan P. Dibble, Chair
F. Michael Herzberg, Vice Chair
Sean M. Davis
Danielle G. Floyd
Ryan M. Hudson
Faye O. Prichard
Jeff S. Stoneman

South Anna District
Cold Harbor District
Henry District
Chickahominy District
Mechanicsville District
Ashland District
Beaverdam District

Constitutional Officers

Frank D. Hargrove, Jr.
T. Scott Harris
Mackenzie Babichenko
Colonel David R. Hines
Timothy R. Boschen

Clerk of the Circuit Court
Commissioner of Revenue
Commonwealth's Attorney
Sheriff
Treasurer

County Administrative Officials

John A. Budesky
Dennis A. Walter
Todd E. Kilduff
James P. Taylor
Jay A. Brown
Amanda L. Six

County Administrator
County Attorney
Deputy County Administrator
Deputy County Administrator
Deputy County Administrator
Director of Finance & Management Services

School Board

Robert J. (Bob) May, Chair
Steven Ikenberry, Vice Chair
Greg Coleman
Karen Lynne
Ryan Martin
Bob Seifert
Whitney Welsh

South Anna District
Cold Harbor District
Beaverdam District
Ashland District
Mechanicsville District
Chickahominy District
Henry District

School Administrative Officials

Dr. Lisa Pennycuff
Terry S. Stone
Jennifer E. Greif
Amanda A. Baker
Leah Han
Chris R. Whitley

Interim Superintendent of Schools
Asst. Superintendent of Business and Operations
Asst. Superintendent of Instructional Leadership
Asst. Superintendent of Human Resources
School Board Attorney
Asst. Supt. of Cmty. Engagement & Legislative Affairs

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Members of the Board of Supervisors
County of Hanover, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Hanover, Virginia (County), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 and specifications are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's 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 auditor's 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 GAAS and *Government Auditing Standards* 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 GAAS and *Government Auditing Standards*, 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 the County'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 the County'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 the Management's Discussion and Analysis and the required supplementary information on pages 17-27 and 132-144, respectively, 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedules listed in the table of contents as other supplementary information and the 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 GAAS. 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 comprehensive financial report. The other information comprises the introductory and statistical sections as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2024 on our consideration of the County'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 the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

PB Mares, LLP

Harrisonburg, Virginia
November 11, 2024

County of Hanover, Virginia

Management's Discussion and Analysis

(Unaudited)

As management of the County of Hanover, Virginia (the County), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the County as of and for the fiscal year ended June 30, 2024. We encourage readers to consider this discussion and analysis in conjunction with our letter of transmittal in the Introductory Section of this report and the County's basic financial statements, which follow this discussion and analysis.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2024 by \$713.7 million (*net position*). Of this amount, \$266.6 million (*unrestricted net position*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$80.0 million, of which the governmental activities increased by \$67.6 million and business-type activities increased by \$12.3 million.
- As of the close of fiscal year 2024, the County's governmental funds reported combined ending fund balances of \$253.5 million, an increase of \$5.6 million from prior year. Of the \$253.5 million total, 76.7% (\$194.5 million) is available for spending in compliance with County policies (sum of *committed, assigned and unassigned fund balances*), while *nonspendable and restricted fund balances* were 23.3% (\$59.0 million).
- The General Fund's unassigned fund balance was 13.5% of total General Fund revenues, which reflects an increase of \$5.5 million to \$49.8 million at June 30, 2024. This balance continues to meet and exceed the County's unassigned fund balance policy minimum of 10% of total General Fund revenues. In addition, the General Fund's assigned fund balance increased \$11.0 million to \$76.3 million at June 30, 2024. The \$11.0 million increase is the net of increases and decreases to amounts assigned for various purposes, including education, public works, economic development, the subsequent fiscal year's adopted budget, the subsequent five-year financial plan, capital projects, and other County services.
- As of June 30, 2024, the County's total debt decreased by \$15.0 million (8.4%) from the prior fiscal year to \$163.7 million. This decrease is primarily attributable to principal payments on existing debt of \$13.0 million, as no new bonds were issued during fiscal year 2024.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial 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.

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. The *Statement of Net Position* presents information on all the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the resulting difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of how the financial position of the County may be changing. Increases in net position may indicate an improved financial position; however, even decreases in net position may reflect a changing manner in which the County may have used previously accumulated funds.

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

Both government-wide financial statements distinguish functions of the County, which are principally supported by taxes, intergovernmental revenues, and other non-exchange transactions (*governmental activities*) from other activities, which are intended to recover all or a significant portion of their costs primarily through user fees charged to external parties (*business-type activities*). The governmental activities of the County include general government administration; judicial administration; public safety; public works; human services; parks, recreation and cultural; community development; education; and interest on long-term debt, as well as the County's self-insurance activities. The business-type activities consist of public utilities and airport operations.

The government-wide financial statements (Exhibits 1 and 2) include not only the County itself (known as the *Primary Government*), but also a legally separate School Board and a legally separate Economic Development Authority for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the Primary Government itself.

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

With the exception of *internal service fund* activity, (described under *Proprietary Funds which follows*), **Governmental Funds** are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

During fiscal year 2024, the County maintained four individual governmental funds. Information is presented separately in the governmental funds' financial statements for the General Fund, the County Improvements Fund, the Debt Service Fund, and the School Improvements Fund; all four of which are considered to be *major funds*. The County did not maintain any *nonmajor* governmental funds as of and for the year ended June 30, 2024. The governmental fund financial statements can be found at Exhibits 3 through 6 of this report.

The County maintains two different types of **Proprietary Funds**: enterprise and internal service. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its public utilities fund and its airport fund (major funds). *Internal service funds* are an accounting device used to accumulate and allocate costs

internally among the County's various functions. The County uses an internal service fund to account for its employee healthcare benefit activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the business-type activities in the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found at Exhibits 7 through 9 of this report along with data for the internal service fund.

Fiduciary funds are used to account for resources received and held in a fiduciary capacity for the benefit of individuals, private organizations, or other governments. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County's own programs. However, the County is responsible for ensuring that fiduciary fund assets are used for their intended purposes. The County's fiduciary funds consist of the Retiree Medical Benefits Trust Fund and Custodial Funds. The Retiree Medical Benefits Trust Fund is used to account for the receipt and disbursement of employer contributions and assets held in trust to provide healthcare benefits to retirees and custodial funds are used to report resources held in a purely custodial capacity for individuals, private organizations or other governments. The fiduciary funds' financial statements can be found at Exhibits 10 and 11 of this report, while individual fund data for the custodial funds can be found in the form of combining statements at Exhibits 17 and 18 of this report.

Notes to the financial statements: The notes to the financial statements provide additional information that is essential for a full understanding of the County's government-wide and fund financial statements.

Other information: In addition to the basic financial statements and accompanying notes thereto, this report also presents certain *schedules of required supplementary information* concerning the County's pension and other postemployment benefits to its current and future retirees. These schedules of required supplementary information can be found at Exhibit 12 of this report.

Other *supplementary information* is presented immediately following the required supplementary information at Exhibits 13 through 25 of this report. The County adopts an annual appropriated General Fund budget, for which a budgetary comparison statement has been provided to demonstrate compliance with this budget, which can be found at Exhibit 13 of this report. The combining financial statements referred to earlier comprising individual fund statements and schedules are presented at Exhibits 17 through 25 of this report.

This report also contains a statistical section that supplements the basic financial statements by presenting detailed trend information, to assist the users to assess the economic condition of the County. We encourage our readers to review the statistical section, to better understand the County's operations, services and financial condition.

Compliance: Finally, this report contains a Compliance Section, including the County's Schedule of Expenditures of Federal Awards and related notes thereto, and the independent auditor's required reports on compliance and internal control.

Financial Analysis of the County as a Whole

Statement of Net Position

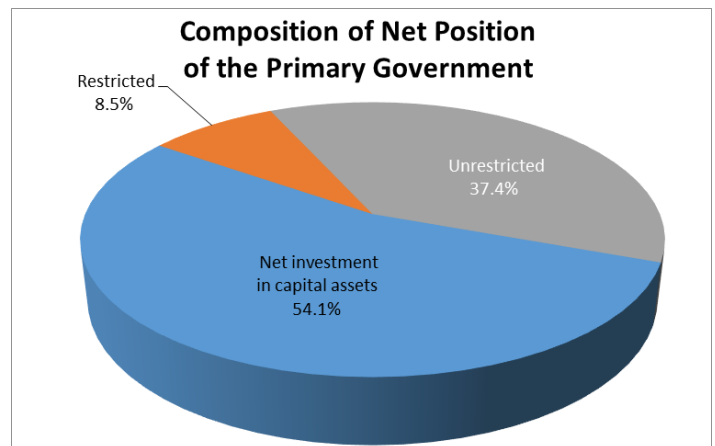
Table 1 summarizes the Statements of Net Position for the Primary Government as of June 30, 2024 and 2023.

Table 1	County of Hanover, Virginia Summary of Net Position (\$ in millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 452.6	\$ 431.4	\$ 52.1	\$ 60.5	\$ 504.7	\$ 491.9
Capital assets	283.4	244.5	283.3	267.9	566.7	512.4
Total assets	736.0	675.9	335.4	328.4	1,071.4	1,004.3
Deferred outflows of resources	15.4	18.2	1.4	1.6	16.8	19.8
Long-term liabilities outstanding	190.7	203.8	11.5	13.2	202.2	217.0
Other liabilities	53.4	51.5	6.5	7.9	59.9	59.4
Total liabilities	244.1	255.3	18.0	21.1	262.1	276.4
Deferred inflows of resources	107.6	106.8	4.8	7.2	112.4	114.0
Net position:						
Net investment in capital assets	114.8	108.4	271.4	252.5	386.2	360.9
Restricted	55.5	47.5	5.4	5.1	60.9	52.6
Unrestricted	229.4	176.1	37.2	44.1	266.6	220.2
Total net position	\$ 399.7	\$ 332.0	\$ 314.0	\$ 301.7	\$ 713.7	\$ 633.7

Changes in net position is a useful indicator of a County's financial position. Of interest, the County's assets and deferred outflows exceeded liabilities and deferred inflows by \$713.7 million at the close of fiscal year 2024, representing an increase of \$80.0 million from the net position at June 30, 2023.

As the following graph shows, by far the largest portion of the County's total net position (\$386.2 million, 54.1% of total) reflects its net investment in capital assets (e.g., land, buildings, machinery, equipment and intangibles); less any related debt and deferred loss on refunding used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens, like water and wastewater services, schools, libraries, law enforcement, and fire and emergency medical services. Consequently, these assets are *not* available for future spending, as capital assets are generally not sold or otherwise disposed of during their useful life.

As also shown, an additional portion of the County's total net position (\$60.9 million, 8.5% of total) represents resources that are subject to external restrictions on how they may be used, including amounts restricted for capital projects, grant programs, debt covenants and postemployment healthcare benefits. The remaining balance of unrestricted net position (\$266.6 million, 37.4% of total) may be used to meet the County's ongoing obligations to citizens and creditors.



Statement of Activities

Table 2 summarizes the Statements of Activities of the Primary Government for the fiscal years ended June 30, 2024, and 2023:

County of Hanover, Virginia

Table 2

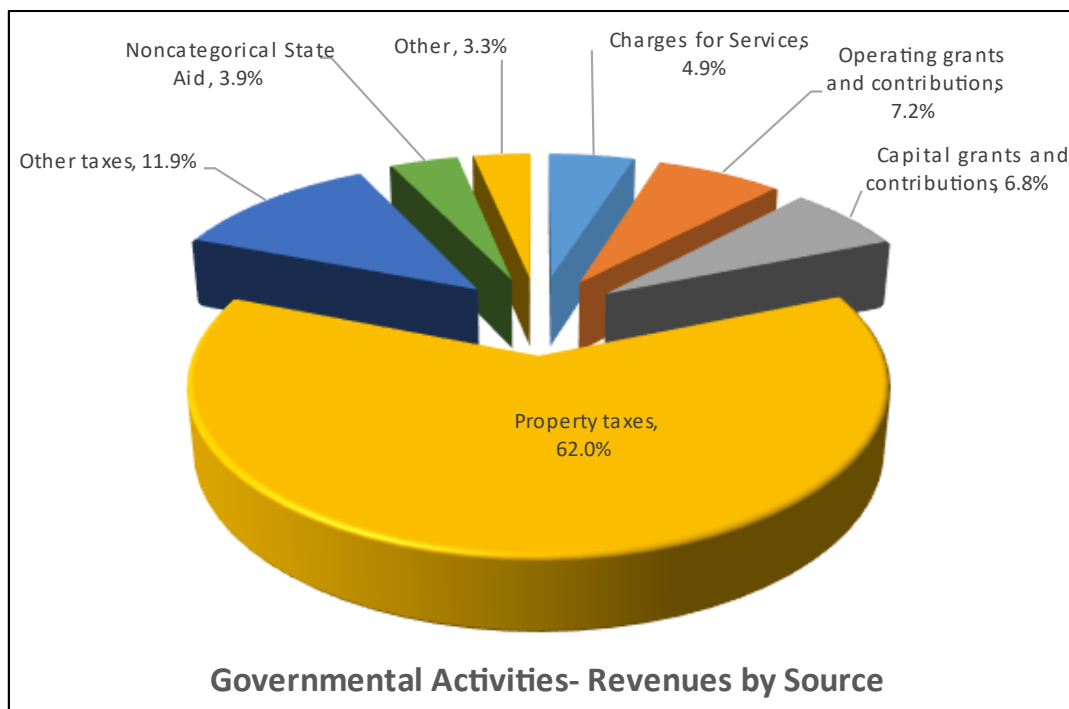
Summary of Changes in Net Position
(\$ in millions)

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 19.7	\$ 19.6	\$ 38.2	\$ 35.7	\$ 57.9	\$ 55.3
Operating grants and contributions	28.9	25.8	0.2	0.1	29.1	25.9
Capital grants and contributions	27.1	34.2	8.7	12.3	35.8	46.5
General revenues:						
Property taxes	248.4	215.5	-	-	248.4	215.5
Other taxes	47.7	46.2	-	-	47.7	46.2
Noncategorical State aid	15.7	15.6	-	-	15.7	15.6
Grants and contributions	1.0	1.5	-	-	1.0	1.5
Other	12.2	4.9	2.1	1.3	14.3	6.2
Total revenues	400.7	363.3	49.2	49.4	449.9	412.7
Expenses:						
General government	23.0	21.9	-	-	23.0	21.9
Judicial administration	9.8	9.2	-	-	9.8	9.2
Public safety	87.6	78.5	-	-	87.6	78.5
Public works	34.5	23.5	-	-	34.5	23.5
Human services	35.3	31.1	-	-	35.3	31.1
Parks, recreation and cultural	8.2	7.9	-	-	8.2	7.9
Community development	9.4	8.6	-	-	9.4	8.6
Education	119.4	112.1	-	-	119.4	112.1
Interest on long-term debt *	5.7	5.9	-	-	5.7	5.9
Public utilities	-	-	35.7	32.8	35.7	32.8
Airport	-	-	1.3	1.1	1.3	1.1
Total expenses	332.9	298.7	37.0	33.9	369.9	332.6
Increase in net position before transfers	67.8	64.6	12.2	15.5	80.0	80.1
Transfers	(0.1)	(0.1)	0.1	0.1	-	-
Increase in net position	67.7	64.5	12.3	15.6	80.0	80.1
Total net position - beginning of year	332.0	267.5	301.7	286.1	633.7	553.6
Total net position - end of year	\$ 399.7	\$ 332.0	\$ 314.0	\$ 301.7	\$ 713.7	\$ 633.7

* For business-type activities, interest on long-term debt is included in the functional expense category.

Governmental Activities: The increase in net position attributable to the County's governmental activities totaled \$67.7 million for fiscal year 2024. Generally, net position changes are the result of the difference between revenues and expenses. Fiscal year 2024 revenues of \$400.7 million represent an increase of \$37.4 million, or 10.3% in comparison to the prior year, while expenses and transfers of \$333.0 million represent an increase of \$34.2 million, or 11.4% compared to the prior year.

The following chart illustrates the County's fiscal year 2024 governmental revenues by source as a percentage of total governmental revenues:



Taxes are the largest source of County revenues, totaling \$296.1 million for fiscal year 2024, an increase of \$34.4 million, or 13.1%, in comparison to fiscal year 2023. An increase in general property taxes of \$32.9 million, or 15.3% was largely attributable to higher than projected real property and personal property tax revenue resulting from increased assessed values. Sales tax revenue increased by \$1.9 million, or 5.7%. General property taxes totaled \$248.4 million for fiscal year 2024 and represent 83.9% of total taxes and 62.0% of all revenues.

Also in fiscal year 2024, \$75.7 million, or 18.9% of total revenues, consisted of program revenues, including \$19.7 million in charges for services, \$28.9 million of operating grants and contributions, and \$27.1 million of capital grants and contributions. General revenues, including \$15.7 million of noncategorical state aid and \$1.0 million of unrestricted grants and contributions and unrestricted investment earnings of \$12.2 million, accounted for the remaining revenues.

As shown in Table 2 and Table 3, the total expenses of all the County's governmental activities for fiscal year 2024 were \$332.9 million, which represents an increase of \$34.2 million, or 11.5% higher than fiscal year 2023. Increases in expenses for general government administration, judicial administration, public safety, public works, human services, parks, recreation and cultural, and education were \$1.1 million, \$0.6 million, \$9.1 million, \$11.0 million, \$4.2 million, \$0.3 million, \$0.8 million, \$7.3 million, respectively. Expenses for interest on long-term debt decreased by \$0.2 million. As the following chart indicates, education continues to be one of the County's largest programs and highest priority, with education expenses totaling \$119.4 million in fiscal year 2024. Public safety and human services are also strategic focus areas with expenses totaling \$87.6 million and \$35.3 million, respectively in fiscal year 2024.

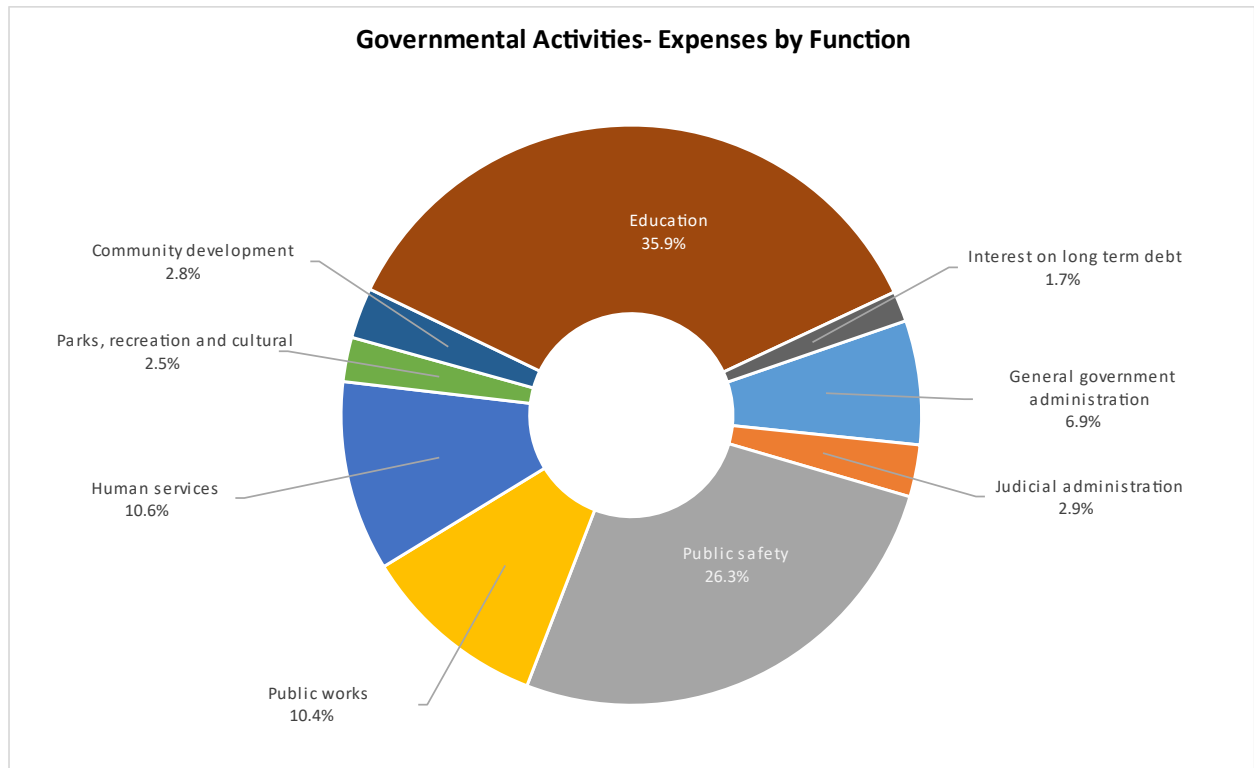


Table 3 presents the total cost of the County’s governmental activities by function, as well as the net cost of each function (total cost less fees generated by each function and program-specific intergovernmental aid) for the fiscal year ended June 30, 2024 and 2023:

Table 3 Net Cost of Hanover County's Governmental Activities For the Fiscal Years Ended June 30 (\$ in millions)				
Functions/Programs	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
General government	\$ 23.0	\$ 21.9	\$ 15.7	\$ 10.0
Judicial administration	9.8	9.2	6.8	6.4
Public safety	87.6	78.5	73.8	64.1
Public works	34.5	23.5	7.4	0.6
Human services	35.3	31.1	15.9	13.7
Parks, recreation and cultural	8.2	7.9	7.1	7.4
Community development	9.4	8.6	7.0	5.4
Education	119.4	112.1	117.8	105.6
Interest on long-term debt	5.7	5.9	5.7	5.9
Total	<u>\$ 332.9</u>	<u>\$ 298.7</u>	<u>\$ 257.2</u>	<u>\$ 219.1</u>

A portion of the \$332.9 million cost of the County’s governmental activities was paid by those who directly benefited from the programs (i.e., charges for services of \$19.7 million) and other governments and organizations that subsidized certain programs (i.e., operating and capital grants and contributions of \$56.0 million). These combined program revenues of \$75.7 million decreased the total fiscal year 2024 cost of services from \$332.9 million to the net cost of services of \$257.2 million. The net cost of services was covered by the County’s general revenues, consisting primarily of taxes and state aid.

Business-type Activities: Table 2 also summarizes the business-type activities. The County's business-type activities consist of its Public Utilities water and wastewater treatment services and its airport activities. The increase in the net position attributable to the County's business-type activities totaled \$12.3 million for fiscal year 2024.

Public Utilities revenues totaled \$46.4 million, of which \$37.9 million, or 81.6%, was generated from charges for services and user fees. Nonoperating capacity fee revenues increased to \$5.4 million from \$4.5 million last year, based on revenue and the allocation of operating costs. Capital contributions decreased from \$9.2 million in 2023 to \$8.7 million in 2024. Public Utilities expenses totaled \$35.7 million for fiscal year 2024 compared to \$32.7 million in fiscal year 2023.

Airport operating revenues totaled \$533,606 in fiscal year 2024 compared to \$673,206 in fiscal year 2023. The Airport had no nonoperating revenues in fiscal year 2024 or fiscal year 2023. Capital contributions decreased to \$276,907 in fiscal year 2024 from \$3.0 million in fiscal year 2023. Airport nonoperating expenses were \$72,994 and \$77,692 in fiscal years 2024 and 2023, respectively.

Financial Analysis of the County's Funds

As noted earlier, 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 *spendable* resources. Such information is useful in assessing the County's financing requirements. In addition, the County's *fund balance classifications* are useful to identify the extent to which the County's fund balances are constrained and how binding those constraints are.

As of the end of fiscal year 2024, the County's governmental funds reported combined ending fund balances of \$253.5 million (Exhibit 3), as compared to \$247.9 million at June 30, 2023, an increase of \$5.6 million. Of the \$253.5 million fiscal year 2024 fund balance, \$4.5 million is classified as *nonspendable* because it is invested in inventories and prepaid expenses and, therefore, is not in spendable form, \$54.5 million is classified as *restricted* to indicate that it can only be spent for specific purposes as stipulated by external resource providers (for example, through debt covenants, grant agreements, or by laws or regulations of other governments), \$0.5 million is classified as *committed* to indicate that it has been set aside for specific purposes by resolution of the County's Board of Supervisors, \$144.3 million is *assigned* to indicate that County administration has identified specific purposes for the use of those funds, and the remaining \$49.8 million is *unassigned*. Unassigned fund balances are technically available for any purpose but are maintained at targeted levels in accordance with sound financial management practices.

The General Fund is the primary operating fund of the County (Exhibits 3 through 6). The General Fund's fund balance increased \$17.6 million (13.6%) during fiscal year 2024, to \$129.7 million. Total year revenues are approximately \$23.2 million higher than the appropriated budget, primarily driven by increases in real property and personal property tax assessments and higher than budgeted revenues from use of money and property. Fiscal year 2024 expenditure savings for the General Fund totaled \$20.2 million, comprised of \$3.8 million in personnel savings, \$11.0 million in operating savings, and a return of School Board appropriations to the General Fund of \$5.4 million. Of the \$129.7 million fund balance, \$0.4 million is nonspendable, \$2.5 million is restricted, \$0.5 million is committed, \$76.5 million is assigned and \$49.8 million is unassigned. As one measure of the General Fund's liquidity, it is useful to compare the total of the County's committed, assigned and unassigned fund balances to total fund revenues. At the end of fiscal year 2024, the General Fund's committed, assigned and unassigned fund balances of \$126.7 million represents 34.4% of total General Fund revenues of \$368.6 million. In addition, General Fund's unassigned fund balance totaled \$49.8 million, up from \$44.2 million at the end of fiscal year 2023, which represents 13.5% of total General Fund revenues in 2024 and 2023, continuing to exceed the 10% minimum

set by the County's fund balance policy. The \$17.6 million fiscal year 2024 increase in the General Fund's fund balance resulted from General Fund revenues of \$368.6 million less expenditures of \$288.2 million and net other financing sources and uses of \$62.8 million, as shown on Exhibit 4 to the financial statements.

The fund balance in the County Improvements Fund (Exhibit 4) increased by \$18.3 million to \$103.9 million during fiscal year 2024. This increase is partially attributable to the County receiving \$15.5 million in tax revenues from the Central Virginia Transportation Authority, a recently created authority established by the Code of Virginia in 2020 as well as increased transfers from the General Fund of \$37.6 million.

The fund balance in the School Improvements Fund (Exhibit 4) decreased by \$33.5 million to \$14.7 million during fiscal year 2024, primarily due to project spending that was funded by debt proceeds recognized as revenue in fiscal year 2023. The fund balance in the Debt Service Fund (Exhibit 4) increased by \$3.2 million to \$5.2 million fiscal year 2024. The Debt Service Fund recognized investment income from unspent bond proceeds, savings from interest on debt service, and savings from debt issuance costs which will be reappropriated to fiscal year 2025, contributing to this increase in fund balance.

Proprietary funds: The County's proprietary funds financial statements provide the same type of information presented in the business-type activities on the government-wide financial statements, as their basis of accounting is the same, but in more detail. Factors relating to the financial position and results of operations of the County's Public Utilities System and Airport have been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

General Fund budget amendments resulted in an increase of \$17.1 million, or 4.8% between the originally-adopted fiscal year 2024 budget appropriation for expenditures and transfers out and the final budget, with \$3.2 million of the increase resulting from reappropriation of fiscal year 2023 budget commitments for completion of ongoing projects in fiscal year 2024, \$5.5 million of increases in transfers to the School Improvements Fund for Capital projects, and \$2.3 million of increases in transfers to the County Improvements Fund for Public Safety equipment. Encumbered balances account for 84.0% of the total reappropriation.

Capital Assets and Debt Administration

Capital assets: The County's investment in capital assets as of June 30, 2024, totals \$566.7 million, net of accumulated depreciation and amortization. This represents an increase of \$54.3 million, or 10.6% more than fiscal year 2023. Capital assets, net of accumulated depreciation and amortization, are illustrated in the following table:

	(\$ in millions)			
	Governmental Activities	Business-type Activities	Totals at June 30	
			2024	2023
Land	\$ 15.1	11.9	27.0	22.3
Intangible assets	5.7	32.5	38.2	37.5
Buildings	109.2	41.3	150.5	161.4
Improvements other than buildings	29.5	149.9	179.4	168.6
Machinery and equipment	31.2	16.2	47.4	50.4
Infrastructure	23.1	-	23.1	18.1
Right to use assets	2.4	0.6	3.0	3.6
Construction in progress	67.2	30.9	98.1	50.5
Total	<u>\$ 283.4</u>	<u>283.3</u>	<u>566.7</u>	<u>512.4</u>

Major capital asset activity during fiscal year 2024 included the following:

- The costs of completed water and wastewater infrastructure projects reported in the Public Utilities Fund totaling \$17.6 million, funded by water and sewer user fees and capacity fees.
- Developers' contributions of water and wastewater lines totaled \$3.5 million.
- The costs of public safety improvements totaling \$5.8 million, including ambulances, equipment upgrades, the completion of a fire training facility, and the construction of fire station 17 funded by state grants and general revenues.
- The cost of construction for the new Montpelier Recreation Center and Library totaling \$10.4 million.
- The costs of school facility improvements and equipment acquisition by the School Board Component Unit totaled \$36.7 million. This included \$33.2 million for construction of the new Ashland Elementary School, and \$3.5 million for the design phase of two new elementary schools.

Additional information on the County's capital assets and capital commitments can be found in notes IV.F and V.C to the financial statements.

Long-term debt: In the Commonwealth of Virginia, there is no State statute limiting the amount of general obligation debt a County may issue. However, with limited exceptions as described under General Obligation Bonds in Note IV.F to the accompanying financial statements, general obligation bonded indebtedness must be approved by voter referendum prior to issuance. In addition, the County's Board of Supervisors and revenue bond covenants have established limits and coverage requirements with respect to long-term debt, and the County is in compliance with all debt policy limits and debt coverage requirements on June 30, 2024.

The following table illustrates the County's outstanding debt on June 30, 2024:

	(\$ in millions)		
	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 97.5	-	97.5
Revenue bonds	-	8.1	8.1
Infrastructure and state moral obligation bonds	56.2	-	56.2
Support agreement	0.9	-	0.9
Notes payable	1.1	-	1.1
Total	<u>\$ 155.7</u>	<u>8.1</u>	<u>163.8</u>

Additional information on the County's long-term debt can be found under *Financial Highlights* on the first page of this Management's Discussion and Analysis and in Note IV.F to the financial statements.

Economic Factors and Next Year's Budgets and Rates

During fiscal year 2024, Hanover County experienced positive trends in its economic indicators. The County's revenues continue to slowly grow primarily due to higher real property assessed valuations. Total value of taxable property increased 7.7% in calendar year 2023 and 12.4% in calendar year 2024. Throughout fiscal year 2024, the County's unemployment rate remained relatively consistent. In June 2024, the County's unemployment rate was 2.7%, which remains favorable in comparison to the Commonwealth's average unemployment rate of 3.0% and the national average rate of 4.3%.

Fiscal year 2024 showed positive revenue returns compared to budget. Real estate taxes and personal property taxes are budgeted to increase 9.9% and 20.1%, respectively from the 2024 to the 2025 budget.

Including the use of \$14.4 million of prior year fund balance, the County's adopted fiscal year 2025 General Fund budget was set at \$386.4 million, an increase of \$31.6 million or 8.9% in comparison to the fiscal year 2024 total of \$354.8 million. The County closely monitors and forecasts its revenues on a continual basis and incorporates any significant changes in its current and subsequent fiscal year's budget plans in order to mitigate their impact and maintain the County's sound financial condition.

The County recognizes the value of properly illustrating year-end assignments of fund balance. Accordingly, at June 30, 2024 the County has assigned \$14.4 million of fund balance in its General Fund to fund a portion of the fiscal year 2025 adopted General Fund budget. In this manner, the County is able to utilize and reinvest all or portions of positive budget-to-actual variances at the end of the current fiscal year as a source of funding for the succeeding fiscal year's budget, while also meeting the County's fund balance policy and assigning amounts as deemed necessary to meet future needs. Accordingly, the County has assigned \$11.1 million to fund future school budgets, \$34.8 million to fund capital projects, \$5.0 million for economic stability reserves, \$5.0 million for economic development, and \$6.1 million to fund other specific purposes. All commitments and assignments of fund balance are illustrated in Note V.B to the accompanying financial statements.

County general property tax rates remained unchanged for calendar year 2024. In fiscal year 2024, Public Utilities' water and sewer user fees increased by 5% for both water and sewer.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's financial condition and operations. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Director of Finance and Management Services, County of Hanover, P.O. Box 470, Hanover, VA 23069.

BASIC FINANCIAL STATEMENTS

COUNTY OF HANOVER, VIRGINIA
Statement of Net Position
June 30, 2024
Exhibit 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
ASSETS					
Current Assets:					
Pooled cash, cash equivalents and investments	\$ 310,033,340	32,404,695	342,438,035	20,985,457	2,474,331
Receivables (net of allowance for uncollectibles)	123,835,150	10,046,871	133,882,021	8,781,363	-
Prepaid expenses	4,119,929	-	4,119,929	-	-
Support agreement receivable	-	-	-	-	135,000
Inventories	410,703	-	410,703	512,474	-
Total current assets	438,399,122	42,451,566	480,850,688	30,279,294	2,609,331
Noncurrent Assets:					
Pooled cash, cash equivalents and investments - restricted	3,118,842	5,156,771	8,275,613	-	-
Support agreement receivable	-	-	-	-	770,000
Leases receivable	9,728,021	4,396,438	14,124,459	-	-
Net pension asset - restricted	-	-	-	5,274,251	-
Net other postemployment benefits asset - restricted	1,349,088	95,486	1,444,574	2,115,899	-
Capital assets (net of accumulated depreciation and amortization):					
Land	15,088,139	11,905,122	26,993,261	7,400,682	-
Intangible assets	5,681,366	32,519,353	38,200,719	-	-
Buildings	109,196,776	41,287,670	150,484,446	65,673,012	-
Improvements other than buildings	29,502,992	149,855,595	179,358,587	28,932,931	-
Machinery and equipment	31,155,255	16,173,183	47,328,438	10,268,495	-
Infrastructure	23,106,052	-	23,106,052	-	-
Right to use assets	2,434,347	637,569	3,071,916	1,521,524	-
Construction in progress	67,185,161	30,911,962	98,097,123	7,040,279	-
Total capital assets, net	283,350,088	283,290,454	566,640,542	120,836,923	-
Total noncurrent assets	297,546,039	292,939,149	590,485,188	128,227,073	770,000
Total assets	735,945,161	335,390,715	1,071,335,876	158,506,367	3,379,331
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	708,377	339,462	1,047,839	-	-
Deferred outflows relating to pension	13,426,750	950,325	14,377,075	33,899,503	-
Deferred outflows relating to other postemployment benefits	1,308,602	92,622	1,401,224	3,970,519	-
Total deferred outflows of resources	15,443,729	1,382,409	16,826,138	37,870,022	-

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

(Continued)

COUNTY OF HANOVER, VIRGINIA
Statement of Net Position
June 30, 2024

Exhibit 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
LIABILITIES					
Current Liabilities:					
Accounts payable	16,388,034	4,388,754	20,776,788	2,330,873	2,350,000
Incurred but not reported self-insurance claims	2,981,939	-	2,981,939	-	-
Accrued liabilities	10,821,472	2,023,783	12,845,255	15,740,507	-
Accrued interest	2,881,146	105,074	2,986,220	1,060	-
Unearned revenues	20,326,671	-	20,326,671	3,041,252	-
Current portion of bonds payable	13,021,131	1,791,211	14,812,342	-	135,000
Current portion of notes payable	130,253	-	130,253	-	-
Current portion of lease obligations	238,998	1,858	240,856	332,867	-
Current portion of subscription obligations	321,617	48,623	370,240	356,161	-
Current portion of compensated absences	9,003,465	570,434	9,573,899	7,314,919	-
Current portion of liability for landfill closure and postclosure costs	41,441	-	41,441	-	-
Current portion of support agreement	137,979	-	137,979	-	-
Total current liabilities	76,294,146	8,929,737	85,223,883	29,117,639	2,485,000
Noncurrent Liabilities:					
Bonds payable	140,652,660	6,277,333	146,929,993	-	770,000
Notes payable	946,262	-	946,262	-	-
Lease obligations	1,496,885	1,595	1,498,480	557,413	-
Subscription obligations	299,169	483,425	782,594	318,923	-
Compensated absences	2,043,022	321,353	2,364,375	-	-
Deposits	-	532,033	532,033	-	-
Capacity fee credits	-	9,056	9,056	-	-
Liability for landfill closure and postclosure costs	1,381,975	-	1,381,975	-	-
Support agreement	784,895	-	784,895	-	-
Net pension liability	15,701,984	1,111,362	16,813,346	123,172,462	-
Net other postemployment benefits liability	4,461,392	315,771	4,777,163	21,430,310	-
Total noncurrent liabilities	167,768,244	9,051,928	176,820,172	145,479,108	770,000
Total liabilities	244,062,390	17,981,665	262,044,055	174,596,747	3,255,000
DEFERRED INFLOWS OF RESOURCES					
Deferred revenues	91,081,700	17,940	91,099,640	-	-
Deferred inflows related to leases	9,648,581	4,342,924	13,991,505	-	-
Deferred inflows relating to pension	5,683,538	402,271	6,085,809	10,771,962	-
Deferred inflows relating to other postemployment benefits	1,202,302	85,098	1,287,400	2,948,603	-
Total deferred inflows of resources	107,616,121	4,848,233	112,464,354	13,720,565	-
NET POSITION					
Net investment in capital assets	114,845,810	271,382,583	386,228,393	119,271,559	-
Restricted for:					
Grant programs	3,585,904	-	3,585,904	152,274	-
Capital projects	50,512,266	-	50,512,266	-	-
Debt covenants	-	5,287,464	5,287,464	-	-
Pension	-	-	-	5,274,251	-
Other postemployment benefits	1,349,088	95,486	1,444,574	2,115,899	-
Unrestricted (deficit)	229,417,311	37,177,693	266,595,004	(118,754,906)	124,331
Total net position	\$ 399,710,379	313,943,226	713,653,605	8,059,077	124,331

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

COUNTY OF HANOVER, VIRGINIA

Exhibit 2

Statement of Activities

For the Year Ended June 30, 2024

					Net (Expense) Revenue and Changes in Net Assets				
Function/Programs	Expenses	Program Revenues			Primary Government			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
Primary Government:									
Governmental activities:									
General governmental administration	\$ 23,027,250	3,276,659	3,982,599	93,285	(15,674,707)	-	(15,674,707)	-	-
Judicial administration	9,837,348	836,841	2,244,718	-	(6,755,789)	-	(6,755,789)	-	-
Public safety	87,584,433	6,658,234	6,910,308	202,385	(73,813,506)	-	(73,813,506)	-	-
Public works	34,483,600	2,557,662	40,794	24,477,220	(7,407,924)	-	(7,407,924)	-	-
Human services	35,270,739	4,322,206	14,999,233	-	(15,949,300)	-	(15,949,300)	-	-
Parks, recreation and cultural	8,231,013	397,037	3,012	743,995	(7,086,969)	-	(7,086,969)	-	-
Community development	9,408,332	1,689,144	677,309	-	(7,041,879)	-	(7,041,879)	-	-
Education	119,393,085	-	-	1,571,760	(117,821,325)	-	(117,821,325)	-	-
Interest on long-term debt	5,652,253	-	-	-	(5,652,253)	-	(5,652,253)	-	-
Total governmental activities	332,888,053	19,737,783	28,857,973	27,088,645	(257,203,652)	-	(257,203,652)	-	-
Business-type activities:									
Public Utilities	35,741,515	37,854,851	2,192	8,529,627	-	10,645,155	10,645,155	-	-
Airport	1,330,222	296,674	236,932	152,545	-	(644,071)	(644,071)	-	-
Total business-type activities	37,071,737	38,151,525	239,124	8,682,172	-	10,001,084	10,001,084	-	-
Total Primary Government	\$ 369,959,790	57,889,308	29,097,097	35,770,817	(257,203,652)	10,001,084	(247,202,568)	-	-
Component Units:									
School Board	\$ 233,859,572	10,487,437	130,292,729	-	-	-	-	(93,079,406)	-
Economic Development Authority	4,136,300	83,945	-	-	-	-	-	-	(4,052,355)
Total component units	\$ 237,995,872	10,571,382	130,292,729	-	-	-	-	(93,079,406)	(4,052,355)
General revenues:									
Taxes:									
General property taxes					248,417,607	-	248,417,607	-	-
Sales taxes					35,332,144	-	35,332,144	-	-
Utility taxes					5,223,395	-	5,223,395	-	-
Recordation taxes					2,534,902	-	2,534,902	-	-
Other					4,611,098	-	4,611,098	-	-
Noncategorical State aid					15,668,503	-	15,668,503	-	-
Grants and contributions not restricted to specific programs					1,011,408	-	1,011,408	477,215	-
Payment from Hanover County					-	-	-	106,597,635	4,055,008
Unrestricted investment earnings					12,208,286	2,121,850	14,330,136	145,600	-
Transfers					(132,995)	132,995	-	-	-
Total general revenues and transfers					324,874,348	2,254,845	327,129,193	107,220,450	4,055,008
Change in net position					67,670,696	12,255,929	79,926,625	14,141,044	2,653
Total net position - beginning					332,039,683	301,687,297	633,726,980	(6,081,967)	121,678
Total net position - ending					\$ 399,710,379	313,943,226	713,653,605	8,059,077	124,331

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

COUNTY OF HANOVER, VIRGINIA

Exhibit 3

Governmental Funds

Balance Sheet

June 30, 2024

	General	Capital Funds		Debt Service	Total Governmental Funds
		County Improvements	School Improvements		
ASSETS					
Pooled cash, cash equivalents and investments	\$ 129,067,038	117,309,457	19,275,868	5,211,594	270,863,957
Receivables (net of allowances for uncollectibles)	124,233,210	5,952,163	-	-	130,185,373
Prepaid expenditures	4,388	4,115,541	-	-	4,119,929
Inventories	410,703	-	-	-	410,703
Pooled cash, cash equivalents and investments - restricted	-	-	3,118,842	-	3,118,842
Total assets	<u>\$ 253,715,339</u>	<u>127,377,161</u>	<u>22,394,710</u>	<u>5,211,594</u>	<u>408,698,804</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 3,771,709	7,339,931	4,293,492	-	15,405,132
Accrued liabilities	8,035,957	747,365	1,920,858	-	10,704,180
Unearned revenues	2,819,076	15,364,771	1,480,627	-	19,664,474
Total liabilities	<u>14,626,742</u>	<u>23,452,067</u>	<u>7,694,977</u>	<u>-</u>	<u>45,773,786</u>
Deferred Inflows of Resources:					
Deferred revenues	99,755,087	-	-	-	99,755,087
Deferred inflows related to leases	9,648,581	-	-	-	9,648,581
Total deferred inflows	<u>109,403,668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,403,668</u>
Fund Balances:					
Nonspendable	415,091	4,115,541	-	-	4,530,632
Restricted	2,716,728	50,145,090	1,591,531	-	54,453,349
Committed	500,000	-	-	-	500,000
Assigned	76,291,366	49,664,463	13,108,202	5,211,594	144,275,625
Unassigned	49,761,744	-	-	-	49,761,744
Total fund balances	<u>129,684,929</u>	<u>103,925,094</u>	<u>14,699,733</u>	<u>5,211,594</u>	<u>253,521,350</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 253,715,339</u>	<u>127,377,161</u>	<u>22,394,710</u>	<u>5,211,594</u>	<u>408,698,804</u>

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	\$ 280,915,741
Right to use assets in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,434,347
Receivables on the Statement of Net Position that do not provide current financial resources are not reported in the funds.	1,084,882
Revenues in the Statement of Activities that are unavailable in the funds are reported as deferred revenues in the funds (e.g., past due taxes).	8,673,383
The Self-Insurance Fund is an Internal Service Fund used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the Self-Insurance Fund are included in governmental activities in the Statement of Net Position.	36,717,973
Long-term liabilities, including bonds payable and accrued interest are not due and payable in the current period and, therefore, are not reported in the funds.	(173,380,898)
Deferred loss on refunding does not provide current financial resources and, therefore, is not reported in the funds.	708,377
GAAP require the recognition of net pension asset and deferred flows of resources related to pensions. These amounts do not use current financial resources and are not reported in the funds.	
Net pension liability	(15,701,984)
Deferred outflows relating to pension	13,426,750
Deferred inflows relating to pension	(5,683,538)
	(7,958,772)
GAAP require the recognition of net other postemployment benefits asset, net other postemployment benefits liabilities, and deferred flows of resources related to other postemployment benefits. These amounts do not use current financial resources and are not reported in the funds.	
Net other postemployment benefits asset	1,349,088
Net other postemployment benefits liability	(4,461,392)
Deferred outflows relating to other postemployment benefits	1,308,602
Deferred inflows relating to other postemployment benefits	(1,202,302)
	(3,006,004)

Total net position of governmental activities	<u>\$ 399,710,379</u>
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The accompanying notes to the financial statements are an integral part of the financial statements.

COUNTY OF HANOVER, VIRGINIA

Exhibit 4

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2024

	General	County Improvements	School Improvements	Debt Service	Total Governmental Funds
REVENUES					
Revenue from local sources:					
General property taxes	\$ 247,392,605	-	-	-	247,392,605
Other local taxes	47,701,539	15,520,623	-	-	63,222,162
Permits, privilege fees and regulatory licenses	3,056,173	-	-	-	3,056,173
Fines and forfeitures	802,463	-	-	-	802,463
Revenues from use of money and property	12,704,851	-	-	1,932,427	14,637,278
Charges for services	8,703,852	680,145	-	-	9,383,997
Miscellaneous	1,772,586	-	-	91,452	1,864,038
Recovered costs	5,284,408	-	-	-	5,284,408
Revenue from the Commonwealth	35,048,685	3,754,582	1,341,770	-	40,145,037
Revenue from the Federal government	6,138,346	5,561,535	229,990	-	11,929,871
Total revenues	368,605,508	25,516,885	1,571,760	2,023,879	397,718,032
EXPENDITURES					
General governmental administration	21,449,598	5,870,412	-	-	27,320,010
Judicial administration	8,880,914	37,629	-	-	8,918,543
Public safety	82,781,122	5,894,933	-	-	88,676,055
Public works	14,816,891	20,795,034	-	-	35,611,925
Human services	35,871,442	-	-	-	35,871,442
Parks, recreation and cultural	7,697,554	11,234,132	-	-	18,931,686
Community development	9,338,712	-	-	-	9,338,712
Education	106,597,635	-	41,263,540	-	147,861,175
Debt service:					
Principal retirement	638,020	584,615	-	11,895,672	13,118,307
Interest and fiscal charges	107,202	1,742	-	6,633,615	6,742,559
Total expenditures	288,179,090	44,418,497	41,263,540	18,529,287	392,390,414
Excess (deficiency) of revenues over (under) expenditures	80,426,418	(18,901,612)	(39,691,780)	(16,505,408)	5,327,618
OTHER FINANCING SOURCES (USES)					
Transfers in	391,520	37,619,099	6,200,000	19,671,670	63,882,289
Transfers out	(63,623,764)	(391,520)	-	-	(64,015,284)
Lease financing	129,378	-	-	-	129,378
Subscription financing	313,007	-	-	-	313,007
Total other financing sources (uses), net	(62,789,859)	37,227,579	6,200,000	19,671,670	309,390
Net change in fund balances	17,636,559	18,325,967	(33,491,780)	3,166,262	5,637,008
Total fund balances - beginning	112,048,370	85,599,127	48,191,513	2,045,332	247,884,342
Total fund balances - ending	\$ 129,684,929	103,925,094	14,699,733	5,211,594	253,521,350

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

COUNTY OF HANOVER, VIRGINIA**Exhibit 5**

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

Net change in fund balance - total governmental funds	\$ 5,637,008
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 and amortization expense.	
Capital Outlays	28,355,980
Depreciation and amortization expense	(19,518,557)
The net effect of various miscellaneous transactions involving capital assets, such as sales, trade-ins, transfers and donations that decreased net position.	
	(263,735)
Tenancy in Common (see note IV. C.) - Under Virginia law, the County has a tenancy in common for School Board Component Unit capital assets for which the County is obligated to repay outstanding "on-behalf" bonds. Under the tenancy in common, the County reports the net book value of School Board Component Unit capital assets in the amount of the outstanding principal balance of "on-behalf" bonds at year end, net of unspent bond proceeds. This amount is the increase in the net book value of School Board Component Unit capital assets reported by the County for the fiscal year, which resulted primarily from an increase in school construction activity during the fiscal year, and results in a increase in net position reported by the County (Primary Government) on the Statement of Activities.	
	30,021,782
Lease obligations are reported on the government-wide statement of net position and are not reported in the funds. As the governmental funds make rental payments for these obligations, the related interest expense and amortization expense are reported in the government-wide statement of activities for the duration of the lease term.	
Principal payments on leases	251,740
Subscription based information technology agreement obligations are reported on the government-wide statement of net position and are not reported in the funds. As the governmental funds make payments for these obligations, the related interest expense and amortization expense are reported in the government-wide statement of activities for the duration of the subscription term.	
Principal payments on subscriptions	970,895
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds (e.g., tax receivable accrual).	
	(15,715)
Revenues in the Statement of Activities that are unavailable in the funds are reported as deferred revenues in the funds (e.g., past due taxes).	
	2,778,774
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.	
Repayment of Debt Principal	11,895,672
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.	
	1,128,291
Pension contributions reported as expenditures in the fund statements are reported as deferred outflows of resources on the Statement of Net Position. Pension expenses reported on the Statement of Activities do not use current financial resources and are not reported in the funds. This adjustment accounts for the net changes in net pension liability and deferred inflows and outflows relating to pension.	
	1,639,933
Other postemployment benefits (OPEB) contributions reported as expenditures in the fund statements are reported as deferred outflows of resources on the Statement of Net Position. OPEB expenses reported on the Statement of Activities do not use current financial resources and are not reported in the funds. This adjustment accounts for the net changes in net OPEB asset, net OPEB liability, and deferred inflows and outflows related to OPEB.	
	519,125
An internal service fund is used by management to charge the costs of self-insurance to individual funds. The change in internal service fund net position is reported with governmental activities.	
	4,269,503
Change in net position of governmental activities	<u>\$ 67,670,696</u>

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

COUNTY OF HANOVER, VIRGINIA**Exhibit 6**

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget Basis

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final	Budget Basis	
REVENUES				
Revenue from local sources:				
General property taxes	\$ 232,732,000	231,982,000	247,392,605	15,410,605
Other local taxes	48,160,000	48,160,000	47,701,539	(458,461)
Permits, privilege fees and regulatory licenses	2,652,000	2,952,000	3,056,173	104,173
Fines and forfeitures	842,800	842,800	802,463	(40,337)
Revenues from use of money and property	545,000	2,845,766	12,704,851	9,859,085
Charges for services	9,961,500	9,961,500	8,703,852	(1,257,648)
Miscellaneous	1,147,410	1,103,964	1,772,586	668,622
Recovered costs	4,638,476	4,638,846	5,284,408	645,562
Revenue from the Commonwealth	34,167,828	35,236,576	35,048,685	(187,891)
Revenue from the Federal government	5,272,068	7,646,357	6,138,346	(1,508,011)
Total revenues	340,119,082	345,369,809	368,605,508	23,235,699
EXPENDITURES				
General governmental administration	22,874,177	23,634,773	21,630,832	2,003,941
Judicial administration	9,388,646	9,491,836	9,170,841	320,995
Public safety	84,376,750	86,816,890	85,960,228	856,662
Public works	14,882,314	16,095,760	15,286,140	809,620
Human services	37,310,349	38,229,553	36,139,524	2,090,029
Parks, recreation and cultural	8,334,692	8,132,346	7,741,668	390,678
Community development	7,409,096	9,775,899	9,447,858	328,041
Education	111,975,000	112,002,820	106,597,635	5,405,185
Nondepartmental	2,773,553	4,175,489	-	4,175,489
Debt service:				
Principal retirement	-	-	638,020	(638,020)
Interest and fiscal charges	-	-	107,202	(107,202)
Total expenditures - budgetary basis	299,324,577	308,355,366	292,719,948	15,635,418
Less encumbrances at June 30, 2024	-	-	(4,540,858)	4,540,858
Total expenditures	299,324,577	308,355,366	288,179,090	20,176,276
Excess of revenues over expenditures	40,794,505	37,014,443	80,426,418	43,411,975
OTHER FINANCING SOURCES (USES)				
Other financing sources:				
Transfers in	-	391,520	391,520	-
Transfers out	(55,517,665)	(63,623,764)	(63,623,764)	-
Lease financing	-	-	129,378	129,378
Subscription financing	-	-	313,007	313,007
Total other financing uses, net	(55,517,665)	(63,232,244)	(62,789,859)	442,385
Net change in fund balance	(14,723,160)	(26,217,801)	17,636,559	43,854,360
Fund balances - beginning	14,723,160	112,048,370	112,048,370	-
Fund balances - ending	\$ -	85,830,569	129,684,929	43,854,360

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

COUNTY OF HANOVER, VIRGINIA

Proprietary Funds
Statement of Net Position
June 30, 2024

Exhibit 7

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Public Utilities	Airport	Total	
ASSETS				
Current Assets:				
Pooled cash, cash equivalents and investments	\$ 31,932,699	471,996	32,404,695	39,169,383
Receivables (net of allowances for uncollectibles)	9,705,776	341,095	10,046,871	2,292,916
Total current assets	41,638,475	813,091	42,451,566	41,462,299
Noncurrent Assets:				
Pooled cash, cash equivalents and investments - restricted	5,156,771	-	5,156,771	-
Leases receivable	-	4,396,438	4,396,438	-
Net other postemployment benefits asset - restricted	93,897	1,589	95,486	-
Capital assets:				
Land	6,452,771	5,452,351	11,905,122	-
Intangible assets	57,282,409	-	57,282,409	-
Buildings and system	83,825,073	8,801,729	92,626,802	-
Improvements other than buildings	278,304,699	20,047,420	298,352,119	-
Machinery and equipment	34,465,779	255,370	34,721,149	-
Right to use assets	801,809	-	801,809	-
Construction in progress	30,541,345	370,617	30,911,962	-
Less accumulated depreciation and amortization	(232,661,355)	(10,649,563)	(243,310,918)	-
Total capital assets (net of accumulated depreciation and amortization)	259,012,530	24,277,924	283,290,454	-
Total noncurrent assets	264,263,198	28,675,951	292,939,149	-
Total assets	305,901,673	29,489,042	335,390,715	41,462,299
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	339,462	-	339,462	-
Deferred outflows relating to pension	934,510	15,815	950,325	-
Deferred outflows relating to other postemployment benefits	91,080	1,542	92,622	-
Total deferred outflows of resources	1,365,052	17,357	1,382,409	-
LIABILITIES				
Current Liabilities:				
Accounts payable	4,346,443	42,311	4,388,754	982,901
Incurred but not reported self-insurance claims	-	-	-	2,981,939
Accrued liabilities	2,017,817	5,966	2,023,783	117,289
Accrued interest	74,783	30,291	105,074	-
Advance premiums	-	-	-	662,197
Current portion of bonds payable	1,572,348	218,863	1,791,211	-
Current portion of lease obligations	1,858	-	1,858	-
Current portion of subscription obligations	48,623	-	48,623	-
Current portion of compensated absences	563,638	6,796	570,434	-
Total current liabilities	8,625,510	304,227	8,929,737	4,744,326
Noncurrent Liabilities:				
Bonds payable	4,055,927	2,221,406	6,277,333	-
Lease obligations	1,595	-	1,595	-
Subscription obligations	483,425	-	483,425	-
Compensated absences	316,184	5,169	321,353	-
Deposits	532,033	-	532,033	-
Capacity fee credits	9,056	-	9,056	-
Net pension liability	1,092,867	18,495	1,111,362	-
Net other postemployment benefits liability	310,516	5,255	315,771	-
Total noncurrent liabilities	6,801,603	2,250,325	9,051,928	-
Total liabilities	15,427,113	2,554,552	17,981,665	4,744,326
DEFERRED INFLOWS OF RESOURCES				
Deferred revenues	17,940	-	17,940	-
Deferred inflows related to leases	-	4,342,924	4,342,924	-
Deferred inflows relating to pension	395,577	6,694	402,271	-
Deferred inflows relating to other postemployment benefits	83,681	1,417	85,098	-
Total deferred inflows of resources	497,198	4,351,035	4,848,233	-
NET POSITION				
Net investment in capital assets	249,554,910	21,827,673	271,382,583	-
Restricted for debt covenants	5,156,772	130,692	5,287,464	-
Restricted for other postemployment benefits	93,897	1,589	95,486	-
Unrestricted	36,536,835	640,858	37,177,693	36,717,973
Total net position	\$ 291,342,414	22,600,812	313,943,226	36,717,973

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

COUNTY OF HANOVER, VIRGINIA
Exhibit 8

Proprietary Funds

Statement of Revenues, Expenses and Changes in Fund Net Position

For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Public Utilities	Airport	Total	
OPERATING REVENUES				
Revenue from use of money and property	\$ -	296,674	296,674	-
Charges for services	31,634,917	-	31,634,917	48,735,751
Capacity fees	422,042	-	422,042	-
Recovered costs	-	-	-	529,000
Miscellaneous	358,209	-	358,209	-
Categorical federal aid	-	193,215	193,215	-
Categorical state aid	2,192	43,717	45,909	-
Total operating revenues	32,417,360	533,606	32,950,966	49,264,751
OPERATING EXPENSES				
Personnel services	5,947,282	98,152	6,045,434	69,161
Fringe benefits	2,289,471	27,592	2,317,063	23,486
Health care claims and benefits	-	-	-	46,029,912
Contractual services	8,943,350	303,256	9,246,606	29,723
Internal services	1,694,700	-	1,694,700	-
Other charges	5,238,473	37,066	5,275,539	478,876
Depreciation and amortization	11,453,460	791,162	12,244,622	-
Total operating expenses	35,566,736	1,257,228	36,823,964	46,631,158
Operating income (loss)	(3,149,376)	(723,622)	(3,872,998)	2,633,593
NONOPERATING REVENUES (EXPENSES)				
Nonoperating revenues:				
Capacity fees - nonoperating	5,439,683	-	5,439,683	-
Loss on sale of property	(198,353)	(124,362)	(322,715)	-
Interest income	2,121,850	-	2,121,850	1,635,910
Total nonoperating revenues	7,363,180	(124,362)	7,238,818	1,635,910
Nonoperating expenses:				
Interest expense and fiscal charges	174,779	72,994	247,773	-
Total nonoperating expenses	174,779	72,994	247,773	-
Net nonoperating revenues (expenses)	7,188,401	(197,356)	6,991,045	1,635,910
Income (loss) before capital contributions and transfers	4,039,025	(920,978)	3,118,047	4,269,503
Capital contributions	8,727,980	276,907	9,004,887	-
Transfers in	-	132,995	132,995	-
Change in fund net position	12,767,005	(511,076)	12,255,929	4,269,503
Total fund net position - beginning	278,575,409	23,111,888	301,687,297	32,448,470
Total fund net position - ending	\$ 291,342,414	22,600,812	313,943,226	36,717,973

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

COUNTY OF HANOVER, VIRGINIA

Exhibit 9

Proprietary Funds

Statement of Cash Flows

For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Public Utilities	Airport	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 31,847,038	2,469,294	34,316,332	-
Receipts from interfund services provided	-	-	-	52,776,608
Receipts from Federal/state operating grants	-	236,932	236,932	-
Payments to suppliers and service providers	(18,593,047)	(314,316)	(18,907,363)	(29,723)
Payments to employees	(5,980,336)	(122,972)	(6,103,308)	(92,647)
Claims and benefits paid	-	-	-	(47,104,234)
Net cash provided by operating activities	7,273,655	2,268,938	9,542,593	5,550,004
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	60,995	60,995	-
Net cash provided by noncapital financing activities	-	60,995	60,995	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Transfers from other funds - capital	-	72,000	72,000	-
Intergovernmental revenue received - capital grants	3,254,506	1,227,099	4,481,605	-
Capacity fees received	5,404,887	-	5,404,887	-
Acquisition and construction of capital assets	(23,975,228)	(1,372,391)	(25,347,619)	-
Principal payments on revenue bonds and support agreement debt	(1,395,810)	(214,171)	(1,609,981)	-
Interest payments on revenue bonds	(265,008)	(75,067)	(340,075)	-
Principal payments on leases	(2,883)	-	(2,883)	-
Interest payments on leases	(161)	-	(161)	-
Principal payments on subscriptions	(49,500)	-	(49,500)	-
Interest payments on subscriptions	(19,489)	-	(19,489)	-
Reduction in lease deferred revenue	-	(1,962,446)	(1,962,446)	-
Net cash used in capital and related financing activities	(17,048,686)	(2,324,976)	(19,373,662)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	2,121,850	-	2,121,850	1,635,910
Net cash provided by investing activities	2,121,850	-	2,121,850	1,635,910
Net increase (decrease) in cash and cash equivalents	(7,653,181)	4,957	(7,648,224)	7,185,914
Pooled cash, cash equivalents and investments at beginning of year	44,742,651	467,039	45,209,690	31,983,469
Pooled cash, cash equivalents and investments at end of year	\$ 37,089,470	471,996	37,561,466	39,169,383
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (3,149,376)	(723,622)	(3,872,998)	2,633,593
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization expense	11,453,460	791,162	12,244,622	-
Pension expense	(119,633)	(1,936)	(121,569)	-
Other postemployment benefits expense	(37,342)	(574)	(37,916)	-
(Increase) decrease in:				
Receivables	(504,122)	2,172,620	1,668,498	3,711,022
Increase (decrease) in:				
Customer deposits	(64,172)	-	(64,172)	-
Accounts payable	(272,271)	25,969	(246,302)	(1,038,158)
Incurring but not reported self-insurance claims	-	-	-	469,660
Accrued liabilities	21,889	391	22,280	(26,948)
Advance premiums	-	-	-	(199,165)
Compensated absences	(54,941)	4,928	(50,013)	-
Deferred revenues	163	-	163	-
Total adjustments	10,423,031	2,992,560	13,415,591	2,916,411
Net cash provided by operating activities	\$ 7,273,655	2,268,938	9,542,593	5,550,004
Noncash investing, capital, and financing activities:				
Capital contributions	\$ 3,545,859	276,907	3,822,766	-
Subscription financing	\$ 143,454	-	143,454	-

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

COUNTY OF HANOVER, VIRGINIA**Exhibit 10**

Statement of Fiduciary Net Position

June 30, 2024

	Retiree Medical Benefits Trust	Custodial Funds
ASSETS		
Pooled cash, cash equivalents and investments	\$ -	2,846,873
Receivables	15,873	419,974
Investments, at fair value (mutual funds):		
Money market	76,850	-
Domestic equity	3,301,341	-
International equity	1,719,684	-
Fixed income	2,633,555	-
Total assets	<u>7,747,303</u>	<u>3,266,847</u>
LIABILITIES		
Accounts payable	-	366,856
Accrued liabilities	-	62,862
Deposits	-	14,014
Total liabilities	<u>-</u>	<u>443,732</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenues	-	401,788
Total deferred inflows of resources	<u>-</u>	<u>401,788</u>
FIDUCIARY NET POSITION		
Restricted for:		
Other postemployment benefits	7,747,303	-
Individuals, organizations and other governments	-	2,421,327
Total net position	<u>\$ 7,747,303</u>	<u>2,421,327</u>

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

COUNTY OF HANOVER, VIRGINIA
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2024

Exhibit 11

	Retiree Medical Benefits Trust	Custodial Funds
ADDITIONS		
Contributions:		
Plan members	\$ 946,604	-
Total contributions	946,604	-
Investment earnings	906,476	-
Tax collections for other governments	-	3,146,570
Miscellaneous	-	74,675
Total additions	1,853,080	3,221,245
DEDUCTIONS		
Benefits paid to participants or beneficiaries	946,604	322,192
Administrative expense	-	5,000
Payments of tax collections to other governments	-	3,141,570
Total deductions	946,604	3,468,762
Net increase (decrease) in fiduciary net position	906,476	(247,517)
Net position		
Beginning	6,840,827	2,668,844
Ending	\$ 7,747,303	2,421,327

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

COUNTY OF HANOVER
Notes to Financial Statements
June 30, 2024

I. Summary of significant accounting policies

A. Reporting entity

The County of Hanover, Virginia (the County) was established by an act of the Virginia General Assembly in 1720. It is a political subdivision of the Commonwealth of Virginia (the Commonwealth or State) operating under the board-administrator form of government. The Board of Supervisors (the Board) consists of a Chairman and six other Board members, each elected from the County's seven magisterial districts. The Board has responsibility for appointing the County Administrator. The County has taxing powers subject to statewide restrictions and tax limits. The accompanying financial statements present the County (the *Primary Government*) and its *component units*, entities for which the County is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the County. The County and its component units are together referred to herein as the *reporting entity*.

Discretely Presented Component Units

- **School Board:** The County provides education through its own public school system administered by the Hanover County School Board (the School Board or the Schools). The School Board has been classified as a discretely presented component unit in the financial reporting entity because it is legally separate, but financially dependent through appropriations. The Board of Supervisors administers the School Board's appropriation of funds at the category level, approves transfers between categories, authorizes school debt issuances and appoints School Board members. Financial statements of the School Board are included in a discretely presented component unit column and/or row of the government-wide financial statements, as well as in the supplementary information section. The School Board does not issue separate financial statements.
- **Economic Development Authority:** The Economic Development Authority of Hanover County, Virginia (the EDA) was established by ordinance of the Board pursuant to the Industrial Development and Revenue Bond Act (Chapter 33, Title 15.1, *Code of Virginia* (the Code) of 1950, as amended) so that such authorities may acquire, own, lease and dispose of properties to the end that such authorities may be able to promote industry and develop trade by inducing manufacturing, industrial, governmental and commercial enterprises to locate in or remain in the Commonwealth. Included in the discretely presented component unit EDA are the activities of economic development services. The County appoints the seven board members of the EDA representing each of the seven magisterial districts of the County. By statute, the EDA has the power to cause the issuance of tax-exempt industrial revenue bonds to qualifying enterprises wishing to utilize that form of financing. The County is involved in the day-to-day operations of the EDA, the determination of its operating budget and annual service fee rates and the approval of prospective private activity bond issues. Financial statements of the EDA are included in a discretely presented component unit column and/or row of the government-wide financial statements, as well as in the supplementary information section. The EDA does not issue separate financial statements.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information about the Primary Government and its component units, exclusive of fiduciary activities. For the most part, the effect of interfund activity has been removed from these financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues,

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and other non-exchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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. Revenues that are not properly classified as program revenues, including all taxes, are reported as *general revenues*.

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

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

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues, net of estimated uncollectible amounts, 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, including time requirements, if any, have been met. Employer contributions to the Retiree Medical Benefits Trust fiduciary fund (including cash contributions and actuarially estimated employer premium subsidies) and plan member contributions are recognized in the period in which the contributions and subsidies are due. Benefits are recognized when due and payable in accordance with the terms of the plan. Custodial funds are funds held by the County for the benefit of individuals, organizations or other governments not part of the financial reporting entity. Custodial funds use the economic resources measurement focus. In custodial fund financial statements, assets equal liabilities and fiduciary net position using the accrual basis of accounting.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual, (i.e., as soon as they are both measurable and available). Revenues from intergovernmental reimbursement grants are recorded when earned. Other 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 County considers general property tax and other intergovernmental revenues to be available if they are collected within 31 days of the end of the current fiscal period, and are due on or before the last day of the current fiscal period. Sales taxes, which are collected by the State, are not intergovernmental revenues. They are subsequently remitted to the County and are recognized consistent with the State's recognition policy. Accordingly, sales tax revenues and receivables include May and June sales tax received from the Commonwealth in July and August. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Other items associated with the current fiscal period, including other local taxes, licenses, certain charges for services, interest associated with the current fiscal period and direct Federal interest subsidies on bonded indebtedness for which applications have been timely submitted are all considered to be susceptible to accrual and so are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available and are recorded as revenues when cash is received.

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The County reports four major governmental funds. The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund. The *County Improvements Fund* accounts for the resources to be used for the acquisition or construction of major governmental capital facilities and equipment. The *School Improvements Fund* accounts for the resources to be used for the acquisition or construction of major capital facilities and equipment used for school operations. Capital assets are transferred to the School Component Unit, except those financed by County obligations, which are reported by the Primary Government up to the amount of outstanding obligation. The *Debt Service Fund* accounts for the resources to be used for County and School Board obligations for the payment of interest and principal on long-term debt.

The County has two proprietary funds. The *Public Utilities Fund*, a major fund, accounts for the activities and operations of the County's wastewater treatment and water distribution. The *Airport Fund*, a major fund, accounts for the activities and operations of the County's airport.

Additionally, the County reports the following fund categories:

Internal service fund accounts for self-insurance activities of the County related to employee health insurance, including clinic operations and wellness initiatives.

Fiduciary funds consist of the *Retiree Medical Benefits Trust Fund* and *Custodial Funds*. The custodial funds include the *Bell Creek Community Development Authority Fund*, the *Lewistown Community Development Authority Fund*, and the *Escrow, Special Welfare, and Commonwealth funds*.

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

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 enterprise funds and of the County's internal service funds are charges to customers for sales and services and internal charges, respectively. The Public Utilities Fund also recognizes as operating revenue the portion of capacity fees intended to recover the cost of connecting new customers to the utilities system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, liabilities, and net position or equity

1. Deposits and investments

The County and its component units follow the practice of pooling cash and investments of all funds with the County Treasurer, except for certain restricted cash and investments held by outside custodians in order to comply with the provisions of bond indentures and the investments of the Retiree Medical Benefits Trust (Trust) held by the Trust's Finance Board. Investments are reported at fair value, based on quoted market prices at year end. As of June 30, 2024, the pooled cash and investments have been allocated between the County and the respective component units and Trust based upon their respective ownership percentages. Investment earnings are allocated to the participating funds and component units based upon their

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respective average monthly equity balances in the pooled account. Cash, cash equivalents and investments – restricted represent unspent bond proceeds for capital projects and, when applicable, accumulated interest thereon, as well as amounts set aside for bond debt service or to comply with other debt covenants. For purposes of the Statement of Cash Flows, the amounts reported as cash and cash equivalents for the proprietary fund types represent amounts maintained in the reporting entity's investment pool, as they are considered to be demand deposits for the purpose of complying with accounting principles generally accepted in the United States of America (GAAP).

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the County's governmental and business-type activities are reported in the government-wide financial statements as "internal balances."

Accounts receivable and property tax receivables are shown net of an allowance for uncollectable. The accounts receivable allowance for uncollectable is calculated utilizing a percentage of aged receivables method. The property tax receivable allowance is calculated consistent with criteria established by the Auditor of Public Accounts of the Commonwealth of Virginia (APA), which uses historical collection data, specific account analysis and management's judgment.

The County levies real estate taxes on all real estate within its boundaries, except that exempted by statute. The real estate in the County is assessed each year as of January 1 on the estimated market value of the property. On January 1, the real estate taxes become an enforceable lien on the property. For real estate assessed on January 1, payment is due in two equal installments on June 5 and October 5. The real estate taxes reported as revenue are the second installment (October 5) of the levy on assessed value at January 1, 2023, and the first installment (June 5) of the levy on assessed value at January 1, 2024.

The County levies personal property taxes on motor vehicles, boats, mobile homes, aircraft and tangible business property. Personal property tax levies are based on the estimated fair market value as of January 1, with payment due on February 5 of the following year. On January 1, personal property taxes become an enforceable lien on the property. The tax on a vehicle may be prorated for the length of time the vehicle has situs (the place where the vehicle is usually kept) in the County.

Past due general property taxes in excess of the established allowance for uncollectable are reported as deferred inflows in the governmental funds' financial statements if not collected within 31 days of the end of the current fiscal year.

The 1998 Virginia General Assembly enacted legislation providing property tax relief to citizens. The Personal Property Tax Relief Act (PPTRA) was intended to be phased in over five years on the first \$20,000 of value for motor vehicles not used for business purposes. In 2005 the General Assembly capped PPTRA relief at \$950 million statewide beginning with the 2006 tax year. Hanover receives a total of \$15,002,000 in four payments annually. County 2023 tax bills, payable in fiscal year 2024, included a thirty-eight percent reduction on the first \$20,000 in value for qualifying vehicles. PPTRA payments received from the Commonwealth of Virginia are classified as noncategorical State aid in the General Fund.

3. Inventories

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

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of the County's discretely presented School Board Component Unit are valued at cost using the FIFO method.

4. Restricted assets

In accordance with applicable bond covenants, governmental and business-type activities report restricted cash, cash equivalents and investments at June 30, 2024 of \$8,275,613, which consists of unspent bond proceeds of \$3,118,842 restricted for capital projects in the School Capital Improvements Fund. Business-type activities report restricted cash, cash equivalents and investments of \$5,156,771 maintained as reserves required by water and sewer revenue bond covenants.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure, and intangible capital assets, which consist of drainage, storm water and access easements, and right-to-use assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

The County defines tangible capital assets as items with an initial, individual cost of more than \$5,000 and an estimated useful life of at least five years, and intangible capital assets such as easements with an initial cost or estimated fair market value of more than \$25,000. Intangible assets are considered to have indefinite useful lives if there are no factors which limit their useful lives. Tangible capital assets are recorded at actual or estimated historical cost if purchased or constructed. Donated capital assets, whether tangible or intangible, are recorded at acquisition value at the date of donation. Purchased intangible capital assets are recorded at the purchase price or at estimated fair market value at the date acquired. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed or purchased.

Capital assets of the Primary Government, as well as the component units, are depreciated or amortized using the straight-line method over the following estimated useful lives. Land and intangible assets with indefinite useful lives are not depreciated or amortized.

The estimated useful lives of capital assets are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Infrastructure	30
Durable equipment	20
Vehicles, trucks, fire trucks	5-15
Right-to-use leases	3-30
School buses	12
Heavy equipment	10
Office equipment	5
Computer equipment	5
Right-to-use subscriptions	2-20

6. Compensated absences

It is the County's policy to permit eligible employees to accumulate earned but unused vacation, compensatory time and sick pay benefits, subject to certain limitations. A liability for unused vacation pay and compensatory time is accrued when incurred in the government-wide and proprietary fund financial statements. The current portion of the liability is estimated based on historical leave usage. A liability for those amounts is reported in governmental funds only to the extent the liability has matured: for example, as a result of employee resignations or retirements. Sick leave is accrued under the vesting method, which estimates the expected eligibility of all employees to receive termination payments.

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7. Long-term obligations

In the government-wide and proprietary fund statements of net position, long-term debt, net pension, other postemployment benefits (OPEB) liability, and other long-term obligations are reported as liabilities.

In the governmental funds' financial statements, proceeds from long-term debt including bond premiums and discounts are reported in the Statement of Revenues, Expenditures and Changes in Fund Balances during the current period. The face amount of general long-term and other debt issued is reported as other financing sources, while premiums received on debt issuances are reported as separate other financing sources, and discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement plan for the County and the School Board Component Unit, and the additions to and deductions from the net fiduciary position of the County and the School Board Component Unit 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.

8. Net position / Fund balances

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws and regulations of other governments or imposed by law through State statute. In the fiduciary fund financial statements, net position of the Retiree Medical Benefits Trust Fund is held by the trust for payment of retiree health benefits and is reported as net position held in trust for other postemployment benefits. Net position in custodial funds is reported as net position restricted for individuals, organizations and other governments.

Fund balances in governmental funds are classified as follows:

Nonspendable fund balance – Consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. This classification includes inventories, prepaid amounts, assets held for resale, and long-term receivables.

Restricted fund balance – Consists of amounts for which constraints are imposed on their use; either externally by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or by law through constitutional provisions or enabling legislation.

Committed fund balance – Consists of amounts that can only be used for specific purposes pursuant to constraints imposed by the Board, the County's highest level of decision-making authority, and adopted by a formal ordinance or resolution, the highest levels of formal action approved by the Board. The committing action must be taken prior to year-end although the exact dollar amount may be determined in a subsequent period. Committed amounts cannot be used for any other purpose unless the commitment is changed by similar action of the Board. The highest levels of formal action approved by the Board are ordinances and resolutions, which are equally binding.

Assigned fund balance – Consists of amounts which the County intends to use for specific purposes, but which are neither restricted nor committed as previously defined. The County's Fund Balance Policy adopted by the Board delegates the authority to assign fund balances for specific purposes to the County

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Administrator. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County. For all other governmental funds, any positive residual fund balances that are neither nonspendable, restricted or committed are considered to be assigned for the purposes of the respective funds. Therefore, with the exception of the General Fund, assigned fund balance is the residual fund balance classification for all governmental funds with positive balances.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Under GAAP, positive unassigned fund balances are only reported in the General Fund. However, in governmental funds other than the General Fund, expenditures incurred for a specific purpose might exceed the amount restricted, committed, or assigned to that purpose, and a negative residual amount for that purpose may result (for example, if capital project fund expenditures are made prior to receipt of bond proceeds). If that occurs, any negative residual is offset to the extent of any other assigned amounts in that fund, and any remaining negative residual amount is classified as a negative unassigned fund balance in the applicable governmental fund.

Resources, whether restricted or unrestricted, are available for use only when appropriated by the Board in accordance with the adopted budget. In determining the classification of ending fund balances, when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available and have been appropriated for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed. When amounts in any of the three unrestricted fund balance classifications are available and have been appropriated for use, expenditures are made from committed amounts first, followed by assigned amounts, and then by unassigned amounts.

The Board has adopted a minimum fund balance policy that states that the General Fund's unassigned fund balance shall be at least equal to ten percent of its total actual revenues.

9. Deferred Outflows/Inflows of Resources

The Statement of Net Position reports a separate section for deferred outflows of resources in addition to assets. The County reports deferred outflows of resources for deferred charges on refunding and amounts related to pensions and other postemployment benefits (OPEB) in the government-wide Statement of Net Position in this category. The deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and recognized over the shorter of the life of the refunded or the refunding debt. Deferred outflows for pensions and OPEB may result from changes in actuarial assumptions, pension and OPEB Trust investment returns that exceed projected earnings, change in the proportionate share of the total liability, actual economic experience that is different than estimated, and pension contributions made subsequent to the measurement date. Changes in deferred outflows of resources, except contributions subsequent to the measurement date, are deferred and recognized over the remaining service life of all plan participants, with the exception of investment experience amounts, which are deferred and amortized over a closed five-year period.

The Statement of Net Position reports a separate section for deferred inflows of resources in addition to liabilities. Deferred inflows of resources in the governmental funds' Balance Sheet represent unavailable revenue for amounts billed and not collected. Deferred inflows of resources in the government-wide Statement of Net Position represent unearned revenues for amounts received in advance of meeting timing requirements or amounts collected in advance of the fiscal year to which they apply.

In the government-wide Statement of Net Position, deferred inflows of resources are also reported for amounts related to pensions and OPEB plans. Actuarial losses resulting from a difference in expected and

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actual experience, plan investment returns that differed from projected earnings, changes in actuarial assumptions and changes in proportionate share are deferred and amortized over the remaining service life of all participants. Deferred inflows resulting from pension and OPEB investment returns lower than projected earnings are also deferred and amortized over a closed five-year period.

10. Pension Plans

The County is consistent with VRS guidance in respect to its pension reporting, including their measurement of retirement plan net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the VRS agent multiple employer (VRS Local Plans) and teachers' cost-sharing plan (VRS Teachers' Pool).

GAAP require the liability of employers for defined benefit pensions to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past period of service, less the amount of the pension plan's fiduciary net position. Accordingly, the County and the School Board Component Unit recorded the impact of the related net pension asset, net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. For further information regarding the reporting entity's defined benefit pension plans, refer to Note V.F. of the accompanying notes to the financial statements.

11. Retiree Medical Benefits Plan and Trust

The County has established the Hanover County Retiree Medical Benefits Plan a multiple-employer defined benefit plan and related Trust to provide health insurance benefits to the employees and retired employees of the County and other participating employers including the Hanover County School Board, the Pamunkey Regional Library, and the Pamunkey Regional Jail Authority. The Hanover County Finance Board was established pursuant to the Code §15.2-1547 is responsible for the oversight of the Hanover Retiree Medical Benefits Trust, established pursuant to the Code §15.2-1544, which provides the authority under which benefit terms are established or may be amended. The related Medical Trust OPEB asset, deferred outflows of resources and deferred inflows of resources related to the Medical Trust OPEB Plan, and Medical Trust OPEB expense have been measured and reported in accordance with GAAP as prepared by the County's external actuary. Additionally, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. Health Insurance Credit Program

The County participates in the VRS Political Subdivision Health Insurance Credit (HIC) Program and the School Board participates in the VRS Teacher Employee HIC Program for its professional employees.

The Political Subdivision HIC Program is an agent multiple-employer defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The Political Subdivision HIC Program was established pursuant to §51.1-1400 et seq. of the Code, as amended, and which provides the authority under which benefit terms are established or may be amended. For purposes of measuring the net Political Subdivision HIC Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision HIC Program OPEB, and the Political Subdivision HIC Program OPEB expense, information about the fiduciary net position of the VRS Political Subdivision HIC Program; and the additions to/deductions from the VRS Political Subdivision HIC's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The VRS Teacher Employee HIC Program is a multiple-employer, cost-sharing plan. The Teacher Employee HIC Program was established pursuant to §51.1-1400 et seq. of the Code, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher

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Employee HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher Employee HIC Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC Program OPEB, and the Teacher Employee HIC Program OPEB expense, information about the fiduciary net position of the VRS Teacher Employee HIC Program; and the additions to/deductions from the VRS Teacher Employee HIC Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. Group Life Insurance

The County and School Board participate in the VRS Group Life Insurance (GLI) Program.

The VRS GLI Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the Code, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI Program OPEB, and GLI Program OPEB expense, information about the fiduciary net position of the VRS GLI program OPEB and the additions to/deductions from the VRS GLI Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

E. Accounting Pronouncements

1. New Accounting Pronouncements

In April 2022, GASB issued Statement No. 99, Omnibus 2022. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (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 requirements effective for June 30, 2022 were adopted as previously outlined in the New Accounting Pronouncement section. The County implemented the requirements related to leases, PPPs, and SBITAs in the fiscal year ended June 30, 2023. The County analyzed the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 for adoption in the fiscal year ending June 30, 2024. This Statement has no significant impact for the County for in the current fiscal year.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness,

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consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements. This Statement has no significant impact for the County for the fiscal year ending June 30, 2024.

2. Future Accounting Pronouncements

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This Statement's primary objective is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The County will analyze the Statement's impact on the entity's financial statements and disclosures for adoption in the fiscal year ending June 30, 2025.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's ability to acquire resources or control spending. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The County will analyze the Statement's impact on the entity's financial statements and disclosures for adoption in the fiscal year ending June 30, 2025.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The primary objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units. This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. The County will analyze the Statement's impact on the entity's financial statements and disclosures for adoption in the fiscal year ending June 30, 2026.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The primary objective of this Statement is to provide users of governmental financial statements with essential information about certain types of capital assets. The Statement requires certain types of capital assets to be disclosed separately by major class of underlying asset in the capital assets note disclosures and requires additional disclosures for capital assets held for sale. The County will analyze the Statement's impact on the entity's financial statements and disclosures for adoption in the fiscal year ending June 30, 2026.

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II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental funds' Balance Sheet and the government-wide Statement of Net Position.

The governmental funds' Balance Sheet includes a reconciliation between *total fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide Statement of Net Position. One element of the governmental funds' Balance Sheet includes a reconciliation between *total fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds."

The details of the net adjustment to reduce total fund balances – total governmental funds to arrive at net position – governmental activities are as follows:

Bonds payable, net	\$ 153,673,791
Accrued interest payable	2,881,146
Notes payable	1,076,515
Lease obligations	1,735,883
Subscription obligations	620,786
Support agreement payable	922,874
Compensated absences	11,046,487
Liability for landfill closure and postclosure costs	<u>1,423,416</u>
 Net adjustment to reduce total fund balances - total governmental funds to arrive at net position - governmental activities	 <u>\$ 173,380,898</u>

B. Explanation of certain differences between the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances, and the government-wide Statement of Activities.

The governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between the *net change in fund balance - total governmental funds* and *the change in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation states that "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." The details of this difference are as follows:

Compensated absences	\$ (4,052)
Liability for landfill closure and postclosure costs	41,441
Arbitrage rebate	(342,644)
Accrued interest	243,577
Amortization of bond premiums	1,319,472
Amortization of deferred loss on refunding	<u>(129,503)</u>
Net adjustment to increase the net change in fund balance - total governmental funds to arrive at the change in net position of governmental activities	 <u>\$ 1,128,291</u>

COUNTY OF HANOVER
Notes to Financial Statements
June 30, 2024

III. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with GAAP for all governmental funds. All annual appropriations lapse at fiscal year-end.

On or before November 1 of each year, all agencies of the County submit requests for appropriations to the County Administrator so that a budget may be prepared. Budget requests are compared to prior year plans and reviewed for feasibility. The County and the School Board meet to reach consensus on the allocation of County General Fund resources to the School Board. The Superintendent of Schools presents a preliminary budget to the School Board in January. The School Board approves a budget request and submits it to the County for consideration in February.

The County Administrator presents a proposed budget to the Board of Supervisors no later than the fourth Wednesday in February. The Board holds informational sessions to obtain detailed information on budgetary issues and invites citizen input, culminating in public hearings on the proposed budget and any changes in tax rates or County ordinances. The budget is legally appropriated through passage of a Budget Appropriation resolution. Statutory deadlines for budget adoption are May 15 for an annual budget for educational purposes and June 30 for other County budget items. The resolution establishes budgetary appropriation amounts at the fund level.

The budget amendment process is governed by statutory requirements and County financial policies. County financial policies establish a legal level of budgetary control, specifying criteria for which budget amendments require Board approval. All budget amendments that increase the County's total appropriated budget require approval of the Board of Supervisors. Any amendments which exceed one percent of the total adopted budget require a public hearing on the proposed amendment prior to Board authorization. For budget amendments that do not require Board approval, financial policies permit the County Administrator or School Superintendent to delegate approval authority via financial regulations. The financial regulations establish detailed requirements for administrative review of budget amendments prior to approval.

IV. Detailed notes on all funds

A. Deposits and investments

As of June 30, 2024, the County's pooled cash and investments includes \$17,330,334 reported by the School Board Component Unit, \$2,474,331 reported by the Economic Development Authority and \$2,846,873 held on behalf of custodial funds. The Student Activity Funds reported \$3,655,123 of deposits. Total pooled cash and investments for the County and amounts separately invested by the Retiree Medical Benefits Trust's Finance Board as of June 30, 2024, were as follows:

COUNTY OF HANOVER
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Investment Type	Fair Value	Credit Quality Rating				
		AAA/AAAm	AA	A	N/R	N/A
Pooled Investments:						
Cash on hand	\$ 4,121	-	-	-	-	4,121
Cash deposits	42,941,441	-	-	-	-	42,941,441
Demand and time deposits	10,694,726	-	488,373	10,206,353	-	-
Money market mutual funds (AAAm ratings)	23,490,846	23,490,846	-	-	-	-
U.S. government and agency bonds	98,259,908	-	90,434,666	7,825,242	-	-
Corporate notes and bonds	26,798,210	2,122,784	15,972,772	8,702,654	-	-
LGIP Funds	169,900,926	169,900,926	-	-	-	-
Municipal bonds	1,275,008	324,768	950,240	-	-	-
Total pooled deposits and investments	\$ 373,365,186	195,839,324	107,846,051	26,734,249	-	42,945,562
Student Activity Funds:	Fair Value	Fund Credit Quality Rating				
		AAAm	N/R	N/A		
Cash deposits	\$ 3,655,123	-	-	3,655,123		
Total Student Activity Funds deposits	\$ 3,655,123	-	-	3,655,123		
Retiree Medical Benefits Trust:	Fair Value	Fund Credit Quality Rating				
		AAAm	N/R	N/A		
Mutual funds:						
Money market	\$ 76,850	76,850	-	-		
Domestic equity	3,301,341	-	-	3,301,341		
International equity	1,719,684	-	-	1,719,684		
Fixed income	2,633,555	-	-	2,633,555		
Total trust investments	\$ 7,731,430	76,850	-	7,654,580		

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. 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 the choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Pooled Investments: In accordance with Section 2.2-4500 of the Code and other applicable laws and regulations, the County’s pooled investment policy (County Policy) permits investments in obligations of the United States or agencies thereof; held directly, by collateralized repurchase agreements, or in mutual funds registered under the Investment Company Act of 1940, whose portfolios are restricted to U.S. Government and U.S. agency obligations, 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, certain corporate notes, bankers’ acceptances and repurchase agreements, savings accounts or time deposits in approved banks or savings institutions within the Commonwealth, and the Commonwealth of Virginia Treasurer’s Local Government Investment Pool (the LGIP, a 2a-7 like pool).

The County Policy establishes limitations on the holding of non-U.S. Government obligations by type of instrument. The maximum percentage of the portfolio (book value at the date of acquisition) permitted in each type of security is as follows:

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	Maximum
Money market mutual funds	100%
Repurchase agreements	50%
Negotiable certificates of deposits/bank notes	35%
Corporate notes	35%
Bankers' acceptances	25%
Commercial paper	35%
State bonds, notes and other evidences of indebtedness	25%
County, town, city, district, authority or other public body bonds, notes and other evidences of indebtedness	25%

The County Policy expressly prohibits the following securities, unless specifically approved in writing by the Treasurer: derivative products; reverse repurchase agreements; and any other security not specifically authorized in the policy.

Retiree Medical Benefits Trust (Trust) Investments: The primary goal of the Trust is to meet the reporting entity's current and long-term retiree health care benefit obligations while minimizing required employer contributions. The Trust's investment policy (Trust Policy) objectives include maintenance of a moderate risk profile and a prudent degree of investment diversification, while optimizing long-term investment returns commensurate with minimizing volatility and the risk of loss over established time horizons. In addition to the investments permitted under Section 2.2-4000 of the Code as applicable to the County's pooled investments, the Code also authorizes the Trust to purchase other investments, including domestic and international stocks, REITS and corporate bonds that meet the prudent person standard set forth in the Code. To meet this standard, the Trust Policy restricts investment in stocks and REITs to readily-marketable securities that are actively traded on a major exchange; restricts fixed-income investments to high-quality U.S. Treasury and agency, municipal or corporate fixed-income investments; prohibits the investment of Trust assets in hedge funds, derivatives, options or futures for the purpose of portfolio leveraging; and prohibits other enumerated investment types and transactions. In addition to these constraints on the Trust investment portfolio, the Trust Policy also requires periodic comparison of investment performance to appropriate benchmarks, and periodic review of asset allocations, investment manager performance and investment guidelines.

The Code vests authority to administer the Trust investment policy in the Trust's Finance Board, which has established asset allocations in two broad classes called investment assets and liquidity assets. The liquidity assets will be invested in accordance with the provisions of Code Section 2.2-4500 *et seq.* applicable to liquid assets. These funds will be used to pay for benefits and expenses of the Trust. The investment assets will be invested in longer-term securities or mutual funds in accordance with targets for each asset class, with the objective to achieve an average total annual rate of return that is equal to or greater than the Trust's actuarial discount rate.

The target asset classes and asset weightings as of June 30, 2024 are as follows:

COUNTY OF HANOVER
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Trust Asset Class	Fair Value	Trust Asset Weightings		
		Range	Target	Actual
Liquidity assets:				
Cash equivalent	\$ 76,850	0 - 100%	100%	100%
Investment assets:				
Domestic equity	3,301,341	26 - 46%	36%	43%
International equity	1,719,684	13 - 33%	20%	22%
REITs	-	0 - 12%	6%	0%
Inflation hedged	-	0 - 10%	0%	0%
Fixed income	2,633,555	20 - 60%	35%	35%
Cash equivalent	-	0 - 20%	3%	0%
Total investment assets	7,654,580		100%	100%
Total trust investments	\$ 7,731,430			

Interest Rate Risk: As a means of limiting exposure to fair value losses arising from rising interest rates, both the reporting entity's pooled investment portfolio and the Trust manage maturity of fixed-income accounts to precede or coincide with the expected need of funds, which has resulted in the creation of three pooled investment portfolios of differing maturities and the classification of Trust investments into liquidity and investment assets, as described above. The County Policy also limits the investment of operating funds to investments with a stated maturity of no more than five years from the date of purchase, except proceeds from the sale of bonds, which must be invested in compliance with the specific requirements of bond covenants, and may be invested in securities with longer maturities. The Trust Policy has established a fixed-income investment objective based on a five-year rolling market cycle investment horizon, to minimize principal fluctuations and limit the potential for and duration of fixed-income investment losses over that investment horizon due to interest rate fluctuations. The Trust Policy also encourages active fixed-income investment management and requires quarterly reporting of fixed-income investment performance to the Trust's Finance Board. The deposit and fixed income investment types in the pooled investment portfolio and the Trust portfolio are presented below using the segmented time distribution reporting method, by maturity in years.

The County's portfolio categorizes its fair value measurements with the fair value hierarchy established by GAAP, based on valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are inputs (other than quoted market prices included within Level 1) that are observable for the asset either directly or indirectly. Level 2 observable inputs can be either prices for similar assets in active markets or prices for identical assets in non-active markets. As of June 30, 2024, deposits and fixed income investments managed by the Treasurer are summarized at fair value and maturity as follows:

COUNTY OF HANOVER
Notes to Financial Statements
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Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1 to 3	More than 3
Pooled Investments:				
Cash on hand	\$ 4,121	4,121	-	-
Cash deposits	42,941,441	42,941,441	-	-
Demand and time deposits	10,694,726	4,193,272	6,501,454	-
Money market mutual funds	23,490,846	23,490,846	-	-
U.S. Government and agency bonds	98,259,908	21,363,990	76,574,700	321,218
Corporate notes and bonds	26,798,210	5,641,680	21,156,530	-
LGIP Funds	169,900,926	169,900,926	-	-
Municipal bonds	1,275,008	176,138	1,098,870	-
Total pooled deposits and investments	<u>\$ 373,365,186</u>	<u>267,712,414</u>	<u>105,331,554</u>	<u>321,218</u>
Student Activity Funds:	Fair Value	Investment Maturities (in Years)		
		Less than 1	More than 1	
Cash deposits	\$ 3,655,123	3,655,123	-	
Total Student Activity Funds deposits	<u>\$ 3,655,123</u>	<u>3,655,123</u>	<u>-</u>	
Retiree Medical Benefits Trust:	Fair Value	Investment Maturities (in Years)		
		Less than 1	More than 1	
Money market mutual fund	\$ 76,850	76,850	-	
Fixed income	2,633,555	2,633,555	-	
Domestic equity	3,301,341	3,301,341	-	
International equity	1,719,684	1,719,684	-	
Total trust deposits and investments	<u>\$ 7,731,430</u>	<u>7,731,430</u>	<u>-</u>	

Credit Risk: As required by State statute, the County Policy requires that commercial paper have a short-term debt rating of no less than A-1 (or its equivalent) from at least two of the following: Moody's Investors Service, Standard & Poor's and Fitch Ratings, and that its maturity may not exceed 270 days and the issuing corporation, or its guarantor must have a net worth of at least \$50 million and the issuer's net income must average \$3 million for the five previous years.

Corporate notes must have a rating of at least "AA" by Standard & Poor's and "Aa" by Moody's Investor Service. The final maturity shall not exceed a period of 5 years from the time of purchase. Notes having a maturity of greater than one year must be rated "AA" by Standard & Poor's and "Aa" by Moody's Investor Service. Negotiable Certificates of Deposit and Bank Deposit Notes maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investor Service. Notes having a maturity of greater than one year must be rated "AA" by Standard & Poor's and "Aa" by Moody's Investor Service.

The County's rated pooled debt investments as of June 30, 2024 were rated by Standard & Poor's and/or an equivalent nationally recognized statistical rating organization. Deposits and investments not exposed to credit quality risk, as defined by GAAP, are designated as not applicable (N/A) in the credit rating column, and those that are not rated are designated as N/R.

The Trust Policy requires that the Trust's fixed income investments shall not exceed 5% of the total bond portfolio at the time of purchase. The 5% limitation does not apply to the issues of the U.S. Treasury or other Federal Agencies. The overall rating of the fixed income assets as calculated by the Advisor shall be investment grade, based on the rating of one Nationally Recognized Statistical Rating Organization.

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Concentration of Credit Risk: The County Policy establishes limitations on the pooled investment portfolio composition by issuer in order to control concentration of credit risk. No more than five percent of the pooled investment portfolio will be invested in the securities of any single issuer with the following exceptions:

U.S. Treasury	100% maximum
LGIP	100% maximum
Money market mutual funds	50% maximum
Each Federal agency	40% maximum
Each repurchase agreement counterparty	25% maximum

As of June 30, 2024, the issuers exceeding five percent of the pooled investments was the U.S. Treasury, which represented 22.3 percent of pooled investments.

The Trust Policy also establishes guidelines for Trust portfolio holdings. Fixed income securities of any one issuer with the exception of the U.S. government and its agencies may not exceed five percent of the total bond portfolio at the time of purchase. The Trust Policy also limits equity holdings of any one issuer to five percent of the total market value of the stock portfolio, requires that no more than twenty-five percent of the total market value of the stock portfolio may be invested in any one industry category, and establishes standards and limits on any non-U.S. equity allocation. The Trust may also invest in mutual funds that are compliant with the Investment Company Act of 1940, with investment objectives and policies consistent, to the extent practical, with the standards and limitations for equity and fixed-income investments contained in the Trust Policy.

Custodial Credit Risk – Deposits: For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. The County's deposits at June 30, 2024 were fully insured under the Virginia Security for Public Deposits Act and are therefore not considered to be subject to custodial credit risk.

Custodial Credit Risk – Investments: For investments, custodial risk is the risk that, in the event of the failure of the counterparty, the reporting entity will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County Policy requires that all investment securities purchased for the County be held by the County or by the County's designated custodian. If held by a custodian, the securities must be in the County's or in the custodian's nominee name and identifiable on the custodian's books as belonging to the County and the custodian must be a third-party, not a counterparty to the investment transaction. As of June 30, 2024, all of the County's pooled investments were held by the trust department of the County's custodial bank in the County's name. Additionally, all Trust investments were held by the trust department of the Trust's custodial bank in the Trust's name as of June 30, 2024.

Fair Value Hierarchy Disclosure: The following tables present investments at fair value on a recurring basis in accordance with GAAP at June 30, 2024:

COUNTY OF HANOVER
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		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pooled Investments:	Total			
Investments by fair value level				
U.S. Treasury bonds and notes	\$ 83,289,065	-	83,289,065	-
U.S. agency securities	14,970,843	-	14,970,843	-
Corporate notes and bonds	26,798,210	-	26,798,210	-
Municipal Bonds	1,275,008	-	1,275,008	-
Total investments by fair value	126,333,126	-	126,333,126	-
Investments measured at amortized cost				
Demand and time deposits	\$ 10,694,726			
Money market mutual funds	23,490,846			
LGIP funds	169,900,926			
Total investments by amortized cost	\$ 204,086,498			
Cash				
Cash on hand	\$ 4,121			
Cash deposits	42,941,441			
Total cash	\$ 42,945,562			
Total pooled deposits and investments	\$ 373,365,186			
Student Activity Funds:	Total			
Cash				
Cash deposits	3,655,123			
Total cash	\$ 3,655,123			
		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Retiree Medical Benefits Trust:	Total			
Investments by fair value level				
Fixed income	\$ 2,633,555	-	2,633,555	-
Domestic equity	3,301,341	-	3,301,341	-
International equity	1,719,684	-	1,719,684	-
Total investments by fair value	\$ 7,654,580	-	7,654,580	-
Investments measured at amortized cost				
Money market mutual fund	\$ 76,850			
Total pooled deposits and investments	\$ 7,731,430			

COUNTY OF HANOVER
Notes to Financial Statements
June 30, 2024

B. Receivables

Receivables and allowances for uncollectible receivables of Governmental Funds, Proprietary Funds and the School Component Unit at June 30, 2024, are as follows:

	Governmental Funds			Proprietary Funds				School Component Unit
	General Fund	County Improvements Fund	Total Governmental Funds	Public Utilities	Airport Fund	Internal Service Funds	Total Proprietary Funds	
Receivables:								
Interest	\$ 1,631,050	-	1,631,050	-	21,171	-	21,171	-
Taxes	98,893,459	-	98,893,459	-	-	-	-	-
Lease	10,170,117	-	10,170,117	-	4,540,397	-	4,540,397	-
Accounts	5,964,318	-	5,964,318	8,132,700	-	2,292,916	10,425,616	106,262
Commonwealth of Virginia	8,398,049	5,664,930	14,062,979	1,958,998	17,573	-	1,976,571	5,447,434
Federal government	1,566,992	287,233	1,854,225	68,858	158,392	-	227,250	3,227,667
Gross receivables	126,623,985	5,952,163	132,576,148	10,160,556	4,737,533	2,292,916	17,191,005	8,781,363
Allowance for uncollectibles	(2,390,775)	-	(2,390,775)	(454,780)	-	-	(454,780)	-
Net total receivables	\$ 124,233,210	5,952,163	130,185,373	9,705,776	4,737,533	2,292,916	16,736,225	8,781,363

The governmental funds' financial statements report *unearned revenues* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The government-wide financial statements report *unearned revenues* in connection with assets which have not yet been earned, including advance health insurance premiums received in the Self-Insurance Fund. Prepaid taxes, taxes receivable that were levied to finance expenditures of the next fiscal year, and the second installment of the 2024 real property tax levy, due on October 5, 2024, are reported as *deferred inflows of resources* at June 30, 2024 in the government-wide financial statements and in the governmental fund financial statements. At June 30, 2024, the various components of governmental activities' *deferred inflows of resources* and *unearned revenues* were as follows:

	Deferred Inflows of Resources Governmental Funds' Financial Statements	Unearned Revenues Governmental Funds' Financial Statements	Deferred Inflows of Resources Government - wide Financial Statements	Unearned Revenues Government - wide Financial Statements
Property tax levies not yet due	\$ 88,822,420	-	88,822,420	-
Prepaid taxes	2,259,280	-	2,259,280	-
Past due taxes (net of allowance for uncollectibles)	5,646,000	-	-	-
ARPA Funding	-	16,479,093	-	16,479,093
Categorical state aid	-	1,480,627	-	1,480,627
EMS transport fees	1,232,339	-	-	-
Community Services Board programs	-	1,476,835	-	1,476,835
Parks and Recreation programs	-	186,317	-	186,317
Opioid settlement	1,795,048	-	-	-
Emergency Communications	-	41,602	-	41,602
Advance health insurance premiums - Self Insurance Fund	-	-	-	662,197
Total deferred/unearned revenues - Primary Government	\$ 99,755,087	19,664,474	91,081,700	20,326,671

Lease Receivable

The County leases communication space at various sites for cell tower usage. The primary lessees are telecommunication companies, who have entered into five-year leases with the County and have five-year renewal options to extend the total lease to twenty-five years with rental income increasing at the same intervals. A neighboring locality also leases one tower site for their usage with similar five-year extension

COUNTY OF HANOVER
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options. The discount rate used to determine the receivable amount was the average majority prime rate charged by banks on short-term loans, quoted on an investment basis. Lessees are permitted full access to the sites to operate and maintain their equipment as needed. There are no options to purchase the sites at the end of the lease. It is anticipated that the lessees will renew their leases each year, and as such, the County has determined the full amount to be paid over the life of the lease term and the amount to be paid each year.

Principal and interest for the County lease receivable outstanding at June 30, 2024 are as follows:

Fiscal Year	Governmental Activities		
	Lease Receivable		
	Principal	Interest	Total Payments
2025	\$ 442,096	353,806	795,902
2026	473,033	338,529	811,562
2027	502,805	322,155	824,960
2028	536,951	304,783	841,734
2029	574,722	286,097	860,819
2030 - 2034	3,488,162	1,088,346	4,576,508
2035 - 2039	2,431,417	562,785	2,994,202
2040 - 2044	1,091,076	236,648	1,327,724
2045 - 2049	629,855	52,258	682,113
Totals	<u>\$ 10,170,117</u>	<u>3,545,407</u>	<u>13,715,524</u>

In November 2019, the School Board entered into an educational broadband service long-term de facto transfer lease agreement with a broadband company whereby the School Board provides the lessee with access to its radio band. The initial term will last one year but will automatically renew each year for a maximum of thirty years with the current monthly fee of \$12,900. This agreement is regulated by the Federal Communications Commission and as such, is not subject to certain GAAP recognition provisions.

The Airport holds lease agreements for its building, tower, and an airport hangar. The Airport entered into its building agreement in August 1992, whereby the lessee rents space and oversees the Airport operations. The initial lease ended in August 2022, but has since been extended to August 2032 for a total of 40 years. The discount rate used to determine the receivable amount was the average majority prime rate charged by banks on short-term loans, quoted on an investment basis.

COUNTY OF HANOVER
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Principal and interest for the Airport lease receivable outstanding at June 30, 2024 are as follows:

<u>Fiscal Year</u>	<u>Airport Fund</u>		
	<u>Lease Receivable</u>		<u>Total Payments</u>
	<u>Principal</u>	<u>Interest</u>	
2025	\$ 143,960	147,962	291,922
2026	151,146	141,995	293,141
2027	127,817	135,680	263,497
2028	133,171	131,621	264,792
2029	138,734	127,389	266,123
2030 - 2034	452,661	590,565	1,043,226
2035 - 2039	575,301	507,769	1,083,070
2040 - 2044	726,349	402,910	1,129,259
2045 - 2049	911,889	270,916	1,182,805
2050 - 2054	1,011,162	109,670	1,120,832
2055	168,207	2,516	170,723
Totals	<u>\$ 4,540,397</u>	<u>2,568,993</u>	<u>7,109,390</u>

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C. Capital assets

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

Primary Government					
	Balance			Adjustment	Balance
	July 1	Increases	Decreases	Assets Held In Tenancy in Common	June 30
Governmental activities:					
Capital assets, not being depreciated or amortized:					
Land	\$ 10,389,865	4,698,274	-	-	15,088,139
Intangible assets	5,308,077	373,289	-	-	5,681,366
Construction in progress	22,842,133	24,048,313	(21,318,587)	41,613,302	67,185,161
Total capital assets, not being depreciated or amortized	38,540,075	29,119,876	(21,318,587)	41,613,302	87,954,666
Capital assets, being depreciated and amortized:					
Buildings	258,498,706	4,500,969	-	(30,189,883)	232,809,792
Improvements other than buildings	40,478,951	5,217,197	(221,453)	-	45,474,695
Machinery and equipment	113,673,966	4,075,686	(2,144,544)	-	115,605,108
Infrastructure	45,872,897	6,306,456	-	-	52,179,353
Right to use assets	4,450,486	454,383	(88,661)	-	4,816,208
Total capital assets, being depreciated and amortized	462,975,006	20,554,691	(2,454,658)	(30,189,883)	450,885,156
Less accumulated depreciation and amortization for:					
Buildings	(136,271,420)	(5,939,959)	-	18,598,363	(123,613,016)
Improvements other than buildings	(14,260,420)	(1,908,687)	197,404	-	(15,971,703)
Machinery and equipment	(77,398,132)	(9,184,277)	2,132,556	-	(84,449,853)
Infrastructure	(27,737,470)	(1,335,831)	-	-	(29,073,301)
Right to use assets	(1,334,805)	(1,149,803)	102,747	-	(2,381,861)
Total accumulated depreciation and amortization	(257,002,247)	(19,518,557)	2,432,707	18,598,363	(255,489,734)
Total capital assets, being depreciated and amortized, net	205,972,759	1,036,134	(21,951)	(11,591,520)	195,395,422
Governmental activities' capital assets, net	\$ 244,512,834	30,156,010	(21,340,538)	30,021,782	283,350,088
Business-type activities:					
Public Utilities:					
Capital assets, not being depreciated or amortized:					
Land	\$ 6,452,771	-	-	-	6,452,771
Construction in progress	24,616,053	23,567,821	(17,642,530)	-	30,541,344
Total capital assets, not being depreciated or amortized	31,068,824	23,567,821	(17,642,530)	-	36,994,115
Capital assets, being depreciated and amortized:					
Buildings	79,462,708	4,362,365	-	-	83,825,073
Improvements other than buildings	267,121,501	11,183,198	-	-	278,304,699
Intangible assets	55,504,617	1,777,792	-	-	57,282,409
Machinery and equipment	30,557,425	4,185,127	(276,772)	-	34,465,780
Right to use assets	584,993	221,954	(5,138)	-	801,809
Total capital assets, being depreciated and amortized	433,231,244	21,730,436	(281,910)	-	454,679,770
Less accumulated depreciation and amortization for:					
Buildings	(46,948,890)	(2,020,855)	-	-	(48,969,745)
Improvements other than buildings	(134,443,455)	(5,929,039)	-	-	(140,372,494)
Intangible assets	(23,322,382)	(1,440,674)	-	-	(24,763,056)
Machinery and equipment	(16,526,519)	(1,968,178)	102,877	-	(18,391,820)
Right to use assets	(74,665)	(94,714)	5,138	-	(164,240)
Total accumulated depreciation and amortization	(221,315,911)	(11,453,460)	108,015	-	(232,661,355)
Total capital assets, being depreciated and amortized, net	211,915,333	10,276,976	(173,895)	-	222,018,415
Public Utilities' capital assets, net	\$ 242,984,157	33,844,797	(17,816,425)	-	259,012,530

COUNTY OF HANOVER
Notes to Financial Statements
June 30, 2024

	Balance July 1	Increases	Decreases	Adjustment Assets Held In Tenancy in Common	Balance June 30
Airport Fund:					
Capital assets, not being depreciated or amortized:					
Land	\$ 5,452,351	-	-	-	5,452,351
Construction in progress	2,999,298	272,139	(2,900,820)	-	370,617
Total capital assets, not being depreciated or amortized	8,451,649	272,139	(2,900,820)	-	5,822,968
Capital assets, being depreciated and amortized:					
Buildings	8,801,729	-	-	-	8,801,729
Improvements other than buildings	17,764,149	2,835,945	(552,674)	-	20,047,420
Machinery and equipment	190,494	64,876	-	-	255,370
Total capital assets, being depreciated and amortized	26,756,372	2,900,821	(552,674)	-	29,104,519
Less accumulated depreciation and amortization for:					
Buildings	(2,122,990)	(246,397)	-	-	(2,369,387)
Improvements other than buildings	(8,030,407)	(521,935)	428,312	-	(8,124,030)
Machinery and equipment	(133,316)	(22,830)	-	-	(156,146)
Total accumulated depreciation and amortization	(10,286,713)	(791,162)	428,312	-	(10,649,563)
Total capital assets, being depreciated and amortized, net	16,469,659	2,109,659	(124,362)	-	18,454,956
Airport capital assets, net	\$ 24,921,308	2,381,798	(3,025,182)	-	24,277,924
Total Business-type activities:					
Capital assets, not being depreciated or amortized:					
Land	\$ 11,905,122	-	-	-	11,905,122
Construction in progress	27,615,351	23,839,960	(20,543,350)	-	30,911,961
Total capital assets, not being depreciated or amortized	39,520,473	23,839,960	(20,543,350)	-	42,817,083
Capital assets, being depreciated and amortized:					
Buildings	88,264,437	4,362,365	-	-	92,626,802
Improvements other than buildings	284,885,650	14,019,143	(552,674)	-	298,352,119
Intangible assets	55,504,617	1,777,792	-	-	57,282,409
Machinery and equipment	30,747,919	4,250,003	(276,772)	-	34,721,150
Right to use assets	584,993	221,954	(5,138)	-	801,809
Total capital assets, being depreciated and amortized	459,987,616	24,631,257	(834,584)	-	483,784,289
Less accumulated depreciation and amortization for:					
Buildings	(49,071,880)	(2,267,252)	-	-	(51,339,132)
Improvements other than buildings	(142,473,862)	(6,450,974)	428,312	-	(148,496,524)
Intangible assets	(23,322,382)	(1,440,674)	-	-	(24,763,056)
Machinery and equipment	(16,659,835)	(1,991,008)	102,877	-	(18,547,966)
Right to use assets	(74,665)	(94,714)	5,138	-	(164,240)
Total accumulated depreciation and amortization	(231,602,624)	(12,244,622)	536,327	-	(243,310,918)
Total capital assets, being depreciated and amortized, net	228,384,992	12,386,635	(298,257)	-	240,473,371
Business-type activities' capital assets, net	267,905,465	36,226,595	(20,841,607)	-	283,290,454
Total capital assets, net - Primary Government	\$ 512,418,299	66,382,605	(42,182,145)	30,021,782	566,640,542

COUNTY OF HANOVER
Notes to Financial Statements
June 30, 2024

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

	Balance July 1	Increases	Decreases	Adjustment Assets Held In Tenancy in Common	Balance June 30
School Board Component Unit activities:					
Capital assets, not being depreciated or amortized:					
Land	\$ 7,400,682	-	-	-	7,400,682
Construction in progress	12,172,654	40,709,962	(4,229,035)	(41,613,302)	7,040,279
Total capital assets, not being depreciated or amortized	19,573,336	40,709,962	(4,229,035)	(41,613,302)	14,440,961
Capital assets, being depreciated and amortized:					
Buildings	154,033,112	-	-	30,189,883	184,222,995
Improvements other than buildings	40,872,503	1,772,294	-	-	42,644,797
Machinery and equipment	40,231,475	3,324,176	(1,073,539)	-	42,482,112
Right to use assets	2,454,262	694,252	(482,901)	-	2,665,613
Total capital assets, being depreciated and amortized	237,591,352	5,790,722	(1,556,440)	30,189,883	272,015,517
Less accumulated depreciation and amortization for:					
Buildings	(94,891,517)	(5,060,103)	-	(18,598,363)	(118,549,983)
Improvements other than buildings	(11,734,964)	(1,976,902)	-	-	(13,711,866)
Machinery and equipment	(30,827,173)	(2,308,942)	922,498	-	(32,213,617)
Right to use assets	(827,804)	(718,104)	401,819	-	(1,144,089)
Total accumulated depreciation and amortization	(138,281,458)	(10,064,051)	1,324,317	(18,598,363)	(165,619,555)
Total capital assets, being depreciated and amortized, net	99,309,894	(4,273,329)	(232,123)	11,591,520	106,395,962
School Board Component Unit capital assets, net	\$ 118,883,230	36,436,633	(4,461,158)	(30,021,782)	120,836,923

Depreciation and amortization expense was charged to functions of the Primary Government and the School Board Component Unit as follows:

Primary Government:

Governmental activities:

General governmental administration	\$ 1,790,375
Judicial administration	1,131,215
Public safety	8,089,820
Public works	3,598,095
Human services	295,968
Parks, recreation and cultural	1,135,307
Community development	229,471
Education	3,248,306
Total - governmental activities	19,518,557

Business-type activities:

Public Utilities	11,453,460
Airport	791,162
Total - business-type activities	12,244,622
Total depreciation and amortization expense - Primary Government	\$ 31,763,179

School Board Component Unit:

Education	\$ 10,064,051
Total depreciation and amortization expense - School Board Component Unit	\$ 10,064,051

COUNTY OF HANOVER
Notes to Financial Statements
June 30, 2024

Tenancy in Common – State legislation passed in 2002 granted the County a tenancy in common with the School Board when the County incurs a financial obligation for school property, which is payable over more than one fiscal year. For financial reporting purposes, School property for which the County is financially obligated is reported by the County in the amount of outstanding obligations. At June 30, 2024, the County had outstanding financial obligations related to the acquisition and construction of school property totaling \$83,771,742. Accordingly, school buildings with a net book value of that amount are reported in the governmental activities of the Primary Government at June 30, 2024. During fiscal year 2024, the County’s financial obligations related to school buildings and construction in progress increased by a net amount of \$26,773,476, and accordingly, the net book value of school buildings and construction in progress reported by the Primary Government increased, and the net book value of buildings and construction in progress reported by the School Board Component Unit decreased by the same amount. Depreciation expense on school buildings and equipment is allocated to the Primary Government and the School Board Component Unit in proportion to the relative cost of the buildings reported by each entity. Accordingly, depreciation of School Board Component Unit capital assets totaled \$13,312,357 in fiscal year 2024, of which \$3,248,306 is reported by the Primary Government and \$10,064,051 is reported by the School Component Unit.

D. Interfund transfers

The primary purpose of interfund transfers is to provide funding for operations and capital projects. Transfers from the General Fund are to move funds that are collected in the General Fund to the County and School Improvements Funds to finance capital projects. General Fund transfers to the Debt Service Fund are to fund annual debt service payments on County and School obligations. General Fund transfers to the Airport Fund are to finance capital projects and support operations. Interfund transfers for the year ended June 30, 2024 are as follows:

Primary Government	Transfers In	Transfers Out
General Fund	\$ 391,520	63,623,764
County Improvements Fund	37,619,099	391,520
School Improvements Fund	6,200,000	-
Debt Service Fund	19,671,670	-
Airport Fund	132,995	-
Total Primary Government	<u>64,015,284</u>	<u>64,015,284</u>

E. Unearned revenues

The County has reported unearned revenues of \$20.3 million on the Statement of Net Position as of June 30, 2024. Of this amount, \$2.4 million is related to revenues received in fiscal year 2024 to be recognized for activity occurring in fiscal year 2025, and \$1.5 million is state categorical aid received in fiscal year 2023 for school improvement projects. The remaining \$16.4 million is related to the American Rescue Plan Act of 2021 (ARPA), which were received in May 2021 and must be used for directed uses that include supporting the public health response to COVID-19, supporting small businesses, and improving water, sewer, and broadband infrastructure. Related costs must be obligated by December 31, 2024.

COUNTY OF HANOVER
Notes to Financial Statements
June 30, 2024

F. Noncurrent liabilities

The following is a summary of changes in the government-wide noncurrent liabilities of the Primary Government and the School Board Component Unit for the year ended June 30, 2024:

	Balance July 1	Additions	Reductions	Balance June 30	Due Within One Year
Primary Government					
Governmental activities:					
General obligation bonds payable:					
Principal amount of bonds payable	\$ 96,964,251	-	9,540,672	87,423,579	9,569,891
Premium	11,166,126	-	1,066,995	10,099,131	1,066,994
Infrastructure and state moral obligation bonds payable:					
Principal amount of bonds payable	54,390,000	-	2,110,000	52,280,000	2,155,000
Premium	4,100,328	-	229,247	3,871,081	229,246
Total bonds payable	166,620,705	-	12,946,914	153,673,791	13,021,131
Notes payable	1,211,768	-	135,253	1,076,515	130,253
Lease obligations	1,843,656	143,967	251,740	1,735,883	238,998
Subscription obligations	1,278,675	313,006	970,895	620,786	321,617
Compensated absences	11,042,435	8,977,506	8,973,454	11,046,487	9,003,465
Liability for landfill closure	1,464,857	-	41,441	1,423,416	41,441
Support agreement	1,055,853	-	132,979	922,874	137,979
Net pension liability	14,848,748	8,408,193	7,554,957	15,701,984	-
Net other postemployment benefits liability	4,406,882	399,264	344,754	4,461,392	-
Total governmental activities	203,773,579	18,241,936	31,352,387	190,663,128	22,894,884
Business-type activities:					
Public Utilities:					
Water and sewer revenue bonds payable:					
Principal amount of bonds payable	6,364,052	-	1,330,810	5,033,242	1,410,810
Premium	756,571	-	161,538	595,033	161,538
Total bonds payable	7,120,623	-	1,492,348	5,628,275	1,572,348
Lease obligations	6,336	-	2,883	3,453	1,858
Subscription obligations	438,094	143,454	49,500	532,048	48,623
Compensated absences	934,763	589,705	644,646	879,822	563,638
Deposits	517,877	222,440	208,284	532,033	-
Capacity fee credits	91,226	-	82,170	9,056	-
Support agreement	65,000	-	65,000	-	-
Net pension liability	1,038,585	580,111	525,829	1,092,867	-
Net other postemployment benefits liability	308,236	27,579	25,299	310,516	-
Total Public Utilities	10,520,740	1,563,289	3,095,959	8,988,070	2,186,467
Airport Fund:					
VRA airport revenue bond payable	2,654,439	-	214,170	2,440,269	218,863
Compensated absences	7,036	9,231	4,302	11,965	6,796
Net pension liability	17,495	9,899	8,899	18,495	-
Net other postemployment benefits liability	5,193	172	110	5,255	-
Total Airport Fund	2,684,163	19,302	227,481	2,475,984	225,659
Total Business-type activities:					
Revenue bonds payable:					
Principal amount of bonds payable	9,018,491	-	1,544,980	7,473,511	1,629,673
Premium	756,571	-	161,538	595,033	161,538
Total bonds payable	9,775,062	-	1,706,518	8,068,544	1,791,211
Lease obligations	6,336	-	2,883	3,453	1,858
Subscription obligations	438,094	143,454	49,500	532,048	48,623
Compensated absences	941,799	598,936	648,948	891,787	570,434
Deposits	517,877	222,440	208,284	532,033	-
Capacity fee credits	91,226	-	82,170	9,056	-
Support agreement	65,000	-	65,000	-	-
Net pension liability	1,056,080	590,010	534,728	1,111,362	-
Net other postemployment benefits liability	313,429	27,751	25,409	315,771	-
Total business-type activities	13,204,903	1,582,591	3,323,440	11,464,054	2,412,126
Total noncurrent liabilities - Primary Government	\$ 216,978,482	19,824,527	34,675,827	202,127,182	25,307,010

COUNTY OF HANOVER
Notes to Financial Statements
June 30, 2024

<u>School Board Component Unit</u>					
Lease obligations	\$ 616,799	610,057	336,576	890,280	332,867
Subscription obligations	1,094,499	-	419,416	675,084	356,161
Compensated absences	7,215,085	8,622,593	8,522,759	7,314,919	7,314,919
Net pension liability	116,101,797	18,221,890	11,151,225	123,172,462	-
Net other postemployment benefits liability	22,349,042	1,027,226	1,945,958	21,430,310	-
Total noncurrent liabilities - School Board Component Unit	\$ 147,377,222	28,481,766	22,375,934	153,483,055	8,003,947
<u>Economic Development Authority Component Unit</u>					
Support agreement	\$ 1,100,000	-	195,000	905,000	135,000
Total noncurrent liabilities - EDA Component Unit	\$ 1,100,000	-	195,000	905,000	135,000

Lease obligations, support agreements, compensated absences, net pension liabilities, net other postemployment benefit obligations and the liability for landfill closure reported as governmental activities liabilities of the Primary Government are liquidated by the General Fund.

Liability for landfill closure

State and Federal laws and regulations required the County to place a final cover on its landfill site when it stopped accepting waste, and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The landfill closed December 31, 2002 and a permanent cap was completed in 2003 over the 35-acre site. The \$1,423,416 reported as landfill closure and post closure care liability at June 30, 2024 represents the remaining estimated cost of post closure care. These amounts are based on what it would cost to perform all closure and post closure care in 2024. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Capacity fee credits

Public Utilities provides water and sewer capacity fee credits where a property owner extending the public system is required to oversize lines or other facilities for the convenience of the County. Capacity fee credits are limited to the difference in pipe material cost only based on current material costs or other public bids for similar work. Capacity fee credits are deducted from respective water and sewer capacity fees which would otherwise be due for the connection of units in the area of the property owner's property served by the extension as identified by the utility service agreement for the extension.

General obligation bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds (including Virginia Public School Authority (VPSA) bonds) have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the County and generally are issued as 20- to 30-year serial bonds with equal amounts of principal maturing each year.

On July 26, 2017, the Virginia Public School Authority issued School Financing Refunding Bonds in which the Primary Government was a participant. The County debt service payments will remain unchanged and the VPSA will issue an annual credit for the return of debt services savings each year from fiscal year 2019 through fiscal year 2032. The credit received in fiscal year 2024 was \$15,550 and the total credit savings from this refunding transaction total \$220,594. As the County's local bond was not refunded, there is no defeased debt and no deferred gain or loss recognized in the transaction.

On November 10, 2020, the Virginia Public School Authority issued School Financing Refunding Bonds in which the Primary Government was a participant. The County debt service payments will remain

COUNTY OF HANOVER
Notes to Financial Statements
June 30, 2024

unchanged and the VPSA will issue an annual credit for the return of debt services savings each year from fiscal year 2022 through fiscal year 2026. The credit received in fiscal year 2024 was \$75,902 and the credit savings from this refunding transaction total \$237,286. As the County's local bond was not refunded, there is no defeased debt and no deferred gain or loss recognized in the transaction.

Revenue bonds

The County also issues bonds for which it pledges the income derived from the acquired or constructed assets to pay the debt service. Outstanding revenue bonds have been issued on behalf of the public utilities and airport functions.

The County has pledged the sum of its future Public Utilities Fund Operating Income or Loss, prior to depreciation expense, and its Public Utilities Fund Nonoperating Revenues (together "Net Available Revenues") in the approximate amount of \$14.7 million as of June 30, 2024, to secure the total remaining debt service requirements of the then-outstanding Public Utilities Water and Sewer Revenue Bonds (Bonds), which have financed various Public Utilities improvements. Based on an estimate of the average net available revenues over the remaining eight-year period ended June 30, 2024 of approximately \$14.5 million annually, it is estimated that approximately 4.9 percent of future Utility net available revenues are pledged through fiscal 2032, and will expire in that fiscal year with the final maturity of the current Bonds. However, future water and sewer revenue bonds, which may be issued to finance future utility improvements, will likely contain similar pledges, and future annual net available revenues may differ significantly from the average used in this estimate. In the event of default, the lender may provide prompt, written notice declaring the entire unpaid balance as due and payable. The lender also has the option of applying to the State Aid Intercept Program and request that the Commonwealth withholds its payments to the County to be applied to the defaulted amount as a cure for nonpayment. During fiscal year 2024, pledged net available revenues totaled \$15,667,265 and the water and sewer revenue bond debt service requirement was \$1,550,129.

The County has also pledged future lease rental income from the airport's fixed base operator (FBO), or successor FBOs, of \$444,363 as of June 30, 2024, to secure the then-remaining debt service requirements on the Airport VRA Series 2007 revenue bond (Bond), which financed airport improvements completed in fiscal 2008. This pledge obligates substantially all future FBO rental income through July 1, 2027 and will expire on that date with the final maturity of the Bond. However, future annual net available revenues may differ significantly from the average used in this estimate. In the event of default, the lender may provide prompt, written notice declaring the entire unpaid balance as due and payable. The lender also has the option of applying to the State Aid Intercept Program and request that the Commonwealth withholds its payments to the County to be applied to the defaulted amount as a cure for nonpayment. During fiscal year 2024, pledged rental receipts totaled \$285,492 and the debt service requirement was \$126,174.

The following is a schedule, by year, of principal and interest payments of revenue bonds as of June 30, 2024:

Fiscal Year		Principal	Interest	Total
2025	\$	121,686	5,274	126,960
2026		123,286	3,675	126,961
2027		124,905	2,055	126,960
2028		63,067	413	63,480
Totals	\$	432,944	11,417	444,361

COUNTY OF HANOVER
Notes to Financial Statements
June 30, 2024

Airport Revolving Loan

In June 2020, the County finalized a loan from the Virginia Airports Revolving Fund in the amount of \$2,323,575 to design and construct a new hangar at the Hanover County Municipal Airport. Obligations for this loan will be liquidated by rental revenues generated by a lease of the hangar facility. The rental revenues are structured to generate revenues sufficient to maintain rate covenant requirements. The County covenants that, in each fiscal year, the Airport's rental revenues relating to the new hangar will be at least 125% of the amount required to pay annual debt service on the loan. Default of the rate covenant requires a qualified independent consultant report including recommendations as to proper maintenance and operation of the system and estimation of costs thereof and the rates, fees and other charges which should be established by the County to satisfy the rate covenant.

The County's pledged future lease rental income is \$2,596,448 as of June 30, 2024, to secure the then-remaining debt service requirements on the Airport VRA Series 2019 revenue bond. This pledge obligates substantially all future rental income through February 1, 2040 and expires on the final maturity of the bond. However, future annual Net Available Revenues may differ significantly from the average used in this estimate. During fiscal year 2024, pledged rental receipts totaled \$177,207 and the debt service requirement was \$160,992.

The following is a schedule, by year, of principal and interest payments of revenue bonds as of June 30, 2024:

Fiscal Year	Principal	Interest	Total
2025	\$ 97,177	65,101	162,278
2026	100,393	61,885	162,278
2027	103,716	58,563	162,279
2028	107,148	55,130	162,278
2029	110,695	51,584	162,279
2030-2034	610,909	200,483	811,392
2035-2039	718,917	92,475	811,392
2040-2044	158,369	3,910	162,279
Totals	<u>\$ 2,007,324</u>	<u>589,131</u>	<u>2,596,455</u>

County General Obligation Bonds and Revenue Bonds

Outstanding general obligation bonds and revenue bonds as of June 30, 2024 are comprised of the following issues:

(See schedule on following page)

COUNTY OF HANOVER
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June 30, 2024

Purpose	Interest Rates (%)	Date Issued	Original Issue	Principal Outstanding
Governmental activities:				
General obligation bonds:				
County:				
Series 2011A Public Improvement	2.00 - 5.25	01-20-11	\$ 11,452,000	\$ 604,665
Series 2015 Refunding	2.00 - 5.00	03-19-15	11,199,110	5,892,690
Series 2019 Refunding	5.00	10-17-19	7,415,100	3,583,800
Total general obligation bonds - County				<u>10,081,155</u>
Schools:				
Series 2011A Public Improvement	2.00 - 5.25	01-20-11	1,048,000	55,335
Series 2015 Refunding	2.00 - 5.00	03-19-15	9,335,890	4,912,310
Series 2019 Refunding	5.00	10-17-19	7,564,900	3,656,200
VPSA Series 2005A	3.10 - 5.10	05-12-05	16,105,000	1,610,000
VPSA Series 2005B	4.60 - 5.10	11-10-05	6,995,000	695,000
VPSA Series 2005C	4.60 - 5.10	11-10-05	6,967,658	745,197
VPSA Series 2007	4.35 - 5.10	11-08-07	13,838,206	2,938,382
VPSA Series 2011B	2.05 - 5.05	11-09-11	5,855,000	2,320,000
VPSA Series 2014A	2.68 - 5.05	05-15-14	1,895,000	1,225,000
VPSA Series 2015B	2.05 - 5.05	05-14-15	4,470,000	3,150,000
VPSA Series 2016B	2.80 - 5.05	11-01-16	9,140,000	5,920,000
VPSA Series 2018B	3.675 - 5.05	11-06-18	4,680,000	3,505,000
VPSA Series 2020B	2.05 - 5.05	11-10-20	8,695,000	7,390,000
VPSA Series 2022	4.00 - 5.00	09-28-22	41,285,000	39,220,000
Total general obligation bonds - Schools				<u>77,342,424</u>
Total governmental activities - general obligation bonds				<u>87,423,579</u>
Infrastructure and state moral obligation revenue bonds:				
VRA Series 2014A	2.74 - 4.83	5-21-14	19,950,000	16,850,000
VRA Series 2015B	3.125 - 5.125	8-19-15	21,505,000	18,140,000
VRA Series 2018C	4.125 - 5.125	11-14-18	10,945,000	8,195,000
VRA Series 2019C	2.966 - 5.125	11-20-19	11,375,000	9,095,000
Total infrastructure and state moral obligation bonds				<u>52,280,000</u>
Business-type activities:				
Public Utilities:				
Water and sewer revenue bonds:				
Series 2007	0.00	07-19-07	616,206	123,242
Series 2014B Refunding	2.031 - 5.025	08-13-14	6,420,000	3,950,000
Series 2015D Refunding	3.094 - 5.125	11-18-15	7,130,000	960,000
Total Public Utilities				<u>5,033,242</u>
Airport Fund:				
Taxable airport revenue bond:				
VRA Series 2007	5.08	03-21-07	1,795,000	432,944
VRA Series 2019	3.283	06-27-19	2,323,575	2,007,324
Total Airport Fund				<u>2,440,268</u>
Total Business-type activities				<u>7,473,510</u>
Total bond indebtedness - Primary Government				<u><u>\$ 147,177,089</u></u>

COUNTY OF HANOVER
Notes to Financial Statements
June 30, 2024

Principal and interest to maturity for the County's governmental activities general obligation bonds and business-type activities revenue bonds outstanding at June 30, 2024, are as follows:

Fiscal Year	Governmental Activities		Business-type Activities				Total		
	General Obligation Bonds		Water and Sewer Revenue Bonds		Taxable Airport Revenue Bond				
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2025	\$	9,569,891	3,782,503	1,410,810	187,525	218,863	70,376	11,199,564	4,040,404
2026		9,584,578	3,317,693	475,810	140,759	223,679	65,560	10,284,067	3,524,012
2027		8,088,132	2,897,702	490,810	119,019	228,621	60,617	8,807,563	3,077,338
2028		7,330,978	2,522,658	510,810	97,932	170,215	55,543	8,012,003	2,676,133
2029		6,605,000	2,188,768	505,000	75,791	110,694	51,584	7,220,694	2,316,143
2030-2034		21,345,000	7,368,092	1,640,000	93,512	610,910	200,483	23,595,910	7,662,087
2035-2039		15,790,000	3,354,818	-	-	718,917	92,475	16,508,917	3,447,293
2040-2044		9,110,000	679,138	-	-	158,369	3,910	9,268,369	683,048
Totals	\$	87,423,579	26,111,372	5,033,240	714,538	2,440,268	600,548	94,897,087	27,426,458

The County has no legal debt margin requirement. Any issuance of general obligation bonded debt, except State Literary Fund loans, VPSA bonds, and VRA Infrastructure and State Moral Obligation Revenue Bonds must be approved by a voting majority of the qualified County voters. Revenue bonds, State Literary Fund loans, VPSA bonds and VRA Infrastructure and State Moral Obligation Revenue Bonds may be issued by the adoption of a resolution by the Board of Supervisors.

Infrastructure and State Moral Obligation Revenue Bonds

On May 21, 2014, the Primary Government issued a \$19,950,000 Series 2014A subfund revenue bond through the Virginia Resources Authority (VRA) with interest rates between 2.74% and 4.83%. In return for issuing the 2014 VRA Bond, VRA provided the County with a portion of the proceeds realized from its May 2014 pooled financing bond transaction. Amounts required for debt service are deposited into a special fund within the Debt Service Fund and are pledged to secure the local bonds. The obligation for these bonds is to be liquidated by the Debt Service Fund and is subject to annual appropriation. The 2014 VRA Bond was issued to finance the construction of a new courthouse facility.

On August 19, 2015, the Primary Government issued a \$21,505,000 Series 2015B subfund revenue bond through the VRA with interest rates between 31.25% and 5.125%. In return for issuing the 2015 VRA Bond, VRA provided the County with a portion of the proceeds realized from its August 2015 pooled financing bond transaction. Amounts required for debt service are deposited into a special fund within the Debt Service Fund and are pledged to secure the local bonds. The obligation for these bonds is to be liquidated by the Debt Service Fund and is subject to annual appropriation. The 2015 VRA Bond was issued to finance the completion of a new courthouse facility and renovations of existing buildings.

On November 14, 2018, the Primary Government issued a \$10,945,000 Series 2018C subfund revenue bond through the VRA with interest rates between 4.125% and 5.125%. In return for issuing the 2018 VRA Bond, VRA provided the County with a portion of the proceeds realized from its August 2018 pooled financing bond transaction. Amounts required for debt service are deposited into a special fund within the Debt Service Fund and are pledged to secure the local bonds. The obligation for these bonds is to be liquidated by the Debt Service Fund and is subject to annual appropriation. The 2018 VRA Bond was issued to finance parks, recreation and cultural capital projects.

On November 20, 2019, the Primary Government issued a \$11,375,000 Series 2019C subfund revenue bond through the VRA with interest rates between 2.966% and 5.125%. In return for issuing the 2019 VRA

COUNTY OF HANOVER
Notes to Financial Statements
June 30, 2024

Bond, VRA provided the County with a portion of the proceeds realized from its fall 2019 pooled financing bond transaction. Amounts required for debt service are deposited into a special fund within the Debt Service Fund and are pledged to secure the local bonds. The obligation for these bonds is to be liquidated by the Debt Service Fund and is subject to annual appropriation. The 2019 VRA Bond was issued to finance building renovations, parks, recreation and cultural capital projects.

The County has a moral obligation to appropriate and pay the amounts due for subfund revenue bonds issued by the VRA from the Debt Service Fund. In the event of default, the lender may provide prompt, written notice declaring the entire unpaid balance as due and payable. The lender also has the option of applying to the State Aid Intercept Program and request that the Commonwealth withholds its payments to the County to be applied to the defaulted amount as a cure for nonpayment.

Principal and interest to maturity for the Infrastructure and State Moral Obligation Revenue Bonds outstanding at June 30, 2024 are as follows:

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
2025	\$ 2,155,000	2,173,753	4,328,753
2026	2,210,000	2,065,275	4,275,275
2027	2,260,000	1,953,231	4,213,231
2028	2,310,000	1,840,476	4,150,476
2029	2,360,000	1,735,931	4,095,931
2030-2034	12,515,000	7,131,196	19,646,196
2035-2039	13,965,000	4,485,972	18,450,972
2040-2044	10,910,000	1,965,201	12,875,201
2045-2049	3,595,000	139,929	3,734,929
Totals	\$ 52,280,000	23,490,964	75,770,964

Conduit Debt Obligations

The EDA is empowered by the Commonwealth of Virginia to issue Industrial Revenue Bonds (IRBs) on behalf of businesses relocating to or expanding their operations within the County. Principal and interest on the IRBs are paid entirely by the businesses. Neither the EDA nor the County guarantees the repayment of principal or interest to the bondholders, and the debt is not a pledge of the faith and credit of the EDA or the County. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. At June 30, 2024, the principal amounts outstanding on these IRBs totaled approximately \$82.6 million.

Support Agreement

On March 23, 2011, the EDA issued Revenue and Refunding Bonds, Series 2011 (EDA Bonds) with interest rates between 2.0% and 5.0% in the amount of \$17,260,000, of which \$2,205,000 consisted of new debt for the acquisition and build-out of a building to be used by the Community Services Board, the Social Services Department, and the Registrar's Office and \$15,055,000 was used to refund existing County general obligation school bonds and water and sewer revenue bonds. The original issue premium of \$681,656 is amortized over the life of the bonds. On March 1, 2011, the County and the EDA entered into

COUNTY OF HANOVER
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a Support Agreement, which obligates the County to make support payments on behalf of the EDA on a periodic basis in an amount equal to the debt service on the bonds. The EDA Bonds are limited obligations of the EDA, payable solely from payments made by the County, pursuant to the Support Agreement. Neither the EDA Bonds nor the Support Agreement are general obligation debt of the County and payments made pursuant to the Support Agreement are subject to annual appropriation by the Board. Support principal and interest payments of \$245,475 were paid by the County during the fiscal year ended June 30, 2024.

The Support Agreement annual debt service requirements to maturity as of June 30, 2024, excluding amortization of premium, are as follows:

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
2025	\$ 135,000	42,675	177,675
2026	140,000	37,275	177,275
2027	145,000	31,500	176,500
2028	155,000	24,250	179,250
2029	160,000	16,500	176,500
2030	170,000	8,500	178,500
Totals	\$ 905,000	160,700	1,065,700

Notes Payable

The County has financed the acquisition of office facilities and a communications system by issuing notes payable.

On November 15, 2017, the County issued Series 2017C VRA refunding bonds in the amount of \$1,285,000, and entered into a Local Lease Acquisition Agreement and Amended and Restated Financing Lease with the VRA. The Series 2017C bonds were issued with interest rates between 4.443 and 5.125 percent, to refund \$1,370,000 of Series 2010A VRA bonds.

The balance of capital assets, net of accumulated depreciation, and the principal and interest payments as of June 30, 2024, are as follows:

(See schedule on following page)

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Asset Class	Primary Government - Governmental Activities
Land	\$ 384,847
Buildings	13,804,580
Machinery and equipment	859,437
Total assets, at cost	15,048,864
Accumulated depreciation	(10,130,928)
Total assets, net	<u>\$ 4,917,936</u>

Fiscal Year	Principal	Interest	Total
2025	\$ 115,000	44,697	159,697
2026	120,000	38,675	158,675
2027	130,000	32,269	162,269
2028	135,000	25,478	160,478
2029	145,000	18,503	163,503
2030-2031	310,000	15,194	325,194
Totals	<u>\$ 955,000</u>	<u>174,816</u>	<u>1,129,816</u>

Defeasance of debt

In prior years, the County defeased certain outstanding bonds by placing the proceeds of newly issued bonds in irrevocable escrow funds to provide for all future debt service payments on the old bonds. Accordingly, the escrow fund assets and the liabilities for the defeased bonds are not included in the accompanying financial statements. At June 30, 2024, the County had general obligation bonds that were outstanding but considered defeased totaling \$1,025,000 and Public Utilities had revenue bonds that were outstanding, but considered defeased totaling \$6,290,000.

Lease Obligations

The County, Public Utilities and School Board lease assets from a number of suppliers, including leases for office space, office equipment, vehicles, and land. The lease agreement durations for vehicles and office equipment range from three years with extensions to five years. The duration for office space ranges from two to ten years and the duration for land leases range from twenty to thirty years. Amounts are paid on a monthly basis with no variable components noted. Additionally, there are no residual terms or guarantees.

The leased assets are presented as right-to-use assets on the Statement of Net Position and in footnote IV.C. for Capital assets and the lease obligations are outlined in footnote IV.F. for Noncurrent liabilities. As stated rates were unavailable in the lease agreements, the discount rate used to determine the liability amount was the County's incremental borrowing rate at the beginning of the lease term. The value of the underlying assets and the annual requirements to maturity relating to leases at June 30, 2024 are as follows:

Lease Assets	Governmental Activities	Public Utilities	School Board Component Unit	Total
Buildings	\$ 427,821	-	197,575	625,396
Equipment	1,887,366	8,678	1,234,718	3,130,762
Vehicles	49,290	-	-	49,290
Total Leases	2,364,477	8,678	1,432,293	3,805,448
Less Accumulated Amortization	(755,318)	(5,387)	(545,059)	(1,305,764)
Totals	<u>\$ 1,609,159</u>	<u>3,291</u>	<u>887,234</u>	<u>2,499,684</u>

COUNTY OF HANOVER
Notes to Financial Statements
June 30, 2024

Fiscal Year	Governmental Activities		Public Utilities		School Board Component Unit		Total Payments	
	Lease Obligations		Lease Obligations		Lease Obligations		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest		
2025	\$ 238,998	90,867	1,858	85	332,867	20,939	573,723	111,891
2026	169,985	81,534	1,595	24	258,233	12,221	429,813	93,779
2027	90,918	77,131	-	-	184,376	5,946	275,294	83,077
2028	70,560	74,140	-	-	100,977	1,634	171,537	75,774
2029	48,619	71,542	-	-	13,827	104	62,446	71,646
2030 - 2034	75,787	341,295	-	-	-	-	75,787	341,295
2035 - 2039	167,075	301,998	-	-	-	-	167,075	301,998
2040 - 2044	297,813	226,757	-	-	-	-	297,813	226,757
2045 - 2049	360,805	106,320	-	-	-	-	360,805	106,320
2050 - 2054	215,323	34,066	-	-	-	-	215,323	34,066
Totals	\$ 1,735,883	1,405,650	3,453	109	890,280	40,844	2,629,616	1,446,603

Subscription Obligations

For the year ended June 30, 2024, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. The County, Public Utilities and the School Board have entered into subscription agreements for use of various software systems.

Subscription assets are presented as right-to-use assets on the Statement of Net Position and in footnote IV.C. for Capital assets and the lease obligations are outlined in footnote IV.F. for Noncurrent liabilities. As stated rates were unavailable in the subscription agreements, the discount rate used to determine the liability amount was the County's incremental borrowing rate at the beginning of the subscription term. The value of the underlying assets and the annual requirements to maturity relating to subscriptions at June 30, 2024 are as follows:

Subscription Assets	Governmental Activities	Public Utilities	School Board Component Unit	Total
Software	\$ 2,451,731	793,131	1,233,320	4,478,182
Less Accumulated Amortization	(1,626,543)	(158,853)	(599,030)	(2,384,426)
Totals	\$ 825,188	634,278	634,290	2,093,756

Fiscal Year	Governmental Activities		Public Utilities		School Board Component Unit		Total Payments	
	Subscription Obligations		Subscription Obligations		Subscription Obligations		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest		
2025	\$ 321,617	8,580	48,623	20,757	356,161	5,455	726,401	34,792
2026	186,384	5,559	96,855	19,780	318,923	2,263	602,162	27,602
2027	54,572	2,412	87,709	17,703	-	-	142,281	20,115
2028	28,814	1,012	38,921	15,494	-	-	67,735	16,506
2029	6,977	348	11,339	14,297	-	-	18,316	14,645
2030-2034	22,422	553	88,844	59,890	-	-	111,266	60,443
2035-2039	-	-	159,757	28,081	-	-	159,757	28,081
Totals	\$ 620,786	18,464	532,048	176,002	675,084	7,718	1,827,918	202,184

COUNTY OF HANOVER
Notes to Financial Statements
June 30, 2024

V. Other information

A. Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the County carries insurance through commercial carriers or through the Virginia Municipal Liability Pool. The County carries commercial insurance for all risks of loss including property, theft, auto liability, general liability, line of duty, cyber and construction insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage for each of the past three years. There was no reduction in insurance coverage during fiscal year 2024. All claims are paid in accordance with policy coverage in effect at the time. In addition, the County provides various surety bond coverage as required under regulations, generally at industry-recommended levels.

The County and School Board are participating members in the Virginia Risk Sharing Association (formerly VML). Both of these not-for-profit entities provide workers' compensation coverage in compliance with the Virginia Workers' Compensation code.

The County and School Board have chosen to retain the risk associated with the employee's health insurance plan. Risk is retained at 100% up to an individual stop loss amount of \$200,000 for individual claims paid during the contract year. All County and School Board full-time and benefited part-time employees are eligible to participate. Premiums are paid for participating employees to the Self Insurance Fund, which is reported in the County's financial statements as an internal service fund. An administrator selected by the County processes all claims, and is reimbursed based on actual claims processed. Net position balances in the Self Insurance Fund are used as a reserve to offset rate increases and to fund losses in future years. The County's benefits consultant has actuarially determined an estimated liability for combined County and School Board healthcare claims that have been incurred but not reported (IBNR) at fiscal year-end, substantially all of which is expected to be liquidated within the following fiscal year, and which is reported in the Self Insurance Fund. Changes in balances of health insurance claim liabilities and IBNR during the past two years are as follows:

Fiscal Year	Payable (Prepaid) Beginning of Year	Claims and Other Charges Processed	Claims and Benefit Payments	Payable (Prepaid) End of Year	Incurred But Not Reported
2023	\$ -	41,018,375	41,018,375	-	2,512,279
2024	\$ -	44,322,896	44,322,896	-	2,981,939

	Balance July 1	Increases	Decreases	Balance June 30
Incurred But Not Reported	\$ 2,512,279	44,322,896	(43,853,236)	2,981,939

COUNTY OF HANOVER
Notes to Financial Statements
June 30, 2024

B. Fund Balance Classifications

The accompanying financial statements display nonspendable, restricted, committed and assigned fund balance classifications in the aggregate per GAAP. Specific purpose information for these fund balance classifications follows:

	Primary Government				Total Governmental Funds	School Board Component Unit	Economic Development Authority
	General Fund	County Improvements Fund	School Improvements Fund	Debt Service Fund			
Nonspendable:							
Inventory	\$ 410,703	-	-	-	410,703	-	-
Prepaid expenditures	4,388	4,115,541	-	-	4,119,929	512,474	-
Total nonspendable	415,091	4,115,541	-	-	4,530,632	512,474	-
Restricted for:							
Public safety - asset forfeitures	617,172	-	-	-	617,172	-	-
Judicial administration - asset forfeitures	27,327	-	-	-	27,327	-	-
Judicial administration - grants and donations	160,291	-	-	-	160,291	-	-
Public safety - grants and donations	1,825	-	-	-	1,825	-	-
Public works - recycling service districts	166,162	-	-	-	166,162	-	-
Health and human services - Federal and state grants	809,165	-	-	-	809,165	-	-
Health and human services - donations	9,576	-	-	-	9,576	-	-
Community Support - Opioid settlement	878,704	-	-	-	878,704	-	-
Parks, recreation and cultural donations	46,506	-	-	-	46,506	-	-
Education - grants	-	-	-	-	-	152,274	-
Capital improvements	-	50,145,090	1,591,531	-	51,736,621	-	-
Total restricted	2,716,728	50,145,090	1,591,531	-	54,453,349	152,274	-
Committed to:							
Economic development	500,000	-	-	-	500,000	-	-
Total committed	500,000	-	-	-	500,000	-	-
Assigned to:							
Education	11,132,000	-	-	-	11,132,000	8,501,914	-
Economic development	5,000,000	-	-	-	5,000,000	-	-
Debt service	-	-	-	5,211,594	5,211,594	-	-
Encumbrances and reappropriations	5,631,348	-	-	-	5,631,348	-	-
Funding of subsequent fiscal years' adopted budget	14,215,000	-	-	-	14,215,000	-	-
Insurance reserves	500,000	-	-	-	500,000	-	-
Economic stability reserves	5,000,000	-	-	-	5,000,000	-	-
Capital improvements	34,813,018	49,664,463	13,108,202	-	97,585,683	-	-
Total assigned	76,291,366	49,664,463	13,108,202	5,211,594	144,275,625	8,501,914	-
Unassigned fund balance	49,761,744	-	-	-	49,761,744	-	124,331
Total fund balances	\$ 129,684,929	103,925,094	14,699,733	5,211,594	253,521,350	9,166,662	124,331

C. Commitments and contingent liabilities

Other commitments

At June 30, 2024, the Primary Government had commitments for capital projects totaling \$80.4 million as follows:

	Primary Government				Total Primary Government
	County Improvements Fund	School Improvements Fund	Public Utilities Fund	Airport Fund	
Total capital commitments	\$ 48,549,709	11,628,268	20,198,505	70,139	80,446,621

COUNTY OF HANOVER
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These commitments will be funded by existing resources within the respective funds and by appropriations.

Encumbrances

Encumbrance accounting, under which purchase orders for the expenditure of funds are recorded to reserve that portion of the applicable appropriation, is employed in the governmental funds. In accordance with the County's adopted Budget Policy, encumbered funds are reappropriated annually by the Board in the succeeding year's budget resolution. Encumbrances represent the estimated amount of expenditures that will ultimately result if open purchase orders are paid. Encumbrances outstanding at the end of the fiscal year are disclosed below, in accordance with GAAP. However, encumbered amounts are already included within the restricted, committed or assigned fund balances, as appropriate, and are not in addition thereto.

	Primary Government - Governmental Funds				Schools Component Unit
	General Fund	County Improvements Fund	School Improvements Fund	Total Primary Government	
Encumbrances outstanding at fiscal year-end	\$ 4,540,858	48,549,709	11,628,268	64,718,835	1,157,967

Contingent liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantors cannot be determined at this time, although the County expects such amounts, if any, would not have a material effect on the financial position of the County.

The reporting entity is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County's counsel the resolution of these matters will not have a material adverse effect on the financial position of the government.

D. Joint ventures

Capital Region Airport Commission: The Capital Region Airport Commission (Airport Commission) was established in 1975 by an Act of the Virginia General Assembly. The Airport Commission owns and operates Richmond International Airport (Airport). The Airport Commission is governed by 14 Commissioners, with four members each being appointed by the City of Richmond, County of Henrico and County of Chesterfield governing bodies and two members being appointed by the County of Hanover governing body. The Airport Commission generates its revenues from service charges to users of the Airport facilities to recover the costs of maintaining, repairing and operating the Airport. Virginia law requires that the Airport Commission submit an annual budget showing estimated revenues and estimated expenditures to the governing bodies of the localities for their approval. After approval of the proposed budget by the governing bodies, if the Airport Commission's budget contains estimated expenditures that exceed estimated revenues, the governing bodies are required to fund the deficit in proportion to their pro rata financial basis in the Airport Commission. The pro rata basis is to be determined by the percentage of the population of each locality to the combined total population of all participating localities according to the most recent census, with Hanover County's pro rata share approximating 10.6%. If actual revenues are less than estimated revenues identified in the budget (resulting in a deficit), the localities may, at their discretion, appropriate funds necessary to fund the deficit. To date, the County has not been required to fund any deficit. Complete financial statements for the Airport Commission can be obtained from the Chief Financial Officer, 1 Richard E. Byrd Terminal Drive, Suite A, Richmond International Airport, Richmond, VA 23250-2400.

COUNTY OF HANOVER
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Greater Richmond Convention Center Authority: The Greater Richmond Convention Center Authority (GRCCA), a political subdivision of the Commonwealth of Virginia, was created on January 9, 1998 pursuant to the Public Recreational Facilities Authorities Act, Chapter 56, Title 15.2 of the Code. The political subdivisions participating in the incorporation of the GRCCA are the City of Richmond and the Counties of Chesterfield, Hanover and Henrico. The GRCCA is governed by a five member commission comprised of the chief administrative officer of each of the four incorporating political subdivisions and the President of the InUnison (<https://inunison.org/>).

The GRCCA was created for the purpose of acquiring, constructing, equipping, maintaining, and operating a regional convention center facility. In August 1996, each locality designated future revenue from the transient occupancy tax for expansion of the convention center. The GRCCA issued \$158,415,000 in Hotel Tax Revenue Bonds, which are secured by an eight percent transient occupancy tax imposed and collected by the localities. The County made an expenditure of \$1,564,277 for transient occupancy tax to the GRCCA during fiscal year 2024. Complete financial statements for the GRCCA can be obtained from Chesterfield County, Accounting Department, 9901 Lori Road, Chesterfield, Virginia 23832.

Dominion Energy Innovation Center: The Dominion Energy Innovation Center (DEIC), formally known as Dominion Resources GreenTech Incubator, a Virginia non-profit, non-stock corporation, was created in 2009, under authority granted by the Virginia General Assembly to the Virginia Biotechnology Research Partnership Authority, pursuant to an Agreement between the County, the Town of Ashland (Town), their respective economic development authorities, the Virginia Biotechnology Research Partnership Authority (Authority) and the Virginia Biosciences Development Center, Inc. The DEIC's governing structure consists of a Board of Directors of up to seven members, including the executive director of the Authority, a representative designated by each of Hanover County and the Town and up to four additional representatives as initially determined by the Authority, selected from a representative of the lead corporate sponsor, a representative of the other sponsors, and other outside directors.

The DEIC was created to encourage new business formation primarily in the areas of clean, "green" and energy conservation technologies within the County, by incubating member companies via the provision of affordable facilities, assistance with strategic business planning, access to business advisory boards, introduction to potential sources of investment capital, and other benefits. Under the Agreement and subject to annual appropriation, beginning in fiscal year 2010, the County and EDA have agreed to provide \$80,000, prorated annually for each of the first five years, to cover start-up costs and have also agreed to contribute amounts necessary to cover the costs of materials and labor for tenant improvements in the space leased by DEIC. In fiscal year 2015, the County renewed its commitment to this partnership for another three years. The Participants are committed to ensuring the long-term financial viability of DEIC, without the requirement for major cash subsidies after the first five years of operation. During fiscal year 2024, the EDA contributed \$20,000. Neither the County nor EDA have any ongoing financial interest in DEIC. Annual audited financial statements are available from DEIC at 201 Duncan Street, Ashland, VA 23005.

CodeRVA Regional High School: CodeRVA Regional High School (CodeRVA) was established pursuant to Section 22.1-26 of the *Code of Virginia* and Regulation of the Virginia Board of Education. CodeRVA provides an innovative program of studies for students from fifteen participating school divisions to graduate with a high school diploma and opportunities for extended internships, industry credentialing, and completion of an associate's degree in computer science. The governing structure consists of one member elected or appointed from the Hanover County Public Schools Board and each of the other partnering school boards. The CodeRVA school board powers and duties include adopting bylaws and policies, establishing and managing business property, affairs and operations, and approving CodeRVA's annual budget. Each participating school board is required to commit to a minimum number of allocated student slots and are required to pay the tuition of the minimum number of slots. Tuition payments are

COUNTY OF HANOVER
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payable July 15 of the new fiscal year. During the fiscal year 2024, the School Board paid tuition in the amount of \$337,600. Additional information is available from CodeRVA Regional High School at 1405 Cummings Drive, Suite 10, Richmond, VA 23220.

E. Jointly governed organizations

Pamunkey Regional Library: The Pamunkey Regional Library (Library) is a political subdivision of the Commonwealth of Virginia and is governed by a separate Board of Trustees, appointed for specific terms of office by the Boards of Supervisors of the counties to which it provides library services, including the Counties of Hanover, Goochland, King William, and King and Queen. Management and accountability for fiscal matters rest with the Library's Board, of which the County appoints four of the ten members. The Library receives contributions from the participating counties, but invests its own funds and formulates and approves its own budget. The County does not bear any direct or indirect liabilities for the operation of the Library, and has no equity interest in it. In fiscal year 2024, the County contributed a total of \$3,697,978 to the Library's operations. Complete financial statements for the Library can be obtained from the Director's office at 7443 Lee Davis Road, Suite 300, Mechanicsville, Virginia 23111.

Pamunkey Regional Jail Authority: The Pamunkey Regional Jail Authority (Jail Authority) is a political subdivision of the Commonwealth of Virginia. The participating jurisdictions of the Jail Authority are the Counties of Caroline and Hanover and the Town of Ashland. The Jail Authority is governed by a five-member board comprised of two members each from the Counties of Caroline and Hanover and one from the Town of Ashland. Management and accountability for fiscal matters rest with the Jail Authority. The County serves as fiscal agent for the Jail Authority; however, the Jail Authority Board of Directors formulates and approves its own budget. The County does not bear any direct or indirect liabilities for the operation of the Jail Authority and has no equity interest in it.

The purpose of the Jail Authority is to maintain and operate a regional jail facility to meet the needs of the participating jurisdictions for jail facilities. The participating jurisdictions have entered into a Service Agreement which is a long-term contract which regulates usage of the Jail and establishes payment terms applicable to participating jurisdictions. Under the Service Agreement, the County is obligated to commit all of its prisoners to the Jail at a per diem rate to be determined annually by the Jail Authority. The County, which typically provides a majority of the inmates to the facility, made per diem contributions totaling \$7,268,321 in fiscal year 2024. Complete financial statements for the Jail Authority can be obtained from the Jail Superintendent's office at P.O. Box 510, Hanover, Virginia 23069.

Middle Peninsula Juvenile Detention Commission: The Middle Peninsula Juvenile Detention Commission (Detention Commission) is a political subdivision of the Commonwealth of Virginia and is governed by a separate board. The Detention Commission was created by resolutions adopted in 1993 by its member jurisdictions, which include the Counties of Caroline, Charles City, Essex, Gloucester, Hanover, James City, King and Queen, King William, Lancaster, Matthews, Middlesex, New Kent, Northumberland, Richmond, Westmoreland, and York, and the Cities of Poquoson and Williamsburg. Each member jurisdiction appoints one member to the Detention Commission. The County of Hanover does not bear any direct or indirect liabilities for the operation of this organization, and has no equity interest in it.

The Detention Commission was created to enhance the protection of the region's citizens by the maintenance and operation of a juvenile detention facility (the Merrimac Center) to serve the member jurisdictions. The member jurisdictions have entered into a Service Agreement which is a long-term contract governing the parties' respective obligations. Under the Service Agreement, the County is obligated to pay a per diem rate to be determined annually by the Detention Commission for each day a juvenile from the County is held at the Center or in another detention facility secured by the Detention Commission. If the sum of all per diem rates paid during the fiscal year is below \$2,500, the County shall

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pay the Detention Commission the amount equal to the difference. During fiscal year 2024, the County's per diem payments to the Detention Commission totaled \$364,413. Complete financial statements for the Detention Commission can be obtained from the fiscal agent's office at James City County, Department of Financial and Management Services, 101-F Mounts Bay Road, P.O. Box 8784, Williamsburg, Virginia 23187-8784.

Central Virginia Waste Management Authority: The Central Virginia Waste Management Authority (Waste Authority) was established under the provisions of the Virginia Water and Sewer Authorities Act. The Waste Authority's board is comprised of representatives from the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George; the Cities of Colonial Heights, Hopewell, Petersburg and Richmond; and the Town of Ashland. The 20 member board is comprised of no less than one and no more than three members from each of the participating jurisdictions, determined on a population basis. The County has two representatives serving on the Waste Authority's Board. The Waste Authority is responsible for creating and implementing recycling and solid waste management programs for its local member jurisdictions in order to meet waste reduction mandates set by the Virginia General Assembly. Twenty-two subdivisions in the County participate in the Waste Authority's curbside recycling program. Except for contribution requirements and direct payments for special projects, no participant has any ongoing financial interest in the Waste Authority. The County's fiscal year 2024 payments to the Waste Authority totaled \$618,965. Complete financial statements can be obtained from the Waste Authority at 2100 West Laburnum Avenue, Suite 105, Richmond, Virginia 23227.

Greater Richmond Partnership: The Greater Richmond Partnership, Inc. (GRP) serves the Counties of Chesterfield, Hanover and Henrico, and the City of Richmond by seeking to enhance economic development in the participating localities. The County has two representatives serving on GRP's Board of Directors. During fiscal year 2024, the County made payments to the GRP totaling \$385,000. Complete financial statements can be obtained from GRP's office at 800 E. Canal Street, Ste. 925, Richmond, Virginia 23219.

Richmond Region Tourism: The Richmond Metropolitan Convention and Visitors Bureau (RMCVB) serves the Counties of Chesterfield, Hanover, Henrico, New Kent, Town of Ashland, and the Cities of Richmond and Colonial Heights by promoting conventions and tourism in the participating localities. The County has two representatives serving on RMCVB's Board of Directors, and made fiscal year 2024 contributions to RMCVB totaling \$338,608. Complete financial statements can be obtained from the RMCVB's office at 401 North 3rd Street, Richmond, Virginia 23219.

PlanRVA The Regional Commission: The PlanRVA the Regional Commission, formally known as the Richmond Regional Planning District Commission, is a regional planning agency serving the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan, the City of Richmond and the Town of Ashland. The primary functions of the Commission are to promote regional cooperation; coordinate the activities and policies of member local governments; resolve service delivery problems involving more than one government within the region and provide planning assistance to local governments. In accordance with its Charter, the PlanRVA promotes the orderly physical, social and economic development of the region through planning and encouraging local governments to plan for the future. The County paid member dues to PlanRVA totaling \$61,964 in fiscal year 2024. Complete financial statements can be obtained from PlanRVA at 424 Hull Street, Suite 300, Richmond, Virginia 23234.

F. Defined benefit pension plans – Virginia Retirement System

Pension Plans

Agent Multiple-Employer Plan - The County and School Board non-professional employees participate in agent multiple-employer defined benefit pension plans administered by the VRS. The VRS requires periodic employer contributions at actuarially determined rates, which will remain relatively level over time as a percentage of payroll and will accumulate sufficient assets to meet the cost of all basic benefits when due. The required employer contributions for County employees and for School Board non-professional employees are established annually by the VRS, by separate actuarial valuations specific to each group.

Cost-Sharing Multiple-Employer Plan - The School Board professional employees participate in a cost-sharing multiple-employer defined benefit pension plan administered by VRS. The VRS establishes a separate annual contribution requirement for the School Board's professional employees who participate in the VRS statewide teacher cost-sharing pool.

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 VRS agent multiple-employer and cost-sharing multiple-employer plans and the additions to/deductions from the VRS agent multiple-employer and cost-sharing multiple-employer plan's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension Plan Data - Information about the VRS Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Financial Report (Annual Report) and GASB 68 Report. A copy of the 2023 VRS Annual Report and GAAP Pension Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

VRS Plan Description

All full-time, salaried permanent employees of the County and School Board (professional and non-professional) are automatically covered by VRS upon employment. This plan is administered by the VRS 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 the County or School Board pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia* (the Code), as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The VRS administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out as described below:

VRS Plan 1 and Plan 2

Overview: Plan 1 and Plan 2 are defined benefit plans. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for and in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013 and they have not taken a refund. Employees are eligible for and in Plan 2 if their membership date is on

or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. VRS Plan 1 and Plan 2 non-hazardous duty covered members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 and 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible to an optional retirement plan (ORP) and had prior service under Plan 1 or 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or 2 or ORP.

Contributions: Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

Service Credit: Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. The Board elected to provide the health insurance credit program as provided in Section 51.1-140-2 of the Code to all eligible current and future County retirees.

Vesting: Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan.

Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.

Benefit Calculations: The Basic Benefit is calculated based on a formula using the member's average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this Basic Benefit if the member retiring with a reduced retirement benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.

For Plan 1, a member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee. The Plan 1 retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%, and the multiplier for hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer. The Board elected to provide the higher retirement multiplier (1.85%) to all eligible employees in hazardous duty positions as described in the Code Section 51.1-138.

Under Plan 1, the normal retirement age is 65, with a provision of age 60 for hazardous duty members. The earliest unreduced retirement can occur at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. For hazardous duty employees, the earliest unreduced eligibility is at age 60 with at least five years of credible service or age 50 with at least 25 years

of credible service. The earliest reduced retirement can occur at age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service. Hazardous duty employees can receive a reduced retirement benefit as early as age 50 with at least five years of credible service.

For Plan 2, a member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee. The service retirement multiplier factor is the same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. The retirement multiplier for non-hazardous duty employees is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013. The retirement multiplier for Sheriffs and regional jail superintendents is 1.85%, the same as Plan 1. The retirement multiplier for hazardous duty employees is 1.70% or 1.85% as elected by the employer, the same as under Plan 1.

Under Plan 2, the normal retirement age is consistent with the normal Social Security retirement age. The earliest unreduced retirement can occur at normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. The earliest reduced retirement can occur at Age 60 with at least five years (60 months) of creditable service.

Cost-of-Living Adjustment (COLA) in Retirement: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

Under Plan 1, the COLA matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. Under Plan 2, the COLA matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability.
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

Disability Coverage: Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% under Plan 1 and 1.65% under Plan 2 on all service, regardless of when it was earned, purchased or granted.

Purchase of Prior Service: Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must

purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

Hybrid Plan

Overview: The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan as noted:

- The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula.
- The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
- In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

Members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window held January 1-April 30, 2014. The plan's effective date for opt-in members was July 1, 2014.

Contributions: A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

Creditable Service: Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit, as well as determining vesting for the employer contribution portion of the plan. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. The Board elected to provide the health insurance credit program as provided in Section 51.1-140-2 of the Code to all eligible current and future County retirees.

Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

Vesting: Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make.

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service, as follows:

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.

- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required, except as governed by law until age 73.

Benefit Calculations: The benefit calculations for the Hybrid Plan are as outlined in Plan 1 and 2, except the defined contribution component is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

The average final compensation is a member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee. It is used in the retirement formula for the defined benefit component of the plan.

The service retirement multiplier for the defined benefit component 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.

The normal retirement age is consistent with the normal Social Security retirement age, with a provision that members are eligible to receive distributions upon leaving employment, subject to restrictions. The earliest member unreduced retirement can occur at normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Members may retire as early as age 60 with at least five years (60 months) of creditable service. The COLA in retirement terms is consistent with the provisions noted for Plan 2.

Disability Coverage: Employees of political subdivisions and school divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (the VLDP) unless their local governing body provides an employer-paid comparable program for its members.

Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under the VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

Purchase of Prior Service: Considerations are the same as noted under Plan 1, with the following exceptions:

- Hybrid Retirement Plan members are ineligible for ported service.

Agent Multiple-Employer Plan

Employees Covered by Benefit Terms

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

(See schedule on following page)

	County	School Board Non-Professional
Inactive members or their beneficiaries currently receiving benefits	704	216
Inactive members:		
Vested inactive members	256	57
Non-vested inactive members	309	124
Inactive members active elsewhere in VRS	435	73
Total inactive members	1000	254
Active members:	1,155	181
Total covered employees	2,859	651

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code, 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 contractually required employer contribution rates for the County and for the School Board's non-professional employee group for the fiscal year ended June 30, 2024 were 11.59% and 0.0%, respectively, of their annual covered employee compensation. These rates were based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

These rates, when combined with employee contributions, were 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 \$9,848,994 and \$9,058,225 for the years ended June 30, 2024 and June 30, 2023, respectively. Contributions from the School Board's non-professional group were \$0 for the years ended June 30, 2024 and June 30, 2023.

Net Pension Liability and Asset

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GAAP, less that employer's fiduciary net position. At June 30, 2024, the County reported a net pension liability of \$16,813,346 and the School Board's non-professional group reported a net pension asset of \$5,274,251; this net pension liability/asset was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability/asset was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions – General and Public Safety Employees

The total pension liability was measured as of June 30, 2022 for general employees of the County, School Board non-professional group, and the County public safety employees, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023:

(See schedule on following page)

	General Employees and Public Safety Employees
Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35% for County general employees and School Board non-professional group and 3.50% - 4.75% for County public safety employees
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation
Mortality Rates	15% of deaths are assumed to be service related for County general employees and School Board non-professional group and 45% of deaths are assumed to be service related for County public safety employees
Pre-Retirement	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years; for County public safety employees, 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; 110% of rates for males; 105% of rates for females set forward 3 years; for County public safety employees, Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and 105% 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; for County public safety employees, 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; 110% of rates for males and females set forward 2 years; for County public safety employees, 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; for County public safety employees, rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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

County General Employees	County Public Safety Employees
Updated mortality rates to PUB2010 public sector mortality tables	Updated mortality rates to PUB2010 public sector mortality tables
For future mortality improvements, replaced load with a modified Mortality Improvement Scale MP-2020	Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid changed final retirement age	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service	Decreased withdrawal rates and changed rates from based on service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
No change in disability rates, salary scale, line of duty disability, or discount rate	No change in disability rates, salary scale, line of duty disability, or discount rate

Long-Term Expected Rate of Return

The long-term expected rate of return on the pension plan 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 VRS 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 estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75%, which is roughly at the 45th percentile of expected long-term results of the VRS fund allocation at that time, providing a median return of 7.14%, including an expected inflation rate of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan 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; political subdivisions were also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY12 or 100% of the actuarially determined employer rate from the June 30, 2021, actuarial valuations, whichever is greater. From July 1, 2023 on, participating employers and employees are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability/(Asset) (County)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a) - (b)
Balances at June 30, 2022	\$ 353,145,839	\$ 337,241,011	\$ 15,904,828
Changes for the year:			
Service cost	9,789,210	-	9,789,210
Interest	24,036,718	-	24,036,718
Differences between expected and actual experience	1,662,818	-	1,662,818
Contributions - employer	-	9,057,783	(9,057,783)
Contributions - employee	-	3,793,368	(3,793,368)
Net investment income	-	21,934,697	(21,934,697)
Benefit payments, including refunds of employee contributions	(13,671,056)	(13,671,056)	-
Administrative expenses	-	(214,676)	214,676
Other changes	-	9,056	(9,056)
Net changes	21,817,690	20,909,172	908,518
Balances at June 30, 2022	\$ 374,963,529	\$ 358,150,183	\$ 16,813,346

Changes in Net Pension (Asset) (School Board non-professional group)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
Balances at June 30, 2022	\$ 27,508,127	\$ 33,285,727	\$ (5,777,600)
Changes for the year:			
Service cost	493,466	-	493,466
Interest	1,830,756	-	1,830,756
Difference between expected and actual experience	529,417	-	529,417
Contributions - employer	-	2,427	(2,427)
Contributions - employee	-	266,247	(266,247)
Net investment income	-	2,102,586	(2,102,586)
Benefit payments, including refunds of employee contributions	(1,758,562)	(1,758,562)	-
Administrative expenses	-	(21,808)	21,808
Other changes	-	838	(838)
Net changes	1,095,077	591,728	503,349
Balances at June 30, 2023	\$ 28,603,204	\$ 33,877,455	\$ (5,274,251)

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 School non-professional group using the discount rate of 6.75%, as well as what their net pension liability (asset) 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:

	<u>1% Decrease (5.75%)</u>	<u>Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
County Employees			
Net Pension Liability (Asset)	<u>\$ 71,009,951</u>	<u>\$ 16,813,346</u>	<u>\$ (27,329,175)</u>
School Non-Professional			
Net Pension Liability (Asset)	<u>\$ (2,066,113)</u>	<u>\$ (5,274,251)</u>	<u>\$ (8,018,765)</u>

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

For the year ended June 30, 2024, the County recognized pension expense of \$8,089,684. At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$1,322,540	\$1,022,173
Changes of assumptions	3,205,541	-
Net difference between projected and actual earnings on pension plan investments	-	5,063,636
Employer contributions subsequent to the measurement date	<u>9,848,994</u>	<u>-</u>
Total	<u>\$14,377,075</u>	<u>\$6,085,809</u>

\$9,848,994 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense in future reporting periods as follows:

Year ended June 30

2025	\$ (1,052,871)
2026	(5,787,284)
2027	5,123,535
2028	158,892
2029	-
Thereafter	-
Total	<u>\$ (1,557,728)</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (School Board non-professional group)

For the year ended June 30, 2024, the School Board non-professional group recognized pension expense of (\$574,389). At June 30, 2024, the School Board non-professional group 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
Difference between expected and actual experience	\$217,995	-
Net difference between projected and actual earnings on pension plan investments	-	551,735
Total	<u>\$217,995</u>	<u>\$551,735</u>

As the School Board had a required contribution rate of 0% during the year, there were no deferred outflows of resources related to pensions resulting from the School Board's contributions after the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense in future reporting periods as follows:

Year ending June 30

2025	\$ (172,082)
2026	(660,678)
2027	480,378
2028	18,642
2029	-
Thereafter	-
Total	<u>\$ (333,740)</u>

Cost-Sharing Multiple-Employer Plan

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code, 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.

Each school division's contractually required contribution rate for the year ended June 30, 2024 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were \$20,538,178 and \$19,248,273 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$147.5 million to the VRS Teachers Employee Plan. This special payment was authorized by a budget amendment included in Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution. The amount contributed to the School Board's professional group was \$1,797,000 for the year ended June 30, 2024 and is reflected in the School Board operating grants and contributions total on Exhibit 2.

Net Pension Liability

At June 30, 2024, the School Board professional group reported a liability of \$123,172,462 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The School Board's proportion of the net pension liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the School Board's proportion was 1.21866% as compared to 1.21948% at June 30, 2022.

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

For the year ended June 30, 2024, the School Board's professional group recognized pension expense of \$11,515,480. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation. At June 30, 2024, the School Board's professional group reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(See schedule on following page)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$8,008,695
Net difference between projected and actual earnings on pension plan investments	5,773,903	-
Change in assumptions	5,583,839	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,785,588	2,211,532
Employer contributions subsequent to the measurement date	20,538,178	-
Total	<u>\$33,681,508</u>	<u>\$10,220,227</u>

\$20,538,178 reported as deferred outflows of resources related to pensions resulting from the School Board's professional group's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ending June 30

2025	\$ (2,792,385)
2026	(7,149,214)
2027	10,477,090
2028	2,387,612
2029	-
Thereafter	-
Total	<u>\$ 2,923,103</u>

Actuarial Assumptions

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

(See schedule on following page)

	School Board Professional Employee Group
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 Employee Rates projected generationally; males set forward 1 year; 105% of rates for females
Post-Disablement	Pub-2010 Amount Weighted Teachers Disables Rates projected generationally; 110% of rates for males and females
Beneficiaries and Survivors	Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally
Mortality Improvement	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the standard rates

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

School Board's Professional Employee Group
Updated mortality rates to PUB2010 public sector mortality tables
For future mortality improvements, replaced load with a modified Mortality Improvement Scale MP-2020
Adjusted retirement 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
Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
No change in disability rates, salary scale, or discount rate

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GAAP, less the System's fiduciary net position. As of June 30, 2023, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

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

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GAAP in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on the pension plan 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 estimates of arithmetic real rates of return for each major asset are summarized in the following table:

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

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

median return of 7.14%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan 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. Through the fiscal year ending June 30, 2023, the rate contributed by the employer for the cost-sharing plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 112% of the actuarially determined contribution rate. From July 1, 2023 on, school divisions are assumed to contribute 112% 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.

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

The following presents the net pension liability for the School Board's professional group using the discount rate of 6.75%, as well as what their 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:

	<u>1% Decrease (5.75%)</u>	<u>Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
School Board Professional proportionate share of the VRS Teacher Employment Retirement Plan Net Pension Liability	<u>\$ 218,340,843</u>	<u>\$ 123,172,462</u>	<u>\$ 44,936,225</u>

G. Postemployment healthcare plan and Other Postemployment Benefits (OPEB) Trust

In addition to the pension benefits described in note V-F, the County provides for optional participation by eligible retirees and their eligible spouses and dependents, in the medical and prescription drug healthcare benefit program available to employees. Pursuant to Code Section 15.2-1544 *et seq.* the County has established the Hanover County, Virginia Retiree Medical Benefits Plan (Plan), an agent multiple-employer defined benefit healthcare plan, and the Hanover County, Virginia Retiree Medical Benefits Trust Agreement (Trust), which are administered as one plan. The Plan covers only eligible retirees of the reporting entity, the Pamunkey Regional Library and the Pamunkey Regional Jail Authority, hereinafter referred to as Affiliates. The Trust provides the funding mechanism for the postemployment healthcare benefits established by the Plan. The Code assigns the authority to administer the Plan, and to establish and amend the benefit provisions of the Plan by the Board. The Plan provides for biennial reviews of benefit provisions based on actuarial analysis, but does not require any automatic or ad hoc benefit increases, although the Board may amend or terminate the Plan at any time. The Trust's accumulated assets may legally be used to pay all plan benefits provided to any of the plan's members or beneficiaries. The Trust is considered part of the County of Hanover's financial reporting entity and is included in the County's financial statements as an Other Postemployment Benefits Trust Fund. Accordingly, audited financial statements are not separately available.

a. Summary of significant accounting policies

Basis of accounting – The Trust’s financial statements are prepared using the accrual basis of accounting. Employer contributions to the Trust (including cash contributions and actuarially estimated employer premium subsidies) are recognized when due and the employer has made a formal commitment to provide the contributions. Plan member contributions are recognized in the period in which the contributions and subsidies are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Valuation of investments – All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on June 30, 2024. Securities without an established market are reported at estimated fair value.

b. Plan description, contribution and funding information

Membership - The Plan covers all employees of the reporting entity and its Affiliates (Employers) who retire and meet certain eligibility requirements. For the most recent biennial actuarial valuation dated as of June 30, 2022, the Plan membership at February 1, 2023 consisted of the following:

	Primary Government	School Board Component Unit	Affiliates	Total
Retirees and beneficiaries				
receiving benefits	25	37	4	66
Active employees	981	1,883	125	2,989
Total number of plan members	1,006	1,920	129	3,055
Number of participating employers	1	1	2	4

Plan description - The Plan provides that the Employers will provide certain subsidies toward the cost of the health benefit coverage of eligible retirees, spouses and dependents. In order to participate in the Plan, retirees must be enrolled in the health insurance program available to County employees at date of separation. In addition, participants must meet the VRS retirement age and service retirement requirements, and, if hired after September 30, 2007, must have five years of service with an Employer or retire pursuant to the disability requirements of Social Security or the VRS. The amount of monthly subsidy provided by the Plan is based on years of service and, as of June 30, 2013, ranged from \$100 per month for employees with 10 but less than 15 years of service to \$200 per month for 20 or more years of service. The subsidy for a retiree’s spouse and dependents are equal to that of the retiree, with a limit of three subsidies per retiree. Effective for those who retire July 1, 2015 or later, there shall not be a subsidy for their spouse or dependents. Retirees hired prior to October 1, 2007 have no years of service requirement, but must meet all other requirements for participation. In addition, retirees hired prior to October 1, 2007, who have at least ten years of service with an Employer and whose age and years of service equal at least 60 (grandfathered employees), will receive an initial subsidy of \$251 per month. For employees retiring after September 30, 2008, subsidies will end with Medicare eligibility. Any Plan participants currently in the Plan over age 65 must be enrolled in Medicare as primary insurer effective July 1, 2015. Additionally, any grandfathered retirees who are not yet age 65 must enroll in Medicare as primary insurer once they have met the Medicare eligibility requirements.

Retirees under the Plan may select from the health care plans offered to active employees and pay the health insurance premium rate established annually based on biennial actuarial analysis of the claims cost of the retiree group, net of the applicable subsidy established by the Plan. Depending upon the health care plan

selected, the net retiree premium amounts range from \$534 to \$1,434 per month for those electing retiree-only coverage, and from \$2,073 to \$4,302 per month for family coverage. Costs of administering the Plan will be borne by the Trust or by the Employers.

Benefits provided - The Plan funds subsidy amounts for participating eligible retirees and their dependents. The amounts vary based on retirement date and years of service as outlined above.

Contributions - The Code permits the Board to make appropriations to fund the Trust and to enter into agreement with its School Component Unit and its Affiliates to participate in and contribute to the Trust. Contributions to the Trust are irrevocable; however, continued participation in the Plan is voluntary, and any Employer may individually terminate future participation in the Plan. Retiree medical activity is processed through the self-insurance fund on a pay-go basis.

Each year the Trust Board determines whether there should be any withdrawals or contributions made to the Trust. During the year ended June 30, 2024, the Trust Board did not make any withdrawals or contributions to the Trust.

Funding policy - The Board has adopted a resolution under which the Employers will contribute funds to the Trust periodically, as determined appropriate, based on periodic actuarial analysis of the future obligations of the Employers.

Investments – The OPEB Trust Board has determined that to achieve the greatest likelihood of meeting the applicable investment objectives, the Trust should allocate assets into two broad classes:

- Investment Assets to be invested to achieve the annual rate of return equal to the Trust’s actuarial discount rate with target allocations comprised of 42% in Domestic Equity, 23% in International Equity, and 35% in Fixed Income investments,
- Liquidity Assets to be held solely in cash equivalent investments and used to pay for benefits and expenses of the Trust.

Rate of Return – For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 13.51%. This return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Asset – As of June 30, 2024, in accordance with GAAP, the Net OPEB Asset amount for the Plan is as follows:

	<u>Hanover OPEB Plan for Retiree Medical</u>
Total OPEB Liability	\$ 3,127,595
Plan Fiduciary Net Position	<u>7,737,150</u>
Employers' Net OPEB Asset	<u>\$ 4,609,555</u>
Plan Fiduciary Net Position as a Percentage of the Total Plan Liability	247.38%

The total OPEB liability is calculated by the Plan’s actuary. The most recent actuarial valuation was based on data as of February 1, 2023 with a measurement date of June 30, 2024 for its GASB 74 reporting for the year ended June 30, 2024.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the February 1, 2023 actuarial valuation, the Entry-Age Normal Actuarial Cost Method was used calculated on an individual basis with level percentage of payroll. The actuarial assumptions included a 6.5% annual investment rate of return (net of administrative expenses) and a payroll increase assumption of 2.50%. The liability is being amortized as a level percentage of projected payroll on a closed basis over fourteen years.

Mortality rates were as follows: For all healthy retirees and covered spouses, the SOA Pub-2010 General Retirees Headcount-Weighted Mortality Table, projected on a fully generational basis with mortality improvement scale MP-2021. For general disabled employees, the assumptions were based on the SOA Pub-2010 General Disabled Retirees Headcount-Weighted Mortality Table. For disabled public safety retirees, the assumptions were based on the SOA Pub-2010 Public Safety Disabled Retirees Headcount-Weighted Mortality table. For disabled teacher retirees, the assumptions were based on the SOA Pub-2010 Teachers Disabled Retirees Headcount-Weighted Mortality Table. For all disabled retirees, the projections were on a fully generational basis with mortality improvement scale MP-2021.

The assumed inflation rate is 2.5%. The long-term expected rate of return of OPEB plan investments net of inflation is 5.05% on Domestic Equities, 4.56% on International Developed Equities, 4.93% on International Emerging Market Equities, and 2.20% on Core Fixed Investments.

Discount Rate – The discount rate used to measure the total OPEB liability was 6.5%. This is the expected rate of return on trust assets. During its February 2020 meeting, the OPEB Trust Board established this 6.5% rate (not adjusted for inflation) as the long-term target rate for the Plan over a rolling five-year period. Previously the discount rate was 7.0%, unchanged since the Plan’s inception. The OPEB Trust Board reviews annual feasibility studies performed by the Plan’s investment consultant to consider the ongoing appropriateness of the target rate and whether a change should be considered. No changes were made to the 6.5% rate in the year ended June 30, 2023.

Long-Term Medical Trend – As Plan funding is used subsidize premium rates, the OPEB Plan liability is not affected by changes in the Long-Term Medical Trend.

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate - The following presents the total OPEB liability and net pension asset for the OPEB plan for the June 30, 2024 valuation using the discount rate of 6.5%, as well as what their net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (5.5%) or one percentage point higher (7.5%) than the current rate:

(See schedule on following page)

	5.5%	6.5%	7.5%
	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	3,314,519	3,127,595	2,951,183
Net OPEB Liability/(Asset)	(4,422,631)	(4,609,555)	(4,785,967)

c. County's and School Board's portion of the Postemployment Healthcare Plan and Other Postemployment Benefits Trust

Net Postemployment Healthcare Plan and OPEB Asset (County and School Board) - At June 30, 2023, the County reported \$1,444,574 and the School Board reported \$2,115,899 for their portions of the net pension OPEB asset. The net OPEB asset was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation performed as of February 1, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled to the measurement date of June 30, 2024.

Changes in Net OPEB Asset - The related change in the Net OPEB Asset for the County and School Board for the measurement date of June 30, 2024 are outlined as follows:

Changes in Net OPEB Asset (County)

	Increase (Decrease)		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB (Asset) (a) - (b)</u>
Balances at June 30, 2022 for FYE 2023	\$ 1,140,091	\$ 2,418,232	\$ (1,278,141)
Changes for the year:			
Service cost	44,355	-	44,355
Interest	71,788	-	71,788
Experience (Gains)	11,430	-	11,430
Employer Trust contributions	-	84,204	(84,204)
Net investment income	-	209,802	(209,802)
Benefit payments	(84,204)	(84,204)	-
Net changes	43,369	209,802	(166,433)
Balances at June 30, 2023 for FYE 2024	\$ 1,183,460	\$ 2,628,034	\$ (1,444,574)

Changes in Net OPEB Asset (School Board)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Asset) (a) - (b)
Balances at June 30, 2022 for FYE 2023	\$ 1,669,917	\$ 3,542,040	\$ (1,872,123)
Changes for the year:			
Service cost	64,968	-	64,968
Interest	105,149	-	105,149
Experience (Gains)	16,744	-	16,744
Employer Trust contributions	-	123,336	(123,336)
Change in proportionate share	-	-	-
Net investment income	-	307,301	(307,301)
Change in assumptions	-	-	-
Benefit payments	(123,336)	(123,336)	-
Net changes	63,525	307,301	(243,776)
Balances at June 30, 2023 for FYE 2024	\$ 1,733,442	\$ 3,849,341	\$ (2,115,899)

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate - The following presents the net OPEB asset of the County and School Board at June 30, 2024 (with a measurement date of June 30, 2023, using the discount rate of 6.5%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is 1% point lower (5.5%) or 1% point higher (7.5%) than the current rate:

OPEB

	5.5% 1% Decrease	6.5% Discount Rate	7.5% 1% Increase
County			
Net OPEB Asset	\$ 1,372,225	\$ 1,444,574	\$ 1,512,863
School Board			
Net OPEB Asset	\$ 2,009,928	\$ 2,115,899	\$ 2,215,923

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (County) – For the year ended June 30, 2024, the County recognized OPEB expense of (\$188,989), including (\$176,497) for the Primary Government, (\$12,284) for public utilities, and (\$208) for the airport. At June 30, 2024, the County reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$9,847	\$456,182
Changes of assumptions	18,062	120,014
Net difference between projected and actual earnings on OPEB plan investments	88,550	-
Change in proportion	6,970	93,638
Employer contributions subsequent to the measurement date	59,441	-
Total	<u>\$182,870</u>	<u>\$669,834</u>

\$59,441 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the year ending June 30, 2025. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the County portion of the OPEB plan will be recognized in the County OPEB expense in the future reporting periods as follows:

Year ending June 30

2025	\$ (135,764)
2026	(137,334)
2027	(26,742)
2028	(150,837)
2029	(97,361)
Thereafter	<u>1,633</u>
Total	<u>\$ (546,405)</u>

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (School Board) – For the year ended June 30, 2024, the School Board recognized OPEB expense of (\$231,201). At June 30, 2024, the School Board reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$14,423	\$668,180
Changes of assumptions	26,457	175,787
Net difference between projected and actual earnings on OPEB plan investments	129,703	-
Change in proportion	127,242	15,918
Employer contributions subsequent to the measurement date	144,141	-
Total	<u>\$441,966</u>	<u>\$859,885</u>

\$144,141 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the year ending June 30, 2025. Amounts reported as deferred inflows of resources related to the School Board portion of the OPEB plan will be recognized in the School Board OPEB expense in the future reporting periods as follows:

Year ending June 30

2025	\$ (153,238)
2026	(155,532)
2027	19,514
2028	(162,253)
2029	(112,948)
Thereafter	2,397
Total	<u>\$ (562,060)</u>

H. Health Insurance Credit program - Virginia Retirement System

The County participates in the Political Subdivision HIC Program as an agent multiple-employer plan. The School Board participates in the Teacher Employee HIC Program, a cost sharing multiple-employer plan. Additionally, the School Board began participating in the Political Subdivision HIC Program as an agent multiple-employer plan for its non-professional employees with contributions beginning in July 2020.

Political Subdivision HIC Program

Plan Description

All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Program upon employment. This plan is administered by VRS, 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 health insurance credit 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.

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

Benefit Amounts: The Political Subdivision HIC Program provides the following benefits for eligible employees:

- At Retirement – 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.
- Disability Retirement – 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.

Program Notes: The monthly HIC benefit cannot exceed the individual premium amount. No health insurance credit for premiums paid and qualified under LODA, however, the employee may receive the credit for premiums paid for other qualified health plans. And employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit as a retiree.

Employees Covered by Benefit Terms: As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>County</u>	<u>School Board Non-Professional</u>
Inactive members or their beneficiaries currently receiving benefits	266	30
Inactive members:		
Vested inactive members	27	14
Inactive members active elsewhere in VRS	311	75
Total inactive members	604	89
Active members:	745	179
Total covered employees	1,349	298

Contributions

The contribution requirement for active employees is governed by §51.1-1402(E) of the Code, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County's contractually required employer contribution rate for the year ended June 30, 2024 was 0.19% of covered employee compensation. The School Board's contractually required employer contribution rate for its non-professional employees for the year ended June 30, 2024 was 0.94% of covered employee compensation. These rates were based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the Political Subdivision HIC Program were \$106,821 and \$96,580 for the years ended June 30, 2024 and June 30, 2023, respectively. Contributions from the School Board to the Political Subdivision HIC Program were \$88,388 and \$53,847 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net HIC OPEB liability

The net HIC OPEB liability for the County and School Board non-professional group was measured as of June 30, 2023. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions

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

(See schedule on following page)

	County & School Board Non-Professional Employees
Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35% for County general employees and School Board non-professional group and 3.50% - 4.75% for County public safety employees
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation
Mortality Rates	
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; for County public safety employees, 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; 110% of rates for males; 105% of rates for females set forward 3 years; for County public safety employees, Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and 105% 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; for County public safety employees, 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; 110% of rates for males and females set forward 2 years; for County public safety employees, 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; for County public safety employees, rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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

County General & School Board Non-Professional Employees	County Public Safety Employees
Updated mortality rates to PUB2010 public sector mortality tables	Updated mortality rates to PUB2010 public sector mortality tables
For future mortality improvements, replaced load with a modified Mortality Improvement Scale MP-2020	Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Adjusted retirement 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	Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70
Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service	Decreased withdrawal rates and changed from rates based on age to rates based on service only to better fit experience and to be and to be more consistent with Locals Top 10 Hazardous Duty
No change in disability rates, salary scale, line of duty disability, or discount rate	No change in disability rates, salary scale, line of duty disability, or discount rate

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

* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation rate of 2.50%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2023, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to 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

Changes in Net OPEB - HIC Liability (County Employees)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2022	\$ 1,500,405	\$ 845,364	\$ 655,041
Changes for the year:			
Service cost	28,887	-	28,887
Interest	100,402	-	100,402
Difference between expected and actual experience	153,719	-	153,719
Contributions - employer	-	96,580	(96,580)
Net investment income	-	49,494	(49,494)
Benefit payments, including refunds of employee contributions	(83,705)	(83,705)	-
Administrative expenses	-	(1,168)	1,168
Other changes	-	2,498	(2,498)
Net changes	199,303	63,699	135,604
Balances at June 30, 2023	\$ 1,699,708	\$ 909,063	\$ 790,645

Changes in Net OPEB - HIC Liability (School Non-Professional Employees)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2022	\$ 675,829	\$ 67,367	\$ 608,462
Changes for the year:			
Service cost	5,252	-	5,252
Interest	45,455	-	45,455
Difference between expected and actual experience	(317,475)	-	(317,475)
Contributions - employer	-	53,847	(53,847)
Net investment income	-	5,688	(5,688)
Benefit payments, including refunds of employee contributions	(15,357)	(15,357)	-
Administrative expenses	-	(167)	167
Other changes	-	37	(37)
Net changes	(282,125)	44,048	(326,173)
Balances at June 30, 2023	\$ 393,704	\$ 111,415	\$ 282,289

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

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

	1% Decrease (5.75%)	Discount Rate (6.75%)	1 % Increase (7.75%)
County Employees			
Net HIC OPEB Liability	<u>\$ 989,832</u>	<u>\$ 790,645</u>	<u>\$ 623,431</u>
School Board Non-Professional Employees			
Net HIC OPEB Liability	<u>\$ 324,469</u>	<u>\$ 282,289</u>	<u>\$ 246,378</u>

HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Program OPEB (County)

For the year ended June 30, 2024, the County recognized HIC Program OPEB expense \$97,973, including \$91,497 for the general government, \$6,368 for public utilities, and \$108 for the airport. At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to the Political Subdivision HIC Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$122,811	\$108,680
Changes of assumptions	131,602	2,350
Net difference between projected and actual earnings on HIC plan investments	-	4,648
Employer contributions subsequent to the measurement date	<u>106,821</u>	<u>-</u>
Total	<u>\$361,234</u>	<u>\$115,678</u>

\$106,821 reported as deferred outflows of resources related to the HIC OPEB resulting from the political subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

(See schedule on following page)

Year ended June 30

2025	\$ 30,886
2026	26,691
2027	48,703
2028	30,519
2029	1,811
Thereafter	125
Total	<u>\$ 138,735</u>

HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Program OPEB (School Board non-professional group)

For the year ended June 30, 2024, the School Board recognized HIC Program OPEB expense (\$17,850). At June 30, 2024, the School Board reported deferred outflows of resources and deferred inflows of resources related to the Political Subdivision HIC Program from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$249,432
Change in assumptions	79,680	-
Net difference between projected and actual earnings on HIC plan investments	1,265	
Employer contributions subsequent to the measurement date	<u>88,388</u>	<u>-</u>
Total	<u>\$169,333</u>	<u>\$249,432</u>

\$88,388 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year ended June 30

2025	\$ (62,845)
2026	(64,912)
2027	(40,760)
2028	30
2029	-
Thereafter	-
Total	<u>\$ (168,487)</u>

Teacher Employee Health Insurance Credit Program

Plan Description:

All full-time, salaried permanent (professional) employees of public-school divisions are automatically covered by the VRS Teacher Employee HIC Program. This plan is administered by VRS, 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 health insurance credit 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.

Eligibility: The Teacher Employee Retiree HIC Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.

Eligible employees are enrolled automatically upon employment. They include Full-time permanent (professional) salaried employees of public-school divisions covered under VRS.

Benefit Amounts: The Teacher Employee Retiree HIC Program provides the following benefits for eligible employees:

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

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

Contributions: The contribution requirement for active employees is governed by §51.1-1401(E) of the Code, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2024 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the VRS Teacher Employee HIC Program were \$1,565,822 and \$1,462,471 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$4.0 million to the VRS Teacher Health Insurance Credit Program. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution. The School Board recognized a non-employer contribution of \$48,540, which is reflected in the operating grant and contribution amount for the School Board in Exhibit 2 Statement of Activities for the year ended June 30, 2024.

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

At June 30, 2024, the School Board reported a liability of \$14,684,681 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2023 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The School Board's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the School Board's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion of the VRS Teacher Employee HIC Program was 1.21219% as compared to 1.21458% at June 30, 2022.

For the year ended June 30, 2024, the School Board recognized VRS Teacher Employee HIC Program OPEB expense of \$1,045,076. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$7,369	\$ -
Net difference between projected and actual earnings on Teacher HIC plan investments	-	646,347
Change in assumptions	341,835	14,798
Changes in proportionate share	-	216,659
Employer contributions subsequent to the measurement date	1,565,822	-
Total	<u>\$1,915,026</u>	<u>\$877,804</u>

\$1,565,822 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred 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:

(See schedule on following page)

Year ending June 30

2025	\$ (158,546)
2026	(146,389)
2027	(70,841)
2028	(88,312)
2029	(39,343)
Thereafter	<u>(25,169)</u>
Total	<u>\$ (528,600)</u>

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

	<u>School Board Professional Employee Group</u>
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 Employee Rates projected generationally; males set forward 1 year; 105% of rates for females
Post-Disablement	Pub-2010 Amount Weighted Teachers Disables 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, 2022 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study are as follows:

(See schedule on following page)

School Board's Professional Employee Group

Updated mortality rates to PUB2010 public sector mortality tables
For future mortality improvements, replaced load with a modified
Mortality Improvement Scale MP-2020
Adjusted retirement 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
Adjusted withdrawal rates to better fit experience at each year age
and service through 9 years of service
No change in disability rates, salary scale, or discount rate

Net Teacher Employee HIC OPEB Liability: The Net OPEB liability (NOL) for the Teacher Employee HIC Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2023, NOL amounts for the VRS Teacher Employee HIC Program is as follows (amounts expressed in thousands):

	<u>Teacher Employee HIC OPEB Plan</u>
Total Teacher Employee HIC OPEB Liability	\$ 1,475,471
Plan Fiduciary Net Position	<u>264,054</u>
Teacher Employee net HIC OPEB Liability	<u><u>\$ 1,211,417</u></u>

Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	17.90%
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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 GAAP in VRS's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return: The long-term expected rate of return on 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:

(See schedule on following page)

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

* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate: The discount rate used to measure the total 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 ending June 30, 2023, the rate contributed by each school division for the VRS Teacher Employee HIC Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2023 on, all agencies are assumed to 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 Board's proportionate share of the VRS Teacher Employee HIC Program net HIC OPEB liability using the discount rate of 6.75%, as well as what the School Board'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:

(See schedule on following page)

	1% Decrease (5.75%)	Discount Rate (6.75%)	1 % Increase (7.75%)
School Board's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net Pension Liability	<u>\$ 16,610,014</u>	<u>\$ 14,684,681</u>	<u>\$ 13,053,128</u>

Teacher Employee HIC OPEB Fiduciary Net Position: Detailed information about the VRS Teacher Employee HIC Program's Fiduciary Net Position is available in the separately issued VRS 2023 *Annual Comprehensive Financial Report* (Annual Report), which may be downloaded from the VRS website at varetire.org/pdf/publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

I. Group Life Insurance Program - Virginia Retirement System

The County and School Board participates in the VRS GLI Program, cost-sharing multiple employer plans, for both its professional and non-professional employees.

Group Life Insurance Program

Plan Description: All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS GLI Program upon employment. This plan is administered by VRS, along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. 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 program, it is not included as part of the Group Life Insurance Program OPEB.

Eligibility: The GLI Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: City of Richmond, City of Portsmouth, City of Roanoke, City of Norfolk, and Roanoke City Schools Board.

Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

Benefit Amounts: The benefits payable under GLI Program have several components.

- Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- Accidental Death Benefit – The accidental death benefit is double the natural death benefit.
- Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
 - Accidental dismemberment benefit
 - Safety belt benefit
 - Repatriation benefit

- Felonious assault benefit
- Accelerated death benefit option

Reduction in benefit Amounts: The benefit amounts provided to members covered under the GLI Program 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.

Minimum Benefit Amount and Cost-of-Living Adjustment: For covered members with at least 30 years of service credit, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,254 as of June 30, 2024.

Contributions: The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code, 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 Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ($1.34\% \times 60\%$) and the employer component was 0.54% ($1.34\% \times 40\%$). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. The County and School Board have elected to pay the entire 1.34% rate. The employer component of contributions (.54% rate) to the GLI Program from the County were \$459,811 and \$419,701 for the years ended June 30, 2024 and June 30, 2023, respectively. The employer component of contributions to the GLI Program from the Schools for the professional group were \$695,142 and \$649,395 for the years ended June 30, 2024 and June 30, 2023, respectively. The employer component of contributions to the GLI Program from the Schools for the non-professional group were \$50,555 and \$31,073 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The amount contributed to the GLI program for the County was \$33,726, included in operating grants and contributions in Exhibit 2 Statement of Activities. The amount for the Schools professional group was \$52,183, and for the Schools non-professional group was \$2,497 totaling \$54,680 included in operating grants and contributions for the School Board in Exhibit 2 Statement of Activities.

GLI OPEB Liabilities: At June 30, 2024, the County reported a liability of \$3,986,518 for its proportionate share of the Net GLI OPEB Liability. The School Board reported a liability of \$6,168,189 for its professional group and \$295,151 for its non-professional group for their proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the County's proportion was 0.33240% as compared to 0.33762% at June 30, 2022. At June 30, 2023, the

School Board professional's proportion was 0.51431% as compared to 0.52231% at June 30, 2022. At June 30, 2023, the School Board non-professional's proportion was 0.02461% as compared to 0.02332% at June 30, 2022.

GLI OPEB Expense: For the year ended June 30, 2024, the County recognized GLI OPEB expense of \$193,736, including \$180,930 for the general government, \$12,593 for public utilities, and \$213 for the airport. The School Board recognized a GLI OPEB expense of \$210,991 for its professional group and (\$857) for its non-professional group. 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.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB (County): At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$160,201
Net difference between projected and actual earnings on GLI OPEB program investments	277,145	
Change in assumptions	85,214	276,202
Changes in proportion	34,950	65,485
Employer contributions subsequent to the measurement date	459,811	-
Total	<u>\$857,120</u>	<u>\$501,888</u>

\$459,811 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's employer portion of contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year ending June 30

2025	\$ (22,681)
2026	(167,659)
2027	57,373
2028	(88)
2029	28,476
Thereafter	-
Total	<u>\$ (104,579)</u>

Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB (School Board professional group): At June 30, 2024, the School Board reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB for its professional group from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$247,873
Net difference between projected and actual earnings on GLI OPEB program investments	428,815	-
Change in assumptions	131,848	427,356
Changes in proportion	88,046	215,904
Employer contributions subsequent to the measurement date	<u>695,142</u>	<u>-</u>
Total	<u><u>\$1,343,851</u></u>	<u><u>\$891,133</u></u>

\$695,142 reported as deferred outflows of resources related to the GLI OPEB resulting from the School Board professional group's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year ending June 30

2025	\$ (97,850)
2026	(290,956)
2027	84,996
2028	17,166
2029	44,220
Thereafter	<u>-</u>
Total	<u><u>\$ (242,424)</u></u>

Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB (School Board non-professional group): At June 30, 2024, the School Board reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB for its non-professional group from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$11,861
Net difference between projected and actual earnings on GLI OPEB program investments	29,478	8,959
Change in assumptions	6,309	20,449
Changes in proportion	14,001	29,080
Employer contributions subsequent to the measurement date	50,555	-
Total	<u>\$100,343</u>	<u>\$70,349</u>

\$50,555 reported as deferred outflows of resources related to the GLI OPEB resulting from the School Board non-professional group's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year ending June 30

2025	\$ (9,508)
2026	(18,052)
2027	1,004
2028	397
2029	5,598
Thereafter	-
Total	<u>\$ (20,561)</u>

Actuarial Assumptions

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

	<u>Group Life Insurance Plan Assumptions</u>
Inflation	2.50%
Salary increases, including inflation	
Teachers	3.50% - 5.95%
County General Employees	3.50% - 5.35%
County Public Safety Employees	3.50% - 4.75%
	6.75%, net of pension plan investment expenses, including
Investment rate of return	inflation

	<u>School Board Employees</u>
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 Employee Rates projected generationally; males set forward 1 year; 105% of rates for females
Post-Disablement	Pub-2010 Amount Weighted Teachers Disables 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

	<u>County General Employees</u>
Mortality Rates:	
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	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

County Public Safety Employees	
Mortality Rates:	
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 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

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

School Board Employees
Updated mortality rates to PUB2010 public sector mortality tables
For future mortality improvements, replaced load with a modified Mortality Improvement Scale MP-2020
Adjusted retirement 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
Adjusted withdrawal rates to better fit experience at each age and service decrement through 9 years of service
No change in disability rates, salary scale, or discount rate

County General Employees
Updated mortality rates to PUB2010 public sector mortality tables
For future mortality improvements, replaced load with a modified Mortality Improvement Scale MP-2020
Adjusted retirement 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
Adjusted withdrawal rates to better fit experience at each age and service decrement through 9 years of service
No change in disability rates, salary scale, line of duty disability, or discount rate

County Public Safety Employees

Updated mortality rates to PUB2010 public sector mortality tables

Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020

Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70

Decreased withdrawal rates and changed from rates based on age to rates based on service only to better fit experience and to be and to be more consistent with Locals Top 10 Hazardous Duty

No change in disability rates, salary scale, line of duty disability, or discount rate

Net GLI OPEB Liability

The Net OPEB liability (NOL) for the GLI Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2023, NOL amounts for the GLI Program is as follows (amounts expressed in thousands):

Group Life Insurance OPEB Program

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

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GAAP in VRS's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on VRS'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:

(See schedule on following page)

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

* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75%, which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

The following presents the County and School Board'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 as shown on the following page:

	<u>1% Decrease (5.75%)</u>	<u>Discount Rate (6.75%)</u>	<u>1 % Increase (7.75%)</u>
County's proportionate share of the GLI Program Net OPEB Liability	<u>\$ 5,909,265</u>	<u>\$ 3,986,518</u>	<u>\$ 2,431,964</u>
School Board professional group's proportionate share of the GLI Program Net OPEB Liability	<u>\$ 9,143,183</u>	<u>\$ 6,168,189</u>	<u>\$ 3,762,887</u>
School Board non-professional group's proportionate share of the GLI Program Net OPEB Liability	<u>\$ 437,506</u>	<u>\$ 295,151</u>	<u>\$ 180,056</u>

Group Life Insurance Program Fiduciary Net Position

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

COUNTY OF HANOVER
Notes to Financial Statements
June 30, 2024

J. Tax abatements

Speculative Building Strategy

Hanover County and the Hanover County Economic Development Authority have adopted a strategy granting a partial real property tax incentive for certain new commercial or industrial structures to encourage development within the County. This strategy is established under the authority of the Board of Supervisors, which approves agreements individually based on the County's speculative building guidelines. Upon approval, the applicant must obtain a land disturbance permit and building permit. At the beginning of each calendar year after issuance of a building permit, the applicant shall notify the County of the amount of real property tax paid for the previous calendar year. The County agrees to disburse funds to the applicant in an amount equal to the real property incremental tax increase. The obligation of the County to disburse funds shall be reduced proportionately by the percentage of floor area leased by the applicant. The agreement may terminate upon the earliest of several conditions, including the sale of the property to another party, the date upon which the entire building is leased by the applicant, or a set time period from the date of the issuance of an early land disturbance permit. Because real property taxes are not abated until after improvements have been made, there are no provisions for recapturing abated taxes. In fiscal year 2024, there were no tax abatement payments relating to the Speculative Building Program. No other commitments are made by the County as part of these agreements.

Commonwealth's Development Opportunity Fund

The County participates in grants through the Commonwealth's Development Opportunity Fund (COF) under the authority provided by the Code of Virginia §2.2-115, whereby the County enters into agreements with the Economic Development Authority, the Virginia Economic Development Partnership Authority and an individual business taxpayer, to encourage growth that provides significant economic benefits to the County in terms of capital investment and job creation. As part of the grant's local matching requirements, the County agrees to rebate a portion of the increase in real property and(or) personal property taxes, provided the taxpayer meets certain performance measures, which typically include a minimum capital investment and the creation of a minimum number of full-time jobs sustained over a certain period of time. Each performance agreement specifies the duration of the tax abatement period and other terms or conditions that may apply to the agreement.

The County received \$1,950,000 in COF grants in connection with the performance agreement with 819 Virginia, LLC dated July 25, 2018, with a performance date of March 31, 2023. The County verified that the performance measures were satisfied and remitted the COF award of \$1,950,000 to 819 Virginia, LLC in fiscal year 2024. The amount of local tax rebate disbursed based on capital investments in real property and tangible personal property were \$500,000 and \$950,000, respectively. The County expects to disburse the remaining local tax rebate in the amount of \$500,000 upon verification that performance measures continue to be satisfied.

The County received \$2,350,000 in COF grants in connection with the performance agreement with Wegmans Food Markets Inc. dated December 11, 2019, with a performance date of December 31, 2026. The County expects to remit this COF award of \$2,350,000 to Wegmans Food Markets Inc. in fiscal year 2025, upon verification that the performance measures have been satisfied, at which point the County will determine the amount of local tax rebate based on capital investments in real property and tangible personal property. There were no tax rebates paid to Wegmans Food Markets Inc. in fiscal year 2024.

The County was awarded \$340,000 in COF grants in connection with the performance agreement with Unilock New York, Inc. dated June 15, 2022, with a performance date of September 30, 2025. Upon verification that the performance measures have been satisfied, the County will determine the amount of

COUNTY OF HANOVER
Notes to Financial Statements
June 30, 2024

COF award based on capital investments and job creation, and the amount of local tax rebate based on the increase in property taxes. There were no tax rebates paid to Unilock New York, Inc. in fiscal year 2024.

The County was awarded \$250,000 in COF grants in connection with the performance agreement with Lutron Electronics Co., Inc. dated October 1, 2022, with a performance date of March 31, 2026. Upon verification that the performance measures have been satisfied, the County will determine the amount of COF award based on capital investments in real property and personal property and job creation, and the amount of local tax rebate based on the increase in real property and personal property taxes. There were no tax rebates paid to Lutron Electronics Co., Inc. in fiscal year 2024.

K. Special assessments and tax increment commitment

- **Bell Creek Community Development Authority:**

The Bell Creek Community Development Authority (Bell Creek CDA) was created by an ordinance adopted by the Board of Supervisors on July 24, 2002. This was a result of a petition filed with the Board of Supervisors by the owners of a majority of the land area within the Bell Creek District (District). The District consists of approximately 325 acres of land within the County. The District encompasses a mixed-use development and is expected to provide commercial development with retail space including a shopping center known as *The Shoppes at Bell Creek*, a light industrial park, and a residential development on 167 acres known as *The Bluffs at Bell Creek*.

On September 25, 2002, the Board of Supervisors adopted an ordinance authorizing the levy of Special Assessments on abutting property within the boundaries of the District. On February 5, 2003, the Bell Creek CDA issued its \$12,135,000 Special Assessment Bonds, Series 2003A (the “2003A Bonds”) and its \$3,845,000 Special Assessment Bonds, Series 2003B (the “2003B Bonds” and together with the 2003A Bonds, the “2003 Bonds”), in accordance with the provision of Article 6 of Chapter 51 of Title 15.2 of the Code, as amended. The 2003 Bonds were issued to finance the acquisition and construction of certain infrastructure improvements to benefit the District. Neither the faith and credit of the Bell Creek CDA, nor the faith and credit of the County, are pledged to the payment of the principal of or interest on the 2003 Bonds. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. At June 30, 2024, the total 2003 Bonds outstanding were \$755,644. The Bell Creek CDA is obligated to make all debt service payments on the 2003 Bonds.

Pursuant to the terms of the Rate and Method of Apportionment of Special Assessments approved by the Board of Supervisors on September 25, 2002 between the County and the Bell Creek CDA, the 2003 Bonds are payable by the Bell Creek CDA based on prepaid and annual Special Assessments imposed and collected by the County as agent for the Bell Creek CDA on taxable real property within the District. After collection, such Special Assessments are appropriated and paid annually to the Bell Creek CDA for debt service payments. However, such payments to the Bell Creek CDA are not deemed general obligations of the County, but are appropriated and paid only to the extent the Special Assessments have been received by the County. The County has also agreed to pursue collection of delinquent special assessments, including, at its discretion, initiation of foreclosure procedures.

During fiscal year 2024, special assessments on property within the District totaled \$166,000 and payments to the Bell Creek CDA of special assessments collected totaled \$174,914.

COUNTY OF HANOVER
Notes to Financial Statements
June 30, 2024

- **Lewistown Commerce Center Community Development Authority:**

The Lewistown Commerce Center Community Development Authority (Lewistown CDA) was created by an ordinance adopted by the Board on October 25, 2006. This was a result of a petition filed with the Board by the owners of 100% of the land area within the Lewistown Commerce Center District (District). The District consists of approximately 186.5 acres of land within the County. The District is part of a planned business complex that is expected to provide commercial and retail spaces, recreation and tourism facilities and other amenities that are expected to be developed in phases by different entities. The overall development has been named *The Shops at Winding Brook*.

By ordinances adopted by the Board on May 9, 2007 and March 23, 2011, the Board authorized the levy of Special Assessments on abutting property within the bounds of the District. On October 23, 2007, the Lewistown CDA issued \$37,675,000 of Revenue Bonds, Series 2007 (2007 Bonds) in accordance with the provisions of Article 6 of Chapter 51 of Title 15.2 of the Code. The 2007 Bonds were issued to finance the acquisition of certain land and the construction of certain infrastructure improvements to benefit the District, in accordance with a Development/Acquisition Agreement dated September 1, 2007. In August 2014, the 2007 Bonds were redeemed in full as the Lewistown CDA restructured and replaced the Series 2007 Bonds. The 2014 Bonds, issued in three series, replaced the original 2007 Bonds and modified the pledged revenue, collection of incremental taxes from the County, and modified the maturity dates, with Series A and B maturing March 1, 2044 and Series C maturing on March 1, 2054. The Lewistown CDA's most recently issued financial statements indicate that the Amended 2014 Bonds outstanding totaled \$38,094,164 as of June 30, 2024. The Lewistown CDA is obligated to make all debt service payments on the Amended 2014 Bonds, in accordance with the revised Indenture of Trust. The principal of and the interest on the Amended 2014 Bonds are not deemed to constitute a pledge of the faith and credit of the County, and neither the faith nor credit of the Lewistown CDA, nor the faith and credit of the County are pledged to the payment of the principal of or interest on the Amended 2014 bonds.

Pursuant to the terms of an Amended Special Assessment Agreement (Agreement) dated August 26, 2014 between the County, the Lewistown CDA, and the developers, the Amended 2014 Bonds are payable from (1) a Special Real Property Tax, (2) Incremental Tax Revenues, and, if necessary, (3) Special Assessments imposed and collected by the County pursuant to an Amended Rate and Method Agreement on taxable real property within the District.

The County functions as an agent for the Lewistown CDA by collecting and making the payments to the Lewistown CDA annually, and has agreed to pursue collection of delinquent special assessments, including, at its discretion, initiation of foreclosure procedures. However, the payments described above to the Lewistown CDA are not deemed general obligations of the County, but are dependent upon appropriation and paid only to the extent the Special Real Property Tax, Incremental Tax Revenues, or Special Assessments have been received by the County.

During fiscal year 2024, Special Assessment Tax levy on property within the district totaled \$493,320. The 2024 Special Real Estate Property Tax (Valorem) levy was \$116,111. Incremental tax collections owed to the Lewistown CDA totaled \$1,549,861 and are payable semiannually by February 1 and August 1 of each year.

COUNTY OF HANOVER
Notes to Financial Statements
June 30, 2024

L. Subsequent events

Debt issuance

On September 24, 2024, the County issued bonds to the Virginia Public School Authority in the principal amount of \$73,225,000 with an interest rate of 5.05 percent. The proceeds will be used for the design and construction of two new elementary schools and various capital projects for the schools.

School opening

The construction of Ashland Elementary School was completed in August 2024 and the school opened for the 2024-2025 school year for grades kindergarten through fifth grade. Ashland Elementary School is a replacement school which consolidated the former Henry Clay Elementary School and John M. Gandy Elementary School. Construction was primarily funded by VPSA 2022 bond proceeds.

**SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION**

(Unaudited)

Schedules of Required Supplementary Information (Unaudited)
June 30, 2024

Virginia Retirement System-Pension Plan - Primary Government

Schedule of Changes in the Net Pension Liability/(Asset) and Related Ratios

	2024*	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015*
Total pension liability										
Service cost	\$ 9,789,210	\$ 9,281,072	\$ 8,516,435	\$ 8,516,368	\$ 7,696,287	\$ 7,331,577	\$ 7,359,194	\$ 7,195,250	\$ 7,003,117	\$ 6,872,262
Interest on total pension liability	24,036,718	22,717,943	20,379,641	18,836,367	17,771,484	16,663,276	15,932,633	14,918,283	14,159,064	13,186,216
Changes of assumptions	-	-	13,119,584	-	8,940,696	-	(1,150,577)	-	-	-
Differences between expected and actual experience	1,662,818	233,460	(4,183,534)	6,595,585	232,863	182,107	(4,220,153)	(566,270)	(3,717,438)	-
Benefit payments	(13,671,056)	(12,735,373)	(12,208,002)	(9,962,002)	(8,962,753)	(7,728,076)	(7,238,603)	(6,874,514)	(6,323,001)	(5,604,586)
Other	-	-	-	-	-	-	-	-	(196,852)	-
Net change in total pension liability	21,817,690	19,497,102	25,624,124	23,986,318	25,678,577	16,448,884	10,682,494	14,672,749	10,924,890	14,453,892
Total pension liability - beginning	353,145,839	333,648,737	308,024,613	284,038,295	258,359,718	241,910,834	231,228,340	216,555,591	205,630,701	191,176,809
Total pension liability - ending (a)	\$ 374,963,529	\$ 353,145,839	\$ 333,648,737	\$ 308,024,613	\$ 284,038,295	\$ 258,359,718	\$ 241,910,834	\$ 231,228,340	\$ 216,555,591	\$ 205,630,701
Total fiduciary net position										
Contributions - employer	\$ 9,057,783	\$ 7,366,936	\$ 6,987,052	\$ 5,906,015	\$ 5,650,320	\$ 5,918,509	\$ 5,698,852	\$ 6,383,455	\$ 6,227,470	\$ 6,347,611
Contributions - employee	3,793,368	3,598,948	3,414,683	3,520,775	3,219,861	3,111,501	3,033,422	2,911,440	2,841,053	2,728,734
Net investment income	21,934,697	(462,434)	73,623,416	5,047,032	16,685,971	17,020,572	25,051,577	3,550,392	8,626,111	25,182,288
Benefit Payments, including refunds of employee contributions	(13,671,056)	(12,735,373)	(12,208,002)	(9,962,002)	(8,962,753)	(7,728,076)	(7,238,603)	(6,874,514)	(6,323,001)	(5,604,586)
Administrative expense	(214,676)	(210,079)	(179,904)	(169,144)	(160,692)	(142,977)	(140,541)	(122,126)	(113,582)	(131,515)
Other	9,056	7,925	6,967	(6,631)	(10,525)	(15,347)	(22,390)	(1,496)	(485,907)	1,327
Net change in plan fiduciary net position	20,909,172	(2,434,077)	71,644,212	4,336,045	16,422,182	18,164,182	26,382,317	5,847,151	10,772,144	28,523,859
Plan fiduciary net position - beginning	337,241,011	339,675,088	268,030,876	263,694,831	247,272,649	229,108,467	202,726,150	196,878,999	186,106,855	157,582,996
Plan fiduciary net position - ending (b)	\$ 358,150,183	\$ 337,241,011	\$ 339,675,088	\$ 268,030,876	\$ 263,694,831	\$ 247,272,649	\$ 229,108,467	\$ 202,726,150	\$ 196,878,999	\$ 186,106,855
Net pension liability/(asset) ending (a) - (b)	\$ 16,813,346	\$ 15,904,828	\$ (6,026,351)	\$ 39,993,737	\$ 20,343,464	\$ 11,087,069	\$ 12,802,367	\$ 28,502,190	\$ 19,676,592	\$ 19,523,846
Plan fiduciary net position as a percentage of the total pension liability	95.52%	95.50%	101.81%	87.02%	92.84%	95.71%	94.71%	87.67%	90.91%	90.51%
Covered payroll	\$ 78,136,354	\$ 73,191,300	\$ 69,319,445	\$ 69,250,382	\$ 65,738,841	\$ 63,272,936	\$ 60,564,521	\$ 58,128,921	\$ 56,469,989	\$ 55,711,055
Political subdivision's net pension liability/(asset) as a percentage of covered payroll	21.52%	21.73%	-8.69%	57.75%	30.95%	17.52%	21.14%	49.03%	34.84%	35.04%

Schedule is intended to show information for 10 years. Since 2015 is the first fiscal year for presentation, no earlier data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

(continued)

Schedules of Required Supplementary Information (Unaudited)
June 30, 2024

Virginia Retirement System-Pension Plan - School Board Non-Professional

Schedule of Changes in the Net Pension Asset and Related Ratios

	2024*	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015*
Total pension liability										
Service cost	\$ 493,466	\$ 454,679	\$ 508,416	\$ 529,745	\$ 527,361	\$ 526,335	\$ 563,888	\$ 704,264	\$ 717,494	\$ 761,268
Interest on total pension liability	1,830,756	1,839,655	1,716,571	1,698,127	1,663,215	1,627,896	1,619,611	1,604,103	1,563,895	1,470,488
Changes of assumptions	-	-	754,172	-	657,553	-	(126,666)	-	-	-
Differences between expected and actual experience	529,417	(873,615)	(225,649)	(581,206)	(160,869)	(477,022)	(822,111)	(1,070,969)	(750,409)	-
Benefit payments	(1,758,562)	(1,424,123)	(1,345,317)	(1,401,532)	(1,178,551)	(1,166,740)	(1,066,000)	(965,702)	(947,448)	(847,310)
Net change in total pension liability	1,095,077	(3,404)	1,408,193	245,134	1,508,709	510,469	168,722	271,696	583,532	1,384,446
Total pension liability - beginning	27,508,127	27,511,531	26,103,338	25,858,204	24,349,495	23,839,026	23,670,304	23,398,608	22,815,076	21,430,630
Total pension liability - ending (a)	\$ 28,603,204	\$ 27,508,127	\$ 27,511,531	\$ 26,103,338	\$ 25,858,204	\$ 24,349,495	\$ 23,839,026	\$ 23,670,304	\$ 23,398,608	\$ 22,815,076
Total fiduciary net position										
Contributions - employer	\$ 2,427	\$ 45,421	\$ 48,374	\$ 78,603	\$ 82,764	\$ 195,964	\$ 202,659	\$ 437,250	\$ 507,170	\$ 595,088
Contributions - employee	266,247	233,485	234,999	250,453	250,620	245,280	250,592	280,632	325,545	325,403
Net investment income	2,102,586	(21,104)	7,558,460	537,270	1,816,980	1,936,203	2,913,758	418,439	1,054,611	3,133,692
Benefit Payments, including										
refunds of employee contributions	(1,758,562)	(1,424,123)	(1,345,317)	(1,401,532)	(1,178,551)	(1,166,740)	(1,066,000)	(965,702)	(947,448)	(847,310)
Administrative expense	(21,808)	(21,693)	(19,326)	(18,924)	(18,429)	(16,985)	(17,086)	(14,837)	(14,331)	(16,675)
Other	838	782	707	(631)	(1,140)	(1,713)	(2,581)	(177)	(223)	165
Net change in plan fiduciary net position	591,728	(1,187,232)	6,477,897	(554,761)	952,244	1,192,009	2,281,342	155,605	925,324	3,190,363
Plan fiduciary net position - beginning	33,285,727	34,472,959	27,995,062	28,549,823	27,597,579	26,405,570	24,124,228	23,968,623	23,043,299	19,852,936
Plan fiduciary net position - ending (b)	\$ 33,877,455	\$ 33,285,727	\$ 34,472,959	\$ 27,995,062	\$ 28,549,823	\$ 27,597,579	\$ 26,405,570	\$ 24,124,228	\$ 23,968,623	\$ 23,043,299
Net pension asset ending (a) - (b)	\$ (5,274,251)	\$ (5,777,600)	\$ (6,961,428)	\$ (1,891,724)	\$ (2,691,619)	\$ (3,248,084)	\$ (2,566,544)	\$ (453,924)	\$ (570,015)	\$ (228,223)
Plan fiduciary net position as a percentage of the total pension asset	118.44%	121.00%	125.30%	107.25%	110.41%	113.34%	110.77%	101.92%	102.44%	101.00%
Covered payroll	\$ 5,728,644	\$ 5,030,853	\$ 5,076,697	\$ 5,337,485	\$ 5,256,371	\$ 5,150,695	\$ 5,201,892	\$ 5,775,545	\$ 6,613,413	\$ 6,145,564
Net pension asset as a percentage of covered payroll	92.07%	114.84%	137.13%	35.44%	51.21%	63.06%	49.34%	7.86%	8.62%	3.71%

Schedule is intended to show information for 10 years. Since 2015 is the first fiscal year for presentation, no earlier data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

(continued)

Schedules of Required Supplementary Information (Unaudited)
June 30, 2024Schedule of School Board Professional's Share of Net Pension Liability/(Asset)
VRS Teacher Retirement Plan

	2024*	2023*	2022*	2021*	2020*
Employer's Proportion of the Net Pension Liability	1.21866%	1.21948%	1.19449%	1.22369%	1.23585%
Employer's Proportionate Share of the Net Pension Liability					
Pension Liability	\$ 123,172,462	\$ 116,101,797	\$ 92,729,422	\$ 178,079,031	\$ 162,644,883
Employer's Covered Payroll	\$ 120,868,625	\$ 113,162,890	\$ 105,176,978	\$ 106,871,061	\$ 103,292,430
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	101.91%	102.60%	88.17%	166.63%	157.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.45%	82.61%	85.46%	71.47%	73.51%
	2019*	2018*	2017*	2016*	2015*
Employer's Proportion of the Net Pension Liability	1.25655%	1.26798%	1.26562%	1.27192%	1.26737%
Employer's Proportionate Share of the Net Pension Liability					
Pension Liability	\$ 147,770,000	\$ 155,936,000	\$ 177,365,000	\$ 160,089,000	\$ 153,157,000
Employer's Covered Payroll	\$ 101,392,249	\$ 99,817,919	\$ 96,591,415	\$ 94,472,208	\$ 90,933,148
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	145.74%	156.22%	183.62%	169.46%	168.43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	72.92%	68.28%	70.68%	70.88%

* The amounts presented have a measurement date of the previous fiscal year end.

VRS Retirement Plan - Schedule of Employer Contributions

	Date*	Contractually Required Contribution of Employer (1)	Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government:	2024	\$ 9,848,994	\$ 9,848,994	\$ -	\$ 85,697,190	11.49%
	2023	9,058,225	9,058,225	-	78,136,354	11.59%
	2022	7,366,936	7,366,936	-	73,191,300	10.07%
	2021	6,987,056	6,987,056	-	69,319,445	10.08%
	2020	5,906,015	5,906,015	-	69,250,382	8.53%
	2019	5,650,643	5,650,643	-	65,738,841	8.60%
	2018	5,919,004	5,919,004	-	63,272,936	9.35%
	2017	5,698,852	5,698,852	-	60,564,521	9.41%
	2016	6,383,455	6,383,455	-	58,128,921	10.98%
	2015	6,227,470	6,227,470	-	56,469,989	11.03%
School Non-Professional:	2024	\$ -	\$ -	\$ -	\$ 9,402,933	0.00%
	2023	-	-	-	5,728,644	0.00%
	2022	45,421	45,421	-	5,030,853	0.90%
	2021	48,374	48,374	-	5,076,697	0.95%
	2020	78,603	78,603	-	5,337,485	1.47%
	2019	82,764	82,764	-	5,256,371	1.57%
	2018	195,963	195,963	-	5,150,695	3.80%
	2017	202,659	202,659	-	5,201,892	3.90%
	2016	437,250	437,250	-	5,775,545	7.57%
	2015	507,170	507,170	-	6,613,413	7.67%
School Professional:	2024	\$ 20,538,178	\$ 20,538,178	\$ -	\$ 129,318,344	15.88%
	2023	19,248,273	19,248,273	-	120,868,625	15.92%
	2022	18,107,471	18,107,471	-	113,162,890	16.00%
	2021	16,890,538	16,890,538	-	105,176,978	16.06%
	2020	16,259,030	16,259,030	-	106,871,061	15.21%
	2019	15,833,642	15,833,642	-	103,292,430	15.33%
	2018	16,263,667	16,263,667	-	101,392,249	16.04%
	2017	14,445,391	14,445,391	-	99,817,919	14.47%
	2016	13,472,067	13,472,067	-	96,591,415	13.95%
	2015	13,679,435	13,679,435	-	94,472,208	14.48%

Schedules above are intended to show information for 10 years. Since 2015 is the first fiscal year for presentation, no earlier data is available.
However, additional years will be included as they become available.

(continued)

COUNTY OF HANOVER, VIRGINIA

Exhibit 12

Schedules of Required Supplementary Information (Unaudited)
June 30, 2024

Hanover County, Virginia Retiree Medical Benefits Plan

Schedule of Changes in the Net OPEB Asset and Related Ratios

As of June 30 of the Fiscal Year

	2024*	2023*	2022*	2021	2020	2019	2018	2017
Total OPEB liability								
Service cost	\$ 115,478	\$ 115,478	\$ 189,559	\$ 281,713	\$ 178,821	\$ 165,789	\$ 172,531	\$ 161,244
Interest cost	192,991	186,899	271,651	348,422	251,394	250,445	241,190	230,876
Experience losses/(gains)	(51,456)	29,760	(1,200,800)	(181,395)	(436,754)	342	(31,678)	-
Change in benefit terms	-	-	-	(1,413,809)	1,845,584	-	-	-
Changes in Assumptions	-	-	(437,437)	-	-	125,400	-	-
Benefit payments	(210,543)	(219,225)	(217,814)	(245,822)	(270,196)	(229,000)	(271,000)	(218,532)
Net change in total OPEB liability	46,470	112,912	(1,394,841)	(1,210,891)	1,568,849	312,976	111,043	173,588
Total OPEB liability - beginning	3,081,125	2,968,213	4,363,054	5,573,945	4,005,096	3,692,120	3,581,077	3,407,489
Total OPEB liability - ending (a)	<u>\$ 3,127,595</u>	<u>\$ 3,081,125</u>	<u>\$ 2,968,213</u>	<u>\$ 4,363,054</u>	<u>\$ 5,573,945</u>	<u>\$ 4,005,096</u>	<u>\$ 3,692,120</u>	<u>\$ 3,581,077</u>
Total fiduciary net position								
Contributions - employer	\$ 210,543	\$ 219,225	\$ 217,814	\$ -	\$ 8,000	\$ 20,000	\$ 42,000	\$ 218,532
Net investment income	895,094	546,216	(1,058,804)	1,832,142	340,861	527,273	414,736	502,797
Benefit payments	(210,543)	(219,225)	(217,814)	(245,822)	(270,196)	(229,000)	(271,000)	(218,532)
Net change in plan fiduciary net position	895,094	546,216	(1,058,804)	1,586,320	78,665	318,273	185,736	502,797
Plan fiduciary net position - beginning	6,842,056	6,295,840	7,354,644	5,768,324	5,689,659	5,371,386	5,185,650	4,682,853
Plan fiduciary net position - ending (b)	<u>\$ 7,737,150</u>	<u>\$ 6,842,056</u>	<u>\$ 6,295,840</u>	<u>\$ 7,354,644</u>	<u>\$ 5,768,324</u>	<u>\$ 5,689,659</u>	<u>\$ 5,371,386</u>	<u>\$ 5,185,650</u>
Net OPEB asset ending (b) - (a)	\$ 4,609,555	\$ 3,760,931	\$ 3,327,627	\$ 2,991,590	\$ 194,379	\$ 1,684,563	\$ 1,679,266	\$ 1,604,573
Plan fiduciary net position as a percentage of the total OPEB liability	247.38%	222.06%	212.11%	168.57%	103.49%	142.06%	145.48%	144.81%
Covered payroll	\$ 239,322,912	\$ 225,296,732	\$ 210,768,335	\$ 203,300,396	\$ 200,751,445	\$ 196,805,332	\$ 190,489,157	\$ 187,285,093
Net OPEB asset as a percentage of covered payroll	1.93%	1.67%	1.58%	1.47%	0.10%	0.86%	0.88%	0.86%
Contributions as a percentage of covered payroll	0.09%	0.10%	0.10%	0.00%	0.00%	0.01%	0.02%	0.12%

Schedule is intended to show information for 10 years. Since 2017 is the first fiscal year for presentation, no earlier data is available. However, additional years will be included as they become available.

* For presentation for the year ended June 30, 2022 and onward, it was noted that there will be a change in presentation for employer contributions. While Hanover County is making a direct cash contribution to the OPEB Trust, the employer is making contributions to the self-insurance fund. As the Plan operates as such on a pay-go basis, the employer contribution amount noted above reflects the amount paid by the employer for retiree subsidies during the year and no funds were drawn from the Trust.

(continued)

Schedules of Required Supplementary Information (Unaudited)
June 30, 2024

Hanover County, Virginia Retiree Medical Benefits Plan - County Portion

Schedule of Changes in the Net OPEB Asset and Related Ratios

As of June 30 of the Fiscal Year
County

	2024*	2023*	2022*	2021*	2020*	2019*	2018*
Total OPEB liability							
Service cost	\$ 44,355	\$ 72,810	\$ 94,768	\$ 66,038	\$ 51,869	\$ 53,979	\$ 53,516
Interest cost	71,788	104,341	117,209	92,840	78,355	75,460	76,628
Experience losses/(gains)	11,430	(461,228)	(61,021)	(161,293)	107	(9,910)	-
Change in benefit terms	-	-	(475,605)	681,574	-	-	-
Change in proportionate share	-	208,118	(183,383)	226,032	-	(68,170)	-
Change in assumptions	-	(168,019)	-	-	39,233	-	-
Benefit payments	(84,204)	(83,662)	(82,695)	(99,783)	(71,646)	(84,786)	(72,531)
Net change in total OPEB liability	43,369	(327,640)	(590,727)	805,408	97,918	(33,427)	57,613
Total OPEB liability - beginning	1,140,091	1,467,731	2,058,458	1,253,050	1,155,132	1,188,559	1,130,946
Total OPEB liability - ending (a)	\$ 1,183,460	\$ 1,140,091	\$ 1,467,731	\$ 2,058,458	\$ 1,253,050	\$ 1,155,132	\$ 1,188,559
Total fiduciary net position							
Contributions - employer	\$ 84,204	\$ 83,662	\$ -	\$ 2,954	\$ 6,257	\$ 13,140	\$ 72,531
Change in proportionate share	-	350,817	(189,778)	321,102	-	(98,714)	-
Net investment income	209,802	(406,687)	616,333	125,880	164,965	129,756	166,878
Benefit payments	(84,204)	(83,662)	(82,695)	(99,783)	(71,646)	(84,786)	(72,531)
Net change in plan fiduciary net position	209,802	(55,870)	343,860	350,153	99,576	(40,604)	166,878
Plan fiduciary net position - beginning	2,418,232	2,474,102	2,130,242	1,780,089	1,680,513	1,721,117	1,554,239
Plan fiduciary net position - ending (b)	\$ 2,628,034	\$ 2,418,232	\$ 2,474,102	\$ 2,130,242	\$ 1,780,089	\$ 1,680,513	\$ 1,721,117
Net OPEB asset ending (b) - (a)	\$ 1,444,574	\$ 1,278,141	\$ 1,006,371	\$ 71,784	\$ 527,039	\$ 525,381	\$ 532,558
Plan fiduciary net position as a percentage of the total OPEB liability	222.06%	212.11%	168.57%	103.49%	142.06%	145.48%	144.81%
Covered payroll	\$ 82,979,423	\$ 78,175,198	\$ 75,822,649	\$ 73,542,941	\$ 71,153,221	\$ 66,734,243	\$ 65,107,962
Net OPEB asset as a percentage of covered payroll	1.74%	1.63%	1.33%	0.10%	0.74%	0.79%	0.82%
Contributions as a percentage of covered payroll	0.10%	0.11%	0.00%	0.00%	0.01%	0.02%	0.11%

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* The amounts presented have a measurement date of the previous fiscal year end.

(continued)

Schedules of Required Supplementary Information (Unaudited)
June 30, 2024

Hanover County, Virginia Retiree Medical Benefits Plan - School Board Portion

Schedule of Changes in the Net OPEB Asset and Related Ratios

As of June 30 of the Fiscal Year
School Board

	2024*	2023*	2022*	2021*	2020*	2019*	2018*
Total OPEB liability							
Service cost	\$ 64,968	\$ 106,646	\$ 182,606	\$ 110,207	\$ 111,010	\$ 115,524	\$ 100,955
Interest cost	105,149	152,831	225,847	154,934	167,696	161,498	144,551
Experience losses/(gains)	16,744	(675,570)	(117,580)	(269,171)	229	(21,212)	-
Change in benefit terms	-	-	(916,431)	1,137,433	-	-	-
Change in proportionate share	-	(373,477)	177,809	(213,420)	-	155,731	-
Change in assumptions	-	(246,102)	-	-	83,966	-	-
Benefit payments	(123,336)	(122,542)	(159,342)	(166,522)	(153,335)	(181,458)	(136,823)
Net change in total OPEB liability	63,525	(1,158,214)	(607,091)	753,461	209,566	230,083	108,683
Total OPEB liability - beginning	1,669,917	2,828,131	3,435,222	2,681,761	2,472,195	2,242,112	2,133,429
Total OPEB liability - ending (a)	<u>\$ 1,733,442</u>	<u>\$ 1,669,917</u>	<u>\$ 2,828,131</u>	<u>\$ 3,435,222</u>	<u>\$ 2,681,761</u>	<u>\$ 2,472,195</u>	<u>\$ 2,242,112</u>
Total fiduciary net position							
Contributions - employer	\$ 123,336	\$ 122,543	\$ -	\$ 4,930	\$ 13,392	\$ 28,123	\$ 136,823
Change in proportionate share	-	(629,558)	184,011	(303,186)	-	225,509	-
Net investment income	307,301	(595,683)	1,187,594	210,073	353,055	277,702	314,801
Benefit payments	(123,336)	(122,542)	(159,342)	(166,522)	(153,336)	(181,458)	(136,823)
Net change in plan fiduciary net position	307,301	(1,225,240)	1,212,263	(254,705)	213,111	349,876	314,801
Plan fiduciary net position - beginning	3,542,040	4,767,280	3,555,017	3,809,722	3,596,611	3,246,735	2,931,934
Plan fiduciary net position - ending (b)	<u>\$ 3,849,341</u>	<u>\$ 3,542,040</u>	<u>\$ 4,767,280</u>	<u>\$ 3,555,017</u>	<u>\$ 3,809,722</u>	<u>\$ 3,596,611</u>	<u>\$ 3,246,735</u>
Net OPEB asset ending (b) - (a)	\$ 2,115,899	\$ 1,872,123	\$ 1,939,149	\$ 119,795	\$ 1,127,961	\$ 1,124,416	\$ 1,004,623
Plan fiduciary net position as a percentage of the total OPEB liability	222.06%	212.11%	168.57%	103.49%	142.06%	145.48%	144.81%
Covered payroll	\$ 133,273,321	\$ 124,363,364	\$ 120,318,942	\$ 119,790,791	\$ 118,335,411	\$ 116,538,102	\$ 114,872,079
Net OPEB asset as a percentage of covered payroll	1.59%	1.51%	1.61%	0.10%	0.95%	0.96%	0.87%
Contributions as a percentage of covered payroll	0.09%	0.10%	0.00%	0.00%	0.01%	0.02%	0.12%

Schedule is intended to show information for 10 years. Since 2018 is the first fiscal year for presentation, no earlier data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

(continued)

Schedules of Required Supplementary Information (Unaudited)
June 30, 2024

Hanover County Retiree Medical Benefits Trust

Schedule of Investment Returns

	Fiscal Year	Rate
Annual money-weighted rate of return, net of investment expense	6/30/2024	13.51%
	6/30/2023	9.21%
	6/30/2022	-13.98%
	6/30/2021	28.25%
	6/30/2020	5.89%
	6/30/2019	6.41%
	6/30/2018	8.91%
	6/30/2017	11.35%
	6/30/2016	1.68%
	6/30/2015	2.71%

Note: Returns are net of fees. Returns are expressed as percentages.

Schedule of Employer Contributions

County

Date	Contractually Required Contribution (a)	Contribution in Relation to Contractually Required Contribution (b)	Contribution Deficiency (Excess) (a - b)	Employer's Covered Payroll (c)	Contributions as a % of Covered Payroll (b/c)
6/30/2024	\$ -	\$ -	-	\$ 87,074,504	0.00%
6/30/2023	-	-	-	82,979,423	0.00%
6/30/2022	-	-	-	78,175,198	0.00%
6/30/2021	-	-	-	75,822,649	0.00%
6/30/2020	-	2,503	(2,503)	73,542,941	0.00%
6/30/2019	-	6,257	(6,257)	71,153,221	0.00%
6/30/2018	-	13,140	(13,140)	66,734,243	0.02%

School Board

Date	Contractually Required Contribution (a)	Contributions in Relation to Contractually Required Contribution (b)	Contribution Deficiency (Excess) (a - b)	Employer's Covered Payroll (c)	Contributions as a % of Covered Payroll (b/c)
6/30/2024	\$ -	\$ -	-	\$ 142,936,208	0.00%
6/30/2023	-	-	-	133,273,321	0.00%
6/30/2022	-	-	-	124,363,364	0.00%
6/30/2021	-	-	-	120,318,942	0.00%
6/30/2020	-	5,357	(5,357)	119,790,791	0.00%
6/30/2019	-	13,392	(13,392)	118,335,411	0.00%
6/30/2018	-	28,123	(28,123)	116,538,102	0.02%

Note: Schedule is intended to show information for 10 years. 2018 is the first fiscal year for this presentation, additional years will be added as they become available.

(continued)

Schedules of Required Supplementary Information (Unaudited)
June 30, 2024

Virginia Retirement System-Net OPEB HIC Plan - Primary Government

Schedule of Changes in the Net OPEB Liability Health Insurance Credit Program

	2024*	2023*	2022*	2021*	2020*	2019*	2018*
Total OPEB liability							
Service cost	\$ 28,887	\$ 56,420	\$ 38,929	\$ 38,144	\$ 36,034	\$ 33,937	\$ 36,106
Interest on total OPEB liability	100,402	97,308	89,461	86,806	84,678	80,423	79,070
Changes of assumptions	-	151,891	20,177	-	34,499	-	(45,582)
Difference between expected and actual experience	153,719	(143,926)	(124)	(4,765)	(10,045)	6,981	-
Benefit payments	(83,705)	(92,930)	(84,317)	(77,371)	(60,311)	(60,799)	(39,706)
Net change in total OPEB liability	199,303	68,763	64,126	42,814	84,855	60,542	29,888
Total OPEB liability - beginning	1,500,405	1,431,642	1,367,516	1,324,702	1,239,847	1,179,305	1,149,417
Total OPEB liability - ending (a)	<u>\$ 1,699,708</u>	<u>\$ 1,500,405</u>	<u>\$ 1,431,642</u>	<u>\$ 1,367,516</u>	<u>\$ 1,324,702</u>	<u>\$ 1,239,847</u>	<u>\$ 1,179,305</u>
Total fiduciary net position							
Contributions - employer	\$ 96,580	\$ 89,145	\$ 84,385	\$ 84,961	\$ 80,463	\$ 86,037	\$ 81,864
Net investment income	49,494	731	167,713	12,533	37,527	36,347	49,782
Benefit Payments, including							
refunds of employee contributions	(83,705)	(92,930)	(84,317)	(77,371)	(60,311)	(60,799)	(39,706)
Administrative expense	(1,168)	(1,468)	(1,995)	(1,220)	(828)	(886)	(858)
Other	2,498	46,665	-	(6)	(45)	(2,349)	2,349
Net change in plan fiduciary net position	63,699	42,143	165,786	18,897	56,806	58,350	93,431
Plan fiduciary net position - beginning	845,364	803,221	637,435	618,538	561,732	503,382	409,951
Plan fiduciary net position - ending (b)	<u>\$ 909,063</u>	<u>\$ 845,364</u>	<u>\$ 803,221</u>	<u>\$ 637,435</u>	<u>\$ 618,538</u>	<u>\$ 561,732</u>	<u>\$ 503,382</u>
Net OPEB liability ending (a) - (b)	\$ 790,645	\$ 655,041	\$ 628,421	\$ 730,081	\$ 706,164	\$ 678,115	\$ 675,923
Plan fiduciary net position as a percentage of the total OPEB liability	53.48%	56.34%	56.10%	46.61%	46.69%	45.31%	42.68%
Covered payroll	\$ 50,827,881	\$ 46,918,647	\$ 44,410,120	\$ 44,834,721	\$ 42,350,786	\$ 40,978,883	\$ 38,987,994
Political subdivision's net OPEB liability as a percentage of covered payroll	1.56%	1.40%	1.42%	1.63%	1.67%	1.65%	1.73%

Schedule is intended to show information for 10 years. Since 2018 is the first fiscal year for presentation, no earlier data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

(continued)

Schedules of Required Supplementary Information (Unaudited)
June 30, 2024

Virginia Retirement System-Net OPEB HIC Plan - Schools Non-Professional

Schedule of Changes in the Net OPEB Liability Health Insurance Credit Program

	2024*	2023*	2022*	2021*
Total OPEB liability				
Service cost	\$ 5,252	\$ 8,181	\$ 7,993	\$ -
Interest	45,455	36,837	32,814	-
Changes in benefit terms	-	-	-	486,125
Changes of assumptions	-	138,437	16,065	-
Difference between expected and actual experience	(317,475)	(39,745)	-	-
Benefit payments	(15,357)	(10,878)	-	-
Net change in total OPEB liability	(282,125)	132,832	56,872	486,125
Total OPEB liability - beginning	675,829	542,997	486,125	-
Total OPEB liability - ending (a)	393,704	675,829	542,997	\$ 486,125
Total fiduciary net position				
Contributions - employer	\$ 53,847	\$ 36,717	\$ 36,882	\$ -
Net investment income	5,688	(668)	4,936	-
Benefit payments	(15,357)	(10,878)	-	-
Administrative expense	(167)	(128)	(164)	-
Other	37	670	-	-
Net change in plan fiduciary net position	44,048	25,713	41,654	-
Plan fiduciary net position - beginning	67,367	41,654	-	-
Plan fiduciary net position - ending (b)	\$ 111,415	\$ 67,367	\$ 41,654	\$ -
Net OPEB liability ending (a) - (b)	\$ 282,289	\$ 608,462	\$ 501,343	\$ 486,125
Plan fiduciary net position as a percentage of the total OPEB liability	28.30%	9.97%	7.67%	0.00%
Covered payroll	\$ 5,728,644	\$ 5,029,826	\$ 5,052,181	\$ -

Political subdivision's net OPEB liability as a percentage of covered payroll

Schedule is intended to show information for 10 years. Since 2021 is the first fiscal year for presentation, no earlier data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

(continued)

Schedules of Required Supplementary Information (Unaudited)
June 30, 2024

**Schedule of School Board Professional's Share of Net OPEB Liability
Health Insurance Credit Program (HIC)**

	2024*	2023*	2022*	2021*
Employer's Proportion of the Net OPEB Liability	1.21219%	1.21458%	1.18956%	1.21953%
Employer's Proportionate Share of the Net OPEB Liability	\$ 14,684,681	\$ 15,170,669	\$ 15,268,825	\$ 15,908,970
Employer's Covered Payroll	\$ 120,868,625	\$ 113,200,538	\$ 105,204,144	\$ 106,913,212
Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	12.15%	13.40%	14.51%	14.88%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	17.90%	15.08%	13.15%	9.95%
	2020*	2019*	2018*	
Employer's Proportion of the Net OPEB Liability	1.23144%	1.25384%	1.26516%	
Employer's Proportionate Share of the Net OPEB Liability	\$ 16,120,747	\$ 15,919,000	\$ 16,050,000	
Employer's Covered Payroll	\$ 103,288,960	\$ 101,392,249	\$ 99,817,919	
Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	15.61%	15.70%	16.08%	
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	8.97%	8.08%	7.04%	

Schedule is intended to show information for 10 years. Since 2018 is the first fiscal year for presentation, no earlier data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

(continued)

Schedules of Required Supplementary Information (Unaudited)
June 30, 2024

Virginia Retirement System-Health Insurance Credit Program

County

Schedule of Employer Contributions

Date	Contractually Required Contribution (a)	Contribution in Relation to Contractually Required Contribution (b)	Contribution Deficiency (Excess) (a - b)	Employer's Covered Payroll (c)	Contributions as a % of Covered Payroll (b/c)
6/30/2024	\$ 106,821	\$ 106,821	-	\$ 56,208,337	0.19%
6/30/2023	96,580	96,580	-	50,827,881	0.19%
6/30/2022	89,145	89,145	-	46,918,647	0.19%
6/30/2021	84,384	84,384	-	44,410,120	0.19%
6/30/2020	84,961	84,961	-	44,834,721	0.19%
6/30/2019	80,463	80,463	-	42,350,786	0.19%
6/30/2018	86,037	86,037	-	40,978,883	0.21%
6/30/2017	81,864	81,864	-	38,987,994	0.21%
6/30/2016	78,845	78,845	-	37,911,409	0.21%
6/30/2015	77,293	77,293	-	36,028,121	0.21%

School Board Professional

Date	Contractually Required Contribution (a)	Contribution in Relation to Contractually Required Contribution (b)	Contribution Deficiency (Excess) (a - b)	Employer's Covered Payroll (c)	Contributions as a % of Covered Payroll (b/c)
6/30/2024	\$ 1,565,822	\$ 1,565,822	-	\$ 129,318,344	1.21%
6/30/2023	1,462,471	1,462,471	-	120,868,625	1.21%
6/30/2022	1,274,871	1,274,871	-	113,200,538	1.13%
6/30/2021	1,272,917	1,272,917	-	105,204,144	1.21%
6/30/2020	1,283,480	1,283,480	-	106,913,212	1.20%
6/30/2019	1,240,096	1,240,096	-	103,288,960	1.20%
6/30/2018	1,248,193	1,248,193	-	101,392,249	1.23%
6/30/2017	1,109,570	1,109,570	-	99,817,919	1.11%
6/30/2016	1,022,883	1,022,883	-	96,591,415	1.06%
6/30/2015	1,003,397	1,003,397	-	94,472,208	1.06%

School Board Non-Professional

Date	Contractually Required Contribution (a)	Contribution in Relation to Contractually Required Contribution (b)	Contribution Deficiency (Excess) (a - b)	Employer's Covered Payroll (c)	Contributions as a % of Covered Payroll (b/c)
6/30/2024	\$ 88,388	\$ 88,388	-	\$ 9,402,933	0.94%
6/30/2023	53,847	53,847	-	5,728,644	0.94%
6/30/2022	36,717	36,717	-	5,029,826	0.73%
6/30/2021	36,881	36,881	-	5,052,181	0.73%

See accompanying independent auditor's report.

* Schedule is intended to show information for 10 years. Data will be added in subsequent years.

(continued)

Schedules of Required Supplementary Information (Unaudited)
June 30, 2024

Virginia Retirement System-Net GLI OPEB Plan

Schedule of Employer's Share of the Net OPEB Liability Group Life Insurance Program
For the Year Ended

County's share	2024*	2023*	2022*	2021*	2020*
County's Proportion of the Net GLI OPEB Liability	0.33240%	0.33762%	0.33635%	0.33740%	0.33555%
County's Proportionate Share of the Net GLI OPEB Liability	\$ 3,986,518	\$ 4,065,270	\$ 3,916,027	\$ 5,630,654	\$ 5,460,292
Covered Payroll	\$ 78,297,971	\$ 73,440,688	\$ 69,319,445	\$ 69,250,382	\$ 65,738,841
County's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	5.09%	5.54%	5.65%	8.13%	8.31%
	2019*	2018*			
County's Proportion of the Net GLI OPEB Liability	0.33281%	0.32895%			
County's Proportionate Share of the Net GLI OPEB Liability	\$ 5,054,000	\$ 4,950,000			
Covered Payroll	\$ 63,272,936	\$ 60,564,521			
County's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	7.99%	8.17%			
School Board professional group's share	2024*	2023*	2022*	2021*	2020*
School Board's Proportion of the Net GLI OPEB Liability	0.51431%	0.52231%	0.51295%	0.52100%	0.52833%
School Board's Proportionate Share of the Net GLI OPEB Liability	\$ 6,168,189	\$ 6,289,116	\$ 5,972,130	\$ 8,694,637	\$ 8,597,335
Covered Payroll	\$ 121,148,161	\$ 113,615,624	\$ 105,176,978	\$ 106,871,061	\$ 103,292,430
School Board's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	5.09%	5.54%	5.68%	8.14%	8.32%
	2019*	2018*			
School Board's Proportion of the Net GLI OPEB Liability	0.53434%	0.54244%			
School Board's Proportionate Share of the Net GLI OPEB Liability	\$ 8,115,000	\$ 8,163,000			
Covered Payroll	\$ 101,392,249	\$ 99,817,919			
School Board's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	8.00%	8.18%			
School Board non-professional group's share	2024*	2023*	2022*	2021*	2020*
School Board's Proportion of the Net GLI OPEB Liability	0.02461%	0.02332%	0.02464%	0.02594%	0.02686%
School Board's Proportionate Share of the Net GLI OPEB Liability	\$ 295,151	\$ 280,795	\$ 286,877	\$ 432,897	\$ 437,084
Covered Payroll	\$ 5,797,479	\$ 5,073,636	\$ 5,076,697	\$ 5,337,485	\$ 5,256,371
School Board's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	5.09%	5.53%	5.65%	8.11%	8.32%
	2019*	2018*			
School Board's Proportion of the Net GLI OPEB Liability	0.02712%	0.02825%			
School Board's Proportionate Share of the Net GLI OPEB Liability	\$ 411,000	\$ 425,000			
Covered Payroll	\$ 5,150,695	\$ 5,201,892			
School Board's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	7.98%	8.17%			
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	2024*	2023*	2022*	2021*	2020*
	69.30%	67.21%	67.45%	52.64%	52.00%
	2019*	2018*			
	51.22%	48.86%			

Schedule is intended to show information for 10 years. Since 2018 is the first fiscal year for presentation, no earlier data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

(continued)

Schedules of Required Supplementary Information (Unaudited)
June 30, 2024

Virginia Retirement System - Group Life Insurance Program**Schedule of Employer Contributions****County*

Date	Contractually Required Contribution (a)	Contribution in Relation to Contractually Required Contribution (b)	Contribution Deficiency (Excess) (a - b)	Employer's Covered Payroll (c)	Contributions as a % of Covered Payroll (b/c)
6/30/2024	\$ 459,811	\$ 459,811	-	\$ 85,770,232	0.54%
6/30/2023	419,701	419,701	-	78,297,971	0.54%
6/30/2022	393,383	393,383	-	73,440,688	0.54%
6/30/2021	372,221	372,221	-	69,319,445	0.54%
6/30/2020	363,795	363,795	-	69,250,382	0.53%
6/30/2019	334,679	344,679	-	65,738,841	0.51%
6/30/2018	331,609	331,609	-	63,272,936	0.52%
6/30/2017	317,970	317,970	-	60,564,521	0.53%
6/30/2016	278,174	278,174	-	58,128,921	0.48%
6/30/2015	271,056	271,056	-	56,469,989	0.48%

Schools Professional

Date	Contractually Required Contribution (a)	Contribution in Relation to Contractually Required Contribution (b)	Contribution Deficiency (Excess) (a - b)	Employer's Covered Payroll (c)	Contributions as a % of Covered Payroll (b/c)
6/30/2024	\$ 695,142	\$ 695,142	-	\$ 129,605,750	0.54%
6/30/2023	649,395	649,395	-	121,148,161	0.54%
6/30/2022	608,979	608,979	-	113,615,624	0.54%
6/30/2021	567,626	567,626	-	105,176,978	0.54%
6/30/2020	562,083	562,083	-	106,871,061	0.53%
6/30/2019	542,821	542,821	-	103,292,430	0.53%
6/30/2018	532,831	532,831	-	101,392,249	0.53%
6/30/2017	524,832	524,832	-	99,817,919	0.53%
6/30/2016	460,192	460,192	-	96,591,415	0.48%
6/30/2015	451,796	451,796	-	94,472,208	0.48%

Schools Non-Professional

Date	Contractually Required Contribution (a)	Contribution in Relation to Contractually Required Contribution (b)	Contribution Deficiency (Excess) (a - b)	Employer's Covered Payroll (c)	Contributions as a % of Covered Payroll (b/c)
6/30/2024	\$ 50,555	\$ 50,555	-	\$ 9,431,981	0.54%
6/30/2023	31,073	31,073	-	5,797,479	0.54%
6/30/2022	27,186	27,186	-	5,073,636	0.54%
6/30/2021	27,261	27,261	-	5,076,697	0.54%
6/30/2020	27,716	27,716	-	5,337,485	0.52%
6/30/2019	27,445	27,445	-	5,256,371	0.52%
6/30/2018	27,039	27,039	-	5,150,695	0.52%
6/30/2017	27,271	27,271	-	5,201,892	0.52%
6/30/2016	27,510	27,510	-	5,775,545	0.48%
6/30/2015	31,524	31,524	-	6,613,413	0.48%

See accompanying independent auditor's report.

* Schedule is intended to show information for 10 years. Data will be added in subsequent years.

SUPPLEMENTARY INFORMATION

GENERAL FUND

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual

Presents budget to actual comparison schedule by department for the General Fund.

COUNTY OF HANOVER, VIRGINIA

Exhibit 13

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget Basis

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budget Basis	Final Budget - Positive (Negative)
REVENUES				
Revenues from local sources:				
General property taxes:				
Real property taxes	\$ 165,000,000	165,000,000	169,495,421	4,495,421
Public service corporation property taxes	6,200,000	6,200,000	6,608,823	408,823
Personal property taxes	53,330,000	53,330,000	61,289,985	7,959,985
Machinery and tools taxes	1,690,000	940,000	931,497	(8,503)
Merchants' capital taxes	1,712,000	1,712,000	2,175,464	463,464
Delinquent taxes	3,150,000	3,150,000	4,854,176	1,704,176
Penalties and interest	1,650,000	1,650,000	2,037,239	387,239
Total general property taxes	232,732,000	231,982,000	247,392,605	15,410,605
Other local taxes:				
Local sales and use taxes	35,525,000	35,525,000	35,332,144	(192,856)
Consumer utility taxes	2,000,000	2,000,000	1,977,040	(22,960)
Contractor license taxes	900,000	900,000	1,333,175	433,175
Franchise license taxes	460,000	460,000	486,136	26,136
Lodging taxes	1,600,000	1,600,000	1,580,338	(19,662)
Bank stock tax	1,200,000	1,200,000	1,211,449	11,449
Taxes on recordation and wills	3,045,000	3,045,000	2,534,902	(510,098)
Communication sales tax	3,430,000	3,430,000	3,246,355	(183,645)
Total other local taxes	48,160,000	48,160,000	47,701,539	(458,461)
Permits, privilege fees and regulatory licenses:				
General Government Administration:				
Land use application fee	-	-	1,760	1,760
Primary filing fee	-	-	(353)	(353)
Tourism Improvement District	-	300,000	306,295	6,295
Public Safety:				
Animal licenses	25,000	25,000	28,498	3,498
Building permits	1,000,000	1,000,000	1,072,206	72,206
Heating and air conditioning	400,000	400,000	314,765	(85,235)
Electrical permits	350,000	350,000	302,743	(47,257)
Plumbing permits	165,000	165,000	131,205	(33,795)
Inspection fees	150,000	150,000	149,500	(500)
Public Works:				
Erosion and sediment inspections	300,000	300,000	284,274	(15,726)
Stormwater management	12,000	12,000	4,500	(7,500)
Community Development:				
Planning fees	250,000	250,000	460,780	210,780
Total permits, privilege fees and regulatory licenses	2,652,000	2,952,000	3,056,173	104,173
Fines and Forfeitures:				
Public Works:				
Erosion and sediment fines	5,000	5,000	-	(5,000)
Judicial Administration:				
Court fines and forfeitures	632,000	632,000	600,763	(31,237)
Courthouse maintenance fees	80,000	80,000	82,314	2,314
Court appointed attorney fees	25,000	25,000	25,338	338
Public Safety:				
Criminal Justice Academy training fees	50,000	50,000	57,923	7,923
Security alarm fines	50,000	50,000	35,300	(14,700)
Animal control	800.00	800.00	825	25
Total fines and forfeitures	842,800	842,800	802,463	(40,337)
Revenues from use of money and property:				
Revenue from use of money	-	2,300,000	11,993,092	9,693,092
Revenue from use of property	545,000	545,766	711,759	165,993
Total revenues from use of money and property	545,000	2,845,766	12,704,851	9,859,085
Charges for services:				
EMS cost recovery	3,500,000	3,500,000	2,475,762	(1,024,238)
Landfill fees	1,252,000	1,252,000	1,556,853	304,853
Recreation fees	422,300	422,300	376,641	(45,659)
Community Services	4,013,000	4,013,000	3,774,758	(238,242)
Other	774,200	774,200	519,838	(254,362)
Total charges for services	9,961,500	9,961,500	8,703,852	(1,257,648)

(Continued)

COUNTY OF HANOVER, VIRGINIA

Exhibit 13

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget Basis

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budget Basis	Final Budget - Positive (Negative)
Miscellaneous:				
Insurance recoveries	-	322,246	380,746	58,500
Gifts and donations	42,160	89,292	95,517	6,225
National Opioid Settlement	-	28,656	354,152	325,496
Other miscellaneous revenue	405,250	434,804	942,171	507,367
Reserve for revenue transfers	700,000	228,966	-	(228,966)
Total miscellaneous	1,147,410	1,103,964	1,772,586	668,622
Recovered costs:				
General Government Administration:				
Pamunkey Regional Jail Authority	-	-	634,000	634,000
Public Utilities Fund:				
Cost allocation	1,200,000	1,200,000	1,401,089	201,089
Service assessment	366,000	366,000	366,000	-
Treasurer	75,000	75,000	65,096	(9,904)
Commissioner of the Revenue	350,000	350,000	238,046	(111,954)
Judicial Administration:				
Clerk of Circuit Court	16,000	16,000	19,127	3,127
Court Services	20,000	20,000	31,359	11,359
Commonwealth's Attorney	-	-	2,066	2,066
Public Safety:				
Community Corrections	74,000	74,000	91,688	17,688
Sheriff	25,000	25,000	30,451	5,451
Building Inspector	1,000	1,000	1,192	192
Animal Control	5,000	5,370	3,581	(1,789)
Fire	34,000	34,000	37,503	3,503
Human Services:				
Social Services	38,141	38,141	30,822	(7,319)
Community Resources	5,000	5,000	5,000	-
Comprehensive Services	90,000	90,000	109,629	19,629
Community Services	465,680	465,680	339,256	(126,424)
Health Department	-	-	62,741	62,741
Public Works:				
Solid Waste Management	300,000	300,000	375,615	75,615
Recycling Service Districts	230,000	230,000	176,575	(53,425)
General Services	-	-	23,396	23,396
Community Development:				
Contributions: Greater Richmond Convention Center Authority	1,280,000	1,280,000	1,185,021	(94,979)
Planning	13,000	13,000	4,500	(8,500)
Economic Development	50,655	50,655	50,655	-
Total recovered costs	4,638,476	4,638,846	5,284,408	645,562
Total revenues from local sources	300,679,186	302,486,876	327,418,477	24,931,601
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Vehicle rental tax	475,000	475,000	600,558	125,558
Personal property taxes (State remittance)	15,002,000	15,002,000	15,002,745	745
Rolling Stock Tax	70,000	70,000	65,200	(4,800)
Total non-categorical aid	15,547,000	15,547,000	15,668,503	121,503
Categorical aid:				
Shared expenses:				
Commissioner of the Revenue	311,850	311,850	333,298	21,448
Treasurer	270,410	270,410	291,241	20,831
Registrar	105,750	105,750	110,155	4,405
Clerk of Circuit Court	668,800	668,800	731,029	62,229
Commonwealth's Attorney	1,107,240	1,107,240	1,191,551	84,311
Sheriff	4,187,930	4,187,930	4,502,409	314,479
Total shared expenses	6,651,980	6,651,980	7,159,683	507,703
Other categorical aid:				
Social Services	1,601,942	1,601,942	1,357,448	(244,494)
Comprehensive Services	4,735,000	4,772,392	4,676,890	(95,502)
Community Services	3,948,221	4,071,503	3,449,625	(621,878)
Community Development	-	255,008	255,009	1
Opioid Abatement Authority grants	-	216,757	216,757	-
Other	1,683,685	2,119,994	2,264,770	144,776
Total other categorical aid	11,968,848	13,037,596	12,220,499	(817,097)
Total categorical aid	18,620,828	19,689,576	19,380,182	(309,394)
Total revenue from the Commonwealth	34,167,828	35,236,576	35,048,685	(187,891)

(Continued)

COUNTY OF HANOVER, VIRGINIA

Exhibit 13

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget Basis

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budget Basis	Final Budget - Positive (Negative)
Revenue from the Federal government:				
Categorical aid:				
American Rescue Plan Act - Federal grants	\$ -	1,234,323	120,000	(1,114,323)
General Government - Federal grants	-	-	5,156	5,156
Fire - Federal grants	23,000	96,689	93,583	(3,106)
Sheriff - Federal grants	150,991	354,105	488,441	134,336
Social Services - Federal grants	3,890,429	4,020,447	3,645,417	(375,030)
Community Resources - Federal grants	531,000	718,075	467,998	(250,077)
Commonwealth's Attorney - Federal grants	105,670	105,670	105,670	-
Comprehensive Services - Federal grants	60,000	60,000	133,608	73,608
Community Services - Federal grants	510,978	1,057,048	1,078,473	21,425
Total revenue from the Federal government	5,272,068	7,646,357	6,138,346	(1,508,011)
Total intergovernmental	39,439,896	42,882,933	41,187,031	(1,695,902)
Total revenues	340,119,082	345,369,809	368,605,508	23,235,699
EXPENDITURES				
General government administration:				
Legislative - Board of Supervisors	743,214	750,704	692,214	58,490
General and financial administration:				
County Administrator	1,839,875	2,252,578	1,900,284	352,294
Human Resources	2,481,431	2,337,931	2,166,127	171,804
County Attorney	1,289,097	1,341,719	1,292,737	48,982
Commissioner of the Revenue	2,503,072	3,137,290	2,428,278	709,012
Assessor	1,630,119	1,596,892	1,564,032	32,860
Treasurer	2,044,518	2,057,106	1,984,829	72,277
Finance	2,715,718	2,610,062	2,545,911	64,151
Management Services	473,750	456,166	451,003	5,163
Information Technology	5,933,565	5,893,058	5,585,532	307,526
Total general and financial administration	20,911,145	21,682,802	19,918,733	1,764,069
Board of elections - Registrar and Electoral Board	1,219,818	1,201,267	1,019,885	181,382
Total general government administration	22,874,177	23,634,773	21,630,832	2,003,941
Judicial administration:				
Courts:				
Circuit Court	442,487	387,465	365,974	21,491
General District Court	162,466	162,466	63,525	98,941
Magistrates	4,000	4,000	2,740	1,260
Juvenile and Domestic Relations District Court	28,160	28,160	17,149	11,011
Clerk of the Circuit Court	1,899,608	1,989,775	1,950,065	39,710
Court Services	3,974,664	4,123,176	4,023,398	99,778
Total courts	6,511,385	6,695,042	6,422,851	272,191
Commonwealth's Attorney	2,877,261	2,796,794	2,747,990	48,804
Total judicial administration	9,388,646	9,491,836	9,170,841	320,995
Public safety:				
Sheriff	33,933,737	35,073,655	33,982,427	1,091,228
Fire and Rescue Services:				
Fire and Emergency Management Services	31,245,827	32,811,271	32,524,468	286,803
Total fire and rescue services	31,245,827	32,811,271	32,524,468	286,803
Correction and Detention:				
Pamunkey Regional Jail Authority	6,368,100	6,368,100	7,268,321	(900,221)
Juvenile Court Services	685,261	691,266	677,428	13,838
Community Corrections	760,012	756,878	747,958	8,920
Total correction and detention	7,813,373	7,816,244	8,693,707	(877,463)
Inspections - Building Inspections	2,070,045	1,942,216	1,888,117	54,099
Other protection:				
Emergency Communications	7,792,779	7,589,844	7,347,844	242,000
Animal Control	1,520,989	1,583,660	1,523,665	59,995
Total other protection	9,313,768	9,173,504	8,871,509	301,995
Total public safety	84,376,750	86,816,890	85,960,228	856,662
Public works:				
Sanitation and waste removal:				
Public Works	2,399,135	2,311,763	2,198,623	113,140
Solid Waste Services	6,503,682	6,768,764	6,593,725	175,039
Total sanitation and waste removal	8,902,817	9,080,527	8,792,348	288,179

(Continued)

COUNTY OF HANOVER, VIRGINIA

Exhibit 13

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget Basis

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final	Budget Basis	
Maintenance of buildings, grounds and equipment:				
Facilities and Vehicle Management	\$ 5,979,497	7,015,233	6,493,792	521,441
Total maintenance of buildings, grounds and equip.	5,979,497	7,015,233	6,493,792	521,441
Total public works	14,882,314	16,095,760	15,286,140	809,620
Health and human services:				
Health	866,000	851,000	851,000	-
Human Services:				
Social Services	7,628,293	7,639,396	7,117,659	521,737
Community Resources	1,211,892	1,773,650	1,317,666	455,984
Comprehensive Services	8,785,000	8,822,392	8,457,228	365,164
Community Services	15,569,164	15,893,115	14,503,127	1,389,988
Tax Relief	3,250,000	3,250,000	3,892,844	(642,844)
Total human services	36,444,349	37,378,553	35,288,524	2,090,029
Total health and human services	37,310,349	38,229,553	36,139,524	2,090,029
Parks, recreation and cultural:				
Parks and Recreation	4,636,716	4,434,370	4,043,692	390,678
Pamunkey Regional Library	3,697,976	3,697,976	3,697,976	-
Total parks, recreation and cultural	8,334,692	8,132,346	7,741,668	390,678
Community development:				
Planning and Community Development:				
Planning	2,862,838	2,956,921	2,760,654	196,267
Economic Development	1,992,274	3,621,563	3,742,211	(120,648)
Community Support	2,299,778	2,943,209	2,725,118	218,091
Total planning and community development	7,154,890	9,521,693	9,227,983	293,710
Environmental mgmt. - Soil and Water Conservation District	115,810	115,810	115,810	-
Cooperative Extension Program - VPI Extension	138,396	138,396	104,065	34,331
Total community development	7,409,096	9,775,899	9,447,858	328,041
Education:				
School Fund	111,975,000	112,002,820	106,597,635	5,405,185
Total education	111,975,000	112,002,820	106,597,635	5,405,185
Total education	111,975,000	112,002,820	106,597,635	5,405,185
Debt service:				
Principal retirement	-	-	638,020	(638,020)
Interest and fiscal charges	-	-	107,202	(107,202)
Total debt service	-	-	745,222	(745,222)
Nondepartmental:				
Reserves	2,773,553	4,175,489	-	4,175,489
Total nondepartmental	2,773,553	4,175,489	-	4,175,489
Total expenditures - budgetary basis	299,324,577	308,355,366	292,719,948	15,635,418
Less encumbrances at June 30, 2024	-	-	(4,540,858)	4,540,858
Total expenditures	299,324,577	308,355,366	288,179,090	20,176,276
Excess of revenues over expenditures	40,794,505	37,014,443	80,426,418	43,411,975
OTHER FINANCING SOURCES (USES)				
Other financing sources:				
Transfers from governmental funds:				
County Improvements Fund	-	391,520	391,520	-
Lease financing	-	-	129,378	(129,378)
Subscription financing	-	-	313,007	(313,007)
Total other financing sources	-	391,520	833,905	(442,385)
Other financing uses:				
Transfers to governmental funds:				
County Improvements Fund	(29,513,000)	(37,619,099)	(37,619,099)	-
School Improvements Fund	(6,200,000)	(6,200,000)	(6,200,000)	-
Debt Service Fund	(19,671,670)	(19,671,670)	(19,671,670)	-
Total transfers to governmental funds	(55,384,670)	(63,490,769)	(63,490,769)	-
Transfers to Proprietary Fund:				
Airport Fund	(132,995)	(132,995)	(132,995)	-
Total other financing uses	(55,517,665)	(63,623,764)	(63,623,764)	-
Total other financing uses, net	(55,517,665)	(63,232,244)	(62,789,859)	(442,385)
Net change in fund balance	(14,723,160)	(26,217,801)	17,636,559	43,854,360
Fund balance - beginning	14,723,160	112,048,370	112,048,370	-
Fund balance - ending	\$ -	85,830,569	129,684,929	43,854,360

See accompanying independent auditor's report.

COUNTY IMPROVEMENTS FUND

County Improvements – Accounts for the acquisition or construction of the County's capital assets

COUNTY OF HANOVER, VIRGINIA
Exhibit 14

County Improvements Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget Basis

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budget Basis	Final Budget - Positive (Negative)
REVENUES				
Revenue from local sources:				
Other local taxes	\$ 15,639,000	15,639,000	15,520,623	(118,377)
Charges for services	1,086,980	5,136,980	680,145	(4,456,835)
Miscellaneous	1,000,000	1,000,000	-	(1,000,000)
Total revenue from local sources	17,725,980	21,775,980	16,200,768	(5,575,212)
Intergovernmental:				
Revenue from the Commonwealth	13,879,651	29,346,428	3,754,582	(25,591,846)
Revenue from the Federal government	-	42,446,169	5,561,535	(36,884,634)
Total intergovernmental	13,879,651	71,792,597	9,316,117	(62,476,480)
Total revenues	31,605,631	93,568,577	25,516,885	(68,051,692)
EXPENDITURES				
General government administration	1,830,000	33,769,055	28,814,420	4,954,635
Judicial administration	-	413,384	41,251	372,133
Public safety	20,053,000	42,682,012	18,813,662	23,868,350
Public works	38,506,504	103,837,212	32,915,792	70,921,420
Human services	1,000,000	1,000,000	-	1,000,000
Parks, recreation and cultural	860,000	15,660,236	11,796,724	3,863,512
Reserve for future projects	1,000,000	1,247,874	-	1,247,874
Total expenditures	63,249,504	198,609,773	92,381,849	106,227,924
Debt service:				
Principal retirement	-	-	584,615	(584,615)
Interest and fiscal charges	-	-	1,742	(1,742)
Total debt service	-	-	586,357	(586,357)
Total expenditures - budgetary basis	63,249,504	198,609,773	92,968,206	105,641,567
Less encumbrances at June 30, 2024	-	-	(48,549,709)	48,549,709
Total expenditures	63,249,504	198,609,773	44,418,497	154,191,276
Deficiency of revenues under expenditures	(31,643,873)	(105,041,196)	(18,901,612)	86,139,584
OTHER FINANCING SOURCES				
Other financing sources:				
Transfers in	29,513,000	37,619,099	37,619,099	-
Total other financing sources	29,513,000	37,619,099	37,619,099	-
Other financing uses:				
Transfers out	-	(391,520)	(391,520)	-
Total other financing uses	-	(391,520)	(391,520)	-
Total other financing sources, net	29,513,000	37,227,579	37,227,579	-
Net change in fund balance	(2,130,873)	(67,813,617)	18,325,967	86,139,584
Fund balance - beginning	2,130,873	85,599,127	85,599,127	-
Fund balance - ending	\$ -	17,785,510	103,925,094	86,139,584

See accompanying independent auditor's report.

SCHOOL IMPROVEMENTS FUND

School Improvements – Accounts for the acquisition or construction of capital assets used by the County's School Board Component Unit.

COUNTY OF HANOVER, VIRGINIA**Exhibit 15**

School Improvements Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget Basis

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual Amounts Budget Basis	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Education	\$ -	-	1,341,770	1,341,770
Total non-categorical State aid	-	-	1,341,770	1,341,770
Revenue from the Federal government	-	361,563	229,990	(131,573)
Total intergovernmental	-	361,563	1,571,760	1,210,197
Total revenues	-	361,563	1,571,760	1,210,197
EXPENDITURES				
Capital outlay:				
Education	67,200,000	115,268,444	52,891,808	62,376,636
Total expenditures - budgetary basis	67,200,000	115,268,444	52,891,808	62,376,636
Less encumbrances at June 30, 2024	-	-	(11,628,268)	11,628,268
Total expenditures	67,200,000	115,268,444	41,263,540	74,004,904
Deficiency of revenues under expenditures	(67,200,000)	(114,906,881)	(39,691,780)	75,215,101
OTHER FINANCING SOURCES				
Other financing sources:				
Transfers in	6,200,000	6,200,000	6,200,000	-
Issuance of general obligation bonds	61,000,000	61,000,000	-	(61,000,000)
Total other financing sources	67,200,000	67,200,000	6,200,000	(61,000,000)
Net change in fund balance	-	(47,706,881)	(33,491,780)	14,215,101
Fund balance - beginning	-	48,191,513	48,191,513	-
Fund balance - ending	\$ -	484,632	14,699,733	14,215,101

See accompanying independent auditor's report.

DEBT SERVICE FUND

Debt Service Fund – accounts for the resources to be used for County and School Board obligations for the payment of interest and principal on long-term debt.

COUNTY OF HANOVER, VIRGINIA

Exhibit 16

Debt Service Fund

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

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from local sources:				
Revenues from use of money and property	\$	-	1,932,427	1,932,427
Miscellaneous		91,450	91,452	2
Total revenues		91,450	2,023,879	1,932,429
EXPENDITURES				
Debt service:				
Principal retirement		11,895,670	11,895,672	-
Interest		7,841,750	7,841,748	1,219,998
Other fiscal charges		25,700	11,865	13,835
Debt issuance costs		915,000	-	915,000
Total expenditures		20,678,120	18,529,287	2,148,833
Deficiency of revenues under expenditures		(20,586,670)	(16,505,408)	4,081,262
OTHER FINANCING SOURCES				
Other financing sources:				
Transfers in		19,671,670	19,671,670	-
Issuance of general obligation bonds		915,000	-	(915,000)
Total other financing sources		20,586,670	19,671,670	(915,000)
Net change in fund balance		-	3,166,262	3,166,262
Fund balance - beginning		-	2,045,332	-
Fund balance - ending	\$	-	5,211,594	3,166,262

See accompanying independent auditor's report.

CUSTODIAL FUNDS

Custodial Funds are a type of Fiduciary Fund. Custodial funds are maintained to account for funds held by the County on behalf of individuals, private organizations or other governments, as follows:

Bell Creek Community Development Authority (Bell Creek CDA) – Accounts for monies collected on behalf of, and subsequently remitted to the Bell Creek CDA.

Lewistown Community Development Authority (Lewistown CDA) – Accounts for monies collected on behalf of, and subsequently remitted to the Lewistown CDA.

Escrow – Accounts for monies held by the County for the benefit of individuals, organizations, or other governments that are not part of the financial reporting entity.

Special Welfare – Accounts for monies received for and expenditures made on behalf of social service clients.

Commonwealth Fund – Accounts for monies received on behalf of, and subsequently remitted to the Commonwealth.

COUNTY OF HANOVER, VIRGINIA

Exhibit 17

Custodial Funds

Combining Statement of Net Position

June 30, 2024

	Bell Creek Community Development Authority	Lewistown Community Development Authority	Escrow	Special Welfare	Commonwealth	Total
ASSETS						
Pooled cash, cash equivalents and investments	\$ 82,737	328,789	2,356,314	71,327	7,706	2,846,873
Accounts receivable	81,642	338,332	-	-	-	419,974
Total assets	164,379	667,121	2,356,314	71,327	7,706	3,266,847
LIABILITIES						
Accounts payable	79,826	287,024	6	-	-	366,856
Accrued liabilities	-	62,862	-	-	-	62,862
Deposits	-	-	6,308	-	7,706	14,014
Total liabilities	79,826	349,886	6,314	-	7,706	443,732
DEFERRED INFLOWS OF RESOURCES						
Deferred revenues	84,553	317,235	-	-	-	401,788
Total deferred inflows of resources	84,553	317,235	-	-	-	401,788
NET POSITION						
Restricted for:						
Individuals, organizations and other governments	-	-	2,350,000	71,327	-	2,421,327
Total net position	\$ -	-	2,350,000	71,327	-	2,421,327

See accompanying independent auditor's report.

COUNTY OF HANOVER, VIRGINIA

Exhibit 18

Custodial Funds

Combining Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2024

	Bell Creek Community Development Authority	Lewistown Community Development Authority	Escrow	Special Welfare	Commonwealth	Total
ADDITIONS						
Income tax collections for other governments	\$ -	-	-	-	1,472,291	1,472,291
Sales tax collections for other governments	-	-	860,194	-	-	860,194
Special assessment tax collections for other governments	174,914	610,898	-	-	-	785,812
Business license surcharge collections for other governments	-	-	28,273	-	-	28,273
Miscellaneous	-	-	-	74,675	-	74,675
Total additions	174,914	610,898	888,467	74,675	1,472,291	3,221,245
DEDUCTIONS						
Benefits paid to participants or beneficiaries	-	-	255,009	67,183	-	322,192
Administrative expense	5,000	-	-	-	-	5,000
Payments of income tax collections to other governments	-	-	-	-	1,472,291	1,472,291
Payments of sales tax to other governments	-	-	860,194	-	-	860,194
Payments of special assessment tax to other governments	169,914	610,898	-	-	-	780,812
Payments of business license surcharge to other governments	-	-	28,273	-	-	28,273
Total deductions	174,914	610,898	1,143,476	67,183	1,472,291	3,468,762
Net increase (decrease) in fiduciary net position	-	-	(255,009)	7,492	-	(247,517)
Net position						
Beginning	-	-	2,605,009	63,835	-	2,668,844
Ending	\$ -	-	2,350,000	71,327	-	2,421,327

See accompanying independent auditor's report.

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

Governmental Funds:

School – Accounts for the activities of primary and secondary education.

Cafeteria – Accounts for the operations of school food services.

Student Activity Funds – Accounts for funds maintained by schools for instructional and extracurricular activities.

COUNTY OF HANOVER, VIRGINIA

Exhibit 19

Discretely Presented Component Unit - School Board
Combining Balance Sheet
June 30, 2024

	Governmental Funds			
	Special Revenue			
	Student Activity			
	School	Cafeteria	Fund	Totals
ASSETS				
Pooled cash, cash equivalents and investments	\$ 14,041,771	3,288,563	3,655,123	20,985,457
Accounts receivable	106,262	-	-	106,262
Due from other governmental units	8,675,101	-	-	8,675,101
Inventory	-	512,474	-	512,474
Total assets	\$ 22,823,134	3,801,037	3,655,123	30,279,294
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,193,023	43,984	93,866	2,330,873
Accrued liabilities	15,460,379	280,128	-	15,740,507
Unearned revenues	2,902,518	-	138,734	3,041,252
Total liabilities	20,555,920	324,112	232,600	21,112,632
Fund balances:				
Nonspendable	-	512,474	-	512,474
Restricted	82,958	-	69,316	152,274
Assigned	2,184,256	2,964,451	3,353,207	8,501,914
Total fund balances	2,267,214	3,476,925	3,422,523	9,166,662
Total liabilities and fund balances	\$ 22,823,134	3,801,037	3,655,123	30,279,294

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	\$ 119,315,399
Right to use assets in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,521,524
Long-term liabilities and some accrued liabilities, such as compensated absences and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds:	(8,881,343)
GAAP require the recognition of net pension asset, net pension liability and deferred inflows and outflows of resources related to pensions. These amounts do not use current financial resources and are not reported in the funds.	
Net pension asset	5,274,251
Net pension liability	(123,172,462)
Deferred outflows relating to pension	33,899,503
Deferred inflows relating to pension	(10,771,962)
	(94,770,670)
GAAP require the recognition of net other postemployment benefits asset, net other postemployment benefits liability and deferred inflows and outflows of resources related to other postemployment benefits. These amounts do not use current financial resources and are not reported in the funds.	
Net other postemployment benefits asset	2,115,899
Net other postemployment benefits liability	(21,430,310)
Deferred outflows relating to other postemployment benefits	3,970,519
Deferred inflows relating to other postemployment benefits	(2,948,603)
	(18,292,495)
Net position of School Board Component Unit activities	\$ 8,059,077

See accompanying independent auditor's report.

COUNTY OF HANOVER, VIRGINIA**Exhibit 20**

Discretely Presented Component Unit - School Board

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended June 30, 2024

	School	Cafeteria	Special Revenue Student Activity Fund	Totals
REVENUES				
Revenue from local sources:				
Revenue from use of money and property	\$ 154,800	143,383	2,217	300,400
Charges for services - operating	370,019	3,720,242	3,021,154	7,111,415
Miscellaneous	1,128,459	132,598	1,573,357	2,834,414
Recovered costs	106,628	-	768,210	874,838
Payments from Primary Government	106,597,635	-	-	106,597,635
Revenue from the Commonwealth	113,941,699	145,628	-	114,087,327
Revenue from the Federal government	9,876,884	4,428,300	-	14,305,184
Total revenues	232,176,124	8,570,151	5,364,938	246,111,213
EXPENDITURES				
Education	232,751,102	8,783,609	5,324,366	246,859,077
Debt service:				
Principal retirement	733,447	22,545	-	755,992
Interest and fiscal charges	35,295	100	-	35,395
Total expenditures	233,519,844	8,806,254	5,324,366	247,650,464
Excess (deficiency) of revenues over (under) expenditures	(1,343,720)	(236,103)	40,572	(1,539,251)
OTHER FINANCING SOURCES				
Other financing sources:				
Lease financing	636,562	-	-	636,562
Total other financing sources	636,562	-	-	636,562
Net change in fund balance	(707,158)	(236,103)	40,572	(902,689)
Fund balances - beginning	2,974,372	3,713,028	3,381,951	10,069,351
Fund balances - ending	\$ 2,267,214	3,476,925	3,422,523	9,166,662

See accompanying independent auditor's report.

COUNTY OF HANOVER, VIRGINIA**Exhibit 21****Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Discretely Presented School Component Unit to the Statement of Activities
For the Year Ended June 30, 2024**

Net change in fund balances - total governmental funds \$ (902,689)

The County's School Improvements Fund accounts for the construction and acquisition of School Board capital assets. As the School Improvements Fund makes capital outlay expenditures, the capital assets, and a corresponding increase in the "Payment from Hanover County," are recorded by the School Board Component Unit in the government-wide financial statements. After their completion, the cost of the capital assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.

Capital outlay	42,271,649
Depreciation and amortization expense	(10,064,051)

The net effect of various miscellaneous transactions involving capital assets, such as sales, trade-ins, transfers and donations that decreased net position. (842,184)

Under Virginia law, the County has a tenancy in common for School Board Component Unit capital assets for which the County is obligated to repay outstanding "on-behalf" bonds. Under the tenancy in common, the County reports the net book value of School Board Component Unit capital assets up to the outstanding principal balance of "on-behalf" bonds at year end. This amount is the decrease in the net book value of School Board Component Unit capital assets reported by the County for the fiscal year, which resulted primarily from a decrease in school construction activity during the fiscal period. (30,021,782)

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. (93,514)

Lease obligations are reported on the government-wide statement of net position and are not reported in the funds. As the School Board component unit makes rental payments for these obligations, the related interest expense and amortization expense are reported in the government-wide statement of activities for the duration of the lease term.

Principal payments on leases	336,576
------------------------------	---------

Subscription obligations are reported on the government-wide statement of net position and are not reported in the funds. As the School Board component unit makes payments for these obligations, the related interest expense and amortization expense are reported in the government-wide statement of activities for the duration of the subscription term.

Principal payments on subscriptions	419,416
-------------------------------------	---------

Pension contributions reported as expenditures in the fund statements are reported as deferred outflows of resources on the Statement of Net Position. Pension expenses reported on the Statement of Activities do not use current financial resources and are not reported in the funds. This adjustment accounts for the net changes in net pension asset, net pension liability, and deferred inflows and outflows relating to pension. 11,396,514

Other postemployment benefits contributions reported as expenditures in the fund statements are reported as deferred outflows of resources on the Statement of Net Position. OPEB expenses reported on the Statement of Activities do not use current financial resources and are not reported in the funds. This adjustment accounts for the net changes in net OPEB asset, net OPEB liability, and deferred inflows and outflows related to OPEB. 1,641,109

Changes in net position of School Board Component Unit activities	<u>\$ 14,141,044</u>
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See accompanying independent auditor's report.

COUNTY OF HANOVER, VIRGINIA
Exhibit 22

School Fund - School Board

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual Amounts Budget Basis	Variance with Final Budget - Positive (Negative)
REVENUES				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ 154,800	154,800	154,800	-
Total revenue from use of money and property	154,800	154,800	154,800	-
Charges for services:				
Tuition and other charges for services	480,000	480,000	370,019	(109,981)
Total charges for services	480,000	480,000	370,019	(109,981)
Miscellaneous:				
Miscellaneous	1,606,650	1,896,468	1,128,459	(768,009)
Total miscellaneous revenues	1,606,650	1,896,468	1,128,459	(768,009)
Recovered costs:				
Recovered costs	977,350	235,000	106,628	(128,372)
Total recovered costs	977,350	235,000	106,628	(128,372)
Payments from Primary Government:				
General Fund	111,975,000	112,002,820	106,597,635	(5,405,185)
Total payments from Primary Government	111,975,000	112,002,820	106,597,635	(5,405,185)
Total revenue from local sources	115,193,800	114,769,088	108,357,541	(6,411,547)
Revenue from the Commonwealth:				
Non-categorical aid:				
Non-categorical aid programs	83,052,108	83,504,896	86,277,400	2,772,504
Total non-categorical aid	83,052,108	83,504,896	86,277,400	2,772,504
Categorical aid:				
Categorical aid programs	28,593,141	32,691,351	27,664,299	(5,027,052)
Total categorical aid	28,593,141	32,691,351	27,664,299	(5,027,052)
Total revenue from the Commonwealth	111,645,249	116,196,247	113,941,699	(2,254,548)
Revenue from the Federal government:				
Categorical aid:				
Department of Education	7,093,225	10,680,350	9,876,884	(803,466)
Total revenue from the Federal government	7,093,225	10,680,350	9,876,884	(803,466)
Total revenues	233,932,274	241,645,685	232,176,124	(9,469,561)
EXPENDITURES				
Education:				
General support	13,395,505	14,116,044	13,084,566	1,031,478
Pupil transportation	10,583,549	10,545,848	11,104,710	(558,862)
Operations and maintenance	15,016,465	16,629,447	16,454,981	174,466
Instruction	193,991,178	202,075,938	192,233,090	9,842,848
Facilities	945,577	1,252,780	1,031,722	221,058
Total education	233,932,274	244,620,057	233,909,069	10,710,988
Debt service:				
Principal retirement	-	-	733,447	(733,447)
Interest and fiscal charges	-	-	35,295	(35,295)
Total debt service	-	-	768,742	(768,742)
Total expenditures - budgetary basis	233,932,274	244,620,057	234,677,811	9,942,246
Less encumbrances at June 30, 2024	-	-	(1,157,967)	1,157,967
Total expenditures	233,932,274	244,620,057	233,519,844	11,100,213
Deficiency of revenues under expenditures	-	(2,974,372)	(1,343,720)	1,630,652
OTHER FINANCING SOURCES AND USES				
Other financing sources:				
Lease financing	-	-	636,562	636,562
Total other financing sources	-	-	636,562	636,562
Other financing sources (uses), net	-	-	636,562	636,562
Net change in fund balance	-	(2,974,372)	(707,158)	2,267,214
Fund balance - beginning	-	2,974,372	2,974,372	-
Fund balance - ending	\$ -	-	2,267,214	2,267,214

See accompanying independent auditor's report.

COUNTY OF HANOVER, VIRGINIA**Exhibit 23**

Cafeteria Fund - School Board

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual Amounts Budget Basis	Variance with Final Budget - Positive (Negative)
REVENUES				
Revenue from local sources:				
Revenue from use of money and property	\$ -	96,133	143,383	47,250
Charges for services	3,300,000	3,300,000	3,720,242	420,242
Miscellaneous revenues	375,000	278,867	132,598	(146,269)
Total revenues from local sources	3,675,000	3,675,000	3,996,223	321,223
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Categorical aid:				
School food programs	313,576	313,576	145,628	(167,948)
Total revenues from the Commonwealth	313,576	313,576	145,628	(167,948)
Revenue from the Federal government:				
Categorical aid:				
USDA donated commodities	400,001	400,001	658,166	258,165
School food programs	3,500,000	3,500,000	3,770,134	270,134
Total revenues from the Federal government	3,900,001	3,900,001	4,428,300	528,299
Total intergovernmental revenues	4,213,577	4,213,577	4,573,928	360,351
Total revenues	7,888,577	7,888,577	8,570,151	681,574
EXPENDITURES				
Education:				
Cafeteria	8,570,856	8,644,836	8,783,609	(138,773)
Total education	8,570,856	8,644,836	8,783,609	(138,773)
Debt service:				
Principal retirement	-	-	22,545	(22,545)
Interest and fiscal charges	-	-	100	(100)
Total debt service	-	-	22,645	(22,645)
Total expenditures	8,570,856	8,644,836	8,806,254	(161,418)
Net change in fund balance	(682,279)	(756,259)	(236,103)	520,156
Fund balance - beginning	-	3,713,028	3,713,028	-
Fund balance - ending	\$ (682,279)	2,956,769	3,476,925	520,156

See accompanying independent auditor's report.

DISCRETELY PRESENTED COMPONENT UNIT – ECONOMIC DEVELOPMENT AUTHORITY

Governmental Fund:

Economic Development Authority – Accounts for the operations of the Economic Development Authority of Hanover County.

COUNTY OF HANOVER, VIRGINIA**Exhibit 24**

Discretely Presented Component Unit - Economic Development Authority

Balance Sheet

June 30, 2024

ASSETS

Pooled cash, cash equivalents and investments	\$ 2,474,331
Total assets	<u>\$ 2,474,331</u>

LIABILITIES AND FUND BALANCES

Accounts payable	\$ 2,350,000
Total liabilities	<u>2,350,000</u>

Fund balances:

Unassigned	124,331
Total fund balances	<u>124,331</u>
Total liabilities and fund balances	<u>\$ 2,474,331</u>

Amounts reported for the Economic Development Authority in the Statement of Net Position are different because:

Receivables on the Statement of Net Position that do not provide current financial resources are not reported in the funds.	\$ 905,000
Long-term liabilities, including bonds payable and accrued interest are not due and payable in the current period and, therefore, are not reported in the funds.	(905,000)
Total net position of the Economic Development Authority	<u>\$ 124,331</u>

See accompanying independent auditor's report.

COUNTY OF HANOVER, VIRGINIA**Exhibit 25**

Discretely Presented Component Unit - Economic Development Authority

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Charges for services:				
Economic development fees	\$ 83,945	83,945	83,945	-
Payments from Primary Government:				
General Fund	-	4,055,008	4,055,008	-
Total revenues	83,945	4,138,953	4,138,953	-
EXPENDITURES				
Community Development:				
Economic development	83,945	4,138,953	4,136,300	2,653
Total expenditures	83,945	4,138,953	4,136,300	2,653
Excess of revenues over expenditures	-	-	2,653	2,653
Net change in fund balance	-	-	2,653	2,653
Fund balance - beginning	-	121,678	121,678	-
Fund balance - ending	\$ -	121,678	124,331	2,653

See accompanying independent auditor's report.

STATISTICAL SECTION

The Statistical Section of the County of Hanover's Annual Comprehensive Financial Report provides readers with additional detailed information as a context to assist in understanding what the information in the financial statements, accompanying notes, and required supplementary information indicates about the County's economic condition over an extended period of time. Information is presented in the following five categories:

	<u>Pages</u>
Financial Trends Information	170 - 176
Financial trends information is intended to help the reader understand and assess how the County's financial position has changed over time.	
Revenue Capacity Information	177 - 180
Revenue capacity information is intended to help the reader understand and assess the County's ability to generate its most significant local revenue source, the property tax.	
Debt Capacity Information	181 - 182
Debt capacity information is intended to help the reader understand and assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	
Demographic and Economic Information	183 - 184
Demographic and economic information is intended to help the reader understand the socioeconomic environment within which the County's financial activities take place.	
Operating Information	185 - 187
Operating information is intended to provide information about the County's services and capital asset resources to help the reader understand how the information in the financial report relates to the services the County provides and the activities it performs.	

COUNTY OF HANOVER, VIRGINIA

Net Position by Component (Unaudited)

Last Ten Fiscal Years

(accrual basis of accounting)

Table 1

	2015	2016	2017	2018 (1)	2019	2020	2021	2022	2023	2024
Governmental activities:										
Net investment in capital assets	\$ 73,603,011	77,813,118	78,760,193	81,867,826	82,130,809	84,032,333	90,679,700	98,372,276	108,465,433	114,845,810
Restricted	8,444,892	8,991,060	9,405,975	8,211,782	7,883,977	8,716,897	21,217,462	41,922,959	47,512,826	55,447,258
Unrestricted	50,299,917	57,293,783	58,254,707	55,720,981	64,185,650	82,697,815	103,751,059	127,169,386	176,061,424	229,417,311
Total net position, governmental activities	\$ 132,347,820	144,097,961	146,420,875	145,800,589	154,200,436	175,447,045	215,648,221	267,464,621	332,039,683	399,710,379
Business-type activities:										
Net investment in capital assets	\$ 192,592,248	196,617,097	202,891,621	213,370,261	218,728,265	225,248,001	234,210,628	238,711,588	252,469,325	271,382,583
Restricted	3,524,693	3,486,303	3,587,279	3,755,185	3,887,194	4,063,710	4,237,420	5,053,581	5,084,921	5,382,950
Unrestricted	18,734,211	22,080,371	25,425,525	26,360,193	28,920,096	33,053,382	36,392,034	42,199,872	44,133,051	37,177,693
Total net position, business-type activities	\$ 214,851,152	222,183,771	231,904,425	243,485,639	251,535,555	262,365,093	274,840,082	285,965,041	301,687,297	313,943,226
Primary government:										
Net investment in capital assets	\$ 266,195,259	274,430,215	281,651,814	295,238,087	300,859,074	309,280,334	324,890,328	337,083,864	360,934,758	386,228,393
Restricted	11,969,585	12,477,363	12,993,254	11,966,967	11,771,171	12,780,607	25,454,882	46,976,540	52,597,747	60,830,208
Unrestricted	69,034,128	79,374,154	83,680,232	82,081,174	93,105,746	115,751,197	140,143,093	169,369,258	220,194,475	266,595,004
Total net position, Primary Government	\$ 347,198,972	366,281,732	378,325,300	389,286,228	405,735,991	437,812,138	490,488,303	553,429,662	633,726,980	713,653,605

Notes: (1) The County adopted GASB Statement No. 75 in fiscal year 2018. Prior years have not been adjusted for the effect of this statement on the change in net position.

COUNTY OF HANOVER, VIRGINIA

Changes in Net Position (Unaudited)

Last Ten Fiscal Years

(accrual basis of accounting)

Table 2

	Fiscal Year									
	2015	2016	2017	2018 (1)	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities:										
General government administration	\$ 14,078,698	14,579,237	16,697,133	15,979,421	18,288,850	19,062,592	28,757,564	20,206,436	21,851,839	23,027,250
Judicial administration	4,699,748	4,968,826	6,931,360	7,981,981	7,493,514	8,030,417	8,513,448	8,237,142	9,247,168	9,837,348
Public safety	51,586,916	53,695,056	59,422,217	60,731,436	63,126,625	65,689,440	72,941,427	74,214,530	78,549,808	87,584,433
Public works	15,054,599	14,580,033	17,693,369	27,958,841	20,567,158	23,624,070	9,883,199	13,282,508	23,489,986	34,483,600
Human services	20,364,814	21,222,733	22,498,625	23,401,758	24,900,685	26,204,530	27,851,496	28,152,179	31,133,754	35,270,739
Parks, recreation and cultural	6,118,595	6,189,937	6,615,395	6,475,656	6,760,866	6,675,108	6,156,104	6,835,545	7,940,771	8,231,013
Community development	4,723,408	5,094,822	5,139,068	5,297,842	5,650,983	5,614,279	7,349,683	6,490,492	8,564,677	9,408,332
Education	82,732,244	85,215,836	89,409,847	93,998,917	98,123,845	98,169,817	100,193,462	109,318,093	112,020,355	119,393,085
Interest on long-term debt	6,005,268	6,611,846	6,132,233	5,883,953	5,787,665	5,303,168	5,124,498	4,654,246	5,881,531	5,652,253
Total governmental activities expenses	205,364,290	212,158,326	230,539,247	247,709,805	250,700,191	258,373,421	266,770,881	271,391,171	298,679,889	332,888,053
Business-type activities:										
Public utilities	26,303,713	26,302,409	26,477,038	25,936,698	28,217,686	29,236,870	31,022,556	30,033,599	32,748,954	35,741,515
Airport	736,601	627,311	625,962	658,321	733,997	863,690	1,029,520	1,090,344	1,116,029	1,330,222
Total business-type activities expenses	27,040,314	26,929,720	27,103,000	26,595,019	28,951,683	30,100,560	32,052,076	31,123,943	33,864,983	37,071,737
Total expenses, Primary Government	\$ 232,404,604	239,088,046	257,642,247	274,304,824	279,651,874	288,473,981	298,822,957	302,515,114	332,544,872	369,959,790
Program Revenues										
Governmental activities:										
Charges for services:										
General governmental administration	\$ 1,945,854	1,687,666	1,847,076	2,362,301	2,414,877	2,455,585	2,841,171	2,789,177	2,657,257	3,276,659
Judicial administration	1,114,869	1,049,789	1,077,473	1,068,257	1,042,023	959,741	1,124,110	912,416	873,583	836,841
Public safety	4,828,466	4,664,786	5,181,569	4,924,849	5,703,634	5,592,212	5,920,796	8,432,176	7,646,490	6,658,234
Public works	1,021,198	1,106,528	1,715,083	2,428,584	2,579,622	1,788,663	2,088,305	2,479,498	2,416,642	2,557,662
Human services	3,462,587	3,338,548	3,346,538	3,230,466	3,455,355	3,285,753	3,208,018	3,743,972	4,091,201	4,322,206
Parks, recreation and cultural	456,682	480,162	554,834	255,579	657,269	524,249	158,623	267,644	406,694	397,037
Community development	1,077,596	1,204,089	1,166,607	1,280,476	1,212,482	1,099,820	807,082	1,718,429	1,507,217	1,689,144
Operating grants and contributions	16,135,262	16,575,846	19,167,150	18,643,069	18,980,164	19,925,541	20,848,487	22,461,537	25,798,873	28,857,973
Capital grants and contributions	6,157,602	5,331,207	5,697,464	14,202,534	8,901,635	16,048,539	16,603,436	18,410,990	34,236,661	27,088,645
Total governmental activities program revenues	36,200,116	35,438,621	39,753,794	48,396,115	44,947,061	51,680,103	53,600,028	61,215,839	79,634,618	75,684,401
Business-type activities:										
Charges for services:										
Public utilities	23,922,093	30,524,162	30,374,748	30,091,001	31,484,081	33,137,653	34,917,953	35,905,086	35,065,163	37,854,851
Airport ⁽¹⁾	207,379	207,288	215,748	221,383	227,988	286,679	415,749	653,989	606,179	296,674
Operating grants and contributions	-	-	-	-	-	30,000	192,993	531,708	67,027	239,124
Capital grants and contributions	8,745,545	3,282,212	6,131,327	8,094,840	4,232,942	6,062,536	8,831,694	5,771,948	12,240,152	8,682,172
Total business-type activities program revenues	32,875,017	34,013,662	36,721,823	38,407,224	35,945,011	39,516,868	44,358,389	42,862,731	47,978,521	47,072,821
Total program revenues, Primary Government	\$ 69,075,133	69,452,283	76,475,617	86,803,339	80,892,072	91,196,971	97,958,417	104,078,570	127,613,139	122,757,222
Net (Expense) Revenue										
Governmental activities	\$ (169,164,174)	(176,719,705)	(191,055,453)	(199,313,690)	(205,753,130)	(206,693,318)	(213,170,853)	(210,175,332)	(219,045,271)	(257,203,652)
Business-type activities	5,834,703	7,083,942	9,618,823	11,812,205	6,993,328	9,416,308	12,306,313	11,738,788	14,113,538	10,001,084
Total net expense, Primary Government	\$ (163,329,471)	(169,635,763)	(181,436,630)	(187,501,485)	(198,759,802)	(197,277,010)	(200,864,540)	(198,436,544)	(204,931,733)	(247,202,568)

(continued)

COUNTY OF HANOVER, VIRGINIA

Changes in Net Position (Unaudited)

Last Ten Fiscal Years

(accrual basis of accounting)

Table 2

	Fiscal Year									
	2015	2016	2017	2018 (1)	2019	2020	2021	2022	2023	2024
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 130,303,062	139,280,061	143,800,396	152,312,919	161,303,287	172,139,996	179,819,627	197,107,865	215,488,267	248,417,607
Sales taxes	19,201,921	19,886,580	20,752,689	22,037,982	22,863,888	24,952,022	27,749,559	31,386,268	33,420,552	35,332,144
Utility taxes	6,770,101	6,726,388	6,639,025	6,557,712	6,156,966	6,195,954	5,683,606	5,643,223	5,540,862	5,223,395
Recordation taxes	2,165,891	2,431,061	2,403,524	2,460,540	2,561,531	2,988,339	3,598,741	3,570,398	2,515,902	2,534,902
Other	2,552,378	2,835,584	3,024,186	3,266,880	3,576,388	3,635,955	3,408,364	4,220,016	4,801,365	4,611,098
Noncategorical State aid	15,107,698	15,322,281	15,390,161	15,433,308	15,550,167	15,558,068	15,695,095	15,582,768	15,627,543	15,668,503
Grants and contributions not restricted to specific programs	1,468,137	1,416,225	1,338,897	911,867	244,755	760,510	17,585,090	6,154,359	1,473,587	1,011,408
Unrestricted investment earnings	302,518	582,027	81,738	239,848	1,948,024	2,138,527	623	(1,559,198)	4,880,755	12,208,286
Transfers	(90,074)	(10,361)	(52,249)	(71,018)	(52,029)	(429,444)	(168,676)	(113,967)	(128,500)	(132,995)
Total general revenues and other changes in net position, governmental activities	177,781,632	188,469,846	193,378,367	203,150,038	214,152,977	227,939,927	253,372,029	261,991,732	283,620,333	324,874,348
Business-type activities:										
Public utilities - unrestricted investment earnings	104,280	188,316	49,582	112,532	1,004,559	983,786	-	(530,144)	1,282,566	2,121,850
Transfers - Airport fund	90,074	10,361	52,249	71,018	52,029	429,444	168,676	113,967	128,500	132,995
Total general revenues and other changes in net position, business-type activities	194,354	198,677	101,831	183,550	1,056,588	1,413,230	168,676	(416,177)	1,411,066	2,254,845
Total general revenues and other changes in net position, Primary Government	\$ 177,975,986	188,668,523	193,480,198	203,333,588	215,209,565	229,353,157	253,540,705	261,575,555	285,031,399	327,129,193
Change in Net Position										
Governmental activities	\$ 8,617,458	11,750,141	2,322,914	3,836,348	8,399,847	21,246,609	40,201,176	51,816,400	64,575,062	67,670,696
Business-type activities	6,029,057	7,282,619	9,720,654	11,995,755	8,049,916	10,829,538	12,474,989	11,322,611	15,524,604	12,255,929
Total change in net position, Primary Government	\$ 14,646,515	19,032,760	12,043,568	15,832,103	16,449,763	32,076,147	52,676,165	63,139,011	80,099,666	79,926,625

Notes: (1) The County adopted GASB Statement No. 75 in fiscal year 2018. Prior years have not been adjusted for the effect of this statement on the change in net position.

COUNTY OF HANOVER, VIRGINIA

Fund Balances, Governmental Funds (Unaudited)

Last Ten Fiscal Years

(modified accrual basis of accounting)

Table 3

Fiscal Year Ended June 30, (see note 1 below)										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund:										
Nonspendable	\$ 201,790	221,923	248,444	247,392	265,730	945,922	322,804	341,221	391,488	415,091
Restricted	892,123	894,106	693,755	868,647	924,397	971,724	921,756	1,003,815	1,595,759	2,716,728
Committed	500,000	500,000	500,000	500,000	500,000	500,000	50,000	500,000	500,000	500,000
Assigned	24,467,668	26,794,234	21,741,736	20,386,174	21,808,028	27,557,732	48,726,920	60,820,138	65,317,507	76,291,366
Unassigned	26,418,188	28,169,774	29,351,651	30,870,027	33,241,543	35,558,697	37,884,183	40,333,577	44,243,616	49,761,744
Total General Fund	\$ 52,479,769	56,580,037	52,535,586	52,872,240	56,739,698	65,534,075	87,905,663	102,998,751	112,048,370	129,684,929
All other governmental funds: ⁽²⁾										
Nonspendable	\$ 158,852	290,107	264,560	214,911	155,515	1,203,231	137,524	1,932,705	1,748,276	4,115,541
Restricted	24,100,147	23,664,172	22,321,649	11,813,267	19,619,407	20,646,953	34,145,237	44,496,712	87,056,225	51,736,621
Assigned	13,646,110	12,898,509	19,819,146	18,584,547	19,596,130	23,772,281	22,435,302	25,073,596	47,031,471	67,984,259
Total All Other Governmental Funds	\$ 37,905,109	36,852,788	42,405,355	30,612,725	39,371,052	45,622,465	56,718,063	71,503,013	135,835,972	123,836,421

Notes: (1) Source: County of Hanover, Virginia Annual Comprehensive Financial Reports for fiscal years indicated.

(2) Includes the County Improvements Fund, the School Improvements Fund and the Debt Service Fund of the Primary Government.



COUNTY OF HANOVER, VIRGINIA

Table 4

Changes in Fund Balances, Governmental Funds, (Unaudited)

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year				
	2015	2016	2017	2018	2019
Primary Government:					
REVENUES					
General property taxes	\$ 132,279,062	137,857,061	144,598,402	152,391,918	160,914,283
Other local taxes	30,690,291	31,879,613	32,819,424	34,323,112	35,158,773
Permits, privilege fees and regulatory licenses	2,126,778	2,143,668	2,192,797	2,198,363	2,440,338
Fines and forfeitures	1,086,243	1,002,872	1,033,165	1,010,284	986,439
Revenues from use of money and property	796,077	1,260,668	706,628	1,054,226	2,925,216
Charges for services	8,015,343	7,764,617	8,982,222	8,931,873	9,653,345
Miscellaneous	1,050,022	875,690	1,065,300	978,881	1,576,947
Recovered costs	3,746,404	3,539,942	3,445,940	4,900,822	4,667,132
Intergovernmental (state and federal)	36,088,750	35,946,025	39,241,368	46,264,286	40,921,536
Total revenues	215,878,970	222,270,156	234,085,246	252,053,765	259,244,009
EXPENDITURES					
General governmental administration	15,080,859	16,799,922	17,695,118	22,657,863	19,210,640
Judicial administration	9,260,522	27,667,680	13,139,599	6,346,665	6,463,712
Public safety	52,259,053	54,722,857	56,060,444	64,089,189	62,841,589
Public works	14,300,650	14,374,485	18,779,795	27,725,516	21,778,298
Human services	20,978,177	21,640,679	22,172,932	23,769,039	25,496,769
Parks, recreation and cultural	5,748,956	6,116,007	6,161,919	6,856,335	7,678,142
Community development	4,824,351	5,120,515	5,077,614	5,550,600	6,046,934
Education expenditures, for:					
Instruction, operations and administration	71,361,872	72,803,686	76,666,934	80,582,583	82,871,239
Capital outlay	6,188,679	3,527,024	7,224,396	10,199,131	11,413,274
Total education, Primary Government	77,550,551	76,330,710	83,891,330	90,781,714	94,284,513
Debt service:					
Principal retirement	12,581,509	12,477,200	12,788,637	12,945,718	13,407,335
Interest and fiscal charges	6,728,512	6,811,762	6,763,982	6,720,089	6,365,400
Total debt service	19,310,021	19,288,962	19,552,619	19,665,807	19,772,735
Bond issuance costs	246,024	289,742	40,116	99,255	195,341
Total expenditures	219,559,164	242,351,559	242,571,486	267,541,983	263,768,673
Excess (deficiency) of revenues over (under) expenditures	(3,680,194)	(20,081,403)	(8,486,240)	(15,488,218)	(4,524,664)
OTHER FINANCING SOURCES (USES)					
Transfers in	27,503,653	26,712,119	33,891,124	29,830,816	32,105,142
Transfers out	(27,593,727)	(26,722,480)	(33,943,373)	(29,901,834)	(32,157,171)
Bonds issued	5,014,371	23,139,711	10,046,605	4,044,300	17,202,478
Refunding bonds issued	23,903,469	-	-	1,548,284	-
Payments to escrow agent	(23,683,940)	-	-	(1,489,324)	-
Lease financing	-	-	-	-	-
Subscription financing	-	-	-	-	-
Total other financing sources, net	5,143,826	23,129,350	9,994,356	4,032,242	17,150,449
Net change in fund balances	\$ 1,463,632	3,047,947	1,508,116	(11,455,976)	12,625,785
County capital outlay (other than for education) contained in functional expenditure categories, above	\$ 9,174,311	30,947,021	14,701,082	16,124,188	11,042,197
GASB 44 debt service disclosure (Primary Government): (2)					
Noncapital expenditures	210,384,853	211,404,538	227,870,404	251,417,795	252,726,476
Debt service as a percentage of noncapital expenditures,					
Primary Government, governmental funds	9.2%	9.1%	8.6%	7.8%	7.8%
Self-imposed debt margin compliance (Total Reporting Entity): (1)					
Noncapital expenditures - total reporting entity	\$ 303,333,119	307,134,844	318,829,642	331,834,249	341,092,828
Debt service as a percent of noncapital expenditures - total reporting entity	6.4%	6.3%	6.1%	5.9%	5.8%

Notes: (1) Self-imposed debt limit information

The Commonwealth of Virginia does not impose a legal debt limit on the amount of long-term indebtedness the County can incur or have outstanding. The Board of Supervisors, however, has imposed limits in the County's Debt Policy. For example, the County's debt policy provides that the annual debt service will not exceed ten percent of noncapital expenditures for the governmental funds of the reporting entity as a whole. For this purpose, capital outlay consists of total expenditures of the County and School Improvements Funds (Capital Projects Funds), and noncapital expenditures consist of total expenditures of the reporting entity, exclusive of the Capital Projects Funds. This table shows how the County has met this self-imposed debt limit for each of the past ten fiscal years. Information about additional self-imposed debt limits is presented on Table 9.

(2) GASB 44 debt service disclosure

This table also shows debt service as a percent of noncapital expenditures for the governmental funds of the primary government only (excluding component units), as required by GASB Statement No. 44. For this purpose, capital outlay is defined in accordance with GASB 44 as the amount of capital assets constructed or acquired during the fiscal year in accordance with the County's asset capitalization policy.

COUNTY OF HANOVER, VIRGINIA

Table 4

Changes in Fund Balances, Governmental Funds ⁽³⁾, (Unaudited)

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year					
2020	2021	2022	2023	2024	
171,784,998	180,507,626	196,221,864	216,108,267	247,392,605	REVENUES
37,772,270	51,118,956	59,249,303	60,668,774	63,222,162	General property taxes
2,296,678	2,754,554	4,026,979	3,101,061	3,056,173	Other local taxes
863,633	918,173	735,721	789,528	802,463	Permits, privilege fees and regulatory licenses
4,135,352	850,725	(729,084)	7,822,248	14,637,278	Fines and forfeitures
9,850,206	9,122,320	10,911,430	10,655,964	9,383,997	Revenues from use of money and property
833,771	1,332,024	1,657,674	1,827,965	1,864,038	Charges for services
4,193,451	4,345,971	4,406,220	4,970,698	5,284,408	Miscellaneous
48,441,282	57,395,718	45,275,321	56,899,962	52,074,908	Recovered costs
280,171,641	308,346,067	321,755,428	362,844,467	397,718,032	Intergovernmental (state and federal)
					Total revenues
23,819,097	21,925,598	20,177,112	27,723,377	27,320,010	EXPENDITURES
6,829,972	7,603,852	8,339,334	11,565,556	8,918,543	General governmental administration
65,606,558	73,976,095	77,555,479	81,529,204	88,676,055	Judicial administration
26,092,396	20,100,168	20,042,811	29,129,235	35,611,925	Public safety
26,364,325	27,806,894	29,229,576	31,801,794	35,871,442	Public works
14,013,475	7,014,451	6,522,803	9,422,400	18,931,686	Human services
5,482,997	7,471,214	6,417,438	8,530,063	9,338,712	Parks, recreation and cultural
					Community development
85,931,936	84,263,313	93,874,859	97,391,654	106,597,635	Education expenditures, for:
3,404,742	15,464,747	11,445,036	20,413,325	41,263,540	Instruction, operations and administration
					Capital outlay
89,336,678	99,728,060	105,319,895	117,804,979	147,861,175	Total education, Primary Government
13,855,812	12,601,325	12,850,752	12,747,130	13,118,307	Debt service:
6,229,538	6,039,034	5,864,651	5,993,531	6,742,559	Principal retirement
20,085,350	18,640,359	18,715,403	18,740,661	19,860,866	Interest and fiscal charges
309,924	43,848	-	290,532	-	Total debt service
277,940,772	284,310,539	292,319,851	336,537,801	392,390,414	Bond issuance costs
2,230,869	24,035,528	29,435,577	26,306,666	5,327,618	Total expenditures
					Excess (deficiency) of revenues over (under) expenditures
33,325,144	29,761,342	38,344,039	57,409,987	63,882,289	OTHER FINANCING SOURCES (USES)
(33,754,588)	(29,930,018)	(38,458,006)	(57,538,487)	(64,015,284)	Transfers in
13,043,805	10,050,334	-	46,916,674	-	Transfers out
17,548,142	-	-	-	-	Bonds issued
(17,347,582)	-	-	-	-	Refunding bonds issued
-	-	106,428	111,456	129,378	Payments to escrow agent
-	-	-	176,282	313,007	Lease financing
12,814,921	9,881,658	(7,539)	47,075,912	309,390	Subscription financing
					Total other financing sources, net
15,045,790	33,917,186	29,428,038	73,382,578	5,637,008	Net change in fund balances
23,304,108	18,651,268	18,025,619	30,242,399	28,355,980	County capital outlay (other than for education) contained in functional expenditure categories, above
254,636,664	265,659,271	274,294,232	306,295,402	364,034,434	GASB 44 Debt Service Disclosure (primary government): (2)
7.9%	7.0%	6.8%	6.1%	5.5%	Noncapital expenditures
					Debt service as a percentage of noncapital expenditures, Primary Government, governmental funds
348,306,761	362,932,063	390,893,382	415,438,986	451,897,506	Self-imposed debt margin compliance (total reporting entity): (1)
5.8%	5.1%	4.8%	4.6%	4.4%	Noncapital expenditures - total reporting entity
					Debt service as a percent of noncapital expenditures - total reporting entity

To assist the reader, the fiscal year 2024 percentages, calculated in accordance with the County's self-imposed debt margin, and with GASB 44, respectively, are as follows:

Debt Margin Information (1), (2)		
Fiscal Year 2024	Self-imposed	GASB 44
	Total Reporting Entity (Note 1)	Primary Government (Note 2)
Total expenditures	\$ 511,690,333	392,390,414
Less:		
Capital Outlay	(59,792,827)	(28,355,980)
Noncapital expenditures	\$ 451,897,506	364,034,434
Debt service expenditures	\$ 19,860,866	19,860,866
As a % of noncapital expenditures	4.4%	5.5%

COUNTY OF HANOVER, VIRGINIA

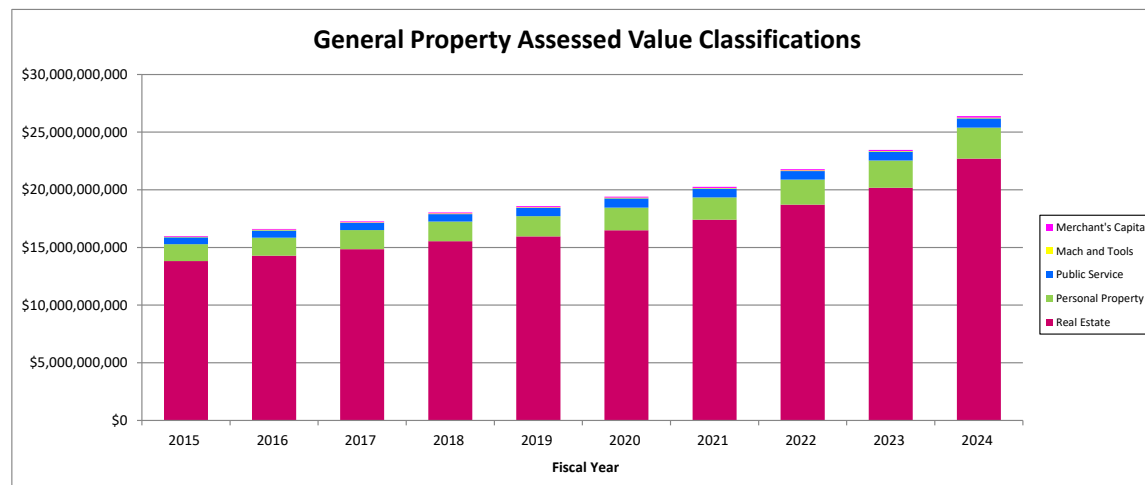
Table 5

Assessed Value and Estimated Actual Value of Taxable Property ^(1,2) (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Machinery and Tools (3)	Merchant's Capital	Public Service Corporations (4)	Total Taxable Assessed Value	Total Direct Tax Rate (5)	Estimated Actual Taxable Value (6)	Taxable Assessed Value as a % of Actual Taxable Value
2015	13,826,817,650	1,452,694,995	49,984,140	63,368,410	599,981,428	15,992,846,623	1.07	17,293,606,269	92.5%
2016	14,289,819,850	1,565,166,980	58,997,854	67,922,205	624,325,439	16,606,232,328	1.08	18,017,370,030	92.2%
2017	14,858,279,800	1,643,589,209	53,077,040	76,493,600	634,456,928	17,265,896,577	1.08	18,668,289,972	92.5%
2018	15,542,711,200	1,701,821,785	65,753,420	83,535,805	645,117,718	18,038,939,928	1.08	19,584,696,258	92.1%
2019	15,965,286,280	1,752,501,610	56,346,000	97,545,290	719,110,278	18,590,789,458	1.08	20,092,378,612	92.5%
2020	16,496,913,758	1,959,943,148	59,799,172	93,248,378	802,159,233	19,412,063,689	1.10	20,997,650,878	92.4%
2021	17,416,489,765	1,917,675,620	53,732,494	94,767,642	777,923,246	20,260,588,768	1.08	21,837,185,459	92.8%
2022	18,710,186,500	2,175,294,863	54,838,973	92,777,375	748,433,647	21,781,531,358	1.09	23,462,030,817	92.8%
2023	20,172,652,855	2,365,597,218	51,005,936	103,280,353	771,913,991	23,464,450,353	1.11	25,212,103,364	93.1%
2024	22,703,933,326	2,691,349,008	67,104,280	115,933,548	807,038,644	26,385,358,804	1.10	28,430,380,281	92.8%
% Change	12.5%	13.8%	31.6%	12.3%	4.6%	12.4%		12.8%	
% Ch. Since 2015	64.2%	85.3%	34.3%	83.0%	34.5%	65.0%		64.4%	
% of Total	86.0%	10.2%	0.3%	0.4%	3.1%	100.0%			

- Notes: (1) Assessed values of all classes of property approximate market value as of assessment date, unless otherwise noted, and is shown for each period for which taxes are levied.
(2) Real estate assessed values are before land use deferrals or relief for the elderly.
(2) Real property is assessed as of January 1 each year, with the resulting taxes being payable in two equal installments, on June 5 and October 5. Personal property is assessed as of January 1 each year, with payment due on February 5 of the following year.
(3) Machinery and tools are assessed at 10% of cost. Litigation with Bear Island resulted in additional supplemental billing in 2015, based on prior years (2012-2014) tax basis. This resulted in 2015 showing an assessed value of \$127,046,115. Adjustments to determine the actual tax basis in prior years was calculated, in applying the retro-adjustments to 2015 for purposes of evaluating a more realistic tax basis in 2015.
(4) The assessed values of Public Service Corporation real and personal property are determined by the State Corporation Commission.
(5) The total direct tax rate for each fiscal year is per \$100 of assessed valuation, calculated on the weighted average basis.
(6) Market valuation estimates include: machinery and tools estimated at 90% of cost, real estate (including Public Service Corporation real estate) based on traditional 105% sales/assessment ratio, personal property based on 112% trade to book ratio.

Source: County of Hanover, Virginia Treasurer's Office and Commissioner of Revenue's Office



COUNTY OF HANOVER, VIRGINIA

Direct and Overlapping Property Tax Rates (Unaudited)

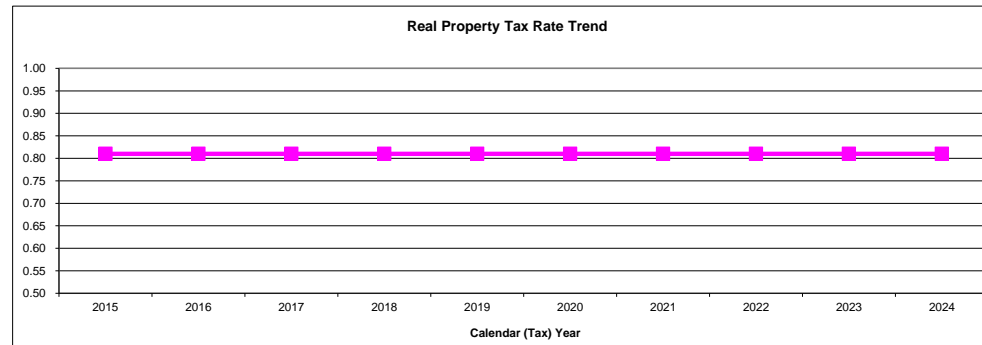
Last Ten Calendar (Tax) Years

Table 6

Calendar (Tax) Year (1)	County of Hanover, Virginia Direct Rates (1,2)							County Total Direct Tax Rate For each Fiscal Year Shown (3)	Town of Ashland (Overlapping Rates) (4)		
	Real Property	Power Generating Equipment	Personal Property	Fire and Rescue Volunteers	Aircraft	Machinery and Tools	Merchant's Capital		Real Property	Personal Property	Machinery and Tools
2015	0.81	0.81	3.57	1.78	0.50	3.57	1.90	1.07	0.09	0.77	0.77
2016	0.81	0.81	3.57	1.78	0.50	3.57	1.90	1.08	0.09	0.77	0.77
2017	0.81	0.81	3.57	1.78	0.50	3.57	1.90	1.08	0.09	0.77	0.77
2018	0.81	0.81	3.57	1.78	0.50	3.57	1.90	1.08	0.09	0.77	0.77
2019	0.81	0.81	3.57	1.78	0.50	3.57	1.90	1.08	0.10	0.77	0.77
2020	0.81	0.81	3.57	1.78	0.50	3.57	1.90	1.10	0.10	0.77	0.77
2021	0.81	0.81	3.57	1.78	0.50	3.57	1.90	1.08	0.10	0.77	0.77
2022	0.81	0.81	3.57	1.78	0.50	3.57	1.90	1.09	0.10	0.77	0.77
2023	0.81	0.81	3.57	1.78	0.50	3.57	1.90	1.11	0.10	0.77	0.77
2024	0.81	0.81	3.57	1.78	0.50	3.57	1.90	1.10	0.10	0.70	0.70
% Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.9%	0.0%	-9.1%	-9.1%
% Ch. Since 2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.8%	11.1%	-9.1%	-9.1%

- Notes: (1) The individual tax rates are per \$100 of assessed value, which is generally determined as of January 1 of each year, and are used to determine tax payments due within the same calendar (tax) year.
- (2) Real property taxes are payable in two equal installments, on June 5 and October 5. Personal property taxes are due on February 5 of the following calendar year.
- (3) The County prepares its budgets and its Annual Comprehensive Financial Report on a fiscal year basis (July 1 through June 30), as required by Section 15.2-2500 of the Code of Virginia, and levies taxes to support County activities for the fiscal year in which the tax payments are due. Accordingly, the Total Direct Tax Rates are applicable to the fiscal year for which the taxes are levied and due. The total direct tax rates are calculated per \$100 of assessed valuation and calculated on the weighted average basis.
- (4) These overlapping rates are in addition to the County rates, but only apply to taxpayers owning property within the borders of the Town of Ashland, Virginia, which lies within the County.

Source: Hanover County Commissioner of the Revenue's Office and Treasurer's Office and Town of Ashland



COUNTY OF HANOVER, VIRGINIA

Table 7

Principal Property Tax Payers (1) (Unaudited)

Current Year and Nine Years Ago

Taxpayer	Type of Business	2024			2015		
		General Property Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	General Property Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Virginia Electric and Power Company	Electric company	\$ 322,638,771	1	1.2%	\$ 188,219,269	2	1.2%
Doswell Limited Partnership	Power generation facility	218,661,952	2	0.8%	192,033,263	1	1.2%
Memorial Regional Medical Center	Hospital/medical center	168,461,000	3	0.6%	122,491,290	3	0.8%
Wegmnas Food Markets INC.	Grocery wholesaler	159,351,297	4	0.6%	-	n/a	0.0%
Covenant Woods	Nursing home	116,621,986	5	0.4%	87,027,750	4	0.5%
Virginia Natural Gas	Natural gas distributor	100,754,925	6	0.4%	52,391,451	6	0.3%
Cedar Fair Southwest	Entertainment	96,627,294	7	0.4%	86,516,135	5	0.5%
Hickory Hill Road LLC	Real estate holding company	77,118,800	8	0.3%	-	n/a	0.0%
UNFI Distribution Company (2024)/Richfood Inc (2015)	Grocery wholesaler	49,755,636	9	0.2%	45,537,965	7	0.3%
BEL Cardinal North, LLC	Real estate holding company	47,714,300	10	0.2%	-	n/a	0.0%
Bear Island Paper Company (2015)	Paper mill	-	n/a	-	45,274,355	8	0.3%
Verizon Virginia	Telecommunications	-	n/a	-	40,499,882	9	0.3%
Rappahanock Electric Coop	Electric company	-	n/a	-	37,474,750	10	0.2%
		<u>\$ 1,357,705,961</u>		<u>5.1%</u>	<u>\$ 897,466,110</u>		<u>5.6%</u>
Total taxable assessed values		<u>\$ 26,385,358,804</u>			<u>\$ 15,992,846,623</u>		

- Notes: (1) Source: Hanover County Commissioner of the Revenue's Office
(2) n/a = not applicable (taxpayer not in top 10 taxpayers of applicable year)

COUNTY OF HANOVER, VIRGINIA**Table 8****Property Tax Levies and Collections (Unaudited)****Last Ten Fiscal Years**

Fiscal Year	General Property Taxes Levied for the Fiscal Year (1,2)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date as of June 30, 2024	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	144,003,614	143,368,974	99.6%	630,676	143,999,650	99.6%
2016	147,705,971	144,943,605	98.1%	2,753,186	147,696,791	99.1%
2017	157,129,677	154,661,526	98.4%	2,448,914	157,110,440	98.4%
2018	164,152,649	161,148,623	99.5%	2,978,112	164,126,735	99.5%
2019	172,172,776	169,675,177	98.5%	2,195,998	171,871,175	99.0%
2020	183,902,348	178,043,680	96.8%	5,510,994	183,554,674	96.8%
2021	191,901,902	186,702,001	97.3%	4,592,726	191,294,727	99.7%
2022	207,262,970	200,785,085	96.9%	5,022,896	205,807,981	99.3%
2023	226,734,840	220,573,665	97.3%	4,547,455	225,121,120	99.3%
2024	257,600,225	250,427,384	97.2%	-	250,427,384	97.2%

- Notes: (1) Source: County of Hanover, Virginia Treasurer's Office
- (2) Total tax levies include the Commonwealth of Virginia's personal property tax relief reimbursements, and are net of supplemental levies for prior fiscal years, abatements, land use deferrals and tax relief in each fiscal year. The levies exclude special assessments on behalf of the Bell Creek and Lewistown Community Development Authorities and curbside recycling districts.

COUNTY OF HANOVER, VIRGINIA

Ratios of Outstanding Debt by Type, and
Self-Imposed Debt Limit Information (3) (Unaudited)
Last Ten Fiscal Years

Table 9

Governmental Activities General Bonded Debt Outstanding (1)													
Fiscal Year	General Obligation Bonds	Virginia Public School Authority Bonds	Total General Bonded Debt	Estimated Actual Value of Taxable Property	Percent of General Bonded Debt to Estimated Actual Value of Taxable Property	Population (2)	General Bonded Debt per Capita	Infrastructure and State Moral Obligation Revenue Bonds	Notes	Support Agreement	Lease Obligations	Subscription Obligations	
2015	\$ 82,248,421	43,338,840	125,587,261	17,293,606,269	0.7%	104,013	1,207	20,818,270	2,077,143	4,547,777	-	-	
2016	73,803,009	39,555,423	113,358,432	18,017,370,030	0.6%	104,210	1,088	43,782,481	1,982,667	3,844,925	-	-	
2017	67,513,286	45,691,844	113,205,130	18,668,289,972	0.6%	106,375	1,064	43,421,982	1,883,191	3,152,074	-	-	
2018	59,173,311	41,594,579	100,767,890	19,584,696,258	0.5%	107,357	939	42,571,482	5,887,085	2,464,221	-	-	
2019	51,003,400	42,667,356	93,670,756	20,092,378,612	0.5%	107,928	868	53,776,786	4,955,594	2,001,370	-	-	
2020	43,198,220	38,425,290	81,623,510	20,997,650,878	0.4%	109,229	747	65,248,065	4,019,105	1,713,518	-	-	
2021	36,639,578	44,704,158	81,343,736	21,837,185,459	0.4%	115,428	705	63,033,819	3,084,993	1,490,666	-	-	
2022	30,325,938	40,511,084	70,837,022	23,462,030,817	0.3%	114,173	620	60,779,572	2,150,880	1,183,832	1,959,424	-	
2023	25,217,298	82,913,079	108,130,377	25,212,103,364	0.4%	115,428	937	58,490,328	1,211,768	1,055,853	1,843,656	1,278,675	
2024	21,187,131	76,335,579	97,522,710	28,430,380,281	0.3%	116,766	835	56,151,081	1,076,515	922,874	1,735,883	620,786	
% Change	-16.0%	-7.9%	-9.8%	12.8%	-20.0%	1.2%	-10.8%	-4.0%	-11.2%	-12.6%	-5.8%	-51.5%	
% Ch. Since 2015	-74.2%	76.1%	-22.3%	64.4%	-52.8%	12.3%	-30.8%	169.7%	-48.2%	-79.7%	0.0%	0.0%	
Business-type Activities													
					Total Primary Government				Self-Imposed Debt Limit Information (3)				
Fiscal Year	Revenue Bonds	Support Agreement	Lease Obligations	Subscription Obligations	Total Primary Government	Demographic Information		Total Primary Government Debt as a Percentage of Personal Income	Total Primary Government Debt Per Capita	Outstanding Debt Funded by General Governmental Expenditures (4)	Ratio of Outstanding Debt Funded by General Governmental Expenditures to Assessed Value (4)	Outstanding Debt Funded by General Governmental Expenditures per Capita (5)	Ratio of Total General Bonded Debt per Per Capita Income (6)
						Total Personal Income (2) (000's)	Per Capita Personal Income (2)						
2015	\$ 18,970,376	5,077,903	-	-	177,078,730	5,724,499	55,083	3.1%	1,702	153,030,451	1.0%	1,471	2,280
2016	17,581,614	3,723,110	-	-	184,273,229	5,962,742	56,740	3.1%	1,768	162,968,505	0.9%	1,564	1,998
2017	16,321,357	2,375,964	-	-	171,301,519	6,182,409	58,165	2.8%	1,610	161,662,377	0.9%	1,480	1,403
2018	15,026,887	1,015,979	-	-	167,733,544	6,399,936	59,584	2.6%	1,562	151,690,678	0.8%	1,413	1,691
2019	13,677,986	310,000	-	-	168,392,492	6,730,416	61,968	2.5%	1,560	154,404,506	0.8%	1,431	1,512
2020	14,593,003	250,000	-	-	167,447,201	7,226,633	65,599	2.3%	1,533	152,604,198	0.8%	1,397	1,244
2021	13,086,547	190,000	-	-	162,229,761	7,693,263	69,369	2.1%	1,431	148,953,214	0.7%	1,314	1,173
2022	11,463,030	130,000	10,159	-	148,513,919	7,797,733	69,369	1.9%	1,301	134,951,306	0.6%	1,182	1,021
2023	9,775,062	65,000	6,336	438,094	182,295,149	8,013,957	69,369	2.3%	1,579	168,888,326	0.7%	1,463	1,559
2024	8,068,544	-	3,453	532,048	166,633,894	8,099,975	69,369	2.1%	1,427	158,029,849	0.6%	1,353	1,406
% Change	-17.5%	-100.0%	-45.5%	21.4%	-8.6%	1.1%	0.0%	-9.6%	-9.6%	-6.4%	-14.4%	-7.5%	-9.8%
% Ch. Since 2015	-57.5%	-100.0%	0.0%	0.0%	-5.9%	41.5%	25.9%	-33.5%	-16.2%	3.3%	-40.1%	-8.0%	-38.3%

- Notes:
- (1) See Financial Statement Note IV-E for additional information on outstanding debt. The County's general bonded debt is direct debt.
 - (2) Population estimates at June 30th for each year from Weldon Cooper. Populations were updated for prior years based on a change in data source. Per Capita Personal Income is calculated by dividing Personal Income by the population estimate for each fiscal year. Personal income data for 2015 through 2022 (the last year available) is obtained from the Bureau of Economic Analysis, U.S. Department of Commerce. Per Capita Personal Income for 2022 and 2023 is assumed to be equal to 2021, the last year for which Personal Income data is available from the U.S. Department of Commerce. Personal Income amounts for 2023 and 2024 are calculated by multiplying the population estimates by the Per Capita Personal Income estimates for each year.
 - (3) **Self-imposed debt limit information:**
The Commonwealth of Virginia does not impose a legal limit on the amount of long-term indebtedness the County can incur or have outstanding. The Board of Supervisors, however, has imposed limits in the County's Debt Policy. These limits, and relevant information pertaining to them are described in this table, and on Table 4 of this Statistical Section.
 - (4) The County's debt policy provides that outstanding debt funded by general government expenditures as a percentage of Assessed Value will not exceed 2.5 percent. Outstanding debt funded by general governmental expenditures includes general bonded debt, infrastructure and state moral obligation debt, governmental activity capital lease obligations, and governmental activities support agreements presented above.
 - (5) The County's debt policy provides that outstanding debt funded by general government expenditures per Capita will not exceed \$1,900 at June 30, 2007, growing at two percent annually (\$2,712 for fiscal year 2024).
 - (6) The County's debt policy provides that general bonded debt per Per Capita Income will not exceed \$5,000.

COUNTY OF HANOVER, VIRGINIA

Table 10

Pledged Revenue Coverage (1) (Unaudited)
Last Ten Fiscal Years

Utility - Water and Sewer Revenue Bonds

Utility - Water and Sewer Revenue Bonds						Net		Utility - Debt Covenant Coverage Ratio (1.5)		
Fiscal Year	Utility Revenues (2,7)	Less: Operating Expenses (3)	Net Available Revenues	Debt Service Requirements		Available Revenues Coverage (4)	Debt Service		Debt Covenant Coverage Test	
				Principal	Interest		Senior Debt Service	Subordinate Debt Service		
2015	29,549,906	16,531,486	13,018,420	2,406,830	884,863	4.0	3,291,693	-	3.4	
2016	30,835,377	16,545,081	14,290,296	2,418,471	593,230	4.7	3,011,701	-	4.1	
2017	30,424,331	16,679,572	13,744,759	2,321,830	656,573	4.6	2,978,403	-	4.0	
2018	30,203,533	16,038,366	14,165,167	2,351,830	501,997	5.0	2,853,827	-	4.3	
2019	32,488,641	18,045,117	14,443,524	1,776,831	443,218	6.5	2,220,049	-	5.7	
2020	34,121,439	18,450,454	15,670,985	1,211,830	400,060	9.7	1,611,890	-	8.5	
2021	35,095,971	19,839,941	15,256,030	1,261,830	350,094	9.5	1,611,924	-	8.2	
2022	35,874,313	18,804,855	17,069,458	1,316,830	290,872	10.6	1,607,702	-	9.2	
2023	36,347,729	21,637,051	14,710,678	1,381,832	223,240	9.2	1,605,072	-	8.0	
2024	39,780,540	24,113,275	15,667,265	1,395,810	155,129	10.1	1,550,939	-	8.8	
% Change			6.5%	1.0%	-30.5%	10.2%	-3.4%	0.0%	10.2%	
% Ch. Since 2015			20.3%	-42.0%	-82.5%	155.4%	-52.9%	0.0%	155.4%	

Airport Revenue Bond 2007

Fiscal Year	Rent received from Airport Fixed Base Operator	Less: Operating Expenses	Net Available Revenues	Debt Service Requirements		Available Revenues Coverage (6)	Airport - Debt Covenant Coverage Ratio (1,6)			
				Principal	Interest		Rent Received	Restricted cash - (used during current FY or available at FYE for debt service)	Lessee irrevocable letter of credit pledged for satisfaction of debt covenant ratio	Debt Covenant Coverage Test
2015	177,077	-	177,077	74,072	68,024	1.2	177,077	-	36,000	1.5
2016	182,388	-	182,388	77,883	64,116	1.3	182,388	-	36,000	1.5
2017	187,848	-	187,848	81,889	60,008	1.3	187,848	-	36,000	1.6
2018	193,483	-	193,483	86,102	55,688	1.4	193,483	-	36,000	1.6
2019	199,288	-	199,288	90,532	51,146	1.4	199,288	-	36,000	1.7
2020	205,267	-	205,267	95,189	46,370	1.5	205,267	-	36,000	1.7
2021	211,425	-	211,425	100,086	16,380	1.8	211,425	-	36,000	2.1
2022	228,695	-	228,695	117,012	9,182	1.8	228,695	-	36,000	2.1
2023	269,090	-	269,090	118,550	7,635	2.1	269,090	-	36,000	2.4
2024	285,492	-	285,492	120,108	6,066	2.3	285,492	-	36,000	2.5
% Change			6.1%	1.3%	-20.5%	6.1%	6.1%	0.0%	0.0%	5.4%
% Ch. Since 2015			61.2%	62.1%	-91.1%	81.6%	61.2%	0.0%	0.0%	69.9%

Airport Revenue Bond 2019

							Airport - Debt Covenant Coverage Ratio (1,8)			
Fiscal Year	Rent received from Airpoer Lessee	Less: Operating Expenses	Net Available Revenues	Debt Service Requirements		Available Revenues Coverage (8)	Rent Received	Restricted cash -	Lessee irrevocable	Debt Covenant Coverage Test
				Principal	Interest			(used during current FY or available at FYE for debt service)	letter of credit pledged for satisfaction of debt covenant ratio	
2020	\$ 29,257	-	29,257	-	1,490	19.6	29,257	-	162,278	128.5
2021	175,630	-	175,630	43,002	77,176	1.5	175,630	-	162,278	2.8
2022	176,140	-	176,140	88,134	72,864	1.1	176,140	-	162,278	2.1
2023	176,666	-	176,666	91,051	70,058	1.1	176,666	-	162,278	2.1
2024	177,207	-	177,207	94,064	66,928	1.1	177,207	-	162,278	2.1
% Change			0.3%	3.3%	-4.5%	0.4%	0.3%	0.0%	0.0%	0.2%
% Ch. Since 2020			505.7%		4391.8%	-94.4%	505.7%	0.0%	0.0%	-98.4%

Notes: (1) Further information on the County's revenue bonds can be found in Note IV-F to the accompanying basic financial statements.

(2) Utility revenues exclude donated capital assets.

(3) Utility operating expenses exclude depreciation.

(4) The net available revenues coverage equals net available revenues divided by total debt service requirements.

(5) The utility debt covenant coverage ratios assist users to assess the County's legal compliance with its utility debt service covenant requirements. The County's water and sewer revenue bonds debt covenant requires the ratio of utilities net available revenues divided by the sum of 115% of senior debt service and 100% of subordinate debt service to exceed 1.0.

(6) During fiscal 2007, the County issued an airport revenue bond, secured by rent from the airport's fixed base operator. The airport bond had no debt service requirement or debt covenant requirement for fiscal 2007. Beginning in fiscal year 2008, the County's airport debt covenant required the ratio of the sum of rent received from the airport's fixed base operator, restricted cash used during the fiscal year (FY) or available at fiscal year-end (FYE) for airport bond debt service, and the amount of any lessee irrevocable letter of credit, divided by the airport bond principal and interest paid during the fiscal year to equal or exceed 1.25. The lease agreement with the airport's fixed base operator contains scheduled rent increases consistent with the availability of the property to the lessee, designed to meet the debt covenant coverage requirement during the lease term.

(7) Utility revenues do not include exercise of oversize credits, which are reported as capital contributions on Exhibit 8 of the financial statements.

(8) During fiscal 2020, the County issued an airport revenue bond, secured by rent from the airport's lessee. The County's airport debt covenant requires the ratio of the sum received from the airport's lessee, restricted cash used during the fiscal year or available at fiscal year-end for airport bond debt service, and the amount of any lessee irrevocable letter of credit, divided by the airport bond principal and interest paid during the fiscal year to equal or exceed 1.25. The lease agreement with the airport's lessee contains scheduled rent increases consistent with the availability of the property to the lessee, designed to meet the debt covenant coverage requirement during the lease term.

(9) The lessee irrevocable letter of credit amount for the 2007 airport revenue bond has been restated to \$36,000 for 2023.

COUNTY OF HANOVER, VIRGINIA
Demographic Statistics (Unaudited)
Last Ten Fiscal Years

Table 11

Fiscal Year	Population (1)	Personal Income (1) (000's)	Per Capita Personal Income (1)	Median Age (2)	Unemployment Rate (3)	School Enrollment (4)	School Instructional Positions (5)	School Enrollment to Instructional Positions Ratio
2015	103,925	5,628,856	54,163	41.9	3.8%	17,734	1,445	12.3
2016	105,088	5,886,330	56,013	42.4	3.4%	17,776	1,442	12.3
2017	106,290	6,120,856	57,586	42.6	3.3%	17,751	1,463	12.1
2018	107,411	6,334,056	58,970	42.9	2.6%	17,671	1,472	12.0
2019	108,611	6,660,322	61,323	42.7	2.4%	17,462	1,481	11.8
2020	110,164	7,172,823	65,110	42.7	5.0%	17,273	1,521	11.4
2021	110,903	7,745,057	69,836	42.1	3.0%	16,636	1,514	11.0
2022	112,409	8,165,682	72,643	42.4	2.4%	16,415	1,514	10.8
2023	113,026	8,210,502	72,643	42.4	2.5%	16,743	1,540	10.9
2024	116,766	8,482,186	72,643	42.4	2.7%	16,544	1,563	10.6
% Change	3.3%	3.3%	0.0%	0.0%	8.0%	-1.2%	1.5%	-2.6%
% Ch. Since 2015	12.4%	50.7%	34.1%	1.2%	-28.9%	-6.7%	8.2%	-13.8%

- Notes: (1) Population estimates at June 30th for 2015-2023 from Welden Cooper. In 2021, populations were restated for 2014 - 2020 based on new source. Populations estimates at June 30th for 2024 from Hanover County Planning Department. Per Capita Personal Income is calculated by dividing Personal Income by the population estimate for each fiscal year. Personal income data for 2015 through 2022 (the last year available) is obtained from the U. S. Department of Commerce, Bureau of Economic Analysis. Per Capita Personal Income for 2023 and 2024 is assumed to be equal to 2022, the last year for which Personal Income data is available from the U.S. Department of Commerce, Bureau of Economic Analysis. Personal Income amounts for 2023 and 2024 are calculated by multiplying the population estimates by the Per Capita Personal Income estimates for each year.
- (2) U. S. Department of Commerce, Census Bureau
- (3) Virginia Employment Commission
- (4) Hanover County School Board (30th day enrollment for school fiscal year). The school enrollment for 2021 was adjusted from the 6/30/21 ACFR.
- (5) Hanover County School Board (instructional positions include teachers, guidance counselors, librarians and other instructional-related positions).

COUNTY OF HANOVER, VIRGINIA

Table 12

Principal Employers (1) (Unaudited)
Current Year and Nine Years Ago

Employer	Type of Business	2023			2014		
		Employees	Rank	Percentage of Total County Employment (2)	Employees	Rank	Percentage of Total County Employment (2)
Amazon Fulfillment Services Inc.	Administrative and Support Services	1,000 and over	1	3.2%	n/a	n/a	n/a
Hanover County Schools	Educational Services	2,590	2	4.2%	2,438	1	4.4%
Bon Secours Richmond Health System	Hospitals	1,000 and over	3	3.2%	1,000 and over	2	3.6%
County of Hanover	Executive, Legislative and Other General Government Support	1,294	4	2.1%	1,048	3	1.9%
Kings Dominion (Paramount Parks Inc)	Amusement, Gambling and Recreation Industries	1,000 and over	5	3.2%	500-999	9	3.6%
Rmc Events	Administrative and Support Services	1,000 and over	6	3.2%	n/a	n/a	n/a
Wal-Mart Stores	General Merchandise Stores	500-999	7	1.2%	500-999	5	1.3%
Virginia Department of Alcoholic Beverage Control	Administration of Economic Programs	500-999	8	1.2%	n/a	n/a	n/a
Supervalu Distribution Center (2023)/Richfood(2014)	Merchant Wholesalers, Nondurable Goods	500-999	9	1.2%	500-999	8	1.3%
Randolph-Macon College	Educational Services	250-499	10	0.6%	250-499	10	0.7%
Tyson Farms	Food Manufacturing	n/a	n/a	n/a	500-999	4	0.7%
Accosta Sales & Marketing	Wholesale Electronic Markets and Agents and Brokers	n/a	n/a	n/a	500-999	6	1.3%
Sales Mark	Professional, Scientific, and Technical Services	n/a	n/a	n/a	500-999	7	1.3%
Totals				20.2%			20.0%
Total County Employment (3)		62,020			55,997		

Notes: (1) Sources: County and Schools employment levels provided by the Hanover County Department of Finance and Management Services, Budget Division.
Other data provided by the Virginia Employment Commission (VEC).
Employment levels represent full-time equivalents. The most recent year for which this data is available is 2023.

(2) Employment ranges for the private sector are as published by the VEC to ensure confidentiality. Percentages are based on the midpoint of the employment range.

(3) VEC Annual not Seasonally Adjusted Labor Force

COUNTY OF HANOVER, VIRGINIA

Table 13

Full-time Equivalent Government Employees by Function (1) (Unaudited)

Last Ten Fiscal Years

Function/Program	Full-time Equivalent Employees as of June 30									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Primary government:										
General governmental administration	132	133	135	137	139	145	145	148	154	157
Judicial administration	59	64	68	70	72	74	74	77	81	83
Public safety (3)	464	489	501	525	539	568	568	575	591	594
Public works (2)	83	86	86	88	88	89	89	88	91	95
Human services (3)	182	185	188	194	199	205	205	212	221	222
Parks, recreation and cultural	32	31	31	31	31	31	32	32	33	35
Community development	24	24	24	25	25	25	25	25	27	28
Public utilities	91	93	94	94	94	95	95	95	95	95
Self insurance fund	1	1	1	1	1	1	1	1	1	1
Totals - Primary government	1,068	1,106	1,128	1,165	1,188	1,233	1,234	1,253	1,294	1,310
Component Unit:										
School Board (4)	2,456	2,466	2,482	2,491	2,503	2,523	2,511	2,520	2,590	2,608
Total:	3,524	3,572	3,610	3,656	3,691	3,756	3,745	3,773	3,884	3,918

- Notes:
- (1) Source: Hanover County Department of Finance and Management Services, Budget Division.
 - (2) Includes Airport Fund.
 - (3) Due to the Amended FTE being used instead of the Adopted FTE, the FY18 Primary Government amount has been revised from the 6/30/18 ACFR reporting. In mid-FY18, the Board added 9 Public Safety (SAFER) and 4 Human Services.
 - (4) Due to a human resource system conversion and additional corrections identified by the schools, the FY17 School FTE amount has been revised from the 6/30/17 ACFR reporting.
 - (5) Due to the Amended FTE being used instead of the Adopted FTE, the FY18 Primary Government amount has been revised from the 6/30/18 ACFR reporting. In mid-FY18, the Board added 9 Public Safety (SAFER) and 4 Human Services.

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Primary government:										
Social services Medicaid Cases (4)	8,913	10,016	10,318	10,243	11,053	13,987	15,050	17,147	18,690	19,805
Number of Hanover Youth Service Council (HYSC) projects	37	36	34	41	37	37	44	40	58	81
HYSC Volunteer hours reported	1,080	1,183	1,116	961	692	994	1,008	635	910	1,761
Parks, recreation and cultural										
Active Library borrowers	82,096	83,785	84,865	65,405	66,418	61,577	60,482	53,341	58,912	44,908
Internet sessions	141,492	130,315	121,065	106,354	92,385	55,886	33,008	38,360	34,993	38,283
Library reference questions answered	384,223	388,748	381,262	397,956	388,567	328,913	237,997	409,452	314,035	343,673
Community development										
Economic development services to existing/prospective businesses (7)	479	405	444	476	461	712	1,130	568	570	541
Public utilities										
Water customers	19,995	20,488	20,905	21,328	21,585	21,995	22,470	22,933	23,306	23,650
Wastewater customers	19,428	19,929	20,343	20,761	21,019	21,436	21,918	22,366	22,733	23,060
Daily average water distributed (million gallons/day)	8.90	8.90	9.15	8.21	8.80	8.41	8.30	8.60	9.03	8.77
Maximum daily water capacity (million gallons/day)	19.95	19.95	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
Daily average wastewater treatment (million gallons/day)	5.80	7.07	6.66	6.30	7.70	6.31	8.34	6.68	6.39	7.56
Maximum daily capacity of wastewater treatment plant (mg/d)	15.50	15.50	15.50	15.50	15.50	15.50	15.50	15.50	15.50	15.50
General services										
School buses serviced	301	313	313	313	314	313	309	291	282	287
Public safety vehicles serviced	470	519	519	519	511	527	527	543	571	586
Fleet availability	96.6%	96.6%	96.1%	96.1%	95.7%	95.5%	94.7%	93.7%	91.8%	92.1%

- Notes:
- (1) Source: County Departments as identified above.
 - (2) Information not available prior to first year reported. Operating indicators for the School Component Unit are presented on the Demographic Information schedule.
 - (3) Variability in number of immunization visits from year to year due to various factors. COVID 19 immunizations makeup 62,955 of 63,473 visits in 2021.
 - (4) In FY22, Social Services began reporting number of Medicaid cases instead of New Benefit Program Customers count.
 - (5) Information estimated as a new data system was impletemented in June 2019.
 - (6) COVID 19 is primary factor for volume of visits in 2021 and 2022.
 - (7) Includes 21 services regarding Retention and Expansions in 2023.
 - (8) In FY22, Social Services began reporting Number of Medicaid Cases instead of New Benefit Program Customers count.

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Primary government:										
General governmental administration										
Estimated square feet- all general administrative office space (3)	47,762	47,762	106,222	106,222	107,767	107,767	107,767	107,767	107,767	114,342
Judicial administration										
Estimated square feet - all judicial buildings (2)	58,460	58,460	69,933	69,933	68,951	68,951	68,951	68,951	68,951	72,923
Public safety										
Estimated square feet - all public safety buildings	214,604	214,604	214,604	214,604	214,604	214,604	214,604	214,604	214,604	219,485
Number of sheriff's stations	1	1	1	1	1	1	1	1	1	1
Correctional facility inmate capacity	469	495	519	519	519	519	519	519	519	519
Number of fire/EMS stations	16	16	16	16	16	16	16	16	16	16
Public works										
Estimated square feet - all public works	17,665	17,665	17,665	17,665	17,665	17,665	17,665	17,665	17,665	14,550
Number of solid waste convenience centers	6	6	6	6	6	6	6	6	6	6
County Airport - acres in facility	260	257	260	257	257	257	257	265	265	265
Aircraft T-Hangar spaces - County Airport (6)	54	54	54	54	54	54	54	54	54	54
Aircraft tie-down spaces	56	56	56	56	56	91	91	91	91	91
Length of runway (ft)	5,402	5,402	5,402	5,402	5,402	5,402	5,402	5,402	5,402	5,402
Human services										
Estimated square feet of facilities	62,939	62,939	62,939	62,939	62,939	62,939	62,939	62,939	62,939	62,939
Parks, recreation and cultural										
Number of County parks/boat launch (4)	11	11	11	11	11	11	11	11	11	11
Park acreage	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,230	1,230	1,251
Public utilities										
Miles of water mains	429	434	431	436	441	448	457	461	469	471
Number of fire hydrants	2,564	2,599	2,670	2,718	2,766	2,842	2,937	2,991	3,089	3,149
Miles of sanitary sewers	394	399	396	398	403	407	413	415	419	423
Number of wastewater treatment plants	4	4	4	4	4	4	4	4	4	4
General services										
Number of vehicles maintained	1,210	1,189	1,189	1,189	1,189	1,317	1,324	1,302	1,400	1,448
School Board Component Unit:										
Number of elementary schools	15	15	15	15	15	15	15	15	15	15
Number of secondary schools	8	8	8	8	8	8	8	8	8	8
Number of specialty schools (5)	2	2	2	2	2	2	2	3	3	3

- Notes:
- (1) Source: County Departments as identified above.
 - (2) 2017 - New Courthouse Building
 - (3) 2019 - Remodeled former Circuit Court for General Government Administration
 - (4) In 2023, the number of parks/boat launch sites were restated to reflect only County owned properties that are developed parks and boat landings.
 - (5) Reclassified the Alternative Education facility and Technology Center to specialty schools in 2022. In FY22, the Hanover Online School opened.
 - (6) In 2023, the number of aircraft T-Hangar spaces was restated for 2022 from 55 to 54.

COMPLIANCE SECTION

COUNTY OF HANOVER, VIRGINIA
Schedule of Expenditures of Federal Awards
Year to Date June 30, 2024

Federal Granting Agency/Recipient State Agency/Grant Program	Assistance Listing Number		Federal Expenditures
DEPARTMENT OF AGRICULTURE:			
Passed Through the Commonwealth of Virginia:			
<u>Department of Agriculture and Consumer Services:</u>			
National School Lunch Program - Cafeteria (commodities)	10.555	① \$ 658,166	
<u>Department of Education:</u>			
School Breakfast Program	10.553	890,522	
National School Lunch Program	10.555	① 2,543,665	
COVID-19 Supply Chain Assistance	10.555	① 335,947	
Total Child Nutrition Cluster			\$ 4,428,300
<u>Department of Health:</u>			
Child & Adult Care Food Program	10.558		40,678
<u>Department of Social Services:</u>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	1,093,633	
Total SNAP Cluster			1,093,633
DEPARTMENT OF DEFENSE:			
Direct Payments:			
JROTC	12.000		249,151
DEPARTMENT OF JUSTICE:			
Direct Payments:			
Equitable Sharing Program	16.922		21,790
Passed Through the Commonwealth of Virginia:			
<u>Department of Criminal Justice Services:</u>			
Crime Victim Assistance	16.575		140,667
DEPARTMENT OF TRANSPORTATION:			
Direct Payments:			
Federal Aviation Administration:			
Airport Improvement Program	20.106	364,560	
COVID-19 Airport Improvement Program	20.106	8,717	
			373,277
Passed Through the Commonwealth of Virginia:			
<u>Department of Transportation:</u>			
Highway Planning & Construction	20.205	4,497,196	
Transportation Alternatives (TA) Program	20.205	24,675	
Total Highway Planning and Construction			4,521,871
<u>Department of Rail & Public Transportation:</u>			
Enhanced Mobility of Seniors & Individuals with Disabilities	20.513	432,047	
Total Transit Services Programs Cluster			432,047
Rural Areas and Tribal Transit Program	20.509		950
<u>Department of Motor Vehicles:</u>			
Police Traffic Services	20.600	55,628	
Total Highway Safety Cluster			55,628
Alcohol Open Container Requirements	20.607		108,692
DEPARTMENT OF TREASURY:			
Direct Payments:			
Department of Treasury:			
COVID-19 Coronavirus State & Local Fiscal Recovery Funds	21.027	837,280	
Passed Through the Commonwealth of Virginia:			
<u>Department of Accounts:</u>			
COVID-19 Coronavirus State & Local Fiscal Recovery Funds Passed Through to:			
Richmond Convention and Visitors Bureau dba Richmond Regional Tourism	21.027	120,000	
<u>Department of Criminal Justice Services:</u>			
COVID-19 Coronavirus State & Local Fiscal Recovery Funds (509340)	21.027	252,000	
<u>Virginia Department of Behavioral Health and Developmental Services:</u>			
COVID-19 Coronavirus State and Local Fiscal Recovery Fund - STEP-VA Services for Case Management, Care Coordination and Psychiatric Rehabilitation	21.027	327,278	
<u>Department of Social Services</u>			
COVID-19 Coronavirus State & Local Fiscal Recovery Funds	21.027	113,482	
Total COVID-19 Coronavirus State and Local Fiscal Recovery Fund			1,650,040
DEPARTMENT OF EDUCATION:			
Passed Through the Commonwealth of Virginia:			
Department of Education:			
Adult Education - Basic Grants to States (V002A200047)	84.002		173,508
Title I Grants to Local Educational Agencies (S010A180046, S010A190046, S010A200046)	84.010		1,882,034
Career and Technical Education - Basic Grants to States (V048A200046)	84.048		224,548
Indian Formula Grant	84.060A		8,563
Special Education Grants to States (H027A180107, H027A190107, H027A200107)	84.027	3,727,792	
Special Education Preschool Grants (H173A200112)	84.173	91,283	
Total Special Education Cluster (IDEA)			3,819,075
① ALN 10.555 Total \$3,537,778			

(continued)

COUNTY OF HANOVER, VIRGINIA
Schedule of Expenditures of Federal Awards
Year to Date June 30, 2024

Federal Granting Agency/Recipient State Agency/Grant Program	Assistance Listing Number		Federal Expenditures
DEPARTMENT OF EDUCATION:			
Passed Through the Commonwealth of Virginia:			
<u>Department of Education:</u>			
Special Education-Grants for Infants & Families (720-4515-17)	84.181	170,951	170,951
English Language Acquisition State Grants (S365A190046)	84.365		22,626
Supporting Effective Instruction State Grants (S367A190044, S367A200044)	84.367		391,488
Title IV-A Student Support and Academic Enrichment (S424A190048, S424A200048)	84.424		89,518
COVID-19 State Set-Aside			
COVID-19 Governor's Emergency Education Relief (ESSER) III State Set-Aside Fund (S425U210008)	84.425U	753,644	
Total COVID-19 State Set-Aside			753,644
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Direct Payments:			
Head Start (03CH011715)	93.600	1,416,696	1,416,696
Total Head Start Cluster			
Passed Through the Commonwealth of Virginia:			
<u>Department of Social Services:</u>			
Guardianship Assistance	93.090		36,395
Title IV-E Prevention Services	93.472		10,446
Promoting Safe & Stable Families	93.556		29,414
Temporary Assistance for Needy Families	93.558		289,204
Refugee & Entrant Assistance State Administered Programs	93.566		10,583
Low-Income Home Energy Assistance	93.568		50,754
Child Care Mandatory & Matching Funds of the Child Care & Development Fund	93.596	71,958	
Total CCDF Cluster			71,958
Stephanie Tubbs Jones Child Welfare Services Program	93.645		503
Foster Care Title IV-E	93.658		473,233
Adoption Assistance	93.659		292,412
Social Services Block Grant	93.667		408,229
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674		20,965
Passed Through the Commonwealth of Virginia:			
<u>Administration for Community Living:</u>			
Elder Abuse Prevention Interventions Program	93.747		1,958
<u>Department of Medical Assistance Services:</u>			
Children's Health Insurance Program	93.767		10,939
<u>Department of Medical Assistance Services:</u>			
Medical Assistance Program	93.778	864,919	
Total Medicaid Cluster			864,919
<u>Department of Behavioral Health and Developmental Services:</u>			
Opioid STR (530020090, 530030090, 530330090)	93.788		150,233
Block Grants for Community Mental Health Services (522000090, 501290090, 522000090)	93.958		87,088
Block Grants for Prevention & Treatment of Substance Abuse (501690090, 501990090)	93.959	411,244	
Passed Through to:			
Hanover Cares Coalition	93.959	78,910	
			490,154
Passed Through the Hanover Cares Coalition:			
<u>Hanover Cares Coalition:</u>			
Drug-Free Communities Support Program Grants	93.276		1,820
DEPARTMENT OF HOMELAND SECURITY:			
Direct Payments:			
Staffing for Adequate Fire & Emergency Response (SAFER)	97.083		40,500
Passed Through the Commonwealth of Virginia:			
<u>Department of Emergency Management:</u>			
Emergency Management Performance Grants	97.042		21,197
Assistance to Firefighters Grant Program	97.044		107,407
Homeland Security Grant Program	97.067		102,755
			\$ 25,642,440

COUNTY OF HANOVER, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes all federal grant activity of the County and its component units. The County's reporting entity is defined in Note 1 of the County's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies or not-for-profit organizations, is included on the Schedule.

2. BASIS OF ACCOUNTING

The Schedule is presented using the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary funds, as described in Note I. C. to the County's basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. For the year ended June 30, 2024, the County participated in the following federal programs in which non-cash benefits were provided through the State to eligible participants:

National School Lunch Program – Cafeteria (Commodities) (Assistance Listing Number 10.555) – The value of food commodities was calculated using the U.S. Department of Agriculture's Food and Nutrition Service commodity price lists.

Supplemental Nutrition Assistance Program (Assistance Listing Number 10.561) – The Virginia Department of Social Services uses an Electronic Benefits Transfer (EBT) process for Supplemental Nutrition Assistance benefit distribution. Due to the State administration of the EBT process, those benefits are not included in the Schedule.

COUNTY OF HANOVER, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

3. RELATIONSHIP TO THE FINANCIAL STATEMENTS

Federal expenditures are reported in the reporting entity financial statements as follows:

<u>Fund</u>	<u>Federal Expenditures</u>
Primary Government:	
Governmental Activities:	
General	\$ 5,989,696
County Improvements	5,561,537
School Improvements	229,990
Total Governmental Activities	<u>11,781,223</u>
Business-type Activities:	
Public Utilities	70,869
Airport	373,277
Total Business-type Activities	<u>444,146</u>
Total Primary Government	<u>12,225,369</u>
Component Units:	
School Board	8,988,770
Cafeteria	4,428,300
Total Component Units	<u>13,417,070</u>
Total Federal expenditures	<u>\$ 25,642,440</u>

4. SUB-RECIPIENT PAYMENTS

The County expended \$120,000 to a subrecipient with funding received from the COVID-19 State and Local Fiscal Recovery Funds (Assistance Listing Number 21.027) and \$78,910 to a subrecipient with funding received from the Block Grants for Prevention and Treatment of Substance Abuse (Assistance Listing Number 93.959) during the fiscal year ended June 30, 2024.

5. INDIRECT COST RATE

The County has not elected to use the 10% de minimus indirect cost rate discussed in UG Section 200.414.

**INDEPENDENT AUDITOR'S 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***

Honorable Members of the Board of Supervisors
County of Hanover, 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 (*Government Auditing Standards*); and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Hanover, Virginia (County), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 11, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

PBmares, LLP

Harrisonburg, Virginia
November 11, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Hanover, Virginia's (County) 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 the County's major federal programs for the year ended June 30, 2024. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County 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 the County'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 the County's federal programs.

Auditor's 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 the County'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 GAAS, *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 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 the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the County'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 the County'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 the County'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 Auditor's 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 we considered 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.

PBmares, LLP

Harrisonburg, Virginia
November 11, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2024

Section I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported

Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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Identification of major programs:

Federal Assistance	
Listing Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
84.010	Title I Grants to Local Education Agencies
Head Start Cluster	
93.600	Head Start
Medicaid Cluster	
93.778	Medical Assistance Program

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2024

Section I. SUMMARY OF AUDITOR'S RESULTS (Continued)*Federal Awards (Continued)*

Dollar threshold used to distinguish between type A and type B programs \$769,273

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

Section II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

Section III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters were reported.

HANOVER COUNTY DEPARTMENT OF FINANCE AND MANAGEMENT SERVICES

Amanda L. Six,
Director of Finance and Management Services

ACCOUNTING DIVISION

Lauren K. Null, CPA, Finance Division Director
Jacqueline A. Manzer, CPA, Finance Manager
Teresa J. Cetin, Payroll Analyst
Leah E. Daniel, Payroll Analyst
Kelli M. Hoffner, Financial Technician
Cheri L. Hudson, Payroll Manager
Nancy M. Mancuso, Financial Technician
Connie L. Mills, Financial Technician
Donna B. Neely, Systems Administrator
Michael A. Piselli, Financial Analyst
Megan H. Slater, Payroll Analyst
Amy L. Sylvia, Finance Coordinator

BUDGET DIVISION

Shelly H. Wright, Budget Division Director
Mark A. Highfield, Budget Manager
Kaitlyn D. Hicks, Budget Management Analyst
KeShawn L. Brown, Budget Management Analyst

PURCHASING DIVISION

Gloria J. Taylor, Purchasing Division Director
Angela P. Melton, Contract Manager
Sandra S. Humerickhouse, Purchasing Officer
Trena A. Ponton, Senior Purchasing Officer

Cameron E. Glasco, Office Manager

Hanover: People, Tradition and Spirit

Vision

A PREMIER COMMUNITY FOR PEOPLE
& BUSINESSES TO ACHIEVE THEIR FULL POTENTIAL

Mission

TO PROVIDE SUPERIOR CUSTOMER SERVICE
THROUGH CREATIVITY, INNOVATION AND
SOUND FINANCIAL PRACTICES

Values

INTEGRITY • ACCOUNTABILITY • RESPECT • INCLUSIVENESS

HANOVER COUNTY
PEOPLE, TRADITION & SPIRIT

