

# 2025 Annual Comprehensive Financial Report



**COUNTY OF BOTETOURT, VIRGINIA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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Prepared By:  
Department of Financial Services

COUNTY OF BOTETOURT, VIRGINIA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2025

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## INTRODUCTORY SECTION

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**Botetourt County, Virginia**  
*Office of the County Administrator*

December 18, 2025

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

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2025.

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Botetourt County for its annual comprehensive financial report for the fiscal year ended June 30, 2024. This was the eighteenth consecutive year that the government has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must establish an easily readable and efficiently organized comprehensive annual report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

Robinson, Farmer, Cox Associates, LLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the County of Botetourt's financial statements for the year ended June 30, 2025. The independent auditor's report is located at the front of the financial section of this report.

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

**Profile of Botetourt County**

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

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

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

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

### **Local Economics and Demographics**

Based upon the U. S. Census Bureau's 2020 census, Botetourt County's population was 33,596, representing a 1.4% increase since the 2010 Census. Botetourt County enjoys a diverse economy, with the services sector accounting for 36% of the jobs in the County, manufacturing 20%, trade 21%, government 14%, construction 7%, and all others 3%. The civilian labor force totals approximately 17,315 (June 2025). Unemployment remains below the State average.

With respect to demographic indicators related to economic conditions, Botetourt County continues to demonstrate characteristics that are attractive to higher-income households. According to the U.S. Census Bureau's 2019–2023 American Community Survey (ACS) 5-Year Estimates, the County's median household income is \$80,467, which remains below the Virginia statewide median of \$92,090, as reported in the ACS, but compares favorably to surrounding localities. The County's homeownership rate of 85.8% well above the statewide average, reflecting a strong preference for owner-occupied housing. Median housing value in Botetourt County is \$268,900, remaining below the statewide median value of \$339,800, reflecting a stable and comparatively affordable local housing market.

Botetourt County also compares favorably to most Virginia localities with respect to fiscal condition. According to the Virginia Commission on Local Government's Composite Fiscal Stress Index (FY2022 scores), the County is classified as experiencing below-average fiscal stress. The index evaluates localities based on revenue capacity per capita, revenue effort, and median adjusted gross income. In the most recent report, Botetourt County ranked 98th out of 133 Virginia localities, positioning it within the lower third statewide. This classification indicates that, on a comparative basis, Botetourt County and its residents experience relatively low fiscal strain, reflecting sound financial management practices and contributing positively to overall quality of life.

The County's Comprehensive Plan provides the framework for managing growth, along with proper zoning and subdivision ordinances. The most recent Comprehensive Plan was adopted in 2025. With respect to building activity, FY25 construction permit activity for nearly all components (residential, commercial, manufactured, solar) increased from the prior year. Only the miscellaneous category saw a decrease. Overall, the total number of permits continues to increase year-over-year from FY23 = 525, FY24 = 600, FY25 = 639. This is the second year of tracking solar permits independently and saw growth from FY24 = 64 at a valuation of \$1.46 million to FY25 = 95 at a valuation of \$3.3 million.

In terms of total dollar value of all issued permits, the total figure for FY25 is \$190.7 million, which was 115.1% higher than the FY24 figure of \$88.6 million, and 175% higher than the four-year average value of \$69.2 million from FY21-FY24. The increase is due to several large projects that were applied for in FY25. Issued permit for the Rocky Forge Wind Utility Scale Wind Energy System drove April 2025's total issued permits valuation to above \$118.6 million. The thirteen turbine permits drove over \$115 million of that valuation.

With respect to all building construction, the FY25 average permit value of \$298,000 increased by \$150,700 (102%) from the prior year's \$148,000. For residential construction, the total value of \$52.4 million was 70.6% higher than the previous four-year (FY21-FY24) average value of \$30.7 million. Total residential permits have grown from 213 in FY23, 228 in FY24, and 300 in FY25.

Regarding commercial construction, the number of permits for FY25 is 98, which was an increase of less than 1% from the previous year of 97. However, the total value of commercial permits (\$129.7 million) was 187.6% higher than FY24, and 293% higher than the four-year average value of \$33 million from FY21-FY24.

### **Economic Development**

Economic development activity for Botetourt County during recent years and leading into FY26 reflects the continued growth and momentum trend in the community. Economic development announcements in Botetourt County from 2016 to May 2025 accounted for 1,312 new jobs and \$319,000,000 in capital investment. Specific economic development announcements include:

Two Virginia Telecommunications Initiative Act (VATI) grants have been awarded to Botetourt County since 2022. One joint grant project with Lumos, served 1,901 residents, with a DHCD award of \$3,084,796. This project was completed in March of 2025, and the grant will be closed out this calendar year. The most recent VATI joint grant project with Comcast will serve 62 residents and was given \$395,411 by DHCD. This project is ongoing but should be completed in 2026.

In January of 2024, Universal Logistics, a provider of customized transportation and logistics solutions, announced its move to Botetourt. Universal bought the 254,000 square foot former Southern States building and invested \$50 million, creating 45 new jobs. This location supplies the Volvo plant in Dublin and is operational.

In March 2025, Munters, based in Sweden and the global leader in the manufacturing of cooling units for data centers, announced its decision to locate another manufacturing building at the Botetourt Center at Greenfield. This 29 acre parcel will house a 200,000 square foot facility, which involves a capital investment of \$30 million and 270 jobs. This will be Munters' second location in the Botetourt Center at Greenfield, with the first facility announced in March of 2021.

Additionally, Google announced plans in June of 2025 for a proposed Data Center campus in the Botetourt Center at Greenfield. Google acquired multiple parcels totaling 312 acres for its newest campus. No investment or jobs have been announced, but the land sale earned over \$14,000,000, with an additional \$4,000,000 in community investments to Botetourt County from the company. This announcement is the first by Google for the southwestern part of the state.

The Economic Development Department is also continuing with the second year of the Small Business Development Grant Program. FY25 included a total of \$100,000 to use towards grant awards, with \$50,000 of

that being funds from the land purchase by Google. The Economic Development department is also engaging in two grants with the Virginia Department of Energy (VDOE), totaling close to \$200,000, for the purpose of training local contractors to conduct energy audits and to perform several free energy audits. The County, through the Economic Development department, also has a grant with the Virginia Department of Economic Development (VEDP) and their Virginia Brownfields Restoration and Economic Redevelopment Assistance Fund (VBAF). This grant award is \$50,000, which will reimburse the leaseholders of the Old Jail in Fincastle for restoration and remediation work done to the Old Jail.

### **Public School System**

The Botetourt County School System is composed of seven elementary schools serving students in grades pre-kindergarten through fifth grade; two middle schools serving grades six through eight; two high schools serving grades nine through twelve; and a vocational technical school. All schools are accredited by the Virginia State Board of Education. March ADM enrollment over the last three years has averaged 4,469 and has been on a decline since FY2011-2012. The most recent enrollment figure of 4,424 is a decrease from the previous year's figure (4,488). With respect to academic achievement, the Virginia Department of Education released its listing of public schools that are fully accredited based on achievement results during 2023-2024. All of Botetourt County's public schools comprising its school division were fully accredited. Central Academy Middle School was named 2024 National Blue Ribbon School awardee by the U.S. Department of Education. This is a prestigious honor and a rare accomplishment, and is the second time in recent years a public school in Botetourt County has received the award. Another notable achievement is the on-time graduation rates. This rate measures how many students earn a Virginia Department of Education diploma in four years. Botetourt County's on-time graduation rate of 94.0% (Class of 2024, Four Year Rate) was above the state average of 92.9%. Botetourt County's 2024 graduation rate decreased slightly from the prior year, which was 94.7%.

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

The County's schools offer Regional Academy Programs that allow high school students to explore post-secondary specialized programs of study in high demand career fields. These programs are affiliated with Virginia Western Community College (VWCC). Students meet daily on the VWCC campus and are enrolled in courses that meet the foundational requirements for degree programs often while completing a VWCC Career Studies Certificate or industry credentialing examinations. Programs offered include Engineering, Mechatronics, and Interdisciplinary and Health Sciences. High School students also have the option of taking dual enrollment courses at VWCC or at Mountain Gateway Community College.

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

## **Higher Education**

Two community colleges offer a wide spectrum of education for numerous degrees, as well as adult education programs. In addition, the community colleges operate an in-County education and training center, which supports workforce training for businesses and residents. The County, along with five other regional localities, participates in a CCAP (Community College Access Program) initiative through Virginia Western Community College (VWCC). This program makes attending college a reality for a selected, qualified group of public school students that have financial challenges. The CCAP Program has been in place since 2008. VWCC also offers FastForward, a short-term workforce training program that provides credentialing and certifications for in-demand jobs. Most programs take between 6 to 12 weeks and offer the flexibility necessary for those students that are working.

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

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

## **Long-Term Financial Planning and Policies**

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

The County's financial policies play a significant role in the development of the annual budget and consideration of ongoing operations. Annual appropriations are approved at the County's legal level of budgetary control. The County monitors appropriations at the department level for County functions and entity level for the School Board function. A Fund Balance Policy is utilized to assist in determining the ability to adequately cover proposed budgeted expenditures as well as identifying proper levels of unassigned fund balance. Strategic use of this policy is part of the annual budget process and is used to assist in right-sizing budgeted expenditures given certain levels of projected revenues.

## **Major Initiatives and Goals**

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

*Thriving Business Environment  
Agricultural Innovation  
The Gateway Center  
Botetourt Awesome  
Public Service Leadership & Engagement  
Lifelong Learning Excellence*

*Worldwide Connectivity  
Smart Growth & Conservation  
Celebrating Our Unique History & Heritage*

On March 19, 2022, strategic planning work sessions were held with the Board of Supervisors and executive administration. These work sessions assisted in reinforcing the previously developed Vision Statement and identifying the goals for each of the 9 key elements. The Vision Statement and related strategic priorities were utilized in the development of the FY25 County Budget to ensure that the strategic priorities in the budget align with the strategic priorities developed by the Board of Supervisors.

### **Current and Future Initiatives**

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

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

The County is currently working on a Radio System Replacement Plan, which will accommodate the County's public safety communication needs for responding to, and servicing, citizen and business needs. Additionally, the County is building a new Dispatch Center to further support this initiative and enhance public safety capabilities. Both projects are expected to require financing, which is being planned by the County and its financial advisors. The financing is anticipated to occur during FY26.

With respect to planned capital improvement projects (CIP), the FY26 County budget is heavily invested in Public Safety, Maintenance, Technology, and Community and Economic Development projects. The largest component of the \$3 million CIP Budget is reflected in Public Works, which includes \$1 million dedicated to waste management and capital maintenance. Included in Public Safety is \$500,000 for tower expenses to support the new Public Safety Radio project. There is also an allocation of approximately \$685,000 to support additional technology needs and to conclude the implementation of a new tax system for the Treasurer. Additionally, there is a \$300,000 contribution to support the Daleville YMCA. The balance of capital improvement plan dollars are distributed to Parks, Recreation and Cultural, and General Government areas.

## **Acknowledgements**

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

Respectfully submitted,



Gary Larowe  
County Administrator



Katie H. Davis  
Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**County of Botetourt  
Virginia**

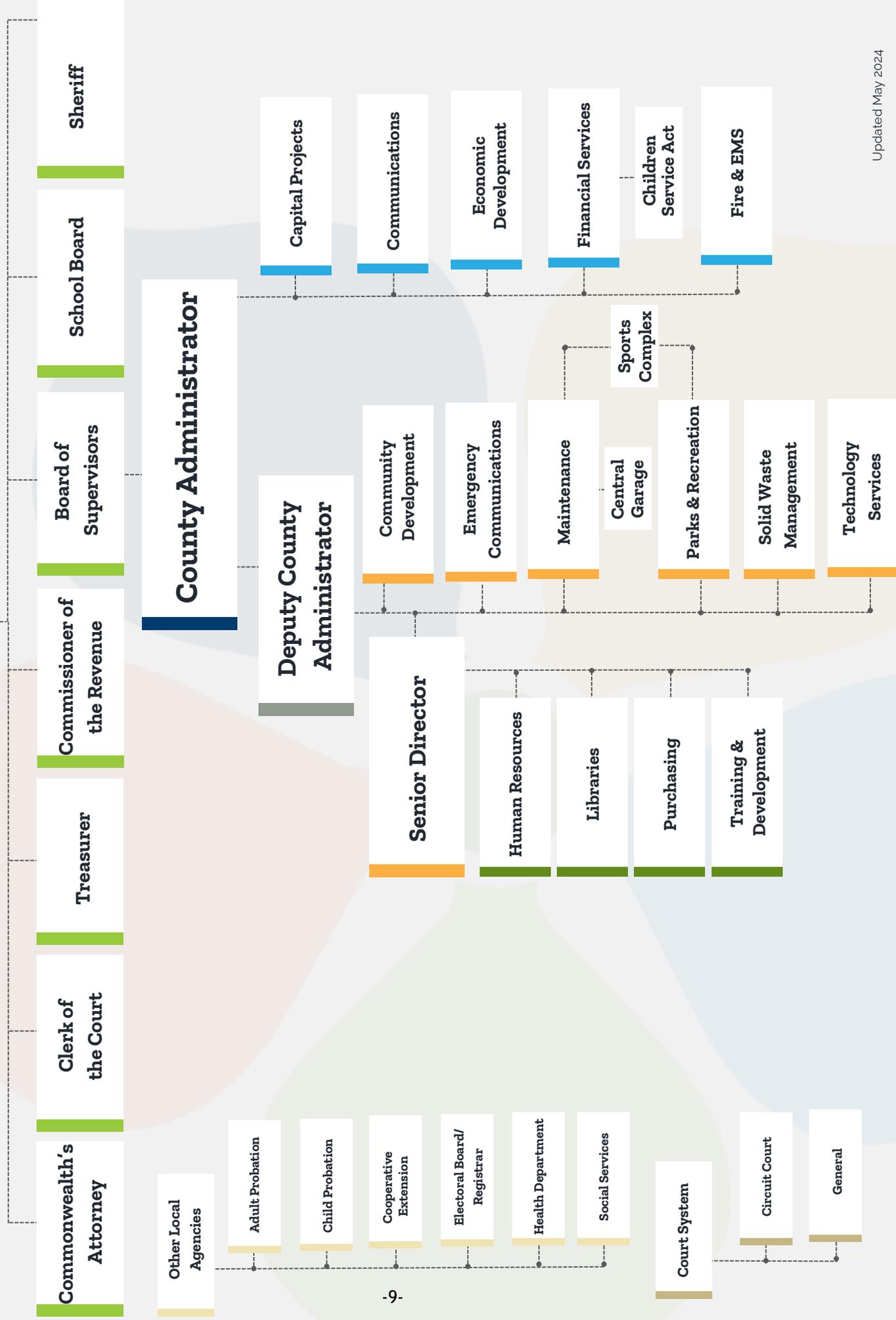
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2024

*Christopher P. Morill*

Executive Director/CEO

# Citizens of Botetourt County



# COUNTY OF BOTETOURT, VIRGINIA

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## BOARD OF SUPERVISORS

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	Amy S. White, Chair	
Donald M. "Mac" Scothorn, Vice Chair		Brandon Nicely
Walter Michael		Stephen P. Clinton

## COUNTY SCHOOL BOARD

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

## SOCIAL SERVICES BOARD

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	Bonnie Henderson, Chair	
Patsy Dickerson		Donna Henderson
Walter Michael		Sue Sweet

## OTHER OFFICIALS

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Judge of the Circuit Court .....	Joel Branscom
Clerk of the Circuit Court .....	Tommy L. Moore
Judge of the General District Court .....	Christopher M. Billias
Judge of the Juvenile & Domestic Relations Court .....	Linda Schorsch Jones
Commonwealth's Attorney .....	John Alexander
Commissioner of the Revenue .....	Chris Booth
Treasurer .....	Donna Boothe
Sheriff .....	Matthew Ward
Superintendent of Schools .....	Dr. Jonathan Russ
Director of Social Services .....	Raquel Rogers
County Administrator .....	Gary Larrowe
County Attorney .....	Michael W. S. Lockaby

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## **FINANCIAL SECTION**

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**Independent Auditors' Report**

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

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Botetourt, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Botetourt, Virginia, as of and for the year ended June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Change in Accounting Principle***

As described in Note 29 to the financial statements, in 2025, the County of Botetourt, Virginia adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

***Restatements of Beginning Balances***

As described in Note 30 to the financial statements, in 2025, the County of Botetourt, Virginia restated beginning balances to reflect the requirements of GASB Statement No. 101 and the correction of funds previously reported as custodial funds. Our opinions are not modified with respect to this matter.

## ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of County of Botetourt, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about County of Botetourt, Virginia's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

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

### ***Other Information***

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2025, on our consideration of County of Botetourt, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Botetourt, Virginia's internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Botetourt, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*

Blacksburg, Virginia  
December 11, 2025

## Management's Discussion and Analysis

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The following is a narrative overview and analysis of the financial activities of the County of Botetourt, Virginia for the fiscal year ended June 30, 2025. This narrative is included to provide insights as to financial results of operations for the above-mentioned fiscal year, and, in certain cases, provide comparative comments as they relate to the prior fiscal year. In addition, comments are included which address the economic factors considered in developing Botetourt County's budget for the fiscal year ending June 30, 2026.

### **Financial Highlights**

#### Government-wide Financial Statements

The assets and deferred outflows of the County of Botetourt, Virginia exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$88,102,055 (net position). Of this amount, \$46,338,305 is unrestricted and may be used to meet the government's ongoing obligations to creditors and citizens. The School Board's net position was a deficit of \$1,542,367 (see Exhibit 1); the deficit net position is due primarily to School Board's net pension liabilities totaling \$30,346,076 (see Note 8).

The County's FY25 net position for governmental activities increased by \$13,523,614, as revenues exceeded expenses by 16%. When compared to FY24 results, revenues increased \$3.9 million (4%), and expenses decreased \$2 million (2%). Community Development had the largest decrease of \$4.8 million due to a decrease in contributions to the Economic Development Authority (EDA), offset by an increase in Public Safety of \$2 million (8%), due to increases in existing public safety service costs for salaries and benefits.

The School Board's FY25 net position resulted in an increase of \$431,410, which reduced the negative net position by 22%, after restatement of the beginning balance. Net revenues slightly exceeded expenses by \$430,000 (1 %), primarily due to non-restricted grants and contributions.

#### Fund Financial Statements

At the end of the current fiscal year, fund balance for the general fund was \$77,271,583 or 79.5% of total general fund expenditures (see Exhibit 5). This amount includes taxes and accounts receivable reflected in the fiscal year 2025 budget, as well as funds allocated to the School Board and County capital improvement projects for fiscal year 2025. The fund balance includes \$27.7 million of restricted funds, which primarily includes funds from the issuance of bonds relating to the renovation of the County Circuit Courthouse. When the effect of the unspent bond proceeds is removed, the general fund balance would be \$51.3 million, or 52.7% of total general fund expenditures.

As of the close of the current fiscal year, the County's governmental fund reported an ending fund balance of \$77,271,583, which is an increase of \$5.5 million (7.7%) compared to ending fund balance of \$71,755,648 for fiscal year ended June 30, 2024. The FY25 Budget was a balanced budget. The unassigned portion of fund balance is \$42,223,606, which is a \$8.5 million (25.3%) decrease compared to FY24 unassigned fund balance.

## Management's Discussion and Analysis

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### Overview of the Financial Statements

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

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

### Government-wide Financial Statements

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

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

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

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

## **Management's Discussion and Analysis**

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The government-wide financial statements include, in addition to the primary government (County), two component units: 1) the Botetourt County School Board and 2) the Economic Development Authority of Botetourt County. Although the component units are legally separate entities, the County is accountable or financially accountable for them. A primary government is accountable for an organization if the primary government appoints a majority of the organization's governing body. Further, a primary government is financially accountable if, in addition, either the government is able to impose its will on the organization, or the organization is capable of imposing specific financial burdens on the primary government. For example, the primary government may approve debt issuances, rate structures, and/or provide significant funding for operations of the component unit. The latter is the case for Botetourt County for the School Board.

### Fund Financial Statements

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

### Governmental funds

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

### Proprietary funds

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

### Fiduciary funds

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

## Management's Discussion and Analysis

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### Notes to the financial statements

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

### **Government-wide Financial Analysis**

As previously noted, net position may serve as a useful indicator of a government's financial position. For the County of Botetourt, assets and deferred outflows exceeded liabilities and deferred inflows by \$88,102,055 at the end of the fiscal year. The County's net position is divided into three categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted.

County of Botetourt's Net Position		Governmental activities	
	<u>2025</u>	<u>2024*</u>	
Current and other assets	\$ 99,093,762	\$ 89,061,802	
Capital assets	75,934,957	70,838,521	
Total assets	<u>175,028,719</u>	<u>159,900,323</u>	
Deferred outflows of resources	\$ 5,271,202	\$ 3,953,295	
Long-term liabilities	\$ 73,355,974	\$ 73,542,997	
Other liabilities	14,885,364	11,673,992	
Total liabilities	<u>\$ 88,241,338</u>	<u>\$ 85,216,989</u>	
Deferred inflows of resources	\$ 3,956,528	\$ 3,711,054	
Net position:			
Net investment in capital assets	\$ 39,059,517	\$ 36,566,226	
Restricted	2,704,233	2,974,909	
Unrestricted	46,338,305	35,384,440	
Total net position	<u>\$ 88,102,055</u>	<u>\$ 74,925,575</u>	

\*Previously reported net position was restated to correct an error related to funds previously reported as custodial funds that did not meet the definition of a custodial fund as disclosed in Note 30 to the financial statements.

Provisions of Statement No. 101 from the Governmental Accounting Standards Board (GASB) were implemented during fiscal year 2025. Financial information for fiscal year 2024 has not been restated for provisions of this standard.

For the County's governmental activities, investment in capital assets (i.e., land, buildings, machinery, and equipment), net of related debt used to acquire those assets that is still outstanding, represents 44.3% of total net position. The County uses these capital assets to provide services to citizens; therefore, the assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## Management's Discussion and Analysis

Restricted net position represents resources that are subject to external restrictions on how they may be used. For governmental activities, these assets (\$2,704,233) represent 3.1% of total net position. The remaining balance of unrestricted net position, which is \$46,338,305 or 52.6% of total net position, may be used to meet the government's ongoing obligations to citizens and creditors.

For current and other assets, there is an increase of \$10.0 million, attributable to an increase in property taxes collected and investment earnings.

With respect to total liabilities and deferred inflows, there was a \$3.3 million (3.7%) increase. Long-term liabilities decreased \$187,000 (0.3%), remaining fairly level. Other liabilities increased \$3.2 million (27.5%), primarily attributable to an increase in construction and retainage payables and due to component unit (School Board and EDA) of \$900,000 and \$1.2 million, respectively. Deferred inflows of resources increased \$245,000 due to \$216,000 decrease in lease related items offset by a \$426,000 increase in pension related items (net difference between projected and actual earnings on VRS pension plan investments). These items were the primary contributors to the government's net position increase of \$13,523,614 (18.13%) for the current fiscal year.

### Changes in Net Position:

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

County of Botetourt's Changes in Net Position			
		Governmental activities	
		2025	2024*
Revenues:			
Program revenues:			
Charges for services	\$	2,378,038	\$ 2,047,872
Operating grants & contributions		11,482,283	16,566,534
General revenues:			
General property taxes		61,368,293	52,572,119
Other local taxes		11,763,171	10,916,385
Use of money and property		4,480,225	4,145,870
Miscellaneous		522,603	1,920,457
Grants and contributions not restricted to specific programs		4,688,359	4,607,662
Total revenues	\$	96,682,972	\$ 92,776,899
Expenses:			
General government	\$	6,243,841	\$ 6,026,031
Judicial administration		2,068,108	2,037,503
Public safety		27,219,216	25,150,951
Public works		4,204,767	3,875,572
Health and welfare		5,530,924	4,845,978
Education		29,496,842	30,316,914
Parks, recreation and cultural		3,599,301	3,287,100
Community development		2,672,288	7,507,492
Interest on long-term debt		2,124,071	2,111,189
Total expense	\$	83,159,358	\$ 85,158,730
Increase (decrease) in net position	\$	13,523,614	\$ 7,618,169
Net position, as previously reported		74,925,575	67,307,406
Restatements		(347,134)	-
Net position, as previously restated	\$	74,578,441	\$ 67,307,406
Net position, ending		88,102,055	\$ 74,925,575

## Management's Discussion and Analysis

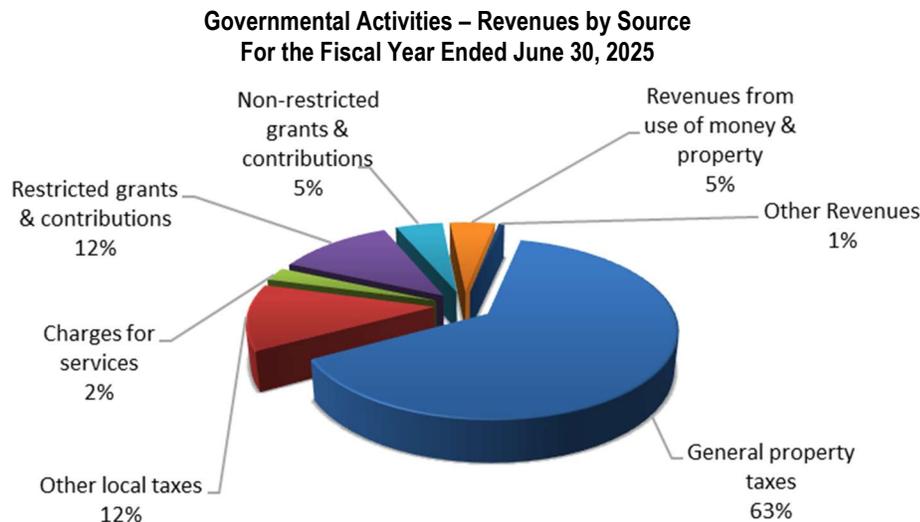
\*Previously reported net position was restated to correct an error related to funds previously reported as custodial funds that did not meet the definition of a custodial fund as disclosed in Note 30 to the financial statements.

Provisions of Statement No. 101 from the Governmental Accounting Standards Board (GASB) were implemented during fiscal year 2025. Financial information for fiscal year 2024 has not been restated for provisions of this standard.

### Governmental Activities

Governmental activities increased the County's net position by \$13,523,614 (18.1%). Key elements relating to FY25 activities as compared to the prior year (FY24) will be discussed below.

The following chart provides a breakdown of the various FY25 revenue components. The largest source is general property taxes (\$61.4 million), which accounts for 63% of total governmental revenues (\$96.7 million).

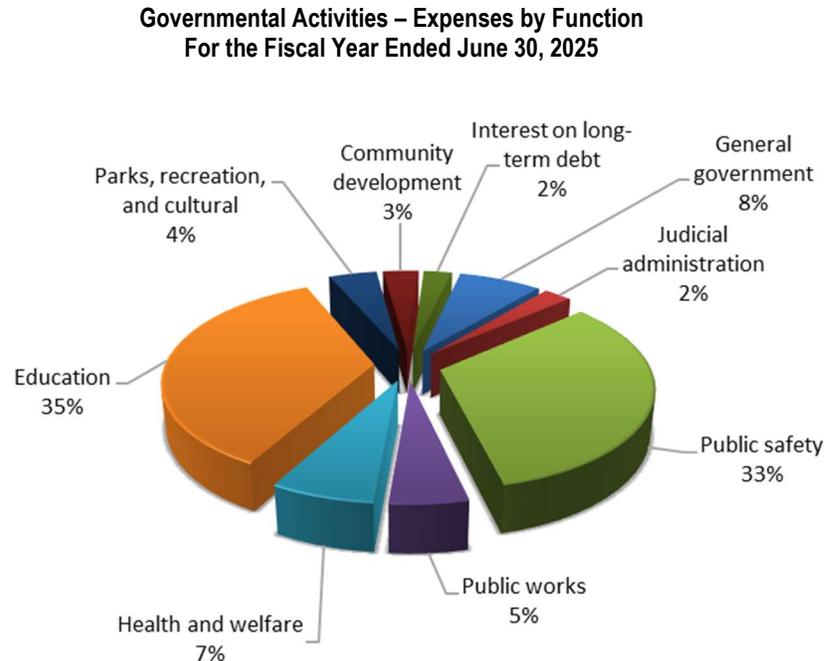


- Revenues: General property taxes increased approximately \$8.8 million (16.7%). This is primarily due to the effect of the real estate reassessment in which values increased significantly. The impact of this was lessened by a reduction in the real estate tax rate.
- Revenues: Operating grants and contributions decreased \$5.1 million (30.7%) primarily due to a decrease in American Rescue Plan Act (ARPA) funding of \$4.5 million.
- Revenues: Other local taxes increased \$846,800 (7.8%) due to an increase in restaurant food taxes of \$927,000 and slight decreases or level earnings in nearly all other included taxes.
- Revenues: Use of Money and Property increased \$334,000 (8.1%) due to continued higher earnings from invested funds.

## Management's Discussion and Analysis

- Revenues: FY25 total revenues of \$96,682,972 were \$3.9 million (4.2%) greater than revenues of \$92,776,899 for FY24 due principally to an increase in property taxes, offset by a significant, but smaller decrease in from the conclusion of Federal ARPA funding.

The following chart reflects the distribution of FY25 governmental expenses. As shown, education expenses account for 35% of total expenses, and when combined with public safety, expenses for these two categories are 68% of total expenses of \$83.2 million.



- Expenses: General Government Administration expenses totaling \$6.2 million increased \$218,000 (3.6%) from FY24. This included increases in maintenance service contracts of \$490,000 and salaries of \$200,000, offset by a decrease in assessor cost of \$470,000 from the prior year.
- Expenses: Judicial Administration expenses totaling \$2.1 million increased by \$30,600 (1.5%) for FY25, remaining relatively flat as compared to the prior year.
- Expenses: Public Safety expenses totaling \$27.2 million increased \$2.1 million (8.2%). This was primarily attributable to an increase in salaries and benefits of \$1.9 million.
- Expenses: Public Works expenses totaling \$4.2 million increased 329,000 (8.5%) as compared to FY24 primarily due to an increase landfill liability for anticipated post-closure care and corrective action costs.
- Expenses: Health & Welfare expenses totaling \$5.5 million increased \$685,000 (14.1%) due to additional tax relief provided for the elderly, as well as increased cost of providing services to eligible youth per the Comprehensive Services Act (CSA).

## **Management's Discussion and Analysis**

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- Expenses: Education expenses decreased \$820,000 (2.7%) due to decreased contributions to the Botetourt County School Board.
- Expenses: Parks, Recreation, and Culture totaling \$3.6 million increased by \$312,000 (9.5%). This was due to an increase in salaries and benefits of \$260,000 and in maintenance of the Sports Complex of \$50,000.
- Expenses: Community Development costs totaling \$2.7 million decreased \$4.8 million (64.4%) for FY25. This decrease is driven by a reduction in transfers to the Economic Development Authority of \$5.2 million, which included pass through grant funding in FY24.
- Expenses: Interest on Long-Term Debt remained relatively unchanged, increasing by \$13,000 (0.6%), due to decreased interest expense relating to the \$30.8 million lease revenue bond for the Circuit Courthouse and Greenfield Expansion projects.
- Overall, for reasons cited above, FY25 expenses for governmental activities decreased \$2.0 million (2.4%).

### **Financial Analysis of the Government's Funds**

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

#### **Governmental funds**

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

In comparing unassigned fund balances as a percentage of governmental fund expenditures, it can be noted that FY25's figure of 43.4% represents an increase compared to FY24's figure of 35.9%. Total expenditures increased \$3.4 million (3.5%) due primarily to increased expenses in the categories of Public Safety and Health and Welfare, offset by a significant decrease in Community Development.

At the end of the fiscal year, the County's governmental funds reported an ending fund balance of \$77,271,583, an increase of \$5,495,000 (7.7%) versus the prior year. There was a decrease in nonspendable fund balance for prepaids of \$639,000, a decrease in committed fund balance of \$40,000, decrease in restricted fund balance of \$2.3 million and an increase in unassigned fund balance of \$8.5 million. Revenues increased \$4.4 million (4.6%), and FY25 expenditures increased \$3.4 million (3.6%) compared to FY24 expenditures (Exhibit 5). When compared to FY24, the FY25 unassigned (\$42,223,606) ending fund balance represents a 8.5 million (21.2%) increase. Unassigned fund balance provides significant flexibility with respect to future discretionary spending.

## Management's Discussion and Analysis

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As previously stated, the County's FY24 governmental fund balance increased \$5,495,000 (7.7%). Fiscal Year 2025 operational highlights include the following:

Revenues: Total FY25 revenues for the Primary Government increased \$4.4 million (4.6%).

- Local Revenues: (A) General property taxes increased \$8.7 million (16.5%). This included an increase in Real Property taxes of \$6.6 million (20.9%) and Public Service increased \$983,000 (28.2%) as a result of the reassessment that went into effect in FY25. Machinery Tools Tax increased \$820,000 (15.3%) due to the tax rate change. (B) Other Local Taxes increased \$847,000 (7.8%), which included an increase of \$927,000 (46.4%) for Restaurant Food tax. (C) Revenue from the use of money/property increased \$355,000 (7.9%) due to additional earnings on investments. (D) Charges for services for FY25 increased \$137,000 (13.0%) due to a \$60,000 increase in collections for the Traffic Safety Program and \$46,000 from recreation fees. (E) Miscellaneous revenue decreased \$1.1 million (66.4%) due to unusual revenue earned in the prior year that was not recurring, including a construction bond settlement of \$850,000, sale of timber of \$177,000, and water connection fees of \$96,000. Total Local Revenues were \$82.9 million for FY25 vs. \$73.5 million for FY24, representing an increase of \$9.4 million (12.8%). State Revenues: FY25 revenues of \$13.9 million from the State represent a \$1.0 million (7.8%) increase from the previous year. This increase is due to the additional reimbursement received for Comprehensive Services Act (CSA) and Compensation Board offices.
- Federal Revenues: These revenues totaled \$2.2 million, which represented a \$6.0 million (73.0%) decrease due American Rescue Plan Act (ARPA) funding that was recognized in the prior year.

These subject revenues are shown in Exhibit 12.

Expenditures: Total expenditures of \$97.3 million for the Primary Government for FY25 increased \$3.4 million (3.6%). This increase was spread across all County functional areas as well as capital projects and debt service. Explanations of cost variances as compared to FY24 are as follows:

- General Government Administration's costs of \$6.3 million for FY25 increased \$147,000 (2.4%). As with nearly all functional areas, there was a 3% compensation increase that mirrored a 3% increase provided by the Commonwealth to State employees and those County employees in state-supported functions, such as constitutional departments. There was additionally increases in technology costs. These increases were offset by a decrease related to prior year costs associated with the real estate reassessment process
- Judicial Administration costs of \$2.1 million for FY25 represented a \$111,000 (5.6%) increase in expenditures, which was primarily due to the previously mentioned 3% compensation.
- Public Safety costs of \$33.5 million were \$6.8 million (25.6%) greater than FY24. The compensation increase and multiple new public safety positions accounted for approximately \$2.5 million of the increase in wages and benefits cost. There was also a new lease agreement for body cameras of \$3.7 million for the Sheriff's Office. Additionally, equipment purchases resulted in increased costs for Fire-EMS and Emergency Communications.

## Management's Discussion and Analysis

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- Public Works costs of \$3.3 million remained relatively unchanged and were \$34,000 (1.0%) greater than FY24 costs.
- Health and Welfare costs of \$5.7 million were \$966,000 (20.6%) more than in FY24. The increase is related to Children's Services Act (CSA) expenditures having increased program activity and increased tax relief for the elderly.
- Education expense of \$28.4 resulted in a \$820,000 (2.8%) decrease which is the net effect of a one-time capital contribution of \$1.3 million in the prior year and an increased operating contribution of \$500,000 to the County School Board on a governmental basis.
- Parks, Recreation, and Cultural expenses of \$3.5 million were \$435,000 (14.4%) more than FY24. The 3% compensation increase, agricultural supplies for the Sports Complex, and support for the Fincastle Museum were the main drivers of the increase.
- Community Development costs totaling \$2.7 million decreased \$4.7 million (63.8%) compared to FY24 costs. This decrease can be attributed to an decrease in Broadband projects activity from the prior year.
- Capital Projects expenditures totaled \$4.8 million, which represents a \$113,000 (2.4%) increase from FY24. An decrease in project activity for the Public Safety Radio project occurred in FY24 but was offset by the increased activity for the Circuit Courthouse project, netting an overall decrease.
- Debt Service costs of \$7 million are \$248,000 (3.7%) higher than FY24 due to an increase in principal and interest payments related to leases.

Expenditure categorization and activity is reflected in Exhibit 12.

### **General Fund Budgetary Highlights**

Differences between the original budgeted expenditures and the final budgeted expenditures for the General Fund totaled \$45,713,466. This difference was primarily due to supplemental appropriations. Major components of this difference on a functional area and capital projects basis are as follows:

- General Government Administration Supplemental Appropriations – decrease of \$153,000. Included in this functional category is a non-departmental original budget of \$1,096,000, of which \$736,000 was allocated to other functional areas. This was partially offset by an increase of \$346,000 to Technology Services for prepaid maintenance service contracts.
- Public Safety Supplemental appropriations – increase of \$4.3 million. The major portion of the appropriations were for salary adjustments of \$1.4 million, and additional support for vehicle and equipment purchases for Sheriff and Animal Control due to higher costs. As well as a \$1.9 million of funding appropriated from unused budget from the prior year for the purchase of ambulances for Fire-EMS and courtroom security for the Sheriff's Office.

## **Management's Discussion and Analysis**

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- Health and Welfare Supplemental Appropriations – increase of \$1.2 million. This includes appropriations totaling \$660,000 for additional CSA activity, \$207,000 for Social Services, \$72,000 in vehicles and repair to support the Van Program for seniors, and \$268,000 in additional opioid settlement funds received.
- Education Supplemental appropriations – increase of \$828,000 due to additional support for Botetourt County Public Schools.
- Community Development Supplemental appropriations – increase of \$624,000 due to contributions to the Economic Development Authority of Botetourt County related to Broadband projects.
- Capital Projects Supplemental appropriations – increase of \$38.1 million. This was mainly comprised of reappropriations for the Public Safety Radio project, Read Mountain Fire/Dispatch project, and the Circuit Courthouse Renovation project, as these projects are still ongoing.
- All Other Functional Areas – Supplemental Appropriations – increase of \$851,000. These supplemental appropriations represent an increase of 0.9% to the overall budget for the areas of Judicial Administration, Public Works, Parks, Recreation & Cultural, and Debt Service.

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

With respect to FY25 amended budget vs. actual results, general fund revenues for the primary government were approximately \$5.4 million (5.5%) over budget for the year. Results for revenues from local sources accounted for a \$5.5 million (5.8%) positive variance, due primarily to actual results vs. budget from a) Charges for services (+\$575,000), b) Revenue from the use of money and property (+\$2.7 million), c) General property taxes (+\$332,000). Intergovernmental budget versus actual revenue results yielded a positive variance of \$1.6 million due to Comprehensive Services funding, various parks and recreation grants, and a theatre grant.

The FY25 amended budget compared to actual results for general fund government expenditures reflected a \$40 million (29%) positive variance, most notably due to savings for Capital Projects (\$35 million) that are not yet complete. Other notable savings were reflected in Public Safety (\$3.3 million).

### **Capital Asset and Debt Administration**

#### **Capital assets**

The County's investment in capital assets for its governmental activities as of June 30, 2025 is \$75,934,957 (net of accumulated depreciation). This investment in capital assets includes land, leased land, buildings and improvements, leased buildings, machinery and equipment, leased machinery and equipment, construction in progress, and subscription assets. The total represents a \$5.1 million (7.2%) increase from the prior year.

Major capital asset transactions included the following for FY25:

- A \$1.8 million (3.8%) reduction in buildings due to an increase in accumulated depreciation.

## Management's Discussion and Analysis

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- A \$4.0 million (45.9%) increase in construction-in-progress due to activity relating to the Circuit Courthouse Renovation, Read Mountain Fire/Dispatch Renovation, and Public Safety Radio projects.
- A significant increase of \$3.5 million (5,795.7%) for leased machinery and equipment due to a new equipment lease agreement for body cameras for the Sheriff's Office.

A summary of capital asset balances follows:

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

	Governmental activities	
	2025	2024
Land	\$ 5,447,579	\$ 5,447,579
Construction in progress	12,705,039	8,708,146
Leased land	39,912	56,416
Buildings and improvements	47,762,502	49,650,157
Leased buildings and improvements	581,847	692,485
Machinery and equipment	5,836,165	6,117,923
Leased machinery and equipment	3,512,540	59,578
Subscription assets	49,373	106,237
Total	\$ 75,934,957	\$ 70,838,521

### Long-term debt

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

### County of Botetourt's Outstanding Obligations

	Governmental activities	
	2025	2024
General obligation bonds	\$ 28,100,536	\$ 31,299,864
Revenue bond	33,780,168	35,050,949
Lease liabilities	4,293,923	849,552
Subscription liabilities	42,056	94,936
Landfill closure / post-closure	5,056,843	4,513,535
Compensated absences	1,277,310	896,920
Net OPEB liability	805,138	837,241
Total	\$ 73,355,974	\$ 73,542,997

## **Management's Discussion and Analysis**

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Botetourt County's FY25 outstanding obligations for governmental activities totaled \$73,355,974, which represented a \$187,000 (0.3%) decrease. This was primarily due to principal payments of \$4.1 million made for general obligation, revenue, and lease revenue bonds, offset by the landfill post-closure liability increase of \$540,000 and a net lease liability increase of \$3.4, primarily due to body cameras for the Sheriff's Office.

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

- Outstanding debt-per-capita, \$1,982 vs. Net Bonded debt Per Capita \$841
- Net bonded debt to assessed value, limit 4%, actual 0.40%
- Ratio of debt service to total general governmental expenditures, limit 10%, actual 7.16%.
- The County continues to maintain its AA bond ratings with all three credit rating agencies, including a positive FY22 credit rating review from Moody's Investors Service.

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

### **Economic Factors and Next Year's Budgets and Rates**

The FY26 budget process was challenging once again with numerous requests for departmental, agency, and County component needs that required prioritization given the projected revenue levels from local, state, and federal sources. The FY26 Budget was adopted in April 2025.

The General Fund revenue portion of the FY26 County Budget includes a \$6.6 million (7.1%) increase vs. the FY25 Budget, with 85% of the revenue increase reflected in local revenues. The change was primarily driven by a \$2.2 million (5.9%) increase in real estate taxes, \$900,000 (24.3%) increase in public service, and \$1.2 million (10.7%) increase in personal property. The change also included increase of \$360,000 (75.2%) for anticipated additional earnings on investments and \$150,000 (37.5%) for building permits related to changes in the fee structure, as well as anticipated decreases in Sales and Machinery & Tools tax of \$215,000 (4.4%) and 95,000 (1.5%), respectively. The real estate assessment and changes to tax rates in the prior year resulted in more dramatic changes than were experienced for the FY26 budget for local revenue. State revenues are projected to increase \$288,000 (2.2%) due to state Compensation Board reimbursed salary increases and additional Library Aid. Federal revenues are expected to increase \$18,000 (1.3%) due to additional payments in lieu of taxes.

The expenditure portion of the County FY26 budget reflected a \$7.8 million (13.4%) increase in operational costs. This included a 4.5% increase in salaries due to a matching of the 3% increase the State is providing their employees and those employees in constitutional offices, and a one-time bonus of 1.5%. The impact of the FY26 cost of living increase and bonus to the County for salaries and fringe benefits (before Compensation Board reimbursements and related adjustments) was budgeted for \$1.7 million and is included in a non-departmental area of the budget (Salary Adjustments). Also included in operations portion of the expenditure budget are five full-time personnel additions for Technology Services, Fire-EMS, and Economic Development. The total cost (wages and benefits) of these personnel additions is approximately \$510,000.

In terms of functional areas, the General Government Administration area reflected a \$458,000 (7.2%) increase in expenditures vs. FY25. This was mainly related to software and a new position for Technology Services to support ongoing cybersecurity efforts. Public Safety expenditures increased \$1.8 million (6.3%) due to additional personnel costs related to compensation increases, additional staff for Fire-EMS, and establishment of a

## Management's Discussion and Analysis

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volunteer pay per call program. There were also decreases in Emergency Communications related to capital costs that were planned for FY25, but not needed for FY26. It should be noted that these increases exclude the 3% compensation increase and 1.5% bonus budgeted for FY26, but do reflect the 3% increase that was implemented in FY25. Public Works contains a \$487,000 (14.8%) increase compared to the FY25 budget due to increases in maintenance service contracts and operating supplies related to the Sports Complex that were transferred into Maintenance's budget for FY26. There is a \$1.8 million (6.3%) increase in Education due to the increase in operational support for the School Division. Finally, there is a \$78,000 (5%) decrease in Non-Department expenditures, which is a net impact from an increase in compensation adjustments, increase in debt service for planned future debt issuance, decrease in transfers to the Economic Development Authority (EDA), and a decrease for future year operations in fund balance.

With respect to Capital Improvement Projects (CIP), the FY26 Budget contains \$3 million of funding, which is \$1.1 million (60%) more than the FY25 CIP Budget. The CIP budget includes 33% for Public Works items, 25% for Public Safety, and 11% for Community Development. The remaining 31% of the funding for the FY26 Capital Improvement Plan is spread among Technology Services, Parks & Recreation, Library, and Electoral Board.

Botetourt County has an Economic Development Authority (EDA) which relies heavily on County funding. With ongoing County economic development activity and the need to provide for local incentives in addition to providing for future projects, \$400,000 (\$300,000 or 43% decrease) was included in the budget as a contribution to the Botetourt County EDA.

The School portion of the FY26 budget calls for funding of \$32.4 million, which is a \$2.4 million (8%) increase.

The total FY26 Botetourt County budget of \$146.9 million (\$4.7 million, 3.3% increase) was approved in April 2025. The increase is primarily driven by additional contributions to Botetourt County Public Schools of \$2.4 million, additional debt service related to the Public Safety Radio project of \$1.8 million, and to support current and future capital project needs.

Additional Factors and finer points regarding the FY26 Budget are as follows:

- The most recent unemployment rate published (July 2025) for the County is 3.1%, which higher than the same month one year ago of 2.9%. This is lower than both the State's July 2025 unemployment rate of 3.8% and the national rate of 4.6% for the same month.
- The School Board preliminary budget identified their priority needs which included new positions for special education, increase in cost of benefits, compensation adjustments, and ongoing capital needs. The use of a School Capital Reserve Fund, which is funded with annual school revenue dollars that exceed budget and annual school expenditure dollar savings compared to budget, provides a measure of resources to address relatively small capital-related projects and their associated costs. The State contribution to Botetourt County Public Schools (BCPS) was increased by \$700,000 in the FY26 budget. The County's contribution to BCPS increased \$2.4 million (8%) as compared to the FY25 budget.

As has been detailed, there are many initiatives incorporated into the FY26 Budget. At the end of the process, the FY26 Budget anticipates utilizing \$2 million of unassigned fund balance to support operations and capital project goals.

## **Management's Discussion and Analysis**

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All these factors were considered in the preparation, development, and approval of Botetourt County's budget for the 2026 fiscal year.

### **Contacting the County's Financial Management**

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

## **Basic Financial Statements**

County of Botetourt, Virginia  
Statement of Net Position  
June 30, 2025

	Primary Government		Component Units	
	Governmental Activities	School Board	EDA	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 55,167,053	\$ 12,441,180	\$ 2,620,287	
Investments	5,391,725	-	-	
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,447,558	-	-	
Accounts receivable	1,410,511	169,988	-	
Leases receivable	1,279,188	-	3,920,990	
Due from primary government	-	435,343	2,972,845	
Due from other governmental units	3,819,118	1,497,602	9,000	
Inventories	-	86,081	1,148,836	
Prepaid items	587,883	-	-	
Restricted assets:				
Cash and cash equivalents	29,538,626	-	14,057,078	
Net pension asset	452,100	-	-	
Capital assets, not being depreciated/amortized	18,152,618	2,079,511	502,827	
Capital assets, net of accumulated depreciation/amortization	57,782,339	25,453,504	4,736,764	
Total assets	<u>\$ 175,028,719</u>	<u>\$ 42,163,209</u>	<u>\$ 29,968,627</u>	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	\$ 375,173	\$ -	\$ -	
Pension related items	4,603,305	11,129,072	-	
OPEB related items	292,724	2,168,782	-	
Total deferred outflows of resources	<u>\$ 5,271,202</u>	<u>\$ 13,297,854</u>	<u>\$ -</u>	
<b>LIABILITIES</b>				
Accounts payable	\$ 1,909,058	\$ 1,149,784	\$ 3,013,744	
Construction and retainage payables	897,578	303,076	-	
Accrued wages and health claims	475,403	6,163,752	-	
Accrued interest payable	649,017	-	-	
Due to component unit	3,408,188	-	-	
Due to other governments	670,413	-	-	
Unearned revenue	5,653,652	187,013	-	
Rebate arbitrage	1,222,055	-	-	
Long-term liabilities:				
Due within one year	5,514,490	1,575,265	-	
Due in more than one year	67,841,484	39,227,375	-	
Total liabilities	<u>\$ 88,241,338</u>	<u>\$ 48,606,265</u>	<u>\$ 3,013,744</u>	
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes paid in advance	\$ 367,812	\$ -	\$ -	
Lease related items	1,172,374	-	3,824,776	
Pension related items	2,288,312	5,736,252	-	
OPEB related items	128,030	2,660,913	-	
Total deferred inflows of resources	<u>\$ 3,956,528</u>	<u>\$ 8,397,165</u>	<u>\$ 3,824,776</u>	
<b>NET POSITION</b>				
Net investment in capital assets	\$ 39,059,517	\$ 27,229,939	\$ 5,239,591	
Restricted				
Judicial administration	113,858	-	-	
Public safety	971,386	-	-	
Public works	112,418	-	-	
Health and welfare	878,432	-	-	
Parks, recreation, and cultural	176,039	-	-	
Cafeteria operations	-	1,309,071	-	
School activity fund	-	1,018,631	-	
School construction funds	-	359,174	-	
Net pension asset	452,100	-	-	
Community projects and capital needs	-	-	14,057,078	
Unrestricted	46,338,305	(31,459,182)	3,833,438	
Total net position	<u>\$ 88,102,055</u>	<u>\$ (1,542,367)</u>	<u>\$ 23,130,107</u>	

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

County of Botetourt, Virginia  
Statement of Activities  
For the Year Ended June 30, 2025

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Capital		Primary Governmental Activities	Component Units	
			Operating Grants and Contributions	Grants and Contributions		School Board	EDA
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities:							
General government administration	\$ 6,243,841	\$ 432,275	\$ 451,836	\$ -	\$ (5,359,730)	\$ -	\$ -
Judicial administration	2,068,108	144,393	1,037,415	-	(886,300)	-	-
Public safety	27,219,216	1,194,318	5,481,637	-	(20,543,261)	-	-
Public works	4,204,767	331,669	-	-	(3,873,098)	-	-
Health and welfare	5,530,924	-	3,110,007	-	(2,420,917)	-	-
Education	29,496,842	-	-	-	(29,496,842)	-	-
Parks, recreation, and cultural	3,599,301	275,383	554,626	-	(2,769,292)	-	-
Community development	2,672,288	-	846,762	-	(1,825,526)	-	-
Interest on long-term debt	2,124,071	-	-	-	(2,124,071)	-	-
Total governmental activities	\$ 83,159,358	\$ 2,378,038	\$ 11,482,283	\$ -	\$ (69,299,037)	\$ -	\$ -
<b>COMPONENT UNITS:</b>							
School Board	\$ 73,897,636	\$ 3,190,733	\$ 41,601,008	\$ -	\$ -	\$ (29,105,895)	\$ -
Economic Development Authority	2,087,702	10,020,627	1,040,025	15,251	-	-	8,988,201
Total component units	\$ 75,985,338	\$ 13,211,360	\$ 42,641,033	\$ 15,251	\$ -	\$ (29,105,895)	\$ 8,988,201
General revenues:							
General property taxes	\$ 61,368,293	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes:							
Local sales and use taxes	4,601,520	-	-	-	-	-	-
Consumers' utility taxes	571,109	-	-	-	-	-	-
Business license taxes	1,325,773	-	-	-	-	-	-
Motor vehicle taxes	706,467	-	-	-	-	-	-
Restaurant food taxes	2,927,034	-	-	-	-	-	-
Other local taxes	1,631,268	-	-	-	-	-	-
Unrestricted revenues from the use of money	4,480,225	-	-	-	81,040	128,305	-
Miscellaneous	522,603	-	-	-	11,923	29,997	-
Grants and contributions not restricted to specific programs	4,688,359	-	-	-	29,444,342	-	-
Total general revenues	\$ 82,822,651	\$ 29,537,305	\$ 158,302	\$ -	\$ 29,537,305	\$ 158,302	\$ -
Change in net position	\$ 13,523,614	\$ 431,410	\$ 9,146,503	\$ -	\$ -	\$ 9,146,503	\$ -
Net position - beginning, as previously reported	\$ 74,905,088	\$ -	\$ (657,761)	\$ -	\$ (657,761)	\$ 13,983,604	\$ -
Restatements	(326,647)	-	-	-	(1,316,016)	-	-
Net position - beginning, as restated	\$ 74,578,441	\$ -	\$ (1,973,777)	\$ -	\$ (1,973,777)	\$ 13,983,604	\$ -
Net position - ending	\$ 88,102,055	\$ (1,542,367)	\$ 23,130,107	\$ -	\$ (1,542,367)	\$ 23,130,107	\$ -

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

County of Botetourt, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2025

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	<u>General</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 50,995,806
Investments	5,391,725
Receivables (net of allowance for uncollectibles):	
Taxes receivable	1,447,558
Accounts receivable	1,410,511
Leases receivable	1,279,188
Due from other governmental units	3,819,118
Prepaid items	587,883
Restricted assets:	
Cash and cash equivalents	29,538,626
Total assets	<u>\$ 94,470,415</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 1,909,058
Construction and retainage payables	897,578
Due to component unit	3,408,188
Due to other governments	670,413
Unearned revenue	5,653,652
Rebate arbitrage	1,222,055
Total liabilities	<u>\$ 13,760,944</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue-property taxes	\$ 1,234,001
Property taxes paid in advance	367,812
Unavailable revenue-opioid settlement	556,887
Lease related items	1,279,188
Total deferred inflows of resources	<u>\$ 3,437,888</u>
<b>FUND BALANCES</b>	
Nonspendable	
Prepaid items	\$ 587,883
Committed	6,766,682
Restricted	27,693,412
Unassigned	42,223,606
Total fund balances	<u>\$ 77,271,583</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 94,470,415</u>

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

County of Botetourt, Virginia  
 Reconciliation of the Balance Sheet of Governmental Funds  
 To the Statement of Net Position  
 June 30, 2025

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	77,271,583	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets not being depreciated/amortized	\$	18,152,618	
Capital assets being depreciated/amortized		108,664,045	
Accumulated depreciation/amortization		<u>(50,881,706)</u>	75,934,957
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
Unavailable revenue - property taxes	\$	1,234,001	
Unavailable revenue - opioid settlement		556,887	
Leases receivable related items		<u>106,814</u>	1,897,702
The net pension asset is not available to pay for current-period expenditures and, therefore, is not reported in the funds.			<u>452,100</u>
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items	\$	4,603,305	
OPEB related items		<u>292,724</u>	4,896,029
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			3,695,844
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
General obligation bonds/revenue bonds	\$	(31,227,220)	
Deferred charges on refunding (to be amortized as interest expense)		375,173	
Lease revenue bond		(29,015,000)	
Bond premium (to be amortized over life of debt)		(1,638,484)	
Lease liabilities		(4,293,923)	
Subscription liabilities		(42,056)	
Accrued interest payable		(649,017)	
Landfill post-closure liability		(5,056,843)	
Compensated absences		(1,277,310)	
Net OPEB liability		<u>(805,138)</u>	(73,629,818)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(2,288,312)	
OPEB related items		<u>(128,030)</u>	(2,416,342)
Net position of governmental activities	\$		<u><u>88,102,055</u></u>

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

County of Botetourt, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2025

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	<u>General</u>
<b>REVENUES</b>	
General property taxes	\$ 61,230,961
Other local taxes	11,763,171
Permits, privilege fees, and regulatory licenses	746,227
Fines and forfeitures	89,144
Revenue from the use of money and property	4,832,737
Charges for services	1,183,078
Miscellaneous	558,875
Recovered costs	2,455,305
Intergovernmental	16,170,642
Total revenues	\$ 99,030,140
<b>EXPENDITURES</b>	
Current:	
General government administration	\$ 6,282,893
Judicial administration	2,095,411
Public safety	33,501,504
Public works	3,348,936
Health and welfare	5,662,888
Education	28,391,042
Parks, recreation, and cultural	3,463,398
Community development	2,663,502
Capital projects	4,879,352
Debt service:	
Principal retirement	4,426,721
Interest and other fiscal charges	2,537,355
Total expenditures	\$ 97,253,002
Excess (deficiency) of revenues over (under) expenditures	\$ 1,777,138
<b>OTHER FINANCING SOURCES (USES)</b>	
Issuance of lease liabilities	\$ 3,718,310
Total other financing sources (uses)	\$ 3,718,310
Net change in fund balances	\$ 5,495,448
Fund balance - beginning, as previously reported	\$ 71,755,648
Restatement	20,487
Fund balance - beginning, as restated	\$ 71,776,135
Fund balance - ending	\$ 77,271,583

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

County of Botetourt, Virginia  
 Reconciliation of the Statement of Revenues,  
 Expenditures, and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended June 30, 2025

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

Net change in fund balances - total governmental funds \$ 5,495,448

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

Capital outlays	\$ 9,657,530	
Depreciation/amortization expense	<u>(4,547,711)</u>	5,109,819

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

Gain (loss) on disposal of assets		(13,383)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$ 137,332	
Opioid settlement	(36,272)	
Leases receivable related items	<u>7,077</u>	108,137

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

Debt issued or incurred:

Issuance of lease liabilities	\$ (3,718,310)	
(Increase) decrease in accrued landfill post-closure liability	(543,308)	

Principal repayments:

General obligation bonds/revenue bonds/lease revenue bond/lease liabilities/subsorption liabilities	<u>4,426,721</u>	165,103
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Change in compensated absences	\$ (33,256)	
Change in accrued interest payable	93,100	
Change in pension related items	701,837	
Change in OPEB related items	49,714	
Amortization of bond premium	370,207	
Amortization of deferred charge on refunding	<u>(50,023)</u>	1,131,579

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

1,526,911

Change in net position of governmental activities	<u>\$</u>	<u>13,523,614</u>
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The notes to the financial statements are an integral part of this statement.

County of Botetourt, Virginia  
Statement of Net Position  
Proprietary Funds  
June 30, 2025

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	<b>Internal Service Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 4,171,247
Total assets	\$ 4,171,247
<b>LIABILITIES</b>	
Current liabilities:	
Accrued health claims	\$ 475,403
Total liabilities	\$ 475,403
<b>NET POSITION</b>	
Unrestricted	\$ 3,695,844
Total net position	\$ 3,695,844

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

County of Botetourt, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2025

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	<b>Internal Service <u>Fund</u></b>
<b>OPERATING REVENUES</b>	
Charges for services:	
Insurance premiums	\$ 4,957,455
Total operating revenues	\$ 4,957,455
<b>OPERATING EXPENSES</b>	
Insurance claims and expenses	\$ 3,487,794
Total operating expenses	\$ 3,487,794
Operating income (loss)	\$ 1,469,661
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	\$ 57,250
Total nonoperating revenues (expenses)	\$ 57,250
Change in net position	\$ 1,526,911
Total net position - beginning	2,168,933
Total net position - ending	\$ 3,695,844

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

**County of Botetourt, Virginia**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2025**

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	<b>Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts for insurance premiums	\$ 4,957,455
Payments for health claims	(3,399,164)
Net cash provided by (used for) operating activities	\$ 1,558,291
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	\$ 57,250
Net cash provided by (used for) investing activities	\$ 57,250
Net increase (decrease) in cash and cash equivalents	\$ 1,615,541
Cash and cash equivalents - beginning	2,555,706
Cash and cash equivalents - ending	\$ 4,171,247
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	\$ 1,469,661
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Increase (decrease) in health claims payable	\$ 88,630
Total adjustments	\$ 88,630
Net cash provided by (used for) operating activities	\$ 1,558,291

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

County of Botetourt, Virginia  
 Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2025

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	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 149,588
Total assets	\$ 149,588
 <b>NET POSITION</b>	
Restricted:	
Amounts held for social services clients	\$ 48,281
Amounts held for inmates	69,542
Amounts held for performance bond	31,765
Total net position	\$ 149,588
Total liabilities and net position	\$ 149,588

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

**County of Botetourt, Virginia**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2025**

	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Gifts and donations	\$ 14,758
Expenditure reimbursements	2,091
Deposits from inmates	225,630
Performance bond payment	43,151
Total additions	\$ 285,630
<b>DEDUCTIONS</b>	
Special welfare payments	\$ 31,610
Vendor payments for benefit of inmates	34,995
Inmate refunds	198,959
Return of funds to participants	35,602
Total deductions	\$ 301,166
Net increase (decrease) in fiduciary net position	\$ (15,536)
Total net position, beginning of year, as previously reported	\$ 185,611
Restatement	(20,487)
Total net position, beginning of year, as restated	\$ 165,124
Total net position, end of year	\$ 149,588

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

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2025

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**Note 1-Summary of Significant Accounting Policies:**

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

A. Financial Reporting Entity

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

Blended component units - None

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

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

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

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

Jointly Governed Organizations - The County, in conjunction with other localities, participates in supporting the Blue Ridge Community Services Board and the Regional Center for Animal Control and Protection (Pound). The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$95,000 to the Blue Ridge Community Services Board and \$381,020 to the Regional Center for Animal Control and Protection.

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

The government reports the following major governmental fund:

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

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

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

The government reports the following proprietary fund:

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

Additionally, the government reports the following fund types:

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

The School Board reports the following major fund types:

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

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

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

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

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

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

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

1. Cash and cash equivalents

The government's cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Restricted cash and cash equivalents include unspent bond proceeds of \$27,843,380 at year end.

2. Investments

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

3. Receivables and payables

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

4. Property taxes

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

5. Allowance for uncollectible accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$126,702 at June 30, 2025 consisting of delinquent taxes.

6. Use of estimates

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

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

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

7. Compensated absences

A liability is recognized for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (2) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences - vacation/PTO and sick leave. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employees recognitions or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

8. Capital assets

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

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

*Remainder of page left blank intentionally.*

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

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

8. Capital assets (Continued)

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

<u>Assets</u>	<u>Years</u>
Right-to-use lease land	10-25
Buildings	40
Right-to-use lease buildings	3-11
Building improvements	10-20*
Structures, lines, and accessories	20-40
Machinery and equipment	4-30
Right-to-use lease machinery and equipment	5
Subscription assets	3

\* up to the remaining life of the building

9. Pensions

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

10. Other postemployment benefit (OPEB) programs

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

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

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

11. Long-term obligations

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

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

12. Fund balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called “fund balance.” Governmental funds reported the following categories of fund balance, based on the nature of any limitation requiring the use of resources for specific purposes:

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

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

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

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

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

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

12. Fund balance (Continued)

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

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

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

13. Net position

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

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

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

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

14. Net position flow assumption

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

15. Prepaid items

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

16. Restricted assets

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

17. Inventories

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

18. Self-insurance

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

19. Deferred outflows/inflows of resources

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

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

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

19. Deferred outflows/inflows of resources (Continued)

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

20. Leases and subscription-based IT arrangements

The County has various lease assets and subscription-based IT arrangements (SBITAs) requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

*Lessee*

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

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

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

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

*Lessor*

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

*Subscriptions*

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

*Key Estimates and Judgments*

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

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

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

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

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

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

**Note 2-Stewardship, Compliance, and Accountability:**

A. Budgetary information

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

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

**Note 2-Stewardship, Compliance, and Accountability: (Continued)**

B. Excess of expenditures over appropriations

For the fiscal year ended June 30, 2025, no expenditures exceeded appropriations.

C. Deficit fund balance

At June 30, 2025, there were no funds with negative equity.

D. Debt Limitations

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

**Note 3-Deposits and Investments:**

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

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

Interest Rate Risk

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

**Note 3-Deposits and Investments: (Continued)**

Credit Risk of Debt Securities

The County has not adopted an investment policy for credit risk. The County’s rated debt investments as of June 30, 2025 were rated by Standard & Poor’s rating scale and the ratings are presented below.

<b>Investment Maturities (in years)</b>		
<b>Investment Type</b>	<b>Fair Value</b>	<b>1 Year</b>
Local Government Investment Pool	\$ 23,990,549	\$ 23,990,549
VML/VACO Virginia Investment Pool (VIP)	27,843,380	27,843,380
Certificates of Deposit	5,391,725	5,391,725
Totals	\$ 57,225,654	\$ 57,225,654

External Investment Pools

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

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

Custodial Credit Risk

At year end, the County was not exposed to any custodial credit risk for deposits or investments. The County limits deposits to those banks fully collateralized under the Commonwealth’s Security for Public Deposits Act. The County policy in regards to investments requires that all investments be held in the County’s name. As of June 30, 2025, the County and Component Unit School Board did not hold any investments that were subject to custodial credit risk.

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2025

**Note 3-Deposits and Investments: (Continued)**

Concentration of Credit Risk

At June 30, 2025, the County did not have any investments requiring concentration of credit risk disclosures that exceeded 5% of total investments.

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

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

	Primary Government	Component Unit- School Board
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 808,068	\$ -
Categorical aid-State sales tax	-	1,089,515
Categorical aid-Other	750,739	-
Non-categorical aid	27,980	-
Categorical aid-Virginia Public Assistance	61,967	-
Categorical aid-Comprehensive Services Act	256,190	-
<u>Federal Government:</u>		
Categorical aid-Virginia Public Assistance	94,079	-
Categorical aid-Other	1,820,095	408,087
Totals	\$ 3,819,118	\$ 1,497,602

During fiscal year 2024 and 2025, the County received grant funding for the Town of Buchanan, Virginia’s theater. The County holds the funds and the Town of Buchanan, Virginia requests reimbursement from the project expenses as they are incurred. At the end of the project, any remaining funds will be turned over to the Town of Buchanan, Virginia. At year-end, \$670,413 was shown as due to other governments related to the Town of Buchanan, Virginia’s theater project.

**Note 5-Interfund/Component Unit Obligations:**

Interfund obligations at June 30, 2025, consisted of the following:

	Due from	Due to
<u>Component Unit-School Board:</u>		
School Operating Fund	\$ 24,802	\$ -
School Activity Fund	-	24,802
Total	\$ 24,802	\$ 24,802

**Note 5-Interfund/Component Unit Obligations: (Continued)**

Component unit obligations at June 30, 2025, consisted of the following:

	<u>Due from</u>	<u>Due to</u>
Primary Government:	\$ -	\$ 3,408,188
Component Unit:		
School Board	435,343	-
EDA	2,972,845	-
Total	<u>\$ 3,408,188</u>	<u>\$ 3,408,188</u>

**Note 6-Interfund Transfers/Component Unit Contributions:**

Interfund transfers for the year ended June 30, 2025, consisted of the following:

	<u>Transfer In</u>	<u>Transfers Out</u>
Component Unit-School Board:		
School Operating Fund	\$ 177,427	\$ 128,938
School Activity Fund	128,938	177,427
Total	<u>\$ 306,365</u>	<u>\$ 306,365</u>

Primary government contributions to component units for the year ended June 30, 2025, consisted of the following:

Component Unit:	
School Board	\$ 28,338,542
EDA	1,040,025
Total	<u>\$ 29,378,567</u>

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

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COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2025

**Note 7-Long-Term Obligations:**

**Primary Government - Governmental Activities Obligations:**

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2025.

	Balance July 1, 2024, as restated	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2025
Direct Borrowings and Placements:				
General obligation and revenue bonds	\$ 34,652,122	\$ -	\$ (3,424,902)	\$ 31,227,220
Lease revenue bond	29,690,000	-	(675,000)	29,015,000
Unamortized premium	2,008,691	-	(370,207)	1,638,484
Lease liabilities	849,552	3,718,310	(273,939)	4,293,923
Subscription liabilities	94,936	-	(52,880)	42,056
Landfill post-closure liability	4,513,535	543,308	-	5,056,843
Compensated absences*	1,244,054	33,256	-	1,277,310
Net OPEB liability	837,241	362,917	(395,020)	805,138
Total	<u>\$ 73,890,131</u>	<u>\$ 4,657,791</u>	<u>\$ (5,191,948)</u>	<u>\$ 73,355,974</u>

\*The change in the compensated absences liability is presented as a net change.

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COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2025

**Note 7-Long-Term Obligations: (Continued)**

Primary Government - Governmental Activities Obligations: (Continued)

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

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

Year Ending June 30,	Direct Borrowings and Placements		Lease Revenue Bond	
	Principal	Interest	Principal	Interest
2026	\$ 3,395,808	\$ 1,174,421	\$ 700,000	\$ 1,037,800
2027	3,518,997	1,009,940	730,000	1,009,800
2028	2,417,803	870,526	750,000	987,900
2029	2,483,448	757,379	780,000	957,900
2030	2,593,797	652,131	810,000	926,700
2031-2035	10,972,368	1,879,077	4,565,000	4,120,500
2036-2040	5,844,999	424,136	5,565,000	3,131,100
2041-2045	-	-	5,875,000	2,116,763
2046-2050	-	-	6,375,000	1,143,113
2051-2052	-	-	2,865,000	145,799
Totals	<u>\$ 31,227,220</u>	<u>\$ 6,767,610</u>	<u>\$ 29,015,000</u>	<u>\$ 15,577,375</u>

Year Ending June 30,	Lease Liabilities		Subscription Liabilities	
	Principal	Interest	Principal	Interest
2026	\$ 496,108	\$ 126,401	\$ 20,331	\$ 1,527
2027	491,345	112,821	21,725	789
2028	456,586	99,259	-	-
2029	468,744	85,750	-	-
2030	484,493	71,801	-	-
2031-2034	1,896,647	142,404	-	-
Totals	<u>\$ 4,293,923</u>	<u>\$ 638,436</u>	<u>\$ 42,056</u>	<u>\$ 2,316</u>

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2025

**Note 7-Long-Term Obligations: (Continued)**

**Primary Government - Governmental Activities Obligations: (Continued)**

Details of long-term obligations:

Type/ Project	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements:						
Revenue Bonds:						
2017 School Energy Program - VRA <sup>(1)</sup>	3.75%	7/5/2017	2033	\$ 6,512,144	\$ 3,865,482	\$ 446,344
General Obligation Bonds:						
Fire Truck Loan	4.25%	8/6/2013	2029	446,372	36,738	34,464
School construction - VPSA	4.1% - 5.1%	5/11/2006	2026	15,890,000	2,365,000	1,155,000
Jail Construction Bond - VRA	2.011%-5.125%	8/14/2014	2033	13,150,000	7,710,000	825,000
School construction - VPSA	3.05%-5.05%	5/15/2018	2039	21,265,000	17,250,000	935,000
Total General Obligation Bonds					\$ 27,361,738	\$ 2,949,464
Add:						
Unamortized premium on Issuance	n/a	n/a	n/a	n/a	\$ 738,798	\$ -
Net General Obligation Bonds					\$ 28,100,536	\$ 2,949,464
Total Direct Borrowings and Placements					\$ 31,966,018	\$ 3,395,808
Revenue Bond:						
2022 Lease revenue bond	3.375% - 4.0%	3/30/2022	2052	30,790,000	\$ 29,015,000	\$ 700,000
Add:						
Unamortized premium on Issuance	n/a	n/a	n/a	n/a	\$ 899,686	\$ -
Net Revenue Bond					\$ 29,914,686	\$ 700,000
Lease Liabilities:						
Office building <sup>(2)</sup>	1.41%	12/1/2016	2027	324,783	\$ 48,783	\$ 34,333
Cell tower site <sup>(2)</sup>	2.00%	1/1/2018	2027	110,866	25,528	12,509
Cell tower site <sup>(2)</sup>	2.00%	10/1/2002	2028	117,965	13,190	5,789
Office building <sup>(2)</sup>	2.00%	6/1/2021	2032	848,229	579,802	73,871
Copiers	0.76%	8/1/2022	2027	83,838	35,296	16,873
Copier	0.76%	8/1/2022	2027	3,963	1,668	798
Copier	0.76%	8/1/2022	2027	7,340	3,090	1,477
Sheriff equipment	3.18%	11/1/2024	2034	3,718,310	3,586,566	350,458
Total Lease Liabilities					\$ 4,293,923	\$ 496,108
Subscription Liabilities:						
Brightly software	3.63%	7/1/2023	2027	81,664	\$ 42,056	\$ 20,331
Total Subscription Liabilities					\$ 42,056	\$ 20,331
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 1,277,310	\$ 902,243
Landfill post-closure liability	n/a	n/a	n/a	n/a	5,056,843	-
Net OPEB liability	n/a	n/a	n/a	n/a	805,138	-
Total Other Obligations					\$ 7,139,291	\$ 902,243
Total Long-term obligations					\$ 73,355,974	\$ 5,514,490

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2025

**Note 7-Long-Term Obligations: (Continued)**

**Primary Government - Governmental Activities Obligations: (Continued)**

**Details of long-term obligations: (Continued)**

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

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

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

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

**Note 8-Long-Term Obligations-Component Unit:**

**Discretely Presented Component Unit School Board Obligations:**

The following is a summary of long-term obligations transactions of the Component Unit School Board for the year ended June 30, 2025.

	Balance July 1, 2024, as restated	Increases	Decreases	Balance June 30, 2025
Compensated absences*	\$ 2,276,301	\$ 92,134	\$ -	\$ 2,368,435
Net pension liabilities	32,716,368	14,241,447	(16,611,739)	30,346,076
Net OPEB liabilities	8,632,122	1,680,109	(2,224,102)	8,088,129
 Total	 \$ 43,624,791	 \$ 16,013,690	 \$ (18,835,841)	 \$ 40,802,640

\*The change in the compensated absences liability is presented as a net change.

Pension liabilities and net OPEB liabilities of the Component Unit School Board are liquidated by the School Operating Fund.

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COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2025

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

Discretely Presented Component Unit School Board Obligations: (Continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 2,368,435	\$ 1,575,265
Net OPEB Liabilities	n/a	n/a	n/a	n/a	8,088,129	-
Net Pension Liabilities	n/a	n/a	n/a	n/a	30,346,076	-
Total long-term obligations					<u>\$ 40,802,640</u>	<u>\$ 1,575,265</u>

**Note 9-Pension Plans:**

**Aggregate Pension Information**

The following is a summary of deferred outflows, deferred inflows, net pension liabilities (assets), and pension expense for the year ended June 30, 2025.

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 4,603,305	\$ 2,288,312	\$ (452,100)	\$ 1,601,890	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	506,334	401,992	839,186	434,658
School Board Professional	-	-	-	-	10,622,738	5,334,260	29,506,890	2,485,371
Totals	<u>\$ 4,603,305</u>	<u>\$ 2,288,312</u>	<u>\$ (452,100)</u>	<u>\$ 1,601,890</u>	<u>\$ 11,129,072</u>	<u>\$ 5,736,252</u>	<u>\$ 30,346,076</u>	<u>\$ 2,920,029</u>

**Plan Description**

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

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

***Benefit Structures***

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

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

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

***Average Final Compensation and Service Retirement Multiplier***

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

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

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

***Employees Covered by Benefit Terms***

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<b>Primary Government</b>	<b>Component Unit School Board Nonprofessional</b>
Inactive members or their beneficiaries currently receiving benefits	188	158
Inactive members:		
Vested inactive members	72	47
Non-vested inactive members	128	88
Inactive members active elsewhere in VRS	118	26
Total inactive members	318	161
Active members	300	129
Total covered employees	806	448

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

***Contributions***

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

The County's contractually required employer contribution rate for the year ended June 30, 2025 was 11.39% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$2,305,853 and \$1,951,768 for the years ended June 30, 2025 and June 30, 2024, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2025 was 8.58% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$368,559 and \$271,440 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$60,567 and \$18,918 for the County and School Board, respectively, for the year ended June 30, 2025. Hybrid plan members may also elected to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$65,327 and \$16,306 for the County and School Board, respectively, for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$6,056,724 and \$1,891,785 for the County and School Board, respectively, for the year ended June 30, 2025.

***Net Pension Liability (Asset)***

The net pension liability (asset) (NPL/A) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's net pension asset and Component Unit School Board's (nonprofessional) net pension liability were measured as of June 30, 2024. The total pension liabilities used to calculate the net pension liability/asset were determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024.

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

***Actuarial Assumptions - General Employees***

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

**Mortality rates:**

All Others (Non-10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service-related  
Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

***Actuarial Assumptions - General Employees (Continued)***

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

***Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits***

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County’s Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

***Long-Term Expected Rate of Return***

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<u>100.00%</u>		<u>7.07%</u>
		Expected arithmetic nominal return**	<u>7.07%</u>

\*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

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

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

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. Through the fiscal year ended June 30, 2024, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 112% of the actuarially determined contribution rate. From July 1, 2024 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in Net Pension Liability (Asset)**

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 66,998,869	\$ 67,664,758	\$ (665,889)
Changes for the year:			
Service cost	\$ 2,501,266	\$ -	\$ 2,501,266
Interest	4,585,056	-	4,585,056
Differences between expected and actual experience	2,566,477	-	2,566,477
Contributions - employer	-	1,951,768	(1,951,768)
Contributions - employee	-	938,850	(938,850)
Net investment income	-	6,588,651	(6,588,651)
Benefit payments, including refunds	(3,146,752)	(3,146,752)	-
Administrative expenses	-	(41,704)	41,704
Other changes	-	1,445	(1,445)
Net changes	\$ 6,506,047	\$ 6,292,258	\$ 213,789
Balances at June 30, 2024	\$ 73,504,916	\$ 73,957,016	\$ (452,100)

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

**Changes in Net Pension Liability (Asset) (Continued)**

	Component Unit-School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 15,017,148	\$ 14,082,885	\$ 934,263
Changes for the year:			
Service cost	\$ 365,975	\$ -	\$ 365,975
Interest	1,009,431	-	1,009,431
Differences between expected and actual experience	319,058	-	319,058
Contributions - employer	-	271,440	(271,440)
Contributions - employee	-	172,530	(172,530)
Net investment income	-	1,354,578	(1,354,578)
Benefit payments, including refunds	(857,179)	(857,179)	-
Administrative expenses	-	(9,214)	9,214
Other changes	-	207	(207)
Net changes	\$ 837,285	\$ 932,362	\$ (95,077)
Balances at June 30, 2024	\$ 15,854,433	\$ 15,015,247	\$ 839,186

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
County's			
Net Pension Liability (Asset)	\$ 9,057,257	\$ (452,100)	\$ (8,228,304)
Component Unit School Board's (Nonprofessional)			
Net Pension Liability (Asset)	\$ 2,534,772	\$ 839,186	\$ (594,902)

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

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

For the year ended June 30, 2025, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$1,601,890 and \$434,658, respectively. At June 30, 2025, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit-School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,297,452	\$ 393,983	\$ 137,775	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,894,329	-	401,992
Employer contributions subsequent to the measurement date	2,305,853	-	368,559	-
Total	\$ 4,603,305	\$ 2,288,312	\$ 506,334	\$ 401,992

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

\$2,305,853 and \$368,559 reported as deferred outflows of resources related to pensions resulting from the County’s and Component Unit School Board’s (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction/increase of the Net Pension Liability/Asset in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit-School Board (nonprofessional)</u>
2026	\$ (1,029,942) \$	(216,999)
2027	1,376,555	112,812
2028	68,782	(76,385)
2029	(406,255)	(83,645)

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**Component Unit School Board (Professional)**

***Plan Description***

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

***Contributions***

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division’s contractually required employer contribution rate for the year ended June 30, 2025 was 14.21% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school divisions were \$4,964,841 and \$5,301,630 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

***Contributions (Continued)***

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$93,087 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$101,696 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$9,308,672 for the year ended June 30, 2025.

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

At June 30, 2025, the school division reported a liability of \$29,506,890 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2024 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division's proportion was 0.31434% as compared to 0.31445% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized pension expense of \$2,485,371. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

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

**Component Unit School Board (Professional) (Continued)**

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

At June 30, 2025, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,119,029	\$ 607,567
Changes of assumptions	535,589	-
Net difference between projected and actual earnings on pension plan investments	-	4,061,641
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,279	665,052
Employer contributions subsequent to the measurement date	<u>4,964,841</u>	<u>-</u>
Total	<u>\$ 10,622,738</u>	<u>\$ 5,334,260</u>

\$4,964,841 reported as deferred outflows of resources related to pensions resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in fiscal the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2026	\$ (2,235,358)
2027	2,387,632
2028	536,712
2029	(365,349)

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

**Component Unit School Board (Professional) (Continued)**

***Actuarial Assumptions***

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2023 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, 2024.

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

**Mortality rates:**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

**Mortality Improvement:**

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

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

**Component Unit School Board (Professional) (Continued)**

***Actuarial Assumptions (Continued)***

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

**Component Unit School Board (Professional) (Continued)**

***Net Pension Liability***

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB Statement No. 67, less that system’s fiduciary net position. As of June 30, 2024, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		<b><u>Teacher Employee Retirement Plan</u></b>
Total Pension Liability	\$	60,622,260
Plan Fiduciary Net Position		51,235,326
Employers' Net Pension Liability (Asset)	\$	<u>9,386,934</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		
		84.52%

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

***Long-Term Expected Rate of Return***

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

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

**Component Unit School Board (Professional) (Continued)**

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 54,818,019	\$ 29,506,890	\$ 8,777,882

**Pension Plan Fiduciary Net Position**

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Note 10-Aggregate OPEB Information:**

The following is a summary of deferred outflows, deferred inflows, net OPEB liabilities, and OPEB expense for the year ended June 30, 2025.

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Plan:								
County	\$ 292,724	\$ 128,030	\$ 805,138	\$ 45,568	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	65,186	33,911	166,161	7,189
School Board Professional	-	-	-	-	399,650	307,542	1,438,089	3,520
Health Insurance Credit Plan								
School Board Nonprofessional	-	-	-	-	35,642	21,408	120,776	6,251
School Board Professional	-	-	-	-	484,304	325,052	3,569,103	211,055
School Stand-Alone Plan	-	-	-	-	1,184,000	1,973,000	2,794,000	(35,000)
Totals	<u>\$ 292,724</u>	<u>\$ 128,030</u>	<u>\$ 805,138</u>	<u>\$ 45,568</u>	<u>\$ 2,168,782</u>	<u>\$ 2,660,913</u>	<u>\$ 8,088,129</u>	<u>\$ 193,015</u>

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

***Plan Description***

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

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

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

***Eligible Employees***

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

***Benefit Amounts***

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,532 as of June 30, 2025.

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

***Contributions***

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025, was 0.47% of covered employee compensation. This rate was the final approved General rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the GLI Plan from the County were \$95,283 and \$100,037 for the years ended June 30, 2025 and June 30, 2024, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (nonprofessional) were \$20,189 and \$20,641 for the years ended June 30, 2025 and June 30, 2024, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (professional) were \$164,214 and \$178,681 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

At June 30, 2025, the County reported a liability of \$805,138 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2025, the Component Unit School Board (nonprofessional) reported a liability of \$166,161 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2025, the Component Unit School Board (professional) reported a liability of \$1,438,089 for its proportionate share of the Net GLI OPEB Liability.

The Net GLI OPEB Liability was measured as of June 30, 2024 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, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2024, the County's proportion was 0.07215% as compared to 0.06981% at June 30, 2023.

At June 30, 2024, the Component Unit School Board (nonprofessional) proportion was 0.01489% as compared to 0.01471% at June 30, 2023.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2025

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

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

At June 30, 2024, the Component Unit School Board (professional) proportion was 0.12887% as compared to 0.13078% at June 30, 2023.

For the year ended June 30, 2025, the County recognized GLI OPEB expense of \$45,568. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2025, the Component Unit School Board (nonprofessional) recognized GLI OPEB expense of \$7,189. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2025, the Component Unit School Board (professional) recognized GLI OPEB expense of \$3,520. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component Unit School Board (Nonprofessional)		Component Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 126,989	\$ 19,667	\$ 26,207	\$ 4,059	\$ 226,820	\$ 35,128
Net difference between projected and actual earnings on GLI OPEB plan investments	-	67,865	-	14,006	-	121,216
Change in assumptions	4,589	39,901	947	8,235	8,197	71,269
Changes in proportionate share	65,863	597	17,843	7,611	419	79,929
Employer contributions subsequent to the measurement date	95,283	-	20,189	-	164,214	-
<b>Total</b>	<b>\$ 292,724</b>	<b>\$ 128,030</b>	<b>\$ 65,186</b>	<b>\$ 33,911</b>	<b>\$ 399,650</b>	<b>\$ 307,542</b>

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

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

\$95,283, \$20,189 and \$164,214 reported as deferred outflows of resources related to the GLI OPEB resulting from the County’s, Component Unit School Board (Nonprofessional), and Component Unit School Board (Professional), respectively, contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (Nonprofessional)	Component Unit School Board (Professional)
2026	\$ (11,221)	\$ (5,763)	\$ (90,261)
2027	33,722	4,712	2,929
2028	14,418	3,349	(9,816)
2029	15,750	5,883	6,148
2030	16,742	2,905	18,894

***Actuarial Assumptions***

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

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

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

**Mortality Rates - Teachers**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

***NET GLI OPEB Liability***

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	<b>GLI OPEB Plan</b>
Total GLI OPEB Liability	\$ 4,196,055
Plan Fiduciary Net Position	3,080,133
GLI Net OPEB Liability (Asset)	<u>\$ 1,115,922</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	73.41%

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

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

***Long-Term Expected Rate of Return***

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<u>100.00%</u>		<u>7.07%</u>
		Expected arithmetic nominal return**	<u>7.07%</u>

\*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

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

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

***Discount Rate***

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, 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, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 1,252,094	\$ 805,138	\$ 444,056
Component Unit-School Board (Nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	\$ 258,402	\$ 166,161	\$ 91,642
Component Unit-School Board (Professional) proportionate share of the GLI Plan Net OPEB Liability	\$ 2,236,415	\$ 1,438,089	\$ 793,146

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

***Group Life Insurance Plan Fiduciary Net Position***

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

**Component Unit School Board (Nonprofessional)**

***Plan Description***

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

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

***Eligible Employees***

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

***Benefit Amounts***

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

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

**Component Unit School Board (Nonprofessional) (Continued)**

***HIC Plan Notes***

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

***Employees Covered by Benefit Terms***

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	56
Vested inactive members	27
Active members	129
Total covered employees	<u><u>212</u></u>

***Contributions***

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Component Unit School Board's (Nonprofessional) contractually required employer contribution rate for the year ended June 30, 2025 was 0.80% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Component Unit School Board (Nonprofessional) to the HIC Plan were \$34,365 and \$30,580 for the years ended June 30, 2025 and June 30, 2024, respectively.

***Net HIC OPEB Liability***

The Component Unit School Board's (Nonprofessional) net HIC OPEB liability was measured as of June 30, 2024. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

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

**Component Unit School Board (Nonprofessional) (Continued)**

***Actuarial Assumptions***

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

**Component Unit School Board (Nonprofessional) (Continued)**

***Actuarial Assumptions: (Continued)***

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

*Remainder of page left blank intentionally.*

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

**Component Unit School Board (Nonprofessional) (Continued)**

***Long-Term Expected Rate of Return***

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<u>100.00%</u>		<u>7.07%</u>
		Expected arithmetic nominal return**	<u>7.07%</u>

\*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

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

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

**Component Unit School Board (Nonprofessional) (Continued)**

**Discount Rate**

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2024, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

**Changes in Net HIC OPEB Liability**

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 279,122	\$ 121,072	\$ 158,050
Changes for the year:			
Service cost	\$ 4,368	\$ -	\$ 4,368
Interest	18,541	-	18,541
Differences between expected and actual experience	(17,398)	-	(17,398)
Contributions - employer	-	30,580	(30,580)
Net investment income	-	12,379	(12,379)
Benefit payments	(17,624)	(17,624)	-
Administrative expenses	-	(174)	174
Net changes	\$ (12,113)	\$ 25,161	\$ (37,274)
Balances at June 30, 2024	\$ 267,009	\$ 146,233	\$ 120,776

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

**Component Unit School Board (Nonprofessional) (Continued)**

***Sensitivity of the Component Unit School Board's (Nonprofessional) HIC Net OPEB Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Component Unit School Board (Nonprofessional)			
Net HIC OPEB Liability	\$ 147,100	\$ 120,776	\$ 98,157

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

For the year ended June 30, 2025, the Component Unit School Board (Nonprofessional) recognized HIC Plan OPEB expense of \$6,251. At June 30, 2025, the Component Unit School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the Component Unit School Board's (Nonprofessional) HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience \$	17	\$ 16,077
Net difference between projected and actual earnings on HIC OPEB plan investments	-	2,593
Change in assumptions	1,260	2,738
Employer contributions subsequent to the measurement date	34,365	-
Total	\$ 35,642	\$ 21,408

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

**Component Unit School Board (Nonprofessional) (Continued)**

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

\$34,365 reported as deferred outflows of resources related to the HIC OPEB resulting from the Component Unit School Board's (Nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

**Year Ended June 30**

2026	\$ (9,975)
2027	(6,062)
2028	(3,338)
2029	(756)

***HIC Plan Data***

Information about the VRS Political Subdivision HIC Program is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

***Plan Description***

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

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

***Plan Description (Continued)***

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

***Eligible Employees***

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

***Benefit Amounts***

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

***HIC Plan Notes***

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

***Contributions***

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2025 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$422,763 and \$400,378 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

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

At June 30, 2025, the school division reported a liability of \$3,569,103 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2024 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The school division’s proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division’s actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division’s proportion of the VRS Teacher Employee HIC Program was 0.3088% as compared to 0.3089% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized VRS Teacher HIC OPEB expense of \$211,055. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

At June 30, 2025, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 169,096
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	12,695
Change in assumptions	61,485	-
Change in proportionate share and difference between actual and expected contributions	56	143,261
Employer contributions subsequent to the measurement date	422,763	-
Total	\$ 484,304	\$ 325,052

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

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

\$422,763 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2026	\$ (76,413)
2027	(53,647)
2028	(61,794)
2029	(45,039)
2030	(20,346)
Thereafter	(6,272)

***Actuarial Assumptions***

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

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

**Actuarial Assumptions: (Continued)**

**Mortality Rates - Teachers**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

**Mortality Improvement Scale:**

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

***Net Teacher Employee HIC OPEB Liability***

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2024, NOL amounts for the VRS Teacher Employee HIC Plan are as follows (amounts expressed in thousands):

			<b>Teacher Employee HIC OPEB Plan</b>
Total Teacher Employee HIC OPEB Liability	\$	1,478,105	
Plan Fiduciary Net Position		322,457	
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<u>1,155,648</u>	
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability			
			21.82%

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

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

***Long-Term Expected Rate of Return***

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<u>100.00%</u>		<u>7.07%</u>
		Expected arithmetic nominal return**	<u>7.07%</u>

\*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

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

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

***Discount Rate***

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2024 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 4,058,961	\$ 3,569,103	\$ 3,153,904

***Teacher Employee HIC OPEB Fiduciary Net Position***

Detailed information about the VRS Teacher Employee HIC Plan’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Annual Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Note 14-Other Postemployment Benefits - Health Insurance:**

***Plan Description***

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

***Benefits Provided***

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

***Plan Membership***

At July 1, 2024 (measurement date), the following employees were covered by the benefit terms:

Total active employees	633
Total retirees with coverage	<u>27</u>
Total	<u><u>660</u></u>

***Contributions***

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2025 was \$450,000.

***Total OPEB Liability***

The School Board’s total OPEB liability was measured as of July 1, 2024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of July 1, 2024, with the measurement date of July 1, 2024.

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

*Actuarial Assumptions*

The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	Future salaries are assumed to increase by 2.50% annually.
Healthcare Cost Trend Rates	7.00% for fiscal year end 2025, decreasing 0.25% per year to an ultimate rate of 5.00%
Discount Rate	4.09%

The mortality tables were updated to the PUB - 2010 Amount-Weighted General/Teachers Mortality Tables - Employees/Retirees/Disabled/Surviving Spouse, projected using two-dimensional mortality improvement scale MP-2021.

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

*Changes in Total OPEB Liability*

	<b>Component Unit School Board Total OPEB Liability</b>
Beginning Balance	\$ 2,987,000
Changes for the year:	
Service cost	117,000
Interest	111,000
Difference between expected and actual experience	(123,000)
Benefit payments	(450,000)
Assumption changes	152,000
Net changes	\$ (193,000)
Ending Balance	\$ 2,794,000

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

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.09%) or one percentage point higher (5.09%) than the current discount rate:

Rate		
1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
\$ 3,231,000	\$ 2,794,000	\$ 2,447,000

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

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.00% decreasing by 0.25% annually to an ultimate rate of 4.00%) or one percentage point higher (8.00 decreasing by 0.25% annually to an ultimate rate of 6.00%) than the current healthcare cost trend rates 7.00% decreasing by 0.25% annually to an ultimate rate of 5.00%):

Rate		
1% Decrease (as noted above)	Healthcare Cost Trend (as noted above)	1% Increase (as noted above)
\$ 2,391,000	\$ 2,794,000	\$ 3,316,000

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

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

For the year ended June 30, 2025, the School Board recognized OPEB expense in the amount of \$(35,000). At June 30, 2025, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 16,000	\$ 1,198,000
Changes in assumptions	718,000	775,000
Employer contributions subsequent to the measurement date	450,000	-
Total	<u>\$ 1,184,000</u>	<u>\$ 1,973,000</u>

\$450,000 reported as deferred outflows of resources related to OPEB resulting from the Component Unit School Board’s contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in the OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2026	\$ (270,000)
2027	(270,000)
2028	(228,000)
2029	(158,000)
2030	(170,000)
Thereafter	(143,000)

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

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

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2025 was \$64,747.

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**Note 16-Unearned and Deferred/Unavailable Revenue:**

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

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Deferred/unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings are not available for the funding of current expenditures	\$ -	\$ 1,234,001
Prepaid property taxes due after June 30 but paid in advance by taxpayers	367,812	367,812
Unavailable opioid settlement proceeds representing uncollected opioid settlement proceeds not available for the funding of current expenditures	-	556,887
Total deferred/unavailable revenue	<u>\$ 367,812</u>	<u>\$ 2,158,700</u>
Unearned revenue:		
Unspent Community Foundation grant received in previous fiscal years	\$ 50,000	\$ 50,000
Unspent museum grant funds received in previous fiscal years	5,560,515	5,560,515
Unspent LU forestry grant funds received in the current fiscal year	43,137	43,137
	<u>\$ 5,653,652</u>	<u>\$ 5,653,652</u>

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2025

**Note 17-Capital Assets:**

Capital asset activity for the year ended June 30, 2025 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 5,447,579	\$ -	\$ -	\$ 5,447,579
Construction in progress	8,708,146	4,024,788	(27,895)	12,705,039
Total capital assets not being depreciated/amortized	<u>\$ 14,155,725</u>	<u>\$ 4,024,788</u>	<u>\$ (27,895)</u>	<u>\$ 18,152,618</u>
Capital assets, being depreciated/amortized:				
Right-to-use lease land	\$ 105,976	\$ -	\$ -	\$ 105,976
Buildings and improvements	78,872,071	248,401	-	79,120,472
Right-to-use lease buildings and improvements	1,024,702	-	-	1,024,702
Machinery and equipment	23,853,490	1,693,926	(1,131,298)	24,416,118
Right-to-use lease machinery and equipment	103,839	3,718,310	(8,698)	3,813,451
Subscription assets	341,811	-	(158,485)	183,326
Total capital assets being depreciated/amortized	<u>\$ 104,301,889</u>	<u>\$ 5,660,637</u>	<u>\$ (1,298,481)</u>	<u>\$ 108,664,045</u>
Accumulated depreciation/amortization:				
Right-to-use lease land	\$ (49,560)	\$ (16,504)	\$ -	\$ (66,064)
Buildings and improvements	(29,221,914)	(2,136,056)	-	(31,357,970)
Right-to-use lease buildings and improvements	(332,217)	(110,638)	-	(442,855)
Machinery and equipment	(17,735,567)	(1,962,301)	1,117,915	(18,579,953)
Right-to-use lease machinery and equipment	(44,261)	(265,348)	8,698	(300,911)
Subscription assets	(235,574)	(56,864)	158,485	(133,953)
Total accumulated depreciation/amortization	<u>\$ (47,619,093)</u>	<u>\$ (4,547,711)</u>	<u>\$ 1,285,098</u>	<u>\$ (50,881,706)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 56,682,796</u>	<u>\$ 1,112,926</u>	<u>\$ (13,383)</u>	<u>\$ 57,782,339</u>
Governmental activities capital assets, net	<u>\$ 70,838,521</u>	<u>\$ 5,137,714</u>	<u>\$ (41,278)</u>	<u>\$ 75,934,957</u>

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**Note 17-Capital Assets: (Continued)**

Primary Government: (Continued)

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

Governmental activities:	
General government administration	\$ 506,611
Judicial administration	68,005
Public safety	2,183,282
Public works	187,204
Health and welfare	101,444
Education	1,105,800
Parks, recreation, and culture	380,295
Community development	15,070
Total depreciation/amortization expense	<u>\$ 4,547,711</u>

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COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2025

**Note 17-Capital Assets: (Continued)**

Discretely Presented Component Unit School Board:

Capital asset activity for the School Board for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,515,203	\$ -	\$ -	\$ 1,515,203
Construction in progress	401,037	912,082	(748,811)	564,308
Total capital assets not being depreciated	<u>\$ 1,916,240</u>	<u>\$ 912,082</u>	<u>\$ (748,811)</u>	<u>\$ 2,079,511</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 66,760,265	\$ 464,304	\$ -	\$ 67,224,569
Machinery and equipment	20,184,409	1,586,289	-	21,770,698
Total capital assets being depreciated	<u>\$ 86,944,674</u>	<u>\$ 2,050,593</u>	<u>\$ -</u>	<u>\$ 88,995,267</u>
Accumulated depreciation:				
Buildings and improvements	\$ (46,682,855)	\$ (1,481,960)	\$ -	\$ (48,164,815)
Machinery and equipment	(13,001,603)	(2,375,345)	-	(15,376,948)
Total accumulated depreciation	<u>\$ (59,684,458)</u>	<u>\$ (3,857,305)</u>	<u>\$ -</u>	<u>\$ (63,541,763)</u>
Total capital assets being depreciated, net	<u>\$ 27,260,216</u>	<u>\$ (1,806,712)</u>	<u>\$ -</u>	<u>\$ 25,453,504</u>
School Board capital assets, net	<u>\$ 29,176,456</u>	<u>\$ (894,630)</u>	<u>\$ (748,811)</u>	<u>\$ 27,533,015</u>

**Note 18-Leases Receivable:**

The following is a summary of leases receivable transactions of the County for the year ended June 30, 2025:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	\$ 1,488,698	\$ -	\$ (209,510)	\$ 1,279,188	\$ 58,677

Lease revenue recognized during the fiscal year was \$216,588.

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2025

**Note 18-Leases Receivable: (Continued)**

Details of leases receivable:

Lease Description	Lease Origination Date*	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One Year
Cell Tower	8/1/1998	7/31/2028	Annually	4.00%	\$ 138,173	\$ 42,373
Cell Tower	10/7/2002	10/6/2027	Annually	4.00%	108,877	52,261
Cell Tower	6/21/2011	6/20/1931	Monthly	3.00%	326,373	46,980
Cell Tower	6/1/2021	5/31/2027	Monthly	3.00%	17,049	8,651
Jail Building	11/30/2008	11/29/2033	Annually	4.50%	688,716	73,424
Total					<u>\$ 1,279,188</u>	<u>\$ 223,689</u>

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

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

**Note 19-Risk Management:**

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

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

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

**Note 20-Contingent Liabilities:**

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

**Note 21-Surety Bonds:**

Primary Government:

<u>Fidelity &amp; Deposit Company of Maryland-Surety:</u>	
Tommy Moore, Clerk of the Circuit Court	\$ 270,000
Donna Boothe, Treasurer	50,000
Chris Booth, Commissioner of the Revenue	3,000
Matthew Ward, Sheriff	30,000
All constitutional officers' employees: blanket bond	50,000
<u>Selective Insurance Company of America:</u>	
Gary Larrowe, County Administrator	\$ 250,000
David Moorman, Deputy County Administrator	150,000
Katie Davis, Director of Finance	150,000
Karen Dunbar, Bookkeeper	150,000
Nicole Payne, Payroll	150,000
All administrative employees	50,000
All Social Services employees: blanket bond	100,000
<u>United States Fidelity and Guaranty Company-Surety:</u>	
<u>Board of Supervisors:</u>	
Stephen P. Clinton	\$ 1,000
Amy S. White	1,000
Brandon Nicely	1,000
Walter Michael	1,000
Donald M. "Mac" Scothorn	1,000

**Note 21-Surety Bonds: (Continued)**

Component Unit School Board:

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

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

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. On October 1, 2018, the County signed a contract with County Waste which turned over all rights of the landfill to County Waste. As such, County Waste will operate and receive any fees related to the remaining capacity of the landfill. Under the contract, County Waste will be responsible for paying all closure costs and the County is responsible for paying all post-closure care and corrective action costs related to the landfill. At June 30, 2025, the estimated post-closure care and correction action costs are estimated to be \$5,056,843 based on 100% usage of the landfill. Actual costs for post-closure monitoring and correction action costs may change due to inflation, deflation, changes in technology or changes in applicable laws or regulations. The County uses the Commonwealth of Virginia’s financial assurance mechanism to meet the Department of Environmental Quality’s assurance requirements for landfill post-closure costs. The County demonstrated financial assurance requirements for post-closure care and corrective action costs through the submission of a Local Governmental Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

**Note 23-Arbitrage Rebate Compliance:**

As of June 30, 2025 and for the year then ended, the County was liable for amounts due under current rules governing arbitrage earnings totaling \$1,222,055. Such amount has been recorded as rebate arbitrage in the accompanying financial statements.

**Note 24-Contingencies and Commitments:**

The County had the following construction commitments at June 30, 2025.

Project	Original Contract Amount	Outstanding at June 30, 2025
County		
Botetourt County Courthouse	\$ 35,787,580	\$ 33,240,812
School Board		
Eagle Rock Elementary School Security Vestibule	212,810	40,005
HVAC upgrades - Breckinridge Elementary School	242,351	121,176
Buchanan Elementary School Roof Replacement	324,691	74,766

**Note 25-Self Health Insurance:**

The County established a limited risk management program for health insurance. Premiums are paid into the health plan fund from the County and are available to pay claims, and administrative costs of the program. During the fiscal year 2025, a total of \$3,399,164 was paid in benefits and administrative costs. The risk assumed by the County is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type (Keycare, Bluecare, etc.). Incurred but not reported claims of \$475,403 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions. Changes in the claims liability for the current and prior two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Fiscal Year</u>
2024-25	\$ 386,773	\$ 3,487,794	\$ (3,399,164)	\$ 475,403
2023-24	471,501	5,115,122	(5,199,850)	386,773
2022-23	240,767	3,313,553	(3,082,819)	471,501

**Component Unit School Board**

The School Board established a limited risk management program for health insurance. Premiums are paid into the health plan fund from the School Board and are available to pay claims, and administrative costs of the program. During the fiscal year 2025, a total of \$7,466,948 was paid in benefits and administrative costs. The risk assumed by the School Board is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type (Keycare, Bluecare, etc.). Incurred but not reported claims of \$345,420 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Activity of the School Board self-insurance program is reported within the School Operating Fund. Changes in the claims liability for the current and prior fiscal year are as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Fiscal Year</u>
2024-25	\$ 325,000	\$ 7,487,368	\$ (7,466,948)	\$ 345,420
2023-24	434,590	7,128,818	(7,238,408)	325,000
2022-23	447,400	6,247,880	(6,260,690)	434,590

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2025

**Note 26-Litigation:**

At June 30, 2025, there were no matters of litigation involving the County which would materially affect the County’s financial position should any court decisions on pending matters not be favorable.

**Note 27-Restricted Net Position/Fund Balance:**

	<u>Governmental Activities</u>	<u>Component Unit School Board</u>
Restricted Net Position:		
Judicial		
Law Library	\$ 113,858	\$ -
Public safety		
Property Seizure	55,771	-
E-Summons Program	29,998	-
Traffic Safety Program	330,221	-
Courtroom Security	261,255	-
Criminal Processing	18,014	-
Fire and EMS Funds	234,209	-
Community Outreach Program - Sheriff	40,805	-
Sheriff Employee Assistance	1,113	-
Public works		
Courthouse Maintenance	112,418	-
Health and welfare		
Opioid Settlement Proceeds	878,432	-
Parks, recreation, and cultural		
Van Program	52,384	-
Greenfield Preservation Area	69,555	-
Sestercentennial Committee Fund	31,712	-
BoCo Children's Fishing Carnival	22,388	-
Net pension asset	452,100	-
Cafeteria Operations	-	1,309,071
School Activity Fund	-	359,174
School Construction Funds	-	1,018,631
Total Restricted Net Position	<u>\$ 2,704,233</u>	<u>\$ 2,686,876</u>
	<u>General Fund</u>	<u>Total School Fund</u>
Restricted Fund Balance:		
Restricted Net Position Above	\$ 2,704,233	\$ 2,686,876
Unspent Lease Revenue Bond Proceeds	25,998,166	-
Less Net Pension Asset	(452,100)	-
Less Unavailable Opioid Settlement Proceeds	(556,887)	-
Total Restricted Fund Balance	<u>\$ 27,693,412</u>	<u>\$ 2,686,876</u>
	<u>General Fund</u>	<u>Total School Fund</u>
Committed Fund Balance:		
Construction Projects	\$ 6,766,682	\$ -
Total Committed Fund Balance	<u>\$ 6,766,682</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2025

**Note 28-Tax Abatement Agreements:**

The County entered into an agreement with Eldor Automotive Powertrain USA, LLC to refund local real estate and machinery and tools taxes for fiscal years 2019 through 2040. Terms of the agreement allow Eldor to request(s) a refund of taxes paid annually. Annual refunds are based on employment numbers and the value of real estate and capital investments subject to tax by the County. Any refunds are prorated for failure to meet benchmarks established in the agreement and refunds based on real estate and capital investments are reduced over time from a maximum of 50% of the taxes paid to 0% of the taxes paid in the final year of the agreement. For the year ending June 30, 2025, the Company applied for and received refunds totaling \$253,729 for 2024 taxes.

**Note 29-Adoption of Accounting Principle:**

The County and School Board implemented provision of the Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. The objective of Statement No. 101 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 change in accounting principal resulted in the following restatement of net position as noted in Note 30.

**Note 30-Restatement of Beginning Balances:**

Beginning balances were restated for the adoption of GASB No. 101 and the correction of funds previously reported as custodial funds that did not meet the definition of a custodial fund as noted below:

	Primary Government	Component Unit	Fiduciary Funds		Total Custodial Funds
	Governmental Activities	School Board	Custodial Funds		
			Flexible Benefits	Cafeteria Plan	
Beginning net position, as previously stated	\$ 74,905,088	\$ (657,761)	\$ 376	\$ 20,111	\$ 185,611
Restatement for GASB 101 implementation	(347,134)	(1,316,016)	-	-	-
Correction of error	20,487	-	(376)	(20,111)	(20,487)
Beginning net position, as restated	<u>\$ 74,578,441</u>	<u>\$ (1,973,777)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 165,124</u>

	General Fund
Fund balance, as previously stated	\$ 71,755,648
Correction of error, noted above	20,487
Fund balance, as restated	<u>\$ 71,776,135</u>

**Note 31-Upcoming Pronouncements:**

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

**Note 31-Upcoming Pronouncements: (Continued)**

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, *Implementation Guidance Update—2025*, effective for fiscal years beginning after June 15, 2025.

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

## **Required Supplementary Information**

County of Botetourt, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General property taxes	\$ 60,898,700	\$ 60,898,700	\$ 61,230,961	\$ 332,261
Other local taxes	11,959,200	11,959,200	11,763,171	(196,029)
Permits, privilege fees, and regulatory licenses	589,400	589,400	746,227	156,827
Fines and forfeitures	85,000	85,000	89,144	4,144
Revenue from the use of money and property	2,128,405	2,128,405	4,832,737	2,704,332
Charges for services	608,375	608,375	1,183,078	574,703
Miscellaneous	255,088	267,786	558,875	291,089
Recovered costs	2,505,387	2,505,387	2,455,305	(50,082)
Intergovernmental	13,983,323	14,579,777	16,170,642	1,590,865
Total revenues	<u>\$ 93,012,878</u>	<u>\$ 93,622,030</u>	<u>\$ 99,030,140</u>	<u>\$ 5,408,110</u>
<b>EXPENDITURES</b>				
General government administration:				
Board of supervisors	\$ 242,430	\$ 281,349	\$ 281,348	\$ 1
County administrator	784,995	844,962	840,858	4,104
Human resources	570,742	566,039	442,461	123,578
Central garage	87,129	89,520	83,910	5,610
Commissioner of revenue	466,608	483,920	482,713	1,207
Central purchasing	143,079	163,144	162,796	348
Treasurer	706,849	721,388	645,490	75,898
Management information systems	1,932,244	2,460,621	2,145,965	314,656
Financial services	592,617	604,497	442,300	162,197
Communications	259,005	264,861	234,423	30,438
Nondepartmental	1,096,250	236,250	-	236,250
Electoral board/registrar	582,389	594,749	520,629	74,120
Total general government administration	<u>\$ 7,464,337</u>	<u>\$ 7,311,300</u>	<u>\$ 6,282,893</u>	<u>\$ 1,028,407</u>
Judicial administration:				
Circuit court	\$ 82,216	\$ 84,189	\$ 82,163	\$ 2,026
General district court	30,609	63,411	54,996	8,415
Magistrate	3,714	3,714	2,721	993
Clerk of the circuit court	913,230	944,284	926,389	17,895
Juvenile and domestic relations district court	31,664	31,665	23,814	7,851
Commonwealth's attorney	984,302	1,009,713	1,005,328	4,385
Total judicial administration	<u>\$ 2,045,735</u>	<u>\$ 2,136,976</u>	<u>\$ 2,095,411</u>	<u>\$ 41,565</u>
Public safety:				
Sheriff <sup>3</sup>	\$ 8,042,817	\$ 9,622,304	\$ 13,000,797	\$ (3,378,493)
Fire departments and rescue squads	10,088,216	11,907,038	10,928,905	978,133
Emergency communications	1,348,382	1,351,902	694,819	657,083
County operated institutions - jail	6,054,812	6,575,481	6,061,553	513,928
Probation office	30,484	30,484	29,971	513

County of Botetourt, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (Continued)</b>				
Public safety: (Continued)				
Juvenile detention	\$ 298,500	\$ 298,500	\$ 249,962	\$ 48,538
Building inspections	579,655	592,247	508,786	83,461
Animal control	846,900	892,987	519,942	373,045
Dispatch	1,524,012	1,587,616	1,495,220	92,396
Courtroom security	-	244,657	11,549	233,108
Total public safety	<u>\$ 28,813,778</u>	<u>\$ 33,103,216</u>	<u>\$ 33,501,504</u>	<u>\$ (398,288)</u>
Public works:				
Refuse collection and disposal	\$ 974,595	\$ 982,151	\$ 940,796	\$ 41,355
General properties	2,298,487	2,412,647	2,408,140	4,507
Total public works	<u>\$ 3,273,082</u>	<u>\$ 3,394,798</u>	<u>\$ 3,348,936</u>	<u>\$ 45,862</u>
Health and welfare:				
Supplement of local health department	\$ 494,940	\$ 494,940	\$ 414,234	\$ 80,706
Mental health contribution	95,000	95,000	95,000	-
Welfare administration and programs	1,567,272	1,730,044	1,726,998	3,046
Comprehensive services act	1,785,572	2,446,301	2,446,291	10
Senior van program	123,517	197,001	196,727	274
Tax relief for the elderly	781,000	781,000	780,138	862
Other welfare programs	27,500	295,330	3,500	291,830
Total health and welfare	<u>\$ 4,874,801</u>	<u>\$ 6,039,616</u>	<u>\$ 5,662,888</u>	<u>\$ 376,728</u>
Education:				
Contribution to Community Colleges	\$ 52,500	\$ 52,500	\$ 52,500	\$ -
Contribution to County School Board	29,967,986	30,796,353	28,338,542	2,457,811
Total education	<u>\$ 30,020,486</u>	<u>\$ 30,848,853</u>	<u>\$ 28,391,042</u>	<u>\$ 2,457,811</u>
Parks, recreation, and cultural:				
Supervision of parks and recreation	\$ 788,896	\$ 817,157	\$ 797,045	\$ 20,112
Sports complex	467,244	508,729	450,421	58,308
Tourism	-	300,660	300,660	-
Contributions to cultural organizations	26,500	26,500	16,500	10,000
Library expenses	1,522,760	1,602,736	1,598,772	3,964
YMCA support	300,000	300,000	300,000	-
Total parks, recreation, and cultural	<u>\$ 3,105,400</u>	<u>\$ 3,555,782</u>	<u>\$ 3,463,398</u>	<u>\$ 92,384</u>
Community development:				
Economic development - contributions	\$ 335,553	\$ 335,553	\$ 335,387	\$ 166
Environmental management	27,542	27,542	22,041	5,501
Contribution to Economic Development Authority	700,000	1,296,454	1,040,025	256,429
Community development	906,639	926,335	795,794	130,541

County of Botetourt, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (Continued)</b>				
Community development: (Continued)				
Economic development	\$ 435,766	\$ 443,810	\$ 416,698	\$ 27,112
Extension office	76,179	76,179	53,557	22,622
Total community development	<u>\$ 2,481,679</u>	<u>\$ 3,105,873</u>	<u>\$ 2,663,502</u>	<u>\$ 442,371</u>
Capital projects:				
General government administration	\$ 465,000	\$ 723,998	\$ 476,557	\$ 247,441
Judicial	75,000	82,041	15,662	66,379
Public safety	-	8,155,817	589,391	7,566,426
Public works	385,000	29,656,000	3,548,180	26,107,820
Parks, recreation, and cultural	107,500	246,328	160,086	86,242
Community development	545,000	822,297	89,476	732,821
Total capital projects	<u>\$ 1,577,500</u>	<u>\$ 39,686,481</u>	<u>\$ 4,879,352</u>	<u>\$ 34,807,129</u>
Debt service:				
Principal retirement	\$ 5,009,733	\$ 5,197,102	\$ 4,426,721	\$ 770,381
Interest and other fiscal charges	2,537,355	2,537,355	2,537,355	-
Total debt service	<u>\$ 7,547,088</u>	<u>\$ 7,734,457</u>	<u>\$ 6,964,076</u>	<u>\$ 770,381</u>
Total expenditures	<u>\$ 91,203,886</u>	<u>\$ 136,917,352</u>	<u>\$ 97,253,002</u>	<u>\$ 39,664,350</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,808,992</u>	<u>\$ (43,295,322)</u>	<u>\$ 1,777,138</u>	<u>\$ 45,072,460</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 5,232	\$ -	\$ (5,232)
Transfers out	-	(77,018)	-	77,018
Issuance of lease liabilities <sup>3</sup>	-	-	3,718,310	3,718,310
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ (71,786)</u>	<u>\$ 3,718,310</u>	<u>\$ 3,790,096</u>
Net change in fund balances	<u>\$ 1,808,992</u>	<u>\$ (43,367,108)</u>	<u>\$ 5,495,448</u>	<u>\$ 48,862,556</u>
Fund balance - beginning, as previously reported	\$ (1,808,992)	\$ 43,367,108	\$ 71,755,648	\$ (28,388,540)
Restatement	-	-	20,487	(20,487)
Fund balance - beginning, as restated	<u>(1,808,992)</u>	<u>43,367,108</u>	<u>71,776,135</u>	<u>28,409,027</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,271,583</u>	<u>\$ 77,271,583</u>

Note 1: GAAP serves as the budgetary basis of accounting

Note 2: Expenditures with a negative variance represent an overexpenditure of appropriations

Note 3: All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), except for the treatment of debt refundings and lease/SBITA issuance activity. These items are not subject to appropriation and therefore the issuances and related expenditures are not budgeted. Accordingly, lease issuances totaling \$3,718,310 and sheriff capital outlays totaling \$3,718,310 are not budgeted.

County of Botetourt, Virginia  
 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios  
 Primary Government  
 Pension Plans  
 For the Measurement Dates of June 30, 2015 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability</b>										
Service cost	\$ 2,501,266	\$ 2,221,294	\$ 1,924,100	\$ 1,780,899	\$ 1,671,154	\$ 1,433,860	\$ 1,463,887	\$ 1,444,742	\$ 1,506,669	\$ 1,463,286
Interest	4,585,056	4,284,280	4,181,304	3,672,609	3,485,586	3,386,772	3,321,046	3,207,090	3,057,284	2,917,687
Differences between expected and actual experience	2,566,477	1,006,813	(1,801,067)	172,095	2,448,877	(708,377)	(1,733,361)	(696,038)	(476,335)	(620,659)
Assumption changes	(3,146,752)	(3,526,065)	(2,625,871)	(2,578,680)	(2,703,388)	(2,138,305)	(2,086,947)	(2,075,626)	(1,819,459)	(1,579,811)
<b>Net change in total pension liability</b>	\$ 6,506,047	\$ 3,986,322	\$ 1,678,466	\$ 5,645,843	\$ 2,698,229	\$ 3,538,393	\$ 964,625	\$ 1,633,610	\$ 2,268,159	\$ 2,185,503
Total pension liability - beginning	66,998,869	63,012,547	61,334,081	55,688,238	52,990,009	49,451,616	48,486,991	46,853,381	44,585,222	42,395,719
<b>Total pension liability - ending (a)</b>	\$ 73,504,916	\$ 66,998,869	\$ 63,012,547	\$ 61,334,081	\$ 55,688,238	\$ 52,990,009	\$ 49,451,616	\$ 48,486,991	\$ 46,853,381	\$ 44,585,222
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 1,951,768	\$ 1,738,058	\$ 1,359,098	\$ 1,255,477	\$ 1,113,996	\$ 1,038,353	\$ 1,090,914	\$ 1,112,944	\$ 1,310,669	\$ 1,332,674
Contributions - employee	938,850	791,491	726,473	668,672	644,985	602,149	570,181	579,692	553,564	571,538
Net investment income	6,588,651	4,172,615	(82,236)	14,182,255	995,424	3,273,430	3,397,764	5,055,303	718,947	1,785,372
Benefit payments	(3,146,752)	(3,526,065)	(2,625,871)	(2,558,440)	(2,703,388)	(2,138,305)	(2,086,947)	(2,075,626)	(1,819,459)	(1,579,811)
Administrative charges	(41,704)	(41,230)	(40,406)	(34,975)	(33,613)	(32,121)	(29,123)	(29,044)	(24,969)	(23,760)
Other	1,445	1,675	1,516	1,338	(1,165)	(2,062)	(3,036)	(4,493)	(303)	(377)
<b>Net change in plan fiduciary net position</b>	\$ 6,292,258	\$ 3,136,544	\$ (661,426)	\$ 13,514,327	\$ 16,239	\$ 2,741,444	\$ 2,939,753	\$ 4,638,776	\$ 738,449	\$ 2,085,636
Plan fiduciary net position - beginning	67,664,758	64,528,214	65,189,640	51,675,313	51,659,074	48,917,630	45,977,877	41,339,101	40,600,652	38,515,016
<b>Plan fiduciary net position - ending (b)</b>	\$ 73,957,016	\$ 67,664,758	\$ 64,528,214	\$ 65,189,640	\$ 51,675,313	\$ 51,659,074	\$ 48,917,630	\$ 45,977,877	\$ 41,339,101	\$ 40,600,652
County's net pension liability (asset) - ending (a) - (b)	\$ (452,100)	\$ (665,889)	\$ (1,515,667)	\$ (3,855,559)	\$ 4,012,925	\$ 1,330,935	\$ 533,986	\$ 2,509,114	\$ 5,514,280	\$ 3,984,570
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	100.62%	100.99%	102.41%	106.29%	92.79%	97.49%	98.92%	94.83%	88.23%	91.06%
<b>Covered payroll</b>	\$ 18,497,856	\$ 16,432,204	\$ 14,965,257	\$ 13,765,981	\$ 13,397,701	\$ 12,251,621	\$ 11,408,577	\$ 11,583,919	\$ 11,220,923	\$ 11,362,485
County's net pension liability (asset) as a percentage of covered payroll	-2.44%	-4.05%	-10.13%	-28.01%	29.95%	10.86%	4.68%	21.66%	49.14%	35.07%

County of Botetourt, Virginia  
 Schedule of Changes in Net Pension Liability and Related Ratios  
 Component Unit-School Board (nonprofessional)  
 Pension Plans  
 For the Measurement Dates of June 30, 2015 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability</b>										
Service cost	\$ 365,975	\$ 318,774	\$ 246,735	\$ 260,497	\$ 275,590	\$ 233,978	\$ 241,309	\$ 244,440	\$ 246,453	\$ 297,919
Interest	1,009,431	941,798	958,276	910,130	860,868	861,276	841,348	844,304	856,146	825,985
Differences between expected and actual experience	319,058	531,950	(698,461)	(410,758)	486,264	(33,925)	75,073	(325,615)	(497,217)	61,619
Assumption changes				556,692		324,206		(14,323)		
Benefit payments	(857,179)	(818,328)	(827,072)	(872,981)	(916,847)	(954,916)	(791,053)	(791,011)	(758,111)	(751,171)
<b>Net change in total pension liability</b>	\$ 837,285	\$ 974,194	\$ (320,522)	\$ 443,580	\$ 707,875	\$ (430,619)	\$ 366,617	\$ (42,205)	\$ (152,729)	\$ 434,352
Total pension liability - beginning	15,017,148	14,042,954	14,363,476	13,919,896	13,212,021	12,781,402	12,414,785	12,456,990	12,609,719	12,175,367
<b>Total pension liability - ending (a)</b>	\$ 15,854,433	\$ 15,017,148	\$ 14,042,954	\$ 14,363,476	\$ 13,919,896	\$ 13,212,021	\$ 12,781,402	\$ 12,414,785	\$ 12,456,990	\$ 12,609,719
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 271,440	\$ 249,927	\$ 241,299	\$ 236,879	\$ 220,603	\$ 222,836	\$ 235,211	\$ 229,281	\$ 280,851	\$ 279,259
Contributions - employee	172,530	157,814	129,336	127,662	131,196	131,165	121,316	119,757	115,418	114,370
Net investment income	1,354,578	869,725	(9,482)	3,098,400	223,459	761,552	827,465	1,260,114	179,145	477,032
Benefit payments	(857,179)	(818,328)	(827,072)	(872,981)	(916,847)	(954,916)	(791,053)	(791,011)	(758,111)	(751,171)
Administrative changes	(9,214)	(8,815)	(8,865)	(7,992)	(7,945)	(7,994)	(7,364)	(7,564)	(6,778)	(6,794)
Other	207	346	320	290	(414)	(474)	(728)	(1,108)	(77)	(99)
<b>Net change in plan fiduciary net position</b>	\$ 932,362	\$ 450,671	\$ (474,464)	\$ 2,582,258	\$ (349,948)	\$ 152,169	\$ 384,847	\$ 809,469	\$ (189,552)	\$ 112,597
Plan fiduciary net position - beginning	14,082,885	13,632,214	14,106,678	11,524,420	11,874,368	11,722,199	11,337,352	10,527,883	10,717,435	10,604,838
<b>Plan fiduciary net position - ending (b)</b>	\$ 15,015,247	\$ 14,082,885	\$ 13,632,214	\$ 14,106,678	\$ 11,524,420	\$ 11,874,368	\$ 11,722,199	\$ 11,337,352	\$ 10,527,883	\$ 10,717,435
School Division's net pension liability - ending (a) - (b)	\$ 839,186	\$ 934,263	\$ 410,740	\$ 256,798	\$ 2,395,476	\$ 1,337,653	\$ 1,059,203	\$ 1,077,433	\$ 1,929,107	\$ 1,892,284
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	94.71%	93.78%	97.08%	98.21%	82.79%	89.88%	91.71%	91.32%	84.51%	84.99%
<b>Covered payroll</b>	\$ 3,822,440	\$ 3,456,990	\$ 2,817,781	\$ 2,794,257	\$ 2,867,623	\$ 2,823,365	\$ 2,562,104	\$ 2,471,143	\$ 2,351,533	\$ 2,324,240
School Division's net pension liability as a percentage of covered payroll	21.95%	27.03%	14.58%	9.19%	83.54%	47.38%	41.34%	43.60%	82.04%	81.42%

County of Botetourt, Virginia  
 Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan  
 Pension Plans

For the Measurement Dates of June 30, 2015 through June 30, 2024

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (6)
2024	0.31434%	\$ 29,506,890	\$ 33,089,099	89.17%	84.52%
2023	0.31445%	31,782,105	30,802,497	103.18%	82.45%
2022	0.31740%	30,218,380	29,054,312	104.01%	82.61%
2021	0.32097%	24,917,214	27,934,547	89.20%	85.46%
2020	0.33060%	48,113,893	28,557,600	168.48%	71.47%
2019	0.33309%	43,836,537	27,624,375	158.69%	73.51%
2018	0.33293%	39,152,000	26,698,715	146.64%	74.81%
2017	0.34343%	42,235,000	26,920,153	156.89%	72.92%
2016	0.34454%	48,284,000	26,267,105	183.82%	68.28%
2015	0.35138%	44,226,000	26,125,137	169.29%	70.68%

County of Botetourt, Virginia  
Schedule of Employer Contributions  
Pension Plans

For the Years Ended June 30, 2016 through June 30, 2025

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2025	\$ 2,305,853	\$ 2,305,853	\$ -	\$ 20,244,535	11.39%
2024	1,951,768	1,951,768	-	18,497,856	10.55%
2023	1,738,058	1,738,058	-	16,432,204	10.58%
2022	1,359,098	1,359,098	-	14,965,257	9.08%
2021	1,255,477	1,255,477	-	13,765,981	9.12%
2020	1,113,996	1,113,996	-	13,397,701	8.31%
2019	1,038,353	1,038,353	-	12,251,621	8.48%
2018	1,090,914	1,090,914	-	11,408,577	9.56%
2017	1,112,944	1,112,944	-	11,583,919	9.61%
2016	1,310,669	1,310,669	-	11,220,923	11.68%
<b>Component Unit School Board (nonprofessional)</b>					
2025	\$ 368,559	\$ 368,559	\$ -	\$ 4,295,563	8.58%
2024	271,440	271,440	-	3,822,440	7.10%
2023	249,927	249,927	-	3,456,990	7.23%
2022	241,299	241,299	-	2,817,781	8.56%
2021	236,879	236,879	-	2,794,257	8.48%
2020	220,603	220,603	-	2,867,623	7.69%
2019	222,836	222,836	-	2,823,365	7.89%
2018	235,211	235,211	-	2,562,104	9.18%
2017	229,281	229,281	-	2,471,143	9.28%
2016	280,851	280,851	-	2,351,533	11.94%
<b>Component Unit School Board (professional)</b>					
2025	\$ 4,964,841	\$ 4,964,841	\$ -	\$ 34,939,066	14.21%
2024	5,301,630	5,301,630	-	33,089,099	16.02%
2023	4,963,836	4,963,836	-	30,802,497	16.12%
2022	4,715,240	4,715,240	-	29,054,312	16.23%
2021	4,540,820	4,540,820	-	27,934,547	16.26%
2020	4,393,399	4,393,399	-	28,557,600	15.38%
2019	4,295,989	4,295,989	-	27,624,375	15.55%
2018	4,305,859	4,305,859	-	26,698,715	16.13%
2017	3,923,194	3,923,194	-	26,920,153	14.57%
2016	3,678,209	3,678,209	-	26,267,105	14.00%

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

County of Botetourt, Virginia  
Notes to Required Supplementary Information  
Pension Plans  
For the Year Ended June 30, 2025

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

Component Unit School Board - Professional Employees

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

Detailed information about the pension plan(s) annual money-weighted rate of return on plan investments is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2024-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

County of Botetourt, Virginia  
 Schedule of Employer's Share of Net OPEB Liability  
 Group Life Insurance (GLI) Plan  
 For the Measurement Dates of June 30, 2017 through June 30, 2024

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
<b>Primary Government</b>					
2024	0.07215%	\$ 805,138	\$ 18,525,403	4.35%	73.41%
2023	0.06981%	837,241	16,442,776	5.09%	69.30%
2022	0.06887%	829,261	14,982,088	5.54%	67.21%
2021	0.06660%	775,288	13,765,981	5.63%	67.45%
2020	0.06430%	1,073,563	13,235,097	8.11%	52.64%
2019	0.06275%	1,021,110	12,289,430	8.31%	52.00%
2018	0.06019%	914,000	11,408,577	8.01%	51.22%
2017	0.06286%	946,000	11,583,919	8.17%	48.86%
<b>Component Unit School Board (Nonprofessional)</b>					
2024	0.01489%	\$ 166,161	\$ 3,822,440	4.35%	73.41%
2023	0.01471%	176,419	3,463,826	5.09%	69.30%
2022	0.01295%	155,930	2,817,781	5.53%	67.21%
2021	0.01350%	157,526	2,794,257	5.64%	67.45%
2020	0.01390%	232,469	2,867,623	8.11%	52.64%
2019	0.01441%	234,489	2,823,365	8.31%	52.00%
2018	0.01347%	204,000	2,562,104	7.96%	51.22%
2017	0.01340%	201,000	2,471,143	8.13%	48.86%
<b>Component Unit School Board (Professional)</b>					
2024	0.12887%	\$ 1,438,089	\$ 33,089,099	4.35%	73.41%
2023	0.13078%	1,568,342	30,802,497	5.09%	69.30%
2022	0.13360%	1,608,312	29,054,312	5.54%	67.21%
2021	0.13510%	1,573,513	27,934,547	5.63%	67.45%
2020	0.13880%	2,315,677	28,557,600	8.11%	52.64%
2019	0.14092%	2,293,144	27,624,375	8.30%	52.00%
2018	0.14041%	2,133,000	26,698,715	7.99%	51.22%
2017	0.14595%	2,196,000	26,920,153	8.16%	48.86%

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

County of Botetourt, Virginia  
 Schedule of Employer Contributions  
 Group Life Insurance (GLI) Plan  
 For the Years Ended June 30, 2016 through June 30, 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2025	\$ 95,283	\$ 95,283	\$ -	\$ 20,272,956	0.47%
2024	100,037	100,037	-	18,525,403	0.54%
2023	88,791	88,791	-	16,442,776	0.54%
2022	80,903	80,903	-	14,982,088	0.54%
2021	74,238	74,238	-	13,765,981	0.54%
2020	68,823	68,823	-	13,235,097	0.52%
2019	63,906	63,906	-	12,289,430	0.52%
2018	59,499	59,499	-	11,408,577	0.52%
2017	60,295	60,295	-	11,583,919	0.52%
2016	53,965	53,965	-	11,220,923	0.48%
<b>Component Unit School Board (Nonprofessional)</b>					
2025	\$ 20,189	\$ 20,189	\$ -	\$ 4,295,563	0.47%
2024	20,641	20,641	-	3,822,440	0.54%
2023	18,705	18,705	-	3,463,826	0.54%
2022	15,216	15,216	-	2,817,781	0.54%
2021	15,079	15,079	-	2,794,257	0.54%
2020	14,911	14,911	-	2,867,623	0.52%
2019	14,681	14,681	-	2,823,365	0.52%
2018	13,323	13,323	-	2,562,104	0.52%
2017	12,850	12,850	-	2,471,143	0.52%
2016	11,287	11,287	-	2,351,533	0.48%
<b>Component Unit School Board (Professional)</b>					
2025	\$ 164,214	\$ 164,214	\$ -	\$ 34,939,066	0.47%
2024	178,681	178,681	-	33,089,099	0.54%
2023	166,333	166,333	-	30,802,497	0.54%
2022	156,893	156,893	-	29,054,312	0.54%
2021	150,683	150,683	-	27,934,547	0.54%
2020	148,497	148,497	-	28,557,600	0.52%
2019	143,643	143,643	-	27,624,375	0.52%
2018	138,836	138,836	-	26,698,715	0.52%
2017	139,985	139,985	-	26,920,153	0.52%
2016	126,095	126,095	-	26,267,105	0.48%

**County of Botetourt, Virginia**  
**Notes to Required Supplementary Information**  
**Group Life Insurance (GLI) Plan**  
**For the Year Ended June 30, 2025**

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Teachers**

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

**Non-Largest Ten Locality Employers - General Employees**

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

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

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

Detailed information about the OPEB plan(s) annual money-weighted rate of return on plan investments is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2024-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

County of Botetourt, Virginia  
 Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios  
 Component Unit-School Board (nonprofessional)  
 Health Insurance Credit (HIC) Program  
 For the Measurement Dates of June 30, 2017 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
<b>Total HIC OPEB Liability</b>								
Service cost	\$ 4,368	\$ 4,165	\$ 5,819	\$ 7,161	\$ 6,970	\$ 5,079	\$ 6,000	\$ 7,000
Interest	18,541	18,377	19,215	18,022	16,678	16,335	15,000	15,000
Benefit changes	(17,398)	(2,584)	(7,492)	101	11,182	4,983	11,000	-
Differences between expected and actual experience	-	(8,213)	(8,213)	8,468	6,274	-	-	(7,000)
Changes of assumptions	(17,624)	(17,850)	(22,319)	(21,483)	(20,914)	(15,917)	(15,000)	(11,000)
Benefit payments								
Other						6,065	(1,000)	-
<b>Net change in total HIC OPEB liability</b>	<b>\$ (12,113)</b>	<b>\$ 2,108</b>	<b>\$ (12,990)</b>	<b>\$ 12,269</b>	<b>\$ 20,190</b>	<b>\$ 16,545</b>	<b>\$ 16,000</b>	<b>\$ 4,000</b>
Total HIC OPEB Liability - beginning	279,122	277,014	290,004	277,735	257,545	241,000	225,000	221,000
<b>Total HIC OPEB Liability - ending (a)</b>	<b>\$ 267,009</b>	<b>\$ 279,122</b>	<b>\$ 277,014</b>	<b>\$ 290,004</b>	<b>\$ 277,735</b>	<b>\$ 257,545</b>	<b>\$ 241,000</b>	<b>\$ 225,000</b>
<b>Plan fiduciary net position</b>								
Contributions - employer	\$ 30,580	\$ 27,656	\$ 21,134	\$ 20,944	\$ 20,646	\$ 20,358	\$ 17,000	\$ 16,000
Net investment income	12,379	6,235	78	-	1,499	4,490	4,000	6,000
Benefit payments	(17,624)	(17,850)	(22,319)	19,856	(20,914)	(15,917)	(15,000)	(11,000)
Administrative charges	(174)	(142)	(176)	(21,483)	(144)	(99)	-	-
Other	-	559	10,453	(236)	(1)	445	(1,000)	-
<b>Net change in plan fiduciary net position</b>	<b>\$ 25,161</b>	<b>\$ 16,458</b>	<b>\$ 9,170</b>	<b>\$ 19,081</b>	<b>\$ 1,086</b>	<b>\$ 9,277</b>	<b>\$ 5,000</b>	<b>\$ 11,000</b>
Plan fiduciary net position - beginning	121,072	104,614	95,444	76,363	75,277	66,000	61,000	50,000
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 146,233</b>	<b>\$ 121,072</b>	<b>\$ 104,614</b>	<b>\$ 95,444</b>	<b>\$ 76,363</b>	<b>\$ 75,277</b>	<b>\$ 66,000</b>	<b>\$ 61,000</b>
<b>School Division's net HIC OPEB liability - ending (a) - (b)</b>	<b>\$ 120,776</b>	<b>\$ 158,050</b>	<b>\$ 172,400</b>	<b>\$ 194,560</b>	<b>\$ 201,372</b>	<b>\$ 182,268</b>	<b>\$ 175,000</b>	<b>\$ 164,000</b>
<b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b>	<b>54.77%</b>	<b>43.38%</b>	<b>37.76%</b>	<b>32.91%</b>	<b>27.49%</b>	<b>29.23%</b>	<b>27.39%</b>	<b>27.11%</b>
<b>Covered payroll</b>	<b>\$ 3,822,440</b>	<b>\$ 3,456,990</b>	<b>\$ 2,817,781</b>	<b>\$ 2,794,257</b>	<b>\$ 2,867,623</b>	<b>\$ 2,823,365</b>	<b>\$ 2,562,104</b>	<b>\$ 2,471,143</b>
<b>School Division's net HIC OPEB liability as a percentage of covered payroll</b>	<b>3.16%</b>	<b>4.57%</b>	<b>6.12%</b>	<b>6.96%</b>	<b>7.02%</b>	<b>6.46%</b>	<b>6.83%</b>	<b>6.64%</b>

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

County of Botetourt, Virginia  
 Schedule of School Board's Share of Net OPEB Liability  
 Teacher Employee Health Insurance Credit (HIC) Plan  
 For the Measurement Dates of June 30, 2017 through June 30, 2024

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2024	0.3088%	\$ 3,569,103	\$ 33,089,099	10.79%	21.82%
2023	0.3089%	3,742,311	30,802,497	12.15%	17.90%
2022	0.3117%	3,893,778	29,054,312	13.40%	15.08%
2021	0.3155%	4,049,789	27,934,547	14.50%	13.15%
2020	0.3257%	4,249,462	28,557,600	14.88%	9.95%
2019	0.3293%	4,311,381	27,624,375	15.61%	8.97%
2018	0.3301%	4,191,000	26,698,715	15.70%	8.08%
2017	0.3411%	4,327,000	26,920,153	16.07%	7.04%

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

County of Botetourt, Virginia  
 Schedule of Employer Contributions  
 Health Insurance Credit (HIC) Plan  
 For the Years Ended June 30, 2016 through June 30, 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Component Unit School Board (Nonprofessional)</b>					
2025	\$ 34,365	\$ 34,365	\$ -	\$ 4,295,563	0.80%
2024	30,580	30,580	-	3,822,440	0.80%
2023	27,656	27,656	-	3,456,990	0.80%
2022	21,134	21,134	-	2,817,781	0.75%
2021	20,944	20,944	-	2,794,257	0.75%
2020	20,914	20,914	-	2,867,623	0.73%
2019	20,358	20,358	-	2,823,365	0.72%
2018	16,654	16,654	-	2,562,104	0.65%
2017	16,090	16,090	-	2,471,143	0.65%
2016	13,404	13,404	-	2,351,533	0.57%
<b>Component Unit School Board (Professional)</b>					
2025	\$ 422,763	\$ 422,763	\$ -	\$ 34,939,066	1.21%
2024	400,378	400,378	-	33,089,099	1.21%
2023	372,710	372,710	-	30,802,497	1.21%
2022	351,557	351,557	-	29,054,312	1.21%
2021	337,637	337,637	-	27,934,547	1.21%
2020	342,694	342,694	-	28,557,600	1.20%
2019	331,495	331,495	-	27,624,375	1.20%
2018	328,391	328,391	-	26,698,715	1.23%
2017	298,814	298,814	-	26,920,153	1.11%
2016	278,461	278,461	-	26,267,105	1.06%

County of Botetourt, Virginia  
 Notes to Required Supplementary Information  
 Health Insurance Credit (HIC) Plan  
 For the Year Ended June 30, 2025

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Component Unit School Board (Nonprofessional):**

**Non-Largest Ten Locality Employers - General Employees**

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

**Component Unit School Board (Professional):**

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

Detailed information about the OPEB plan(s) annual money-weighted rate of return on plan investments is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

County of Botetourt, Virginia  
 Schedule of Changes in Total OPEB Liability and Related Ratios - Health Insurance  
 Component Unit-School Board  
 For the Measurement Dates of July 1, 2017 through July 1, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB liability</b>								
Service cost	\$ 117,000	\$ 125,000	\$ 232,000	\$ 203,000	\$ 199,000	\$ 183,000	\$ 228,000	\$ 222,000
Interest	111,000	114,000	89,000	108,000	152,000	166,000	202,000	196,000
Differences between expected and actual experience	(123,000)	20,000	(441,000)	(135,000)	(939,000)	(115,000)	(725,000)	-
Benefit payments	(450,000)	(315,000)	(590,000)	(230,000)	(242,000)	(335,000)	(335,000)	(164,000)
Assumption changes	152,000	(71,000)	(899,000)	473,000	361,000	309,000	(413,000)	-
<b>Net change in total OPEB liability</b>	<b>\$ (193,000)</b>	<b>\$ (127,000)</b>	<b>\$ (1,609,000)</b>	<b>\$ 419,000</b>	<b>\$ (469,000)</b>	<b>\$ 208,000</b>	<b>\$ (1,043,000)</b>	<b>\$ 254,000</b>
<b>Total OPEB liability - beginning</b>	<b>2,987,000</b>	<b>3,114,000</b>	<b>4,723,000</b>	<b>4,304,000</b>	<b>4,773,000</b>	<b>4,565,000</b>	<b>5,608,000</b>	<b>5,354,000</b>
<b>Total OPEB liability - ending</b>	<b>\$ 2,794,000</b>	<b>\$ 2,987,000</b>	<b>\$ 3,114,000</b>	<b>\$ 4,723,000</b>	<b>\$ 4,304,000</b>	<b>\$ 4,773,000</b>	<b>\$ 4,565,000</b>	<b>\$ 5,608,000</b>
<b>Covered-employee payroll</b>	<b>\$ 34,788,000</b>	<b>\$ 31,137,000</b>	<b>\$ 31,137,000</b>	<b>\$ 28,088,000</b>	<b>\$ 28,088,000</b>	<b>\$ 29,375,000</b>	<b>\$ 29,375,000</b>	<b>\$ 27,543,000</b>
<b>Component Unit-School Board total OPEB liability (asset) as a percentage of covered-employee payroll</b>	<b>8.03%</b>	<b>9.59%</b>	<b>10.00%</b>	<b>16.82%</b>	<b>15.32%</b>	<b>16.25%</b>	<b>15.54%</b>	<b>20.36%</b>

**County of Botetourt, Virginia**  
**Notes to Required Supplementary Information - Component Unit-School Board Health Insurance OPEB**  
**For the Year Ended June 30, 2025**

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Valuation Date: 7/1/2024  
 Measurement Date: 7/1/2024

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

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry age actuarial cost method
Discount Rate	4.09%
Healthcare Trend Rate	7.00% for fiscal year end 2025, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increase Rates	Future salaries are assumed to increase by 2.50% annually.
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality tables were updated to the PUB - 2010 Amount-Weighted General/Teachers Mortality Tables - Employees/Retirees/Disabled/Surviving Spouse, projected using two-dimensional mortality improvement scale MP-2021.

## **Other Supplementary Information**

## **FIDUCIARY FUNDS - CUSTODIAL FUNDS**

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

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

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

County of Botetourt, Virginia  
 Combining Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2025

	Custodial Funds					<u>Total</u>
	<u>Special Welfare</u>	<u>Flexible Benefits</u>	<u>Inmate Account</u>	<u>Cafeteria Plan</u>	<u>Escrow</u>	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 48,281	\$ -	\$ 69,542	\$ -	\$ 31,765	\$ 149,588
Total assets	<u>\$ 48,281</u>	<u>\$ -</u>	<u>\$ 69,542</u>	<u>\$ -</u>	<u>\$ 31,765</u>	<u>\$ 149,588</u>
<b>NET POSITION</b>						
Restricted:						
Amounts held for social services clients	\$ 48,281	\$ -	\$ -	\$ -	\$ -	\$ 48,281
Amounts held for inmates	-	-	69,542	-	-	69,542
Amounts held for performance bond	-	-	-	-	31,765	31,765
Total net position	<u>\$ 48,281</u>	<u>\$ -</u>	<u>\$ 69,542</u>	<u>\$ -</u>	<u>\$ 31,765</u>	<u>\$ 149,588</u>
Total liabilities and net position	<u>\$ 48,281</u>	<u>\$ -</u>	<u>\$ 69,542</u>	<u>\$ -</u>	<u>\$ 31,765</u>	<u>\$ 149,588</u>

County of Botetourt, Virginia  
Combining Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2025

	Custodial Funds					Total
	Special Welfare	Flexible Benefits	Inmate Account	Cafeteria Plan	Escrow	
<b>ADDITIONS</b>						
Gifts and donations	\$ 14,758	\$ -	\$ -	\$ -	\$ -	\$ 14,758
Expenditure reimbursements	2,091	-	-	-	-	2,091
Deposits from inmates	-	-	225,630	-	-	225,630
Performance bond payment	-	-	-	-	43,151	43,151
Total additions	<u>\$ 16,849</u>	<u>\$ -</u>	<u>\$ 225,630</u>	<u>\$ -</u>	<u>\$ 43,151</u>	<u>\$ 285,630</u>
<b>DEDUCTIONS</b>						
Special welfare payments	\$ 31,610	\$ -	\$ -	\$ -	\$ -	\$ 31,610
Vendor payments for benefit of inmates	-	-	34,995	-	-	34,995
Inmate refunds	-	-	198,959	-	-	198,959
Return of funds to participants	-	-	-	-	35,602	35,602
Total deductions	<u>\$ 31,610</u>	<u>\$ -</u>	<u>\$ 233,954</u>	<u>\$ -</u>	<u>\$ 35,602</u>	<u>\$ 301,166</u>
Net increase (decrease) in fiduciary net position	<u>\$ (14,761)</u>	<u>\$ -</u>	<u>\$ (8,324)</u>	<u>\$ -</u>	<u>\$ 7,549</u>	<u>\$ (15,536)</u>
Total net position, beginning of year, as previously reported	\$ 63,042	\$ 376	\$ 77,866	\$ 20,111	\$ 24,216	\$ 185,611
Restatements	-	(376)	-	(20,111)	-	(20,487)
Total net position, beginning of year, as restated	<u>\$ 63,042</u>	<u>\$ -</u>	<u>\$ 77,866</u>	<u>\$ -</u>	<u>\$ 24,216</u>	<u>\$ 165,124</u>
Total net position, end of year	<u>\$ 48,281</u>	<u>\$ -</u>	<u>\$ 69,542</u>	<u>\$ -</u>	<u>\$ 31,765</u>	<u>\$ 149,588</u>

**DISCRETELY PRESENTED COMPONENT UNIT SCHOOL  
BOARD**

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**MAJOR GOVERNMENTAL FUNDS**

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

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

County of Botetourt, Virginia  
Balance Sheet  
Discretely Presented Component Unit School Board  
June 30, 2025

	<u>School Operating Fund</u>	<u>School Activity Fund</u>	<u>Total School Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,397,747	\$ 1,043,433	\$ 12,441,180
Receivables (net of allowance for uncollectibles):			
Accounts receivable	169,988	-	169,988
Due from other funds	24,802	-	24,802
Due from primary government	435,343	-	435,343
Due from other governmental units	1,497,602	-	1,497,602
Inventories	86,081	-	86,081
Total assets	<u>\$ 13,611,563</u>	<u>\$ 1,043,433</u>	<u>\$ 14,654,996</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,149,784	\$ -	\$ 1,149,784
Construction and retainage payables	303,076	-	303,076
Accrued wages and health claims	6,163,752	-	6,163,752
Due to other funds	-	24,802	24,802
Unearned revenue	187,013	-	187,013
Total liabilities	<u>\$ 7,803,625</u>	<u>\$ 24,802</u>	<u>\$ 7,828,427</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Inventories	\$ 86,081	\$ -	\$ 86,081
Restricted:			
School cafeterias	1,309,071	-	1,309,071
School activity fund	-	1,018,631	1,018,631
School construction funds	359,174	-	359,174
Unassigned	4,053,612	-	4,053,612
Total fund balances	<u>\$ 5,807,938</u>	<u>\$ 1,018,631</u>	<u>\$ 6,826,569</u>
Total liabilities and fund balances	<u>\$ 13,611,563</u>	<u>\$ 1,043,433</u>	<u>\$ 14,654,996</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Total fund balances per above			\$ 6,826,569
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets not being depreciated/amortized			2,079,511
Capital assets being depreciated/amortized			88,995,267
Accumulated depreciation/amortization			(63,541,763)
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items			11,129,072
OPEB related items			2,168,782
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.			
Compensated absences			(2,368,435)
Net OPEB liabilities			(8,088,129)
Net pension liabilities			(30,346,076)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items			(5,736,252)
OPEB related items			(2,660,913)
Net position of governmental activities			<u>\$ (1,542,367)</u>

County of Botetourt, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds - Discretely Presented Component Unit School Board  
For the Year Ended June 30, 2025

	School Operating Fund	School Activity Fund*	Total School Fund
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 81,040	\$ -	\$ 81,040
Charges for services	834,202	2,356,531	3,190,733
Miscellaneous	11,923	-	11,923
Recovered costs	445,173	-	445,173
Intergovernmental	69,939,550	-	69,939,550
Total revenues	<u>\$ 71,311,888</u>	<u>\$ 2,356,531</u>	<u>\$ 73,668,419</u>
<b>EXPENDITURES</b>			
Education	\$ 72,746,742	\$ 2,208,544	\$ 74,955,286
Total expenditures	<u>\$ 72,746,742</u>	<u>\$ 2,208,544</u>	<u>\$ 74,955,286</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,434,854)</u>	<u>\$ 147,987</u>	<u>\$ (1,286,867)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 177,427	\$ 128,938	\$ 306,365
Transfers out	(128,938)	(177,427)	(306,365)
Total other financing sources and uses	<u>\$ 48,489</u>	<u>\$ (48,489)</u>	<u>\$ -</u>
Net change in fund balances	\$ (1,386,365)	\$ 99,498	\$ (1,286,867)
Fund balances - beginning	7,194,303	919,133	8,113,436
Fund balances - ending	<u>\$ 5,807,938</u>	<u>\$ 1,018,631</u>	<u>\$ 6,826,569</u>

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

Net change in fund balances - total governmental funds - per above \$ (1,286,867)

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

Capital outlays	2,213,864
Depreciation expenses	(3,857,305)

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

Change in compensated absences	(92,134)
Change in OPEB related items	1,040,514
Change in pension related items	2,413,338

Change in net position of governmental activities	<u>\$ 431,410</u>
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\*The School Activity Fund does not require a legally adopted budget.

**County of Botetourt, Virginia**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Discretely Presented Component Unit School Board**  
**For the Year Ended June 30, 2025**

	<b>School Operating Fund</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 20,000	\$ 20,000	\$ 81,040	\$ 61,040
Charges for services	1,872,679	1,872,679	834,202	(1,038,477)
Miscellaneous	32,784	32,784	11,923	(20,861)
Recovered costs	467,250	467,250	445,173	(22,077)
Intergovernmental	70,767,813	72,380,273	69,939,550	(2,440,723)
Total revenues	<u>\$ 73,160,526</u>	<u>\$ 74,772,986</u>	<u>\$ 71,311,888</u>	<u>\$ (3,461,098)</u>
<b>EXPENDITURES</b>				
Education	\$ 72,960,526	\$ 76,674,790	\$ 72,746,742	\$ 3,928,048
Total expenditures	<u>\$ 72,960,526</u>	<u>\$ 76,674,790</u>	<u>\$ 72,746,742</u>	<u>\$ 3,928,048</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 200,000</u>	<u>\$ (1,901,804)</u>	<u>\$ (1,434,854)</u>	<u>\$ 466,950</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 234,428	\$ 177,427	\$ (57,001)
Transfers out	(200,000)	(200,000)	(128,938)	71,062
Total other financing sources and uses	<u>\$ (200,000)</u>	<u>\$ 34,428</u>	<u>\$ 48,489</u>	<u>\$ 14,061</u>
Net change in fund balances	\$ -	\$ (1,867,376)	\$ (1,386,365)	\$ 481,011
Fund balances - beginning	-	1,867,376	7,194,303	5,326,927
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,807,938</u>	<u>\$ 5,807,938</u>

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## STATISTICAL SECTION

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## Statistical Section

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

### Contents

### Tables

#### Financial Trends

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

1 - 6

#### Revenue Capacity

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

7 - 10

#### Debt Capacity

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

11 - 13

#### Demographic and Economic Information

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

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#### Operating Information

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

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

Table 1

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024*	2025
<b>Governmental activities</b>										
Net investment in capital assets	\$ 38,247,104	\$ 34,392,020	\$ 36,914,554	\$ 38,795,003	\$ 41,093,881	\$ 32,576,820	\$ 28,886,094	\$ 29,059,891	\$ 36,566,226	\$ 39,059,517
Restricted	276,250	122,663	430,509	593,603	1,064,456	1,487,836	5,373,922	3,244,420	2,974,909	2,704,233
Unrestricted	12,502,865	13,976,126	10,298,650	16,283,151	17,396,284	17,997,416	23,424,717	34,985,366	35,384,440	46,318,586
Total governmental activities net position	\$ 51,026,219	\$ 48,490,809	\$ 47,643,713	\$ 55,671,757	\$ 59,554,621	\$ 52,062,072	\$ 57,684,733	\$ 67,289,677	\$ 74,925,575	\$ 88,082,336
<b>Business-type activities</b>										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	-	-	-	-	-	-	-	-
Total business-type activities net position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Primary government</b>										
Net investment in capital assets	\$ 38,247,104	\$ 34,392,020	\$ 36,914,554	\$ 38,795,003	\$ 41,093,881	\$ 32,576,820	\$ 28,886,094	\$ 29,059,891	\$ 36,566,226	\$ 39,059,517
Restricted	276,250	122,663	430,509	593,603	1,064,456	1,487,836	5,373,922	3,244,420	2,974,909	2,704,233
Unrestricted	12,502,865	13,976,126	10,298,650	16,283,151	17,396,284	17,997,416	23,424,717	34,985,366	35,384,440	46,318,586
Total primary government net position	\$ 51,026,219	\$ 48,490,809	\$ 47,643,713	\$ 55,671,757	\$ 59,554,621	\$ 52,062,072	\$ 57,684,733	\$ 67,289,677	\$ 74,925,575	\$ 88,082,336

Source: County financial reports

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

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

Note: GASBS No. 101 was implemented in fiscal year 2025. Prior years information has not been adjusted to reflect the impact of GASBS No. 101.

\*2024 financial data has been restated to correct an error in previously issued financial statements related to funds that were previously reported as custodial funds that did not meet the definition of custodial funds

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024*	2025
<b>Expenses</b>										
Governmental activities:										
General government administration	\$ 3,568,952	\$ 3,262,899	\$ 3,271,312	\$ 3,850,532	\$ 4,062,260	\$ 4,781,699	\$ 4,314,714	\$ 5,115,493	\$ 6,026,031	\$ 6,243,093
Judicial administration	1,375,872	1,447,717	1,387,205	1,433,388	1,509,133	1,616,739	1,660,498	2,124,764	2,037,503	2,068,107
Public safety	14,128,003	15,488,178	14,814,140	15,568,648	16,767,396	19,620,920	18,712,393	21,733,483	25,150,951	27,219,202
Public works	2,120,535	3,037,534	1,844,947	2,105,297	2,355,669	4,347,033	2,703,140	3,858,109	3,875,572	4,204,765
Health and welfare	3,518,667	3,670,109	3,521,856	3,612,811	4,315,321	6,055,077	4,121,904	4,504,520	4,845,978	5,530,922
Education	24,384,045	28,951,576	29,253,247	25,471,753	26,539,961	30,972,796	29,143,456	28,731,111	30,316,914	29,496,842
Parks, recreation and cultural	3,586,367	2,907,748	2,850,232	3,045,560	3,247,448	2,684,848	2,622,987	2,939,542	3,287,100	3,599,300
Community development	3,449,920	5,287,420	2,432,431	3,926,147	3,290,998	12,120,125	4,354,966	6,267,998	7,507,492	2,672,288
Interest on long-term debt	1,134,705	1,039,664	1,571,127	1,881,932	1,760,043	1,612,733	2,013,689	2,316,384	2,111,189	2,124,071
Total governmental activities expenses	\$ 57,267,066	\$ 65,092,845	\$ 60,946,497	\$ 60,896,068	\$ 63,848,229	\$ 83,811,970	\$ 69,647,747	\$ 77,591,404	\$ 85,158,730	\$ 83,158,590
Total primary government expenses	\$ 57,267,066	\$ 65,092,845	\$ 60,946,497	\$ 60,896,068	\$ 63,848,229	\$ 83,811,970	\$ 69,647,747	\$ 77,591,404	\$ 85,158,730	\$ 83,158,590
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government administration	\$ 131,950	\$ 68,472	\$ 84,938	\$ 91,880	\$ 84,832	\$ 77,444	\$ 86,914	\$ 371,552	\$ 354,568	\$ 432,275
Judicial administration	217,156	180,704	126,667	115,017	100,747	108,840	81,134	129,737	125,994	144,393
Public safety	623,338	547,878	592,072	864,333	617,684	636,719	994,128	995,252	1,025,634	1,194,318
Public works	171,249	184,054	200,839	222,436	256,710	259,088	250,342	318,376	313,115	331,669
Parks, recreation and cultural	167,683	160,335	150,661	180,721	133,466	20,527	174,415	246,006	228,561	275,383
Operating grants and contributions	8,642,874	10,392,900	6,904,529	8,129,008	8,989,679	14,949,931	8,845,370	13,071,336	16,566,534	11,482,283
Total governmental activities program revenues	\$ 9,954,250	\$ 11,534,343	\$ 8,059,706	\$ 9,603,395	\$ 10,183,118	\$ 16,052,549	\$ 10,432,303	\$ 15,132,259	\$ 18,614,406	\$ 13,860,321
Business-type activities:										
Charges for services:										
Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total business-type activities program revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total primary government program revenues	\$ 9,954,250	\$ 11,534,343	\$ 8,059,706	\$ 9,603,395	\$ 10,183,118	\$ 16,052,549	\$ 10,432,303	\$ 15,132,259	\$ 18,614,406	\$ 13,860,321

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024*	2025
<b>Net (expense) / revenue</b>										
Governmental activities	\$ (47,312,816)	\$ (53,558,502)	\$ (52,886,791)	\$ (51,292,673)	\$ (53,665,111)	\$ (67,759,421)	\$ (59,215,444)	\$ (62,459,145)	\$ (66,544,324)	\$ (69,298,269)
Business-type activities	\$ (47,312,816)	\$ (53,558,502)	\$ (52,886,791)	\$ (51,292,673)	\$ (53,665,111)	\$ (67,759,421)	\$ (59,215,444)	\$ (62,459,145)	\$ (66,544,324)	\$ (69,298,269)
<b>Total primary government net expense</b>										
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 34,668,727	\$ 38,120,606	\$ 39,698,191	\$ 40,970,422	\$ 42,784,283	\$ 46,974,383	\$ 49,210,772	\$ 52,219,959	\$ 52,572,119	\$ 61,368,293
Local sales and use taxes	2,900,954	2,835,846	2,744,051	3,034,992	3,281,555	3,488,964	4,054,589	4,784,503	4,670,242	4,601,520
Taxes on recordation and wills	305,433	381,730	352,757	397,587	416,941	588,920	488,201	425,232	368,900	439,766
Motor vehicle licenses taxes	657,801	666,327	653,037	674,493	657,354	664,525	662,891	696,964	722,930	706,467
Consumers' utility taxes	709,924	714,794	572,118	574,527	584,390	588,920	594,872	599,089	597,508	571,109
Business licenses taxes	851,925	813,572	910,399	947,815	976,576	1,010,804	1,073,675	1,185,411	1,334,894	1,325,773
Other local taxes	1,918,323	2,021,210	2,302,760	2,469,760	2,200,393	2,276,541	2,766,891	3,023,983	3,221,911	4,118,536
Unrestricted grants and contributions	4,655,097	4,647,481	4,695,818	4,673,792	4,650,129	4,660,228	4,645,661	4,648,214	4,607,662	4,688,359
Unrestricted revenues from use of money	425,030	584,924	959,680	1,787,364	1,604,624	576,078	438,416	3,380,352	4,145,870	4,480,225
Miscellaneous	236,630	236,602	185,589	729,999	391,730	424,924	902,137	1,100,382	1,920,457	522,603
Special item - Gain on transfer of landfill rights	9,999	-	-	3,059,966	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
<b>Total governmental activities</b>	\$ 47,339,843	\$ 51,023,092	\$ 53,074,400	\$ 59,320,717	\$ 57,547,975	\$ 61,254,287	\$ 64,838,105	\$ 72,064,089	\$ 74,162,493	\$ 82,822,651
Business-type activities:										
Special item - Loss on transfer of operations	\$ (11,073,566)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers	(9,999)	-	-	-	-	-	-	-	-	-
<b>Total business-type activities</b>	\$ (11,083,565)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total primary government</b>	\$ 36,256,278	\$ 51,023,092	\$ 53,074,400	\$ 59,320,717	\$ 57,547,975	\$ 61,254,287	\$ 64,838,105	\$ 72,064,089	\$ 74,162,493	\$ 82,822,651
<b>Change in Net Position</b>										
Governmental activities	\$ 27,027	\$ (2,535,410)	\$ 187,609	\$ 8,028,044	\$ 3,882,864	\$ (6,505,134)	\$ 5,622,661	\$ 9,604,944	\$ 7,618,169	\$ 13,524,382
Business-type activities	(11,083,565)	-	-	-	-	-	-	-	-	-
<b>Total primary government</b>	\$ (11,056,538)	\$ (2,535,410)	\$ 187,609	\$ 8,028,044	\$ 3,882,864	\$ (6,505,134)	\$ 5,622,661	\$ 9,604,944	\$ 7,618,169	\$ 13,524,382

Source: County financial reports  
 Note: GASBS No. 87 was implemented in fiscal year 2022. Prior years information has not been adjusted to reflect the impact of GASBS No. 87.  
 Note: GASBS No. 96 was implemented in fiscal year 2023. Prior years information has not been adjusted to reflect the impact of GASBS No. 96.  
 Note: GASBS No. 101 was implemented in fiscal year 2025. Prior years information has not been adjusted to reflect the impact of GASBS No. 101.  
 \*2024 financial data has been restated to correct an error in previously issued financial statements related to funds that were previously reported as custodial funds that did not meet the definition of custodial funds

Table 3

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumers' Utility Tax	Motor Vehicle		Record-ation and Wills Tax	Business License Tax	Restaurant Food Tax	Other Local Taxes	Total
				License Tax	Tax					
2025	\$ 61,368,293	\$ 4,601,520	\$ 571,109	\$ 706,467	\$ 439,766	\$ 1,325,773	\$ 2,927,034	\$ 1,191,502	\$ 73,131,464	
2024	52,572,119	4,670,242	597,508	722,930	368,900	1,334,894	1,999,967	1,221,944	63,488,504	
2023	52,219,959	4,784,503	599,089	696,964	425,232	1,185,411	1,658,955	1,365,028	62,935,141	
2022	49,210,772	4,054,589	594,872	662,891	488,201	1,073,675	1,658,955	1,107,936	58,851,891	
2021	46,974,383	3,488,964	588,920	664,525	588,920	1,010,804	1,438,291	838,250	55,593,057	
2020	42,784,283	3,281,555	584,390	657,354	416,941	976,576	1,380,403	819,990	50,901,492	
2019	40,970,422	3,034,992	574,527	674,493	397,587	947,815	1,529,324	940,436	49,069,596	
2018	39,698,191	2,744,051	572,118	653,037	352,757	910,399	1,431,301	871,459	47,233,313	
2017	38,120,606	2,835,846	714,794	666,327	381,730	813,572	1,302,205	719,005	45,554,085	
2016	34,668,727	2,900,954	709,924	657,801	305,433	851,925	1,294,246	624,077	42,013,087	

Source: County financial reports

Table 4

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024*	2025
General fund	\$ 276,250	\$ 122,663	\$ 23,005,779	\$ 21,785,746	\$ 11,665,803	\$ 1,487,836	\$ 32,570,579	\$ 28,233,297	\$ 30,021,543	\$ 27,693,412
Restricted	-	-	-	800,000	487,500	1,238,139	1,588,139	750,639	6,806,682	6,766,682
Committed	21,862,769	22,988,746	25,517,069	26,793,545	27,721,715	27,909,735	32,759,141	40,112,793	33,720,907	42,203,887
Unassigned	235,716	147,063	1,317,058	676,031	269,373	533,563	1,253,983	1,813,389	1,227,003	587,883
Nonspendable	-	-	-	-	-	-	-	-	-	-
Total general fund	\$ 22,374,735	\$ 23,258,472	\$ 49,839,906	\$ 50,055,322	\$ 40,144,391	\$ 31,169,273	\$ 68,171,792	\$ 70,910,118	\$ 71,776,135	\$ 77,251,864

Source: County financial reports

\*2024 financial data has been restated to correct an error in previously issued financial statements related to funds that were previously reported as custodial funds that did not meet the definition of custodial funds

Table 5

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024*	2025
<b>Revenues</b>										
General property taxes	\$ 34,656,986	\$ 38,014,898	\$ 39,686,234	\$ 40,967,373	\$ 42,787,623	\$ 46,961,025	\$ 48,798,018	\$ 52,396,475	\$ 52,561,073	\$ 61,230,961
Other local taxes	7,344,360	7,433,479	7,535,122	8,099,174	8,117,209	8,618,674	9,641,119	10,715,182	10,916,385	11,763,171
Permits, privilege fees and regulatory licenses	498,046	384,983	475,519	525,329	366,880	389,147	447,812	460,506	568,798	746,227
Fines and forfeitures	105,481	112,769	77,064	64,213	50,775	49,976	56,303	78,336	79,697	89,144
Revenue from use of money and property	425,030	584,924	959,680	1,787,364	1,604,624	576,078	611,448	3,782,644	4,477,556	4,832,737
Charges for services	707,849	643,691	602,594	884,845	775,784	663,495	853,455	1,097,497	1,046,577	1,183,078
Miscellaneous	236,630	236,602	185,589	729,999	391,730	424,924	493,076	1,174,790	1,661,951	558,875
Recovered costs	1,546,004	1,813,036	2,072,357	2,128,298	2,254,453	2,313,123	2,650,701	1,920,677	2,169,653	2,455,305
Intergovernmental:										
Commonwealth	12,355,099	14,118,464	10,568,246	11,722,009	12,307,520	11,469,812	11,424,962	13,982,202	12,947,434	13,950,962
Federal	942,872	921,917	1,032,101	1,080,791	1,332,288	8,140,347	2,066,069	3,737,348	8,226,762	2,219,680
Total revenues	\$ 58,818,357	\$ 64,264,763	\$ 63,194,506	\$ 67,989,395	\$ 69,988,886	\$ 79,606,601	\$ 77,002,963	\$ 89,345,657	\$ 94,655,886	\$ 99,030,140
<b>Expenditures</b>										
General government administration	\$ 3,877,689	\$ 3,430,318	\$ 3,489,398	\$ 3,913,231	\$ 4,185,054	\$ 4,350,405	\$ 4,800,702	\$ 5,005,466	\$ 6,159,729	\$ 6,282,125
Judicial administration	1,436,618	1,508,125	1,426,771	1,516,370	1,589,592	1,668,255	1,742,276	1,833,750	1,984,628	2,095,411
Public safety	15,911,380	16,283,139	15,758,959	17,961,187	18,691,250	20,380,600	20,840,627	23,174,249	26,675,953	33,501,504
Public works	1,855,518	1,995,355	1,714,161	1,563,162	1,707,163	1,976,141	2,701,633	3,125,034	3,315,342	3,348,936
Health and welfare	3,606,886	3,739,064	3,546,407	3,752,760	4,443,166	6,241,152	4,172,638	4,479,358	4,696,880	5,662,888
Education	23,258,465	24,052,579	23,922,434	24,607,991	25,705,391	24,218,632	24,353,773	27,625,311	29,211,114	28,391,042
Parks, recreation and cultural	3,456,445	2,690,490	2,630,626	2,843,713	2,974,340	2,629,689	2,479,752	2,755,876	3,028,648	3,463,398
Community development	3,417,586	5,274,461	2,043,143	3,958,438	3,194,929	6,536,125	4,174,647	6,205,331	7,361,534	2,663,502
Capital projects	594,223	1,035,549	8,712,817	2,948,598	12,816,202	15,424,226	1,812,697	5,692,197	4,766,412	4,879,352
Debt service										
Principal	2,587,313	2,150,758	2,199,943	2,789,648	2,541,442	3,234,693	3,128,075	3,951,575	4,202,332	4,426,721
Bond issuance cost	-	-	261,812	-	-	-	228,865	2,000	-	-
Interest and other fiscal charges	1,311,631	1,218,669	1,152,285	1,918,881	2,051,288	1,921,801	1,797,599	2,953,987	2,513,760	2,537,355
Total expenditures	\$ 61,313,754	\$ 63,378,507	\$ 66,858,756	\$ 67,773,979	\$ 79,899,817	\$ 88,581,719	\$ 72,233,284	\$ 86,804,134	\$ 93,916,332	\$ 97,252,234
Excess (deficiency)of revenues over (under) expenditures	\$ (2,495,397)	\$ 886,256	\$ (3,664,250)	\$ 215,416	\$ (9,910,931)	\$ (8,975,118)	\$ 4,769,679	\$ 2,541,523	\$ 739,554	\$ 1,777,906
<b>Other financing sources (uses)</b>										
Transfers in	\$ 9,999	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	-	(2,519)	-	-	-	-	-	-	-	-
Proceeds of general obligation bonds	-	-	28,965,329	-	-	-	-	-	-	-
Premium on general obligation bonds	-	-	1,280,355	-	-	-	-	-	-	-
Proceeds of revenue bonds	-	-	-	-	-	-	30,790,000	-	-	-
Premium on revenue bonds	-	-	-	-	-	-	1,442,840	-	-	-
Issuance of leases	53,130	-	-	-	-	-	-	196,803	81,664	3,718,310
Total other financing sources (uses)	\$ 63,129	\$ (2,519)	\$ 30,245,684	\$ -	\$ -	\$ -	\$ 32,232,840	\$ 196,803	\$ 81,664	\$ 3,718,310
Net change in fund balances	\$ (2,432,268)	\$ 883,737	\$ 26,581,434	\$ 215,416	\$ (9,910,931)	\$ (8,975,118)	\$ 37,002,519	\$ 2,738,326	\$ 821,218	\$ 5,496,216
Debt service as a percentage of noncapital expenditures	6.61%	5.41%	5.39%	7.42%	6.95%	7.05%	6.99%	8.47%	7.65%	7.95%

Source: County financial reports  
 \*2024 financial data has been restated to correct an error in previously issued financial statements related to funds that were previously reported as custodial funds that did not meet the definition of custodial funds

Table 6

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumers' Utility Tax	Motor			Record-ation and Wills Tax	Business License Tax	Other Local Taxes	Total
				Vehicle License Tax	Record-ation and Wills Tax	Business License Tax				
2025	\$ 61,230,961	\$ 4,601,520	\$ 571,109	\$ 706,467	\$ 439,766	\$ 1,325,773	\$ 4,118,536	\$ 72,994,132		
2024	52,561,073	4,670,242	597,508	722,930	368,900	1,334,894	3,221,911	63,477,458		
2023	52,396,475	4,784,503	599,089	696,964	425,232	1,185,411	3,023,983	63,111,657		
2022	48,758,018	4,054,589	594,872	662,891	488,201	1,073,675	2,766,891	58,399,137		
2021	46,961,025	3,488,964	588,920	664,525	566,371	1,010,804	2,299,090	55,579,699		
2020	42,787,623	3,281,555	584,390	657,354	416,941	976,576	2,200,393	50,904,832		
2019	40,967,373	3,034,992	574,527	674,493	397,587	947,815	2,469,760	49,066,547		
2018	39,686,234	2,744,051	572,118	653,037	352,757	910,399	2,302,760	47,221,356		
2017	38,014,898	2,835,846	568,681	666,327	381,730	813,572	2,167,323	45,448,377		
2016	34,656,986	2,900,954	565,368	657,801	305,433	851,925	2,062,879	42,001,346		

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

Source: County financial reports

Table 7

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

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Public Service	Total Direct Tax Rate	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2025	\$ 5,493,243,770	\$ 570,821,719	\$ 7,784,152	\$ 296,374,369	\$ n/a	\$ 636,820,228	0.870	\$ 7,005,044,238	\$ 7,005,044,238	100.00%
2024	3,994,918,380	561,334,451	6,192,130	287,230,645	n/a	442,115,165	0.984	5,291,790,771	5,291,790,771	100.00%
2023	3,920,770,840	585,270,159	5,754,052	268,580,153	n/a	456,255,099	1.056	5,236,630,303	5,236,630,303	100.00%
2022	3,946,990,470	464,289,847	5,743,946	264,096,426	n/a	514,313,172	1.013	5,195,433,861	5,195,433,861	100.00%
2021	3,829,561,830	402,574,386	5,668,078	260,336,873	n/a	518,671,936	0.997	5,016,813,103	5,016,813,103	100.00%
2020	3,484,788,345	348,155,885	6,493,769	246,438,071	n/a	443,090,758	1.010	4,528,966,828	4,528,966,828	100.00%
2019	3,383,680,365	373,024,564	6,269,452	214,817,351	n/a	421,609,952	1.002	4,399,401,684	4,399,401,684	100.00%
2018	3,341,675,855	353,464,762	5,956,583	206,025,238	n/a	377,553,798	0.997	4,284,676,236	4,284,676,236	100.00%
2017	3,351,117,360	351,925,121	6,090,836	192,175,546	n/a	285,856,059	0.998	4,187,164,922	4,187,164,922	100.00%
2016	3,307,696,135	332,372,947	6,992,559	191,005,313	n/a	246,481,530	0.926	4,084,548,484	4,084,548,484	100.00%

Source: Commissioner of Revenue

Tax rate is per \$100 of assessed value.

Table 8

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

Fiscal Years	Direct Rates										Overlapping Rates	
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Total Direct Tax Rate	Real Estate	Personal Property	Town of Buchanan			
2025 \$	0.70	2.71/2.94	\$ 0.70	\$ 2.00	n/a	\$ 0.870	\$ 0.143	\$ 0.32				
2024	0.79	2.71	0.79	1.80	n/a	0.984	0.19	0.32				
2023	0.79	2.71	0.79	1.80	n/a	1.056	0.19	0.32				
2022	0.79	2.71	0.79	1.80	n/a	1.013	0.19	0.32				
2021	0.79	2.71	0.79	1.80	n/a	0.997	0.19	0.32				
2020	0.79	2.71	0.79	1.80	n/a	1.010	0.19	0.32				
2019	0.79	2.71	0.79	1.80	n/a	1.002	0.19	0.32				
2018	0.79	2.71	0.79	1.80	n/a	0.997	0.19	0.32				
2017	0.79	2.71	0.79	1.80	n/a	0.998	0.19	0.32				
2016	0.72	2.63	0.72	1.80	n/a	0.926	0.19	0.32				

Source: Commissioner of the Revenue

(1) Per \$100 of assessed value

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

Table 9

**COUNTY OF BOTETOURT, VIRGINIA**

Principal Property Taxpayers

Current Year and the Period Nine Years Prior  
(dollars in millions)

Taxpayer	Type Business	Fiscal Year 2024		Fiscal Year 2025		Fiscal Year 2016	
		Assessed Valuation	% of Total Assessed Valuation	Assessed Valuation	% of Total Assessed Valuation	2015 Assessed Valuation	% of Total Assessed Valuation
American Electric Power	Utility	\$ 430.6	6.15%	\$ -	-	\$ 117.4	2.87%
Roanoke Cement	Manufacturing	144.1	2.06%	-	-	99.2	2.43%
Dynax America Corporation	Manufacturing	64.1	0.92%	-	-	50.0	1.22%
Metalsa Roanoke	Manufacturing	64.1	0.92%	-	-	54.1	1.32%
Eldor Corporation	Manufacturing	60.4	0.86%	-	-	-	-
New River Electrical	Construction	52.5	0.75%	-	-	21.8	0.53%
Ballast Point (Constellation Brands)	Brewing Company	40.2	0.57%	-	-	20.2	0.49%
Altec Industries	Manufacturing	39.7	0.57%	-	-	19.4	0.47%
Roanoke Gas	Utility	32.8	0.47%	-	-	-	-
Munters	Manufacturing	32.7	0.47%	-	-	-	-
<b>Totals</b>		<b>\$ 961.2</b>	<b>13.74%</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 382.1</b>	<b>9.33%</b>

Source: Commissioner of Revenue

Table 10

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

Fiscal Year Ending June 30	Total Tax Levy for Fiscal Year(1)	Collected within the		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2025	\$ 53,480,440	\$ 51,796,959	96.85%	\$ -	\$ 51,796,959	96.85%
2024	48,584,753	47,342,569	97.44%	485,177	47,827,746	98.44%
2023	48,184,260	46,953,921	97.45%	844,691	47,798,612	99.20%
2022	44,789,299	43,894,574	98.00%	536,624	44,431,198	99.20%
2021	43,765,429	43,198,536	98.70%	531,082	43,729,618	99.92%
2020	42,066,469	41,531,794	98.73%	519,098	42,050,892	99.96%
2019	40,322,554	39,741,256	98.56%	519,635	40,260,891	99.85%
2018	39,056,917	38,608,350	98.85%	427,854	39,036,204	99.95%
2017	37,675,151	36,987,684	98.18%	464,451	37,452,135	99.41%
2016	34,091,602	33,612,597	98.59%	416,303	34,028,900	99.82%

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

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

Table 11

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

Fiscal Years	Governmental Activities										Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Literary Fund Loans	Revenue Bond	Lease Liabilities	Subscription Liabilities	General Obligation Bonds	Literary Fund Loans	Revenue Bond	Lease Liabilities	Subscription Liabilities			
2025	\$ 28,100,536	\$ -	\$ 33,780,168	\$ 4,293,923	\$ 42,056	\$ 66,216,683	\$ 3.03%	\$ 1,982					
2024	31,299,864	-	35,050,949	849,552	94,936	67,295,301	3.31%	2,011					
2023	34,393,699	-	36,293,491	989,260	147,199	71,823,649	3.69%	2,142					
2022	37,360,418	26,930	37,321,791	1,041,858	-	75,750,997	4.16%	2,237					
2021	40,232,334	53,860	5,460,385	-	-	45,746,579	2.65%	1,362					
2020	43,004,718	455,790	5,814,642	-	-	49,275,150	2.95%	1,471					
2019	44,993,122	857,720	6,152,307	121,359	-	52,124,508	3.26%	1,566					
2018	46,959,216	1,509,650	6,512,144	239,315	-	55,220,325	3.54%	1,656					
2017	24,845,517	2,161,580	-	353,964	-	27,361,061	1.76%	825					
2016	26,423,079	2,813,510	-	465,397	-	29,701,986	1.90%	887					

Source: County financial reports

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

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

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

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

Table 12

**COUNTY OF BOTETOURT, VIRGINIA**

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation		Net Bonded Debt per Capita (1)
				Debt to Assessed Value (2)	Debt per Capita (1)	
2025	\$ 28,100,536	\$ -	\$ 28,100,536	0.40%	\$	841
2024	31,299,864	-	31,299,864	0.59%		935
2023	34,393,699	-	34,393,699	0.66%		1,026
2022	37,387,348	-	37,387,348	0.72%		1,104
2021	40,286,194	-	40,286,194	0.80%		1,199
2020	43,460,508	-	43,460,508	0.96%		1,298
2019	45,850,842	-	45,850,842	1.04%		1,377
2018	48,468,866	-	48,468,866	1.13%		1,453
2017	27,007,097	-	27,007,097	0.64%		814
2016	29,236,589	-	29,236,589	0.72%		873

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

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

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

Source: County financial reports

Table 13

**COUNTY OF BOTETOURT, VIRGINIA**  
 Direct and Overlapping Governmental Activities Debt  
 As of June 30, 2025

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with taxes: Town of Troutville	\$ 205,275	100%	\$ 205,275
Subtotal, overlapping debt			<u>\$ 205,275</u>
County of Botetourt, direct debt			\$ 66,216,683
Total direct and overlapping debt			<u>\$ 66,421,958</u>

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

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

Source: Financial reports of Towns within the County.

Table 14

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

Fiscal Year	Population	Personal Income (thousands of dollars)	Personal Income		Median Age	School Enrollment	Unemployment Rate
			Personal Income (thousands of dollars)	Per Capita Personal Income			
2025	33,416	\$ 2,184,401	\$ 60,693	48.1	4,424	2.78%	
2024	33,466	2,031,153	60,693	47.5	4,312	2.43%	
2023	33,525	1,944,349	57,997	47.1	4,377	2.59%	
2022	33,866	1,820,873	53,767	47.4	4,359	2.53%	
2021	33,596	1,729,024	51,465	47.2	4,301	3.90%	
2020	33,494	1,672,975	49,948	47.0	4,539	3.73%	
2019	33,288	1,598,263	48,013	47.2	4,540	2.58%	
2018	33,350	1,559,046	46,748	46.9	4,548	3.10%	
2017	33,176	1,553,002	46,811	46.9	4,553	3.64%	
2016	33,486	1,508,712	45,055	44.9	4,675	3.70%	

Population Source: Weldon Cooper Center (most recent year not available; estimate used)  
 Income Source: U.S. Bureau of Economic Analysis (most recent year not available)  
 Median Age figures are estimates using year 2010 (provided by U.S. Census Bureau) as benchmark  
 School enrollment is derived from March ADM (Average Daily Membership) figures  
 Unemployment Rate Source: Virginia Employment Commission

Table 15

**COUNTY OF BOTETOURT, VIRGINIA**  
Principal Employers  
Current Year and Nine Years Ago

Employer	Fiscal Year 2025			Fiscal Year 2016		
	Rank	Ownership	Number of Employees	Rank	Ownership	Number of Employees
Altec Industries Inc	1	Private	1,000+	2	Private	500 to 999
Botetourt County School Board	2	Local Government	500 to 999	1	Local Government	500 to 999
Dynax America Corporation	3	Private	250 to 499	3	Private	500 to 999
County of Botetourt	4	Local Government	250 to 499	4	Local Government	250 to 499
Metalsa Roanoke Inc	5	Private	250 to 499	5	Private	100 to 249
Action Personnel	6	Private	100 to 249	-	-	-
Eldor Automotive Powertrain Usa LLC	7	Private	250 to 499	-	-	-
Virginia Baptist Homes	8	Private	100 to 249	-	-	-
Virginia Truck Center, Inc.	9	Private	100 to 249	11	Private	100 to 249
Arkay Packaging Corporation	10	Private	100 to 249	7	Private	100 to 249
Gala Industries, Inc.	11	Private	100 to 249	10	Private	100 to 249
Lawrence Transportation Services	12	Private	100 to 249	6	Private	100 to 249
Roanoke Cement Comp LLC	13	Private	100 to 249	9	Private	100 to 249
Single Source Security	14	Private	100 to 249	-	-	-
Food Lion	15	Private	100 to 249	-	-	-
Pepsico Beverage Sales LLC	16	Private	100 to 249	16	Private	100 to 249
Carrington Place Botetourt	17	Private	100 to 249	19	Private	50 to 99
Mcclintic Operations Hold Coii LLC	18	Private	100 to 249	-	-	-
Kroger	19	Private	100 to 249	12	Private	100 to 249
Cracker Barrel Old Country Store	20	Private	100 to 249	14	Private	100 to 249
Canatal Steel USA Inc	21	Private	100 to 249	-	-	-
The Glebe Inc. Dip	-	-	-	8	Private	100 to 249
Lanford Brothers Company	26	Private	100 to 249	15	Private	100 to 249
Kirby Vass Insulation	32	Private	50 to 99	13	Private	50 to 99
Tread Corporation	24	Private	50 to 99	20	Private	50 to 99
Kissito Healthcare	-	-	-	17	Private	100 to 249
New River Electrical	22	Private	100 to 249	18	Private	100 to 249

Source: Virginia Employment Commission

Table 16

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

Function	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>General government administration</b>	31	31	31	32	33	33	36	39	39	41
<b>Judicial administration</b>	17	17	17	17	17	18	18	18	19	19
<b>Public safety:</b>										
Sheriffs department	115	116	117	117	118	119	122	125	113	130
Fire & rescue	34	40	43	43	44	55	60	63	68	83
Inspections (Development Services)	10	10	11	12	12	13	14	15	12	12
Animal control	4	4	4	4	4	4	4	4	4	4
GIS / Communications	0	0	0	0	0	0	0	1	1	1
<b>Public works:</b>										
Utilities/General Services	4	4	2	1	1	1	1	1	1	1
General maintenance	7	7	7	8	8	8	18	18	12	12
Waste Management	4	4	4	4	4	4	4	4	3	3
Engineering	0	0	0	0	0	0	0	0	0	0
<b>Health and welfare:</b>										
Department of social services	20	21	21	21	21	21	21	21	19	19
Comprehensive Services	1	1	1	1	1	1	1	1	1	1
<b>Culture and recreation:</b>										
Parks and recreation	13	13	14	14	15	14	4	4	8	8
Library	13	13	13	13	13	13	13	13	14	14
<b>Community development:</b>										
Planning	2	2	2	3	3	3	3	3	3	3
<b>Totals</b>	<u>275</u>	<u>283</u>	<u>287</u>	<u>290</u>	<u>294</u>	<u>307</u>	<u>319</u>	<u>330</u>	<u>317</u>	<u>351</u>

Source: Individual county departments  
 Note: GIS employees have been reallocated to General Government, then Public Works.  
 Note: Engineering employees have been reallocated to Development Services and Utilities.  
 Note: Planning employees have been reallocated Development Services.

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

Function	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Building inspections:										
Building Permits issued (same as Planning)	1,306	958	785	752	823	848	856	810	967	916
Animal control:										
Number of calls answered	5,878	5,051	5,398	4,616	4,988	4,833	2,720	4,528	5,297	4,045
Public works										
General maintenance:										
Trucks/vehicles	5	6	6	6	6	6	16	17	17	16
Landfill:										
Refuse collected (tons/day)	6.8	6.9	6.0	16.1	14.2	11.8	10.3	9.4	9.4	11.3
Recycling (tons/day)	10.9	9.3	7.8	8.4	7.9	8.8	8.5	9.7	9.7	12.6
Health and welfare										
Department of Social Services:										
Caseload	5,437	6,840	4,148	4,651	4,907	3,572	4,268	5,324	4,089	3,883
Culture and recreation										
Parks and recreation:										
Recreation permits issued	115	106	94	285	285	n/a	210	265	187	456
Youth sports participants	2,917	3,590	2,490	2,771	2,771	n/a	2,021	2,135	2,249	2,159
Community development										
Planning:										
Building permits issued	1,306	958	785	752	823	848	856	810	967	916
Component Unit - School Board										
Education:										
School age population (per census)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Number of teachers	399	390	388	385	384	382	382	382	383	390
Local expenditures per pupil	5,402	5,823	6,044	5,830	6,007	6,045	6,216	6,111	6,539	7,028

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

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

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

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

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

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

Function	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government administration										
Administration buildings	4	4	4	4	4	4	4	4	4	4
Vehicles	4	4	3	3	2	4	4	4	4	4
Public safety										
Sheriffs department:										
Patrol units	51	51	48	49	49	49	53	53	53	55
Other vehicles	21	22	22	22	22	22	30	26	23	18
Development Services / Building inspections:										
Vehicles	9	8	6	7	8	12	8	9	8	9
Animal control:										
Vehicles	4	4	4	4	4	4	4	4	4	5
Public works										
General maintenance:										
Trucks/vehicles	12	12	8	8	7	18	16	16	17	16
Landfill:										
Vehicles	6	6	6	6	6	6	6	6	6	6
Equipment	9	9	9	9	7	7	7	7	7	7
Sites	2	2	2	2	2	2	2	2	2	2
Health and welfare										
Department of Social Services: Vehicles	3	3	4	5	3	3	3	3	3	4
County Van Program - Vehicles	3	4	3	4	3	3	3	3	3	3
Culture and recreation										
Parks and recreation:										
Community centers	1	1	1	1	1	1	1	1	1	1
Vehicles - Parks & Recreation, Library	21	21	21	23	23	11	11	8	8	8
Parks acreage	158	158	158	158	158	158	158	158	158	158
Tennis courts	4	4	4	4	4	4	4	4	4	4
Component Unit - School Board										
Education:										
Schools	13	13	13	13	13	13	13	13	13	13
School buses	96	98	97	96	99	99	100	100	99	100

Source: Individual county departments.  
 Beginning in FY12, Planning vehicles are combined into Development Services.  
 Note: Public Works - General maintenance vehicles includes Public Works, Utilities, and Maintenance.  
 Note: Beginning FY21 there was a reassignment of several vehicles between Maintenance and Parks & Recreation.

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## **COMPLIANCE SECTION**

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

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The Honorable Members of the Board of Supervisors  
County of Botetourt, Virginia  
Daleville, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Botetourt, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County of Botetourt, Virginia's basic financial statements, and have issued our report thereon dated December 11, 2025.

**Report on Internal Control over Financial Reporting**

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

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

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

## Report on Compliance and Other Matters

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

### Purpose of This Report

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

*Robinson, Farmer, Cox Associates*

Blacksburg, Virginia  
December 11, 2025



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

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The Honorable Members of the Board of Supervisors  
County of Botetourt, Virginia  
Daleville, Virginia

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited County of Botetourt, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Botetourt, Virginia's major federal programs for the year ended June 30, 2025. County of Botetourt, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, County of Botetourt, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to County of Botetourt, Virginia's federal programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on County of Botetourt, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about County of Botetourt, Virginia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding County of Botetourt, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of County of Botetourt, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of County of Botetourt, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

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

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

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

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

*Robinson, Farmer, Cox Associates*

Blacksburg, Virginia  
December 11, 2025

County of Botetourt, Virginia  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	
<b>DEPARTMENT OF AGRICULTURE:</b>				
Pass through payments from:				
<i>Virginia Department of Social Services:</i>				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010124;0010125; 0040124;0040125	\$	226,490
<i>Virginia Department of Education:</i>				
Forest Service School And Roads Cluster:				
Schools and Roads - Grants to States	10.665	APE438410000		14,326
Child Nutrition Cluster:				
School Breakfast Program	10.553	APE402530000	\$	244,431
National School Lunch Program	10.555	APE402540000	\$ 831,042	
<i>Virginia Department of Agriculture:</i>				
Food Distribution-Schools (Note C)	10.555	Not available	229,307	1,060,349
Total Child Nutrition Cluster				1,304,780
Total Department of Agriculture				<u>\$ 1,545,596</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>				
Pass through payments from:				
<i>Virginia Office of Children's Services:</i>				
Medicaid Cluster:				
Medical Assistance Program	93.778	Not available	\$	2,094
<i>Virginia Department of Social Services:</i>				
Medical Assistance Program	93.778	1200124;1200125	195,037	197,131
Temporary Assistance for Needy Families	93.558	0400124;0400125	\$	137,005
MaryLee Allen Promoting Safe and Stable Families	93.556	0950123;0950124		10,124
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500125		490
Low Income Home Energy Assistance	93.568	0600424;0600425		28,755
Social Services Block Grant	93.667	1000124;1000125		142,664
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150123;9150124		1,338
Children's Health Insurance Program	93.767	0540124;0540125		2,530
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900123;0900124		422
CCDF Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760124;0760125		28,673
Foster Care - Title IV E	93.658	1100124;1100125		83,928
Adoption Assistance	93.659	1120124;1120125		137,331
Child Support Enforcement	93.563	Not available		2,200
Title IV-E Prevention Program	93.472	1140124;1140125		4,146
Guardianship Assistance	93.090	1110124;1110125		171
Total Department of Health and Human Services				<u>\$ 776,908</u>
<b>DEPARTMENT OF HOMELAND SECURITY:</b>				
Pass through payments from:				
<i>Virginia Department of Emergency Services:</i>				
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	Not available	\$	29,406
Homeland Security Grant Program	97.067	EMW-2022-SS-0082		42,000
Total Department of Homeland Security				<u>\$ 71,406</u>
<b>DEPARTMENT OF TRANSPORTATION:</b>				
Pass through payments from:				
<i>Virginia Department of Motor Vehicles:</i>				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	10000-605007-54116; BPT-2025-555067-25067	\$	39,734
Alcohol Open Container Requirements	20.607	ENF_AL-2024-54128-24128; ENF_AL-2025-55097-25097		21,160
Total Department of Transportation				<u>\$ 60,894</u>
<b>DEPARTMENT OF JUSTICE:</b>				
Pass through payments from:				
<i>Virginia Department of Criminal Justice Services:</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019MUBX0026	\$	19,978
Total Department of Justice				<u>\$ 19,978</u>
<b>DEPARTMENT OF TREASURY:</b>				
Direct payments:				
COVID-19 Local Assistance and Tribal Consistency Fund	21.032	Not applicable	\$	144,548
Pass through payments from:				
<i>Virginia Department of Education:</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	APE452770000		15,909
<i>Virginia Department of Housing and Community Development:</i>				
COVID-19 Coronavirus Capital Project Funds	21.029	120353		604,762
Total Department of Treasury				<u>\$ 765,219</u>

County of Botetourt, Virginia  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>DEPARTMENT OF EDUCATION:</b>			
Pass through payments from:			
<i>Virginia Tech:</i>			
Teacher Quality Partnership Grants	84.336	Not available	\$ 8,350
<i>City of Salem School Board:</i>			
Adult Education - Basic Grants to States	84.002	Not available	5,712
<i>Virginia Department of Education:</i>			
Career and Technical Education -- Basic Grants to States	84.048	APE600310000;APE600311005	57,620
Student Support and Academic Enrichment Program	84.424	APE602810000;APE600220000	7,154
Supporting Effective Instruction State Grants	84.367	APE614800000	109,303
Title I Grants to Local Educational Agencies	84.010	APE429010000	397,107
Special Education Cluster - IDEA:			
Special Education - Grants to States	84.027	APE430710000;APE601800000	\$ 1,388,621
Special Education - Preschool Grants	84.173	APE625210000	<u>44,545</u>
Total Special Education Cluster - IDEA			1,433,166
English Language Acquisition Grants	84.365	APE605120000	1,702
Education Stabilization Fund:			
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	APE501930000;APE411120000	<u>50,303</u>
Total Department of Education			<u>\$ 2,070,417</u>
Total Expenditures of Federal Awards			<u>\$ 5,310,418</u>

**Notes to Schedule of Expenditures of Federal Awards**

**Note A--Basis of Presentation:**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Botetourt, Virginia under programs of the federal government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Botetourt, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Botetourt, Virginia.

**Note B--Summary of Significant Accounting Policies**

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

(2) Pass-through entity identifying number are presented where available.

(3) The County did not elect the 15% de minimus indirect cost rate because they only request direct costs for reimbursement.

**Note C--Food Distribution**

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

**NOTE D--Subrecipients**

The County did not have any subrecipients for the year ended June 30, 2025.

**NOTE E--Outstanding Balance of Federal Loans**

The County has not received any federal funding through loans.

**Note F--Relationship to the Financial Statements:**

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

Primary government:

General Fund - Intergovernmental	\$ 16,170,642
Less: Revenue from the Commonwealth	(13,950,962)
Less: Payment in Lieu of Taxes	(314,694)
Total General Fund	<u>\$ 1,904,986</u>

Component Unit School Board:

School Operating Fund - Intergovernmental	\$ 69,939,550
Less: Revenue from local governments	(28,338,542)
Less: Revenue from the Commonwealth	(38,195,576)
Total Component Unit School Board	<u>\$ 3,405,432</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 5,310,418

County of Botetourt, Virginia  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2025

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**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section, 200.516 (a)?	No

Identification of major programs:

Assistance Listing #	Name of Federal Program or Cluster
10.553/10.555/10.559	Child Nutrition Cluster
84.027/84.173	Special Education Cluster
21.029	COVID-19 Coronavirus Capital Projects Fund

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

**Section II - Financial Statement Findings**

There are no financial statement findings to report.

**Section III - Federal Award Findings and Questioned Costs**

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

**Section IV - Status of Prior Audit Findings and Questioned Costs**

There were no findings in the prior year.