

COUNTY OF RAPPAHANNOCK, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2024

COUNTY OF RAPPAHANNOCK, VIRGINIA

Board of Supervisors

Debbie P. Donehey, Chair

Van C. Carney
Donna D. Comer

Christine Smith
Keir A. Whitson, Vice-Chair

County School Board

John Wesley Mills, Chair

Larry Grove, Vice-Chair
Melissa (Missy) McCool

Rachel Bynum
Chris Ubben

County Social Services Board

Jessica Burleson, Chair

Harold Beebout, Vice-Chair
Katherine Dutilh

Elizabeth Melson
Scott Wells

County Library Board of Trustees

Victoria Fortuna, President

John Beardsley, Vice-President
Judy DeSarno
Bonnie Jewell
Maureen Harris

Patti Peterson
Jen Cable
Randi Shumate
Kathleen Johnston

Other Officials

Chief Judge of the Circuit Court.....	Douglas L. Flemming, Jr.
Clerk of the Circuit Court	Kaitlin Struckmann
Judge of the General District Court	Jessica H. Foster
Judge of Juvenile & Domestic Relations District Court.....	Melissa Cupp
County Attorney	Arthur L. Goff
Commonwealth's Attorney	Arthur L. Goff
Commissioner of the Revenue.....	Mary Graham
Treasurer.....	Debra Knick
Sheriff.....	Connie S. Compton
Superintendent of Schools	Shannon Grimsley
Director of Department of Social Services.....	Gail A. Crooks
Librarian	Amanda Weakley
County Administrator	Garrey W. Curry, Jr.

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Financial Report
Year Ended June 30, 2024

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Independent Auditors' Report

**To the Honorable Members of
the Board of Supervisors
County of Rappahannock, 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 Rappahannock, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County of Rappahannock'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 Rappahannock, Virginia, as of and for the year ended June 30, 2024, and the respective changes in financial position 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 Rappahannock, 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 27 to the financial statements, in 2024, the County adopted new accounting guidance, GASB Statement No. 100, *Accounting Changes and Error Corrections*. Our opinions are not modified with respect to this matter.

Restatement and Adjustment of Beginning Balances

As described in Note 27 to the financial statements, in 2024, the County restated beginning balances to correct errors related to a prior year property tax accrual and accounts payable. The County also adjusted beginning balances to reflect the addition of a new component unit to the reporting entity. 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 Rappahannock, 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 Rappahannock, 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 Rappahannock, 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 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Rappahannock, 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 statistical information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2024 on our consideration of County of Rappahannock, 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 Rappahannock, 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 Rappahannock, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox, Associates

Charlottesville, Virginia

November 26, 2024

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position
At June 30, 2024

	Primary Government		Component Units			
	Governmental Activities	School Board	Broadband Authority	Recreational Facilities Authority	Water and Sewer Authority	
Assets:						
Cash and cash equivalents	\$ 10,852,932	\$ 963,846	\$ 93,797	\$ 52,552	\$ 275,787	
Investments	1,920,985	-	-	-	-	
Receivables, net						
Due within one year	1,380,367	162,385	-	-	74,508	
Prepaid items	61,085	42,675	-	-	9,817	
Inventory	-	7,713	-	-	-	
Due from component units	589,206	-	-	-	-	
Due from other governments	746,546	484,349	-	6,756	-	
Net pension asset	-	279,742	-	-	-	
Net OPEB asset	-	10,916	-	-	-	
Capital assets:						
Land and construction in progress	1,923,798	-	-	20,000	37,073	
Other capital assets, net of accumulated depreciation	4,046,316	7,773,884	-	123,766	57,162	
Capital assets, net	\$ 5,970,114	\$ 7,773,884	\$ -	\$ 143,766	\$ 94,235	
Total assets	\$ 21,521,235	\$ 9,725,510	\$ 93,797	\$ 203,074	\$ 454,347	
Deferred Outflows of Resources:						
Pension related items	\$ 482,287	\$ 2,247,073	\$ -	\$ -	\$ 8,015	
OPEB related items	227,141	311,896	-	-	4,588	
Total deferred outflows of resources	\$ 709,428	\$ 2,558,969	\$ -	\$ -	\$ 12,603	
Liabilities:						
Accounts payable and accrued liabilities	\$ 452,661	\$ 687,198	\$ -	\$ 480	\$ 29,704	
Accrued interest	3,900	-	-	-	-	
Due to primary government	-	575,952	-	-	13,254	
Unearned revenue	58,370	111,852	-	-	-	
Long-term liabilities:						
Due within one year	261,567	45,240	-	-	-	
Due in more than one year	5,757,978	9,508,432	-	-	29,320	
Total liabilities	\$ 6,534,476	\$ 10,928,674	\$ -	\$ 480	\$ 72,278	
Deferred Inflows of Resources:						
Deferred revenue-property taxes	\$ 174,491	\$ -	\$ -	\$ -	\$ -	
Pension related items	408,643	917,789	-	-	7,321	
OPEB related items	229,391	642,498	-	-	4,004	
Total deferred inflows of resources	\$ 812,525	\$ 1,560,287	\$ -	\$ -	\$ 11,325	
Net Position:						
Net investment in capital assets	\$ 5,644,535	\$ 7,771,194	\$ -	\$ 143,766	\$ 94,235	
Restricted for net pension asset	-	279,742	-	-	-	
Restricted for net OPEB asset	-	10,916	-	-	-	
Unrestricted (deficit)	9,239,127	(8,266,334)	93,797	58,828	289,112	
Total net position (deficit)	\$ 14,883,662	\$ (204,482)	\$ 93,797	\$ 202,594	\$ 383,347	

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

Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government administration	\$ 2,071,172	\$ 59,951	\$ 279,500	\$ -
Judicial administration	777,702	90,246	423,700	-
Public safety	4,879,461	151,632	1,029,218	-
Public works	1,319,852	164,570	8,591	-
Health and welfare	2,241,714	-	1,467,346	-
Education	9,790,456	-	-	-
Parks, recreation and cultural	476,987	-	79,891	-
Community development	422,302	1,909	-	-
Interest on long-term debt	8,858	-	-	-
Total Primary Government	\$ 21,988,504	\$ 468,308	\$ 3,288,246	\$ -
Component Units				
Rappahannock County School Board	\$ 15,816,265	\$ 86,485	\$ 4,805,809	\$ -
Rappahannock County Broadband Authority	2,360,880	-	2,330,000	-
Rappahannock County Recreational Facilities Authority	68,048	23,158	19,503	-
Rappahannock County Water and Sewer Authority	251,923	225,692	-	58,125
Total Component Units	\$ 18,497,116	\$ 335,335	\$ 7,155,312	\$ 58,125

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

Statement of Activities

Year Ended June 30, 2024

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Component Units				Water and Sewer Authority
	Total Primary Government	School Board	Broadband Authority	Recreational Facilities Authority	
Primary Government					
Governmental activities					
General government administration	\$ (1,731,721)	\$ -	\$ -	\$ -	\$ -
Judicial administration	(263,756)	-	-	-	-
Public safety	(3,698,611)	-	-	-	-
Public works	(1,146,691)	-	-	-	-
Health and welfare	(774,368)	-	-	-	-
Education	(9,790,456)	-	-	-	-
Parks, recreation and cultural	(397,096)	-	-	-	-
Community development	(420,393)	-	-	-	-
Interest on long-term debt	(8,858)	-	-	-	-
Total Primary Government	<u>\$ (18,231,950)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Component Units					
Rappahannock County School Board	\$ -	\$ (10,923,971)	\$ -	\$ -	\$ -
Rappahannock County Broadband Authority	-	-	(30,880)	-	-
Rappahannock County Recreational Facilities Authority	-	-	-	(25,387)	-
Rappahannock County Water and Sewer Authority	-	-	-	-	31,894
Total Component Units	<u>\$ -</u>	<u>\$ (10,923,971)</u>	<u>\$ (30,880)</u>	<u>\$ (25,387)</u>	<u>\$ 31,894</u>
General Revenues					
Taxes:					
General property taxes, real and personal	\$ 14,934,396	\$ -	\$ -	\$ -	\$ -
Local sales and use taxes	1,026,855	-	-	-	-
Consumers' utility taxes	180,562	-	-	-	-
Taxes on recordation of wills	126,495	-	-	-	-
Meals and lodging taxes	559,514	-	-	-	-
Motor vehicle license	211,245	-	-	-	-
Other	224,595	-	-	-	-
Payment from County of Rappahannock	-	9,783,084	-	18,000	-
Grants and contributions not restricted to specific programs	1,277,734	-	-	-	-
Unrestricted revenues from use of money	789,771	-	-	2,723	8,254
Miscellaneous	317,595	1,773,290	-	2,614	-
Total general revenues	<u>\$ 19,648,762</u>	<u>\$ 11,556,374</u>	<u>\$ -</u>	<u>\$ 23,337</u>	<u>\$ 8,254</u>
Change in net position	<u>\$ 1,416,812</u>	<u>\$ 632,403</u>	<u>\$ (30,880)</u>	<u>\$ (2,050)</u>	<u>\$ 40,148</u>
Net position (deficit), beginning of year	<u>\$ 13,481,615</u>	<u>\$ (836,885)</u>	<u>\$ 124,677</u>	<u>\$ 204,644</u>	<u>\$ -</u>
Adjustments and Restatements	<u>(14,765)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>343,199</u>
Net position (deficit), beginning of year, as adjusted and restated	<u>\$ 13,466,850</u>	<u>\$ (836,885)</u>	<u>\$ 124,677</u>	<u>\$ 204,644</u>	<u>\$ 343,199</u>
Net position (deficit), end of year	<u>\$ 14,883,662</u>	<u>\$ (204,482)</u>	<u>\$ 93,797</u>	<u>\$ 202,594</u>	<u>\$ 383,347</u>

Fund Financial Statements

Balance Sheet

Governmental Funds

At June 30, 2024

	Nonmajor					Total Governmental Funds
	General Fund	Library Fund	Capital Projects Fund	ARPA Fund	Emergency Medical Transport Fund	
Assets:						
Cash and cash equivalents	\$ 10,662,738	\$ 4,483	\$ 25,897	\$ 69,160	\$ 90,654	\$ 10,852,932
Investments	-	1,920,985	-	-	-	1,920,985
Property taxes receivable, net	1,105,959	-	-	-	-	1,105,959
Accounts receivable	255,834	-	-	-	18,574	274,408
Prepaid items	60,635	450	-	-	-	61,085
Due from other funds	101,000	-	-	-	-	101,000
Due from component unit	589,207	-	-	-	-	589,207
Due from other governments	645,546	-	-	101,000	-	746,546
Total assets	<u>\$ 13,420,919</u>	<u>\$ 1,925,918</u>	<u>\$ 25,897</u>	<u>\$ 170,160</u>	<u>\$ 109,228</u>	<u>\$ 15,652,122</u>
Liabilities:						
Accounts payable and accrued liabilities	\$ 304,605	\$ 6,155	\$ 29,723	\$ 15,000	\$ 97,179	\$ 452,662
Due to other funds	-	-	-	101,000	-	101,000
Unearned revenue	-	4,210	-	54,160	-	58,370
Total liabilities	<u>\$ 304,605</u>	<u>\$ 10,365</u>	<u>\$ 29,723</u>	<u>\$ 170,160</u>	<u>\$ 97,179</u>	<u>\$ 612,032</u>
Deferred Inflows of Resources:						
Unavailable revenues-property taxes	<u>\$ 1,206,962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,206,962</u>
Fund Balances:						
Nonspendable:						
Prepaid items	\$ 60,635	\$ 450	\$ -	\$ -	\$ -	\$ 61,085
Corpus of permanent fund	-	425,513	-	-	-	425,513
Restricted:						
Tourism	4,044	-	-	-	-	4,044
Fire levy	355,678	-	-	-	-	355,678
Unspent grants and contributions	348,831	-	-	-	-	348,831
Committed:						
Capital projects	1,692,521	-	-	-	-	1,692,521
DSS relocation	74,800	-	-	-	-	74,800
Sheriff radios	7,545	-	-	-	-	7,545
Emergency medical transport	-	-	-	-	12,049	12,049
Library operations	-	1,489,590	-	-	-	1,489,590
Assigned:						
Future expenditures	656,857	-	-	-	-	656,857
Unassigned	8,708,441	-	(3,826)	-	-	8,704,615
Total fund balances	<u>\$ 11,909,352</u>	<u>\$ 1,915,553</u>	<u>\$ (3,826)</u>	<u>\$ -</u>	<u>\$ 12,049</u>	<u>\$ 13,833,128</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,420,919</u>	<u>\$ 1,925,918</u>	<u>\$ 25,897</u>	<u>\$ 170,160</u>	<u>\$ 109,228</u>	<u>\$ 15,652,122</u>

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

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
At June 30, 2024

Total fund balances for governmental funds (Exhibit 3)	\$	13,833,128
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$	1,705,907	
Construction in progress		217,891	
Buildings and improvements, net of depreciation		1,142,705	
Lease assets, net of depreciation		137,209	
Furniture, equipment, and vehicles net of depreciation		<u>2,766,402</u>	5,970,114

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

Unavailable revenues - property taxes			1,032,471
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Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.

Deferred outflows - pension related items	\$	482,287	
Deferred outflows - OPEB related items		<u>227,141</u>	709,428

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued interest payable	\$	(3,900)	
General obligation bonds		(185,000)	
Compensated absences		(275,179)	
Lease liabilities		(140,579)	
Net pension liability		(721,637)	
Net OPEB liabilities		(975,767)	
Accrued landfill remediation costs		<u>(3,721,383)</u>	(6,023,445)

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

Deferred inflows - pension related items	\$	(408,643)	
Deferred inflows - OPEB related items		<u>(229,391)</u>	(638,034)

Total net position of governmental activities (Exhibits 1 and 2)	\$		<u><u>14,883,662</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2024

	Nonmajor						Total Governmental Funds
	General Fund	Library Fund	Capital Projects Fund	ARPA Fund	Emergency Medical Transport Fund	Debt Service Fund	
Revenues:							
Property taxes	\$ 14,819,320	\$ -	\$ -	\$ -	\$ -	\$ -	14,819,320
Other local taxes	2,329,266	-	-	-	-	-	2,329,266
Permits, privilege fees and regulatory licenses	192,581	-	-	-	-	-	192,581
Fines and forfeitures	130,429	1,909	-	-	-	-	132,338
Use of money and property	685,900	103,871	-	-	-	-	789,771
Charges for services	143,389	-	-	-	-	-	143,389
Miscellaneous	92,989	8,000	-	-	216,606	-	317,595
Recovered costs	221,687	-	-	-	-	-	221,687
Intergovernmental:							
Revenue from the Commonwealth	3,467,331	79,891	-	-	-	-	3,547,222
Revenue from the Federal Government	1,018,758	-	-	125,675	-	-	1,144,433
Total revenues	\$ 23,101,650	\$ 193,671	\$ -	\$ 125,675	\$ 216,606	\$ -	\$ 23,637,602
Expenditures:							
Current:							
General government administration	\$ 1,834,505	\$ -	\$ -	\$ -	\$ -	\$ -	1,834,505
Judicial administration	809,287	-	-	-	-	-	809,287
Public safety	5,276,836	-	-	101,000	206,237	-	5,584,073
Public works	989,544	-	-	9,675	-	-	999,219
Health and welfare	2,319,563	-	-	-	-	-	2,319,563
Education - local community college	7,372	-	-	-	-	-	7,372
Education - public school system	9,467,356	-	-	-	-	-	9,467,356
Parks, recreation and cultural	31,000	424,735	-	-	-	-	455,735
Community development	443,635	-	-	15,000	-	-	458,635
Capital projects	-	-	526,591	-	-	-	526,591
Nondepartmental	10,521	-	-	-	-	-	10,521
Debt service:							
Principal payments	14,785	-	-	-	-	185,000	199,785
Interest and fiscal charges	2,685	-	-	-	-	12,765	15,450
Total expenditures	\$ 21,207,089	\$ 424,735	\$ 526,591	\$ 125,675	\$ 206,237	\$ 197,765	\$ 22,688,092
Excess (deficiency) of revenues over expenditures	\$ 1,894,561	\$ (231,064)	\$ (526,591)	\$ -	\$ 10,369	\$ (197,765)	\$ 949,510
Other financing sources (uses):							
Transfers in	\$ -	\$ 312,703	\$ 526,591	\$ -	\$ -	\$ 197,765	\$ 1,037,059
Transfers out	(1,037,059)	-	-	-	-	-	(1,037,059)
Total other financing sources (uses)	\$ (1,037,059)	\$ 312,703	\$ 526,591	\$ -	\$ -	\$ 197,765	\$ -
Net change in fund balance	\$ 857,502	\$ 81,639	\$ -	\$ -	\$ 10,369	\$ -	\$ 949,510
Fund balance (deficit), beginning of year	\$ 11,066,615	\$ 1,833,914	\$ (3,826)	\$ -	\$ 1,680	\$ -	\$ 12,898,383
Restatement - correction of error	(14,765)	-	-	-	-	-	(14,765)
Fund balance (deficit), beginning of year, as restated	\$ 11,051,850	\$ 1,833,914	\$ (3,826)	\$ -	\$ 1,680	\$ -	\$ 12,883,618
Fund balance (deficit), end of year	\$ 11,909,352	\$ 1,915,553	\$ (3,826)	\$ -	\$ 12,049	\$ -	\$ 13,833,128

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

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

Net change in fund balances - total governmental funds (Exhibit 5) \$ 949,510

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

Capital outlays	\$ 736,226	
Depreciation	(690,004)	
Change in joint assets related to school board	<u>(315,728)</u>	(269,506)

The net effect of various miscellaneous transactions involving capital assets is to decrease net position. (51,680)

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

Property taxes	115,076
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The issuance of long-term debt 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 net effect of these differences in the treatment of long-term debt and related items.

Debt incurred:

Accrued Landfill remediation costs	\$ (118,882)
Lease liabilities	(17,020)

Repayments:

General obligation school bonds	185,000	
Lease liabilities	71,249	
Amortization of bond premium	<u>2,624</u>	122,971

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. This adjustment combines the net changes of the following:

Compensated absences	\$ (33,088)	
Pension expense	607,155	
OPEB expense	(27,594)	
Accrued interest on bonds and leases	<u>3,968</u>	550,441

Change in net position of governmental activities (Exhibit 2)	\$ <u><u>1,416,812</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

Statement of Fiduciary Net Position - Fiduciary Funds

At June 30, 2024

	Custodial Funds	
	Special Welfare Fund	Sheriff Funds
Assets:		
Cash and cash equivalents	\$ 26,333	\$ 12,256
Total assets	\$ 26,333	\$ 12,256
Net Position:		
Restricted:		
Amounts held for others	\$ 26,333	\$ 12,256
Total net position	\$ 26,333	\$ 12,256

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

Statement of Changes in Fiduciary Net Position - Fiduciary Funds
Year Ended June 30, 2024

	Custodial Funds	
	Special Welfare Fund	Sheriff Funds
Additions:		
Charges for services	\$ 2,190	\$ -
Miscellaneous	-	630
Total additions	\$ 2,190	\$ 630
Deductions:		
Special welfare	\$ 1,741	\$ -
Sheriff	-	196
Total deductions	\$ 1,741	\$ 196
Net increase (decrease) in fiduciary net position	\$ 449	\$ 434
Net Position:		
Net position, beginning of year	25,884	11,822
Net position, end of year	\$ 26,333	\$ 12,256

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Narrative Profile

The County of Rappahannock (the County), located in northwest Virginia and bordered by the counties of Fauquier, Culpeper, Madison, Page and Warren, was founded in 1833. The County has a population of 7,252 and land area of 267 square miles.

The County is governed under the County Administrator – Board of Supervisors form of government. Rappahannock County engages in a comprehensive range of municipal services, including general government administration, public safety and administration of justice, education, health, welfare, human service programs, planning, community development and recreation, and cultural activities.

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

A. Financial Reporting Entity

The accompanying financial statements present the primary government and its discretely presented component units, entities for which the government is considered to be financially accountable. The discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize they are legally separate from the primary government.

Discretely Presented Component Units

The Rappahannock County School Board is responsible for elementary and secondary education within the County. School Board members are elected by the County voters. The School Board is fiscally dependent upon the County because the County's Board of Supervisors approves the School Board budget, provides substantial funding for operations and must approve any debt issuance. The Rappahannock County School Board does not prepare separate financial statements.

Rappahannock County Recreational Facilities Authority administers and maintains the Rappahannock County Recreation Center. The County's Board of Supervisors appoints the members of the Recreational Facilities Authority, and the County Administrator manages its operations. Because the County effectively controls the Authority, it has been presented as a component unit of the County. The Recreational Facilities Authority does not prepare separate financial statements. The Recreational Facilities Authority operates as an enterprise fund and its accounts are maintained on the accrual basis of accounting.

Rappahannock Broadband Authority operates as an enterprise fund and its accounts are maintained on the accrual basis of accounting. The Authority does not issue separate financial statements. The Board members are appointed by the Rappahannock County Board of Supervisors.

Rappahannock Water and Sewer Authority operates as an enterprise fund and its accounts are maintained on the accrual basis of accounting. The Authority does not issue separate financial statements. The Board members are appointed by the Rappahannock County Board of Supervisors.

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

B. Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

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, effects of interfund activity have been removed from these statements. 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.

Statement of Net Position - The statement of net position is designed to display the financial position of the primary government (governmental 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.

Statement of Activities - 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 is 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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 as soon as 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 expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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 revenue 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 reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utility 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 cash is received by the government.

The County's fiduciary funds are presented in the fund financial statements by type (private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the County, these funds are not incorporated into the government-wide financial statements. The County does not report any private purpose trust funds.

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

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

The following is a brief description of the specific funds used by the County in fiscal year 2024.

1. Governmental Funds: The County has the following funds for financial reporting purposes.
 - a. General Fund: The General Fund is the general operating fund for the County. This fund accounts for and reports all revenues and expenditures of the County which are not accounted for and reported in the other funds. The General Fund also includes the activities for E-911, the law library and landfill operations. The General Fund is considered a major fund for reporting purposes.
 - b. Special Revenue Funds: Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service. Special revenue funds consist of the Library Fund, which is a major fund, and the ARPA and Emergency Medical Transport Funds, which are considered nonmajor funds.
 - c. Capital Projects Fund: The capital projects fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays. The Capital Projects Fund is considered a major fund for reporting purposes.
 - d. Debt Service Fund: The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The debt service fund is also used to report financial resources that are being accumulated for future debt service. The Debt Service Fund is considered a nonmajor fund for reporting purposes.

2. Fiduciary Funds (Custodial Funds):

Fiduciary Funds (Custodial Funds) – account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other government units, or other funds. The Custodial Funds consist of the Special Welfare Fund and the Sheriff Fund.

3. Component Units:

- a. Rappahannock County School Board: Rappahannock County School Board has the following funds for financial reporting purposes:

Governmental Funds:

School Operating Fund – This 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 charges for services, appropriations from the County of Rappahannock and State and Federal grants.

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

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

3. Component Units: (Continued)

a. Rappahannock County School Board: (Continued)

Governmental Funds: (Continued)

School Cafeteria Fund – This fund accounts for the operations of the School Board’s food service program. Financing is provided primarily by food and beverage sales and State and Federal grants.

School Activity Funds – This fund accounts for the operations of the School Activity Fund for Rappahannock Elementary School and Rappahannock High School.

b. Rappahannock County Recreational Facilities Authority: Rappahannock Recreational Facilities Authority consists of only one fund, which is an enterprise fund.

c. Rappahannock County Broadband Authority: Rappahannock Broadband Authority consists of only one fund, which is an enterprise fund.

d. Rappahannock County Water and Sewer Authority: The Authority consists of two funds, which are combined on the financial statements as an enterprise fund.

D. Budgets and Budgetary Accounting

The Board of Supervisors annually adopts budgets for the various funds of the primary government and component unit School Board. All appropriations are legally controlled at the department level for the primary government funds. The School Board appropriation is determined by the Board of Supervisors and controlled in total by the primary government.

The budgets are integrated into the accounting system and the budgetary data, as presented in the financial statements for all major funds with annual budgets, comparing the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedule for the major funds presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

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. Public hearings are conducted to obtain citizen comments. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

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

D. Budgets and Budgetary Accounting: (Continued)

2. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each fund can be revised only by the Board of Supervisors. 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 system's categories. Public hearings are required to amend the budget if amendments exceed 1% of the original adopted budget.
3. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. The Component Unit School Board funds are integrated only at the level of legal adoption.
4. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. Appropriations lapse on June 30, for all County units.
6. All budgetary data presented in the accompanying financial statements is the original budget as of June 30, 2024, as adopted, appropriated and legally amended.
7. The expenditures budget is enacted through an annual appropriations ordinance. Appropriations are made at the departmental level for the primary government and at the function level for the School Board. If budget amendments exceed 1% of the original adopted budget, the Board of Supervisors may legally amend the budget only by following procedures used in the adoption of the original budget. The Board of Supervisors must approve all appropriations and transfers of appropriated amounts.

E. 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.

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and 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.

F. 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 \$142,808 at June 30, 2024 and is comprised solely of property taxes. The Water and Sewer Authority had an allowance of \$11,516, comprised solely of customer fees.

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

G. Inventory and Prepaid Items

Inventory is stated at cost (first-in, first-out) which is not in excess of market value. It consists of expendable items held for consumption and is recorded as an expenditure when used (consumption method).

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.

H. 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 or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the County and Component Unit School Board as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. For the Rappahannock County Water and Sewer Authority, capital assets are defined by the Authority as land, wastewater treatment plant, and equipment with an initial individual cost of more than \$1,500 and an estimated useful life in excess of two years. For infrastructure asset the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than \$50,000 are reported as capital assets.

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

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

Buildings and improvements	20 to 40 years
Furniture, equipment and vehicles	5 to 10 years
Lease buildings and improvements	2 to 10 years
Lease furniture, equipment and vehicles	2 to 5 years

I. 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 represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

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

I. 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 represent 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 two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension and OPEB are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

J. Compensated Absences

The County and Component Unit School Board incur liabilities related to compensated absences (annual and sick leave benefits) when vested. Amounts of vested or accumulated leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

L. Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. 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, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld, from the actual debt proceeds received, are reported as debt service expenditures.

M. 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.” The County’s governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

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

M. Fund Balance: (Continued)

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

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

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. 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).

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 10% of the actual GAAP basis expenditures and other financing sources and uses.

N. Net Position

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.

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

N. Net Position: (Continued)

- 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.

O. 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.

P. Pensions

For purposes of measuring the net pension asset and 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 net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The amounts for the Primary Government and Component Unit Water and Sewer Authority were combined for purposes of the footnotes and required supplementary information schedules.

Q. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB asset and 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' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The amounts for the Primary Government and Component Unit Water and Sewer Authority were combined for purposes of the footnotes and required supplementary information schedules.

NOTE 2—DEPOSITS AND INVESTMENTS:

Deposits

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

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard & 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).

The County has no formal investment policy addressing the various risks related to investments.

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2024 were rated by Standard & Poor’s and the ratings are presented below using Standard & Poor’s rating scale.

County's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Virginia Investment Pool - Stable NAV Liquidity Pool	\$ <u>8,216,180</u>
Component Unit - Recreational Facilities Authority's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Virginia Investment Pool - Stable NAV Liquidity Pool	\$ <u>44,319</u>

Redemption Restrictions

The County and Component Unit Recreational Facilities Authority 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.).

Fair Value Measurements

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 and Component Unit Recreational Facilities Authority have measured fair value of the above VML/VACO Investment Pool investment at the net asset value (NAV).

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government’s investment in a single issuer. If certain investments in any one issuer represent 5% of total investments, there must be a disclosure for the amount and issuer. At June 30, 2024, there is no portion of the County’s portfolio, that exceeds 5% of the total portfolio. At present the County does not have a policy related to custodial credit risk.

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)**Interest Rate Risk**

The County does not have a policy related to interest rate risk.

Investment Maturities		
Investment Type	Balance June 30, 2024	1 Year
County:		
Virginia Investment Pool - Stable NAV Liquidity Pool	\$ 8,216,180	\$ 8,216,180
Component Unit - Recreational Facilities Authority:		
Virginia Investment Pool - Stable NAV Liquidity Pool	\$ 44,319	\$ 44,319

NOTE 3—PROPERTY TAXES:

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable on December 5th. The County bills and collects its own property taxes.

NOTE 4—RECEIVABLES:

Receivables at June 30, 2024 consist of the following:

	Primary Government Governmental Activities	Component Unit School Board	Component Unit Water and Sewer Authority
Property taxes	\$ 1,233,895	\$ -	\$ -
Utility taxes	15,077	-	-
Clerk of the circuit court	38,046	-	-
Refuse charges	30,576	-	-
Meals taxes	151,590	-	-
Other	53,991	162,385	86,024
Subtotal	\$ 1,523,175	\$ 162,385	\$ 86,024
Allowance for uncollectibles	(142,808)	-	(11,516)
Total receivables	\$ 1,380,367	\$ 162,385	\$ 74,508
Reconciliation to Exhibit 1:			
Receivables, net due within one year	\$ 1,380,367	\$ 162,385	\$ 74,508

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 5—DUE FROM OTHER GOVERNMENTAL UNITS:

	Governmental Activities			Component Unit	Component Unit
	General Fund	ARPA Fund	Total	School Board	Recreational Facilities Authority
Commonwealth of Virginia:					
Local sales tax	\$ 185,046	-	185,046	\$ 197,860	\$ -
Communications sales and use tax	35,575	-	35,575	-	-
Comprehensive services act	60,662	-	60,662	-	-
Public assistance	41,922	-	41,922	-	-
Shared expenses and grants	120,912	-	120,912	-	-
E-911 wireless grant	8,881	-	8,881	-	-
Registrar & electoral board	61,838	-	61,838	-	-
Other	14,294	-	14,294	-	6,756
Federal government:					
Public assistance	72,639	-	72,639	-	-
Federal pass-through school funds	-	-	-	286,489	-
Other	43,777	101,000	144,777	-	-
	<u>\$ 645,546</u>	<u>\$ 101,000</u>	<u>\$ 746,546</u>	<u>\$ 484,349</u>	<u>\$ 6,756</u>

NOTE 6—INTERFUND ACTIVITY:

Primary Government:

Transfers To/From Other Funds:

Transfer from the General Fund to support operations of the Library Fund	\$ 312,703
Transfer from the General Fund to support operations of the Capital Projects Fund	526,591
Transfer from the General Fund to support operations of the Debt Service Fund	197,765
Total primary government transfers to/from other funds	<u>\$ 1,037,059</u>

Component Unit - School Board:

Transfers To/From Other Funds:

Transfer from the School Operating Fund for food service of the School Cafeteria Fund	<u>\$ 102,732</u>
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COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 7—CAPITAL ASSETS:

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2024.

Governmental Activities

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets not being depreciated:				
Land	\$ 1,705,907	\$ -	\$ -	\$ 1,705,907
Construction in progress	224,960	469,974	(477,043)	217,891
Total capital assets not being depreciated	<u>\$ 1,930,867</u>	<u>\$ 469,974</u>	<u>\$ (477,043)</u>	<u>\$ 1,923,798</u>
Other capital assets:				
Buildings and improvements	\$ 3,434,863	\$ -	\$ -	\$ 3,434,863
Lease buildings and improvements	193,275	-	-	193,275
Lease furniture, equipment and vehicles	114,151	17,132	-	131,283
School buildings, improvements and equipment *	370,000	-	(370,000)	-
Furniture, equipment and vehicles	<u>4,713,922</u>	<u>726,163</u>	<u>(107,435)</u>	<u>5,332,650</u>
Total other capital assets	<u>\$ 8,826,211</u>	<u>\$ 743,295</u>	<u>\$ (477,435)</u>	<u>\$ 9,092,071</u>
Accumulated depreciation/amortization:				
Buildings and improvements	\$ 2,193,923	\$ 98,235	\$ -	\$ 2,292,158
Lease buildings and improvements	72,071	38,944	-	111,015
Lease furniture, equipment and vehicles	42,971	33,363	-	76,334
School buildings, improvements and equipment *	54,272	-	(54,272)	-
Furniture, equipment and vehicles	<u>2,102,541</u>	<u>519,462</u>	<u>(55,755)</u>	<u>2,566,248</u>
Total accumulated depreciation/amortization	<u>\$ 4,465,778</u>	<u>\$ 690,004</u>	<u>\$ (110,027)</u>	<u>\$ 5,045,755</u>
Other capital assets, net	<u>\$ 4,360,433</u>	<u>\$ 53,291</u>	<u>\$ (367,408)</u>	<u>\$ 4,046,316</u>
Net capital assets	<u>\$ 6,291,300</u>	<u>\$ 523,265</u>	<u>\$ (844,451)</u>	<u>\$ 5,970,114</u>

Depreciation/amortization expense was allocated as follows:

General government administration	\$ 140,122
Judicial administration	11,398
Public safety	378,865
Public works	60,903
Health and welfare	54,717
Parks, recreation and cultural	<u>43,999</u>
Total depreciation/amortization expense	<u>\$ 690,004</u>

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 7—CAPITAL ASSETS: (CONTINUED)

Component Unit School Board

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Other capital assets:				
Buildings and improvements	\$ 15,279,785	\$ 253,869	\$ -	\$ 15,533,654
Lease equipment	21,754	-	-	21,754
School buildings, improvements and equipment allocated to County *	(370,000)	370,000	-	-
Furniture, equipment and vehicles	3,973,171	91,407	-	4,064,578
Total other capital assets	\$ 18,904,710	\$ 715,276	\$ -	\$ 19,619,986
Accumulated depreciation:				
Buildings and improvements	\$ 8,671,425	\$ 396,562	\$ -	\$ 9,067,987
Lease equipment	12,734	6,367	-	19,101
School buildings, improvements and equipment allocated to County *	(54,272)	54,272	-	-
Furniture, equipment and vehicles	2,381,979	377,035	-	2,759,014
Total accumulated depreciation	\$ 11,011,866	\$ 834,236	\$ -	\$ 11,846,102
Other capital assets, net	\$ 7,892,844	\$ (118,960)	\$ -	\$ 7,773,884
Net capital assets	\$ 7,892,844	\$ (118,960)	\$ -	\$ 7,773,884
Depreciation expense allocated to education		\$ 834,236		

*School Board capital assets are jointly owned by the County (primary government) and the Component Unit School Board. The County share of the School Board capital assets is in proportion to the debt owed on such assets by the County. The County reports depreciation on these assets as an element of its share of the costs of the public school system.

Reconciliation of primary government net investment in capital assets:

Net capital assets	\$ 5,970,114
Long-term debt applicable to capital assets at June 30, 2024	(325,579)
Net investment in capital assets	\$ 5,644,535

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 7—CAPITAL ASSETS: (CONTINUED)

Component Unit Recreational Services Authority

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets not being depreciated:				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Total capital assets not being depreciated	\$ 20,000	\$ -	\$ -	\$ 20,000
Other capital assets:				
Building and improvements	\$ 296,541	\$ -	\$ -	\$ 296,541
Equipment	20,638	-	-	20,638
Total other capital assets	\$ 317,179	\$ -	\$ -	\$ 317,179
Accumulated depreciation:				
Building and improvements	\$ 168,753	\$ 7,663	\$ -	\$ 176,416
Equipment	16,087	910	-	16,997
Total accumulated depreciation	\$ 184,840	\$ 8,573	\$ -	\$ 193,413
Other capital assets, net	\$ 132,339	\$ (8,573)	\$ -	\$ 123,766
Net capital assets	\$ 152,339	\$ (8,573)	\$ -	\$ 143,766

Component Unit Water and Sewer Authority

Capital assets not being depreciated:				
Land	\$ 10,550	\$ -	\$ -	\$ 10,550
Construction in progress	-	26,523	-	26,523
Total capital assets not being depreciated	\$ 10,550	\$ 26,523	\$ -	\$ 37,073
Other capital assets:				
Wastewater treatment facility and system improvements	\$ 1,857,649	\$ 7,164	\$ -	\$ 1,864,813
Equipment and vehicles	50,764	17,327	-	68,091
Total other capital assets	\$ 1,908,413	\$ 24,491	\$ -	\$ 1,932,904
Accumulated depreciation:				
Wastewater treatment facility and system improvements	\$ 1,839,131	\$ 2,250	\$ -	\$ 1,841,381
Equipment	24,794	9,567	-	34,361
Total accumulated depreciation	\$ 1,863,925	\$ 11,817	\$ -	\$ 1,875,742
Other capital assets, net	\$ 44,488	\$ 12,674	\$ -	\$ 57,162
Net capital assets	\$ 55,038	\$ 39,197	\$ -	\$ 94,235

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS:

General Fund revenues are used to pay all long-term general obligation debt and compensated absences. School Operating Fund revenues and appropriations from the General Fund are used to pay its compensated absences.

Primary Government

The following is a summary of long-term obligations for the year ended June 30, 2024:

	Balance July 1, 2023	Issuances/ Additions	Retirements/ Reductions	Balance June 30, 2024	Amount Due One Year
Direct Borrowings and Placements:					
General obligation bonds	\$ 370,000	\$ -	\$ (185,000)	\$ 185,000	\$ 185,000
Unamortized bond premiums	2,624	-	(2,624)	-	-
Compensated absences	242,091	33,088	-	275,179	27,518
Lease liabilities	194,808	17,020	(71,249)	140,579	49,049
Net pension liability	979,872	1,700,784	(1,959,019)	721,637	-
Net OPEB liabilities	824,495	305,594	(154,322)	975,767	-
Accrued landfill remediation costs	3,602,501	118,882	-	3,721,383	-
Total	\$ 6,216,391	\$ 2,175,368	\$ (2,372,214)	\$ 6,019,545	\$ 261,567

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

Year Ending June 30,	Direct Borrowings and Placements	
	General Obligation Bonds	
	Principal	Interest
2025	\$ 185,000	\$ 4,255
Total	\$ 185,000	\$ 4,255

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of Long-term Indebtedness

	<u>Amount Outstanding</u>	<u>Amount Due in One Year</u>
Direct Borrowings and Placements		
<u>General Obligation Bonds:</u>		
 \$3,720,000, Series 2004, issued November 10, 2004, Virginia Public School Authority Bonds, due in annual installments ranging from \$185,000 to \$190,000 through July 2025, interest rates ranging from 4.10% to 5.60%	\$ <u>185,000</u>	\$ <u>185,000</u>
Net pension liability	\$ <u>721,637</u>	\$ <u>-</u>
Net OPEB liabilities	\$ <u>975,767</u>	\$ <u>-</u>
Accrued landfill remediation costs	\$ <u>3,721,383</u>	\$ <u>-</u>
Lease liabilities	\$ <u>140,579</u>	\$ <u>49,049</u>
Compensated Absences	\$ <u>275,179</u>	\$ <u>27,518</u>
Total long-term obligations	\$ <u>6,019,545</u>	\$ <u>261,567</u>

The County's outstanding notes from direct borrowings and direct placements related to governmental activities of \$185,000 contain a provision that in an event of default, outstanding amounts become immediately due if the County is unable to make payment.

Federal Arbitrage Regulations

The County is in compliance with federal arbitrage regulations. Any arbitrage amounts that may be required to be paid are not material to the financial statements.

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)**Component Unit School Board**

The following is a summary of long-term obligations for the year ended June 30, 2024:

	Balance July 1, 2023	Issuances/ Additions	Retirements/ Reductions	Balance June 30, 2024	Amount Due One Year
Compensated absences	\$ 412,553	\$ 12,946	\$ -	\$ 425,499	\$ 42,550
Lease liabilities	9,102	-	(6,412)	2,690	2,690
Net pension liability	6,672,988	3,307,227	(2,776,810)	7,203,405	-
Net OPEB liabilities	<u>2,033,391</u>	<u>400,223</u>	<u>(511,536)</u>	<u>1,922,078</u>	<u>-</u>
Total	<u>\$ 9,128,034</u>	<u>\$ 3,720,396</u>	<u>\$ (3,294,758)</u>	<u>\$ 9,553,672</u>	<u>\$ 45,240</u>

NOTE 9—COMPENSATED ABSENCES:

The County and its Component Unit School Board have accrued the liability arising from all outstanding claims, judgments and compensated absences. The liability for future vacation and sick leave benefits is accrued when such benefits meet the following conditions:

The County's policy is to pay accrued vacation and compensatory time upon termination. In general, any compensatory and vacation time earned is limited to a maximum of 30 days. School Board and Social Services employees are also paid accrued vacation upon termination, although the amount able to be earned is not capped. Social Services employees are also paid unused sick leave upon termination; such pay is limited to the lesser of 25% of the unused balance or \$2,500.

Because the timing of the settlement of the liability for compensated absences is not estimable, the amount of vacation and sick pay not currently payable by the governmental funds is recorded as a current liability in the government-wide financial statements.

NOTE 9—COMPENSATED ABSENCES: (CONTINUED)

The balances at June 30, 2024 are:

	Beginning Balance	Increase (Decrease)	Ending Balance
Primary Government:			
Governmental Activities	\$ 242,091	\$ 33,088	\$ 275,179
Component Unit School Board	\$ 412,553	\$ 12,946	\$ 425,499

NOTE 10—PENSION PLAN:

Plan Description

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

The County’s plan has been allocated to the Rappahannock Water & Sewer Authority on the financial statements. However, note disclosures are consolidated for fiscal year June 30, 2024. Separate allocations will be reported going forward.

Benefit Structures

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

NOTE 10—PENSION PLAN: (CONTINUED)

Benefit Structures (Continued)

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

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.

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	53	27
Inactive members:		
Vested inactive members	9	4
Non-vested inactive members	20	19
Inactive members active elsewhere in VRS	50	5
Total inactive members	79	28
Active members	62	34
Total covered employees	194	89

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2024 was 12.46% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$490,302 and \$458,165 for the years ended June 30, 2024 and June 30, 2023, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2024 was 3.45% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$23,832 and \$22,923 for the years ended June 30, 2024 and June 30, 2023, respectively.

NOTE 10—PENSION PLAN: (CONTINUED)

Net Pension Liability/Asset

The net pension liability/asset (NPL/NPA) is calculated separately for each employer and represents that particular employer’s total pension liability determined in accordance with GASB Statement No. 68, less that employer’s fiduciary net position. The County’s and Component Unit School Board’s (nonprofessional) net pension liability/asset were measured as of June 30, 2023. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions – General Employees

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

Inflation	2.5%
Salary increases, including inflation	3.5% – 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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

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

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

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

Actuarial Assumptions – Public Safety Employee with Hazardous Duty Benefits

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

Inflation	2.5%
Salary increases, including inflation	3.5% – 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

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

Pre-Retirement:

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – Public Safety Employee with Hazardous Duty Benefits (Continued)

Mortality rates: (Continued)

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

All Others (Non 10 Largest) – Hazardous Duty:

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)***Long-Term Expected Rate of Return***

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

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

Discount Rate: (Continued)

contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2023, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 112% of the actuarially determined contribution rate. From July 1, 2023 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 18,720,031	\$ 17,740,159	\$ 979,872
Changes for the year:			
Service cost	\$ 463,189	\$ -	\$ 463,189
Interest	1,255,317	-	1,255,317
Differences between expected and actual experience	(178,898)	-	(178,898)
Contributions - employer	-	456,906	(456,906)
Contributions - employee	-	199,824	(199,824)
Net investment income	-	1,139,491	(1,139,491)
Benefit payments, including refunds of employee contributions	(1,171,864)	(1,171,864)	-
Administrative expenses	-	(11,487)	11,487
Other changes	-	454	(454)
Net changes	\$ 367,744	\$ 613,324	\$ (245,580)
Balances at June 30, 2023	\$ 19,087,775	\$ 18,353,483	\$ 734,292

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

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

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 2,952,232	\$ 3,169,822	\$ (217,590)
Changes for the year:			
Service cost	\$ 79,021	\$ -	\$ 79,021
Interest	199,608	-	199,608
Differences between expected and actual experience	(77,148)	-	(77,148)
Contributions - employer	-	23,624	(23,624)
Contributions - employee	-	39,611	(39,611)
Net investment income	-	202,356	(202,356)
Benefit payments, including refunds of employee contributions	(148,184)	(148,184)	-
Administrative expenses	-	(2,039)	2,039
Other changes	-	81	(81)
Net changes	\$ 53,297	\$ 115,449	\$ (62,152)
Balances at June 30, 2023	\$ 3,005,529	\$ 3,285,271	\$ (279,742)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County			
Net Pension Liability (Asset)	\$ 3,131,186	\$ 734,292	\$ (1,282,013)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 27,406	\$ (279,742)	\$ (542,825)

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2024, the County and Component Unit School Board (nonprofessional) recognized pension expense of (\$106,151) and (\$108,124), respectively. At June 30, 2024, 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	\$ -	\$ 131,837	\$ -	\$ 86,977
Net difference between projected and actual earnings on pension plan investments	-	284,127	-	48,479
Employer contributions subsequent to the measurement date	490,302	-	23,832	-
Total	\$ 490,302	\$ 415,964	\$ 23,832	\$ 135,456

\$490,302 and \$23,832 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2025	\$ (299,911)	\$ (109,744)
2026	(377,536)	(73,118)
2027	253,439	45,672
2028	8,044	1,734
2029	-	-
Thereafter	-	-

NOTE 10—PENSION PLAN: (CONTINUED)

Pension Plan Data

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

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2024 was 16.62% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,088,696 and \$1,125,031 for the years ended June 30, 2024 and June 30, 2023, respectively.

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

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

At June 30, 2024, the school division reported a liability of \$7,203,405 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion was .07127% as compared to .07009% at June 30, 2022.

NOTE 10—PENSION PLAN: (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)

For the year ended June 30, 2024, the school division recognized pension expense of \$735,901. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2024, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 618,779	\$ 281,108
Net difference between projected and actual earnings on pension plan investments	-	468,367
Change of assumptions	326,556	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	189,210	32,858
Employer contributions subsequent to the measurement date	1,088,696	-
Total	\$ 2,223,241	\$ 782,333

\$1,088,696 reported as deferred outflows of resources related to pensions resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2025	\$ (76,964)
2026	(338,040)
2027	607,187
2028	160,029
2029	-
Thereafter	-

NOTE 10—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

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

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

Mortality rates:

- Pre-Retirement:
 - Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males
- Post-Retirement:
 - Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females
- Post-Disablement:
 - Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females
- Beneficiaries and Survivors:
 - Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally
- Mortality Improvement:
 - Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the standard rates

NOTE 10—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

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

Net Pension Liability

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

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

NOTE 10—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Net Pension Liability: (Continued)

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

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 12,769,068	\$ 7,203,405	\$ 2,627,972

Pension Plan Fiduciary Net Position

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)**Primary Government and Component Unit School Board*****Aggregate Pension Information***

	VRS Pension Plans			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
<u>Primary Government</u>				
Primary Government	\$ 490,302	\$ 415,964	\$ 734,292	\$ (106,151)
Totals	<u>\$ 490,302</u>	<u>\$ 415,964</u>	<u>\$ 734,292</u>	<u>\$ (106,151)</u>
<u>Component Unit School Board</u>				
School Board Nonprofessional	\$ 23,832	\$ 135,456	\$ (279,742)	\$ (108,124)
School Board Professional	2,223,241	782,333	7,203,405	735,901
Totals	<u>\$ 2,247,073</u>	<u>\$ 917,789</u>	<u>\$ 6,923,663</u>	<u>\$ 627,777</u>

NOTE 11—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):***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 County's plan has been allocated to the Rappahannock Water & Sewer Authority on the financial statements. However, note disclosures are consolidated for fiscal year June 30, 2024. Separate allocations will be reported going forward.

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

NOTE 11—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

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.

HIC Plan Notes

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

Employees Covered by Benefit Terms

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

	<u>Primary Government Number</u>	<u>Component Unit School Board (nonprofessional) Number</u>
Inactive members or their beneficiaries currently receiving benefits	5	6
Vested inactive members	1	1
Active members	<u>17</u>	<u>32</u>
Total covered employees	<u>23</u>	<u>39</u>

NOTE 11—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

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 County’s contractually required employer contribution rate for the year ended June 30, 2024 was .17% of covered employee compensation. The Component Unit School Board (nonprofessional)’s contractually required employer contribution rate for the year ended June 30, 2024 was .03% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the HIC Plan were \$1,805 and \$1,617 for the years ended June 30, 2024 and June 30, 2023, respectively. Contributions from the Component Unit School Board (nonprofessional) to the HIC Plan were \$289 and \$262 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net HIC OPEB Liability

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

Actuarial Assumptions

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

Inflation	2.5%
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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 11—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 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, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 11—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 11—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

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

Discount Rate

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 11—HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Changes in Net HIC OPEB Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 40,322	\$ 30,506	\$ 9,816
Changes for the year:			
Service cost	\$ 613	\$ -	\$ 613
Interest	2,631	-	2,631
Differences between expected and actual experience	6,797	-	6,797
Contributions - employer	-	1,609	(1,609)
Net investment income	-	1,617	(1,617)
Benefit payments	(3,912)	(3,912)	-
Administrative expenses	-	(34)	34
Other changes	-	137	(137)
Net changes	\$ 6,129	\$ (583)	\$ 6,712
Balances at June 30, 2023	\$ 46,451	\$ 29,923	\$ 16,528

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 52,424	\$ 60,098	\$ (7,674)
Changes for the year:			
Service cost	\$ 936	\$ -	\$ 936
Interest	3,519	-	3,519
Differences between expected and actual experience	(3,890)	-	(3,890)
Contributions - employer	-	296	(296)
Net investment income	-	3,562	(3,562)
Benefit payments	(2,444)	(2,444)	-
Administrative expenses	-	(86)	86
Other changes	-	35	(35)
Net changes	\$ (1,879)	\$ 1,363	\$ (3,242)
Balances at June 30, 2023	\$ 50,545	\$ 61,461	\$ (10,916)

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 11—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

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

The following presents the County's HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the County's and Component Unit School Board (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%)
County's			
Net HIC OPEB Liability (Asset)	\$ 20,983	\$ 16,528	\$ 12,706
Component Unit School Board's (nonprofessional)			
Net HIC OPEB Liability (Asset)	\$ (6,127)	\$ (10,916)	\$ (15,033)

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

For the year ended June 30, 2024, the County recognized HIC Plan OPEB expense of \$6,110. The Component Unit School Board (nonprofessional) recognized HIC Plan OPEB expense of (\$3,758). At June 30, 2024, reported deferred outflows of resources and deferred inflows of resources related to the County and Component Unit School Board (nonprofessional)'s HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government		
Differences between expected and actual experience	\$ 7,441	\$ 827
Net difference between projected and actual earnings on HIC OPEB plan investments	-	290
Change in assumptions	7,094	-
Employer contributions subsequent to the measurement date	1,805	-
Total	\$ 16,340	\$ 1,117

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 11—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Component Unit School Board (nonprofessional)		
Differences between expected and actual experience	\$ 343	\$ 11,488
Net difference between projected and actual earnings on HIC OPEB plan investments	-	565
Change in assumptions	1,548	-
Employer contributions subsequent to the measurement date	289	-
Total	<u>\$ 2,180</u>	<u>\$ 12,053</u>

\$1,805 was reported as deferred outflows of resources related to the HIC OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2025. \$289 was reported as deferred outflows of resources related to the HIC OPEB resulting from the Component Unit School Board (nonprofessional)'s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred 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:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2025	\$ 4,457	\$ (3,753)
2026	3,512	(3,761)
2027	3,951	(2,085)
2028	1,498	(563)
2029	-	-
Thereafter	-	-

HIC Plan Data

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

NOTE 12—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.

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2024 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were \$83,983 and \$86,079 for the years ended June 30, 2024 and June 30, 2023, respectively.

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 12—TEACHER EMPLOYEE-HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Contributions: (Continued)

In June 2023, the Commonwealth made a special contribution of approximately \$4 million to the VRS Teacher HIC Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The school division's proportionate share is reflected in the State revenues of the financial statements.

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

At June 30, 2024, the school division reported a liability of \$864,346 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2023 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion of the VRS Teacher Employee HIC was .07013% as compared to .07016% at June 30, 2022.

For the year ended June 30, 2024, the school division recognized VRS Teacher Employee HIC OPEB expense of \$63,273. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 38,044
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	434	-
Change in assumptions	20,121	871
Change in proportionate share	27,310	16,994
Employer contributions subsequent to the measurement date	83,983	-
Total	\$ 131,848	\$ 55,909

NOTE 12—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: (Continued)

\$83,983 was reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30		
2025	\$	(6,777)
2026		(3,246)
2027		2,528
2028		954
2029		(1,631)
Thereafter		128

Actuarial Assumptions

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

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

Mortality Rates – Teachers

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

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

NOTE 12—TEACHER EMPLOYEE-HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers (Continued)

- Post-Disablement:
 - Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females
- Beneficiaries and Survivors:
 - Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally
- Mortality Improvement Scale:
 - Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2023, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,475,471
Plan Fiduciary Net Position		264,054
Teacher Employee net HIC OPEB Liability (Asset)	\$	1,211,417
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		17.90%

NOTE 12—TEACHER EMPLOYEE-HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Net Teacher Employee HIC OPEB Liability (Continued)

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.

Long-Term Expected Rate of Return

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

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

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

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

NOTE 12—TEACHER EMPLOYEE-HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Discount Rate

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

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	977,672	\$ 864,346	\$ 768,312

Teacher Employee HIC OPEB Fiduciary Net Position

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

NOTE 13—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 the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

The County's plan has been allocated to the Rappahannock Water & Sewer Authority on the financial statements. However, note disclosures are consolidated for fiscal year June 30, 2024. Separate allocations will be reported going forward.

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

Eligible Employees

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

Benefit Amounts

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

NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$22,508 and \$20,841 for the years ended June 30, 2024 and June 30, 2023, respectively, for the County; \$5,204 and \$4,707 for the years ended June 30, 2024 and June 30, 2023, respectively, for the School Board (nonprofessional); \$37,480 and \$38,415 for the years ended June 30, 2024 and June 30, 2023, respectively, for the School Board (professional).

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The entity's proportionate share is reflected in the State revenues of the financial statements.

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

At June 30, 2024, the entity reported a liability of \$196,448 for the County; \$44,375 for the School Board (nonprofessional); and \$362,193 for the School Board (professional) for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was .01638% as compared to .01670% at June 30, 2022 for the County. At June 30, 2023, the participating employer's proportion was .00370% as compared to .00360% at June 30, 2022 for the School Board (nonprofessional). At June 30, 2023, the participating employer's proportion was .03020% as compared to .03010% at June 30, 2022 for the School Board (professional).

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$11,582 (County), \$2,416 (School Board – nonprofessional), and \$13,578 (School Board – professional). 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.

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Primary Government		
Differences between expected and actual experience	\$ 19,620	\$ 5,963
Net difference between projected and actual earnings on GLI OPEB program investments	-	7,894
Change in assumptions	4,199	13,611
Changes in proportionate share	9,104	4,339
Employer contributions subsequent to the measurement date	22,508	-
Total	<u>\$ 55,431</u>	<u>\$ 31,807</u>
Component Unit School Board (nonprofessional)		
Differences between expected and actual experience	\$ 4,432	\$ 1,347
Net difference between projected and actual earnings on GLI OPEB program investments	-	1,783
Change in assumptions	949	3,074
Changes in proportionate share	2,085	226
Employer contributions subsequent to the measurement date	5,204	-
Total	<u>\$ 12,670</u>	<u>\$ 6,430</u>
Component Unit School Board (professional)		
Differences between expected and actual experience	\$ 36,174	\$ 10,994
Net difference between projected and actual earnings on GLI OPEB program investments	-	14,555
Change in assumptions	7,742	25,094
Changes in proportionate share	7,793	3,973
Employer contributions subsequent to the measurement date	37,480	-
Total	<u>\$ 89,189</u>	<u>\$ 54,616</u>

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 13—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)

\$22,508 (County), \$5,204 (School Board nonprofessional), and \$37,480 (School Board professional) were reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>	<u>Component Unit School Board (professional)</u>
2025	\$ 2,087	\$ 104	\$ (2,496)
2026	(6,890)	(1,465)	(13,432)
2027	3,622	1,153	8,201
2028	984	494	955
2029	1,313	750	3,865
Thereafter	-	-	-

Actuarial Assumptions

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

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

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers (Continued)

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

- Beneficiaries and Survivors:
 - Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years
- Mortality Improvement Scale:
 - Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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

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

NET GLI OPEB Liability

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

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

NET GLI OPEB Liability (Continued)

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

Long-Term Expected Rate of Return

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

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

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

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

NOTE 13—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 at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 291,197	\$ 196,448	\$ 119,842
School Board (nonprofessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 65,777	\$ 44,375	\$ 27,071
School Board (professional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 536,883	\$ 362,193	\$ 220,955

GLI Plan Fiduciary Net Position

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

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (OPEB):

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan):

County and Rappahannock Water and Sewer Authority

Plan Description

In addition to the pension benefits described in Note 10, the County administers a single-employer defined benefit healthcare plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County’s pension plans. The plan does not issue a publicly available financial report.

The County’s plan has been allocated to the Rappahannock Water & Sewer Authority on the financial statements. However, note disclosures are consolidated for fiscal year June 30, 2024. Separate allocations will be reported going forward.

Benefits Provided

Postemployment benefits that are provided to eligible retirees include Medical, Dental, and Life insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. In addition, the County provides a fixed basic death benefit for all retirees.

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 County Board. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2024 was \$0.

Total OPEB Liability

The County’s total OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60% per year as of June 30, 2023
Salary Increases	The salary increase rate used the VRS Teacher's salary increase assumption
Discount Rate	3.86% for accounting and funding disclosures as of June 30, 2023

The mortality rates for post-retirement retirees was calculated using the RP2014 Blue Collar Fully Generational Combined Healthy Table projected with Scale MP2014.

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

County and Rappahannock Water and Sewer Authority (Continued)

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The final equivalent single discount rate used for this year’s valuation is 3.86%.

Changes in Total OPEB Liability

		Primary Government Total OPEB Liability
Balances at June 30, 2022	\$	613,836
Changes for the year:		
Service cost		42,657
Interest		22,356
Experience losses		135,718
Changes in assumptions		(25,221)
Benefit payments		(9,890)
Net changes		165,620
Balances at June 30, 2023	\$	779,456

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

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

Rate		
1% Decrease (2.86%)	Current Discount Rate (3.86%)	1% Increase (4.86%)
\$ 902,519	\$ 779,456	\$ 678,436

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

County and Rappahannock Water and Sewer Authority (Continued)

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

The following presents the total OPEB liability of the County, 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 (3.04%) or one percentage point higher (5.04%) than the current healthcare cost trend rates:

Rates		
Healthcare Cost		
1% Decrease to (3.04%)	Trend (4.04%)	1% Increase to (5.04%)
\$ 654,340	\$ 779,456	\$ 940,202

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

For the year ended June 30, 2024, the County recognized OPEB expense in the amount of \$37,893. At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 116,096	\$ 47,498
Changes in assumptions	43,862	152,973
Total	\$ 159,958	\$ 200,471

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

Year Ended June 30	
2025	\$ (18,758)
2026	(34,020)
2027	(24,568)
2028	18,416
2029	18,417
Thereafter	-

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

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

School Board

Plan Description

In addition to the pension benefits described in Note 10, the School Board administers a single-employer defined benefit healthcare 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 Medical, Dental, and Life insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. In addition, the School Board provides a fixed basic death benefit for all retirees.

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2024 was \$22,837.

Total OPEB Liability

The School Board’s total OPEB liability was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of March 1, 2024, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions

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

Inflation	2.60% per year as of July 1, 2023
Salary Increases	The salary increase rate used the VRS Teacher's salary increase assumption
Discount Rate	3.97% for accounting and funding disclosures as of June 30, 2024

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

School Board (Continued)

Actuarial Assumptions (Continued)

The VRS demographic assumptions for teachers; and assumed no disability and no preretirement mortality.

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

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the 20-year GO bond index as of June 30, 2024. The final equivalent single discount rate used for this year’s valuation is 3.97%.

Changes in Total OPEB Liability

		Component Unit School Board Total OPEB Liability
Balances at June 30, 2023	\$	752,364
Changes for the year:		
Service cost		29,713
Interest		28,554
Changes in experience		(130,378)
Changes in assumptions		(6,252)
Benefit payments		(22,837)
Net changes		(101,200)
Balances at June 30, 2024	\$	651,164

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.97%) or one percentage point higher (4.97%) than the current discount rate:

Rate		
1% Decrease (2.97%)	Current Discount Rate (3.97%)	1% Increase (4.97%)
\$ 701,858	\$ 651,164	\$ 603,625

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

School Board (Continued)

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 (3.04%) or one percentage point higher (5.04%) than the current healthcare cost trend rates:

Rates		
1% Decrease to 3.04%	Healthcare Cost Trend (4.04%)	1% Increase to 5.04%
\$ 586,310	\$ 651,164	\$ 727,857

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

For the year ended June 30, 2024, the School Board recognized OPEB expense in the amount of (\$33,163). At June 30, 2024, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 33,217	\$ 277,197
Changes in assumptions	42,792	236,293
Total	\$ 76,009	\$ 513,490

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

School Board (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: (Continued)

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

Year Ended June 30	
2025	\$ (91,436)
2026	(90,564)
2027	(94,866)
2028	(106,151)
2029	(20,308)
Thereafter	(34,156)

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

Primary Government and Component Unit School Board

Aggregate OPEB Information

	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense
Primary Government				
VRS OPEB Plans:				
Group Life Insurance Program (Note 13):				
County	\$ 55,431	\$ 31,807	\$ 196,448	\$ 11,582
County Health Insurance Credit Program (Note 11)	16,340	1,117	16,528	6,110
County Stand-Alone Plan (Note 14)	159,958	200,471	779,456	37,893
Totals	<u>\$ 231,729</u>	<u>\$ 233,395</u>	<u>\$ 992,432</u>	<u>\$ 55,585</u>
Component Unit School Board				
VRS OPEB Plans:				
Group Life Insurance Program (Note 13):				
School Board Nonprofessional	\$ 12,670	\$ 6,430	\$ 44,375	\$ 2,416
School Board Professional	89,189	54,616	362,193	13,578
School Board Health Insurance Credit Program (Note 11)	2,180	12,053	(10,916)	(3,758)
Teacher Health Insurance Credit Program (Note 12)	131,848	55,909	864,346	63,273
School Stand-Alone Plan (Note 14)	76,009	513,490	651,164	(33,163)
Totals	<u>\$ 311,896</u>	<u>\$ 642,498</u>	<u>\$ 1,911,162</u>	<u>\$ 42,346</u>

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 15—LEASES:

The County has obtained various assets through long-term leases. The terms and conditions for these leases vary. The leases have fixed, periodic payments over the lease term. Individual lease information for long-term leases held as of June 30, 2024 is presented below:

Lease Description	Initial Term	Installments	Discount Rate
Copiers - Xerox	60 Months	\$103 per month	6.00%
Copiers - Xerox	60 Months	\$146 per month	6.00%
Copiers - Xerox	60 Months	\$206 per month	6.00%
Copiers - Ricoh USA	60 Months	\$1,632 annually	6.00%
Copiers - Xerox	60 Months	\$124 per month	6.00%
Copiers - Xerox	60 Months	\$91 per month	6.00%
Copiers - Xerox	60 Months	\$91 per month	6.00%
Toyota Camry	36 Months	\$479 per month	6.00%
DSS Office Space	16 Months	\$2,926 per month	6.00%
Tower Site	60 Months	\$361 per month	6.00%
Toyota Rav4	36 Months	\$652 per month	6.00%
Toyota Highlander	36 Months	\$609 per month	6.00%

The future principal and interest payments as of June 30, 2024 were as follows:

Primary Government - Lease Liabilities									
	FY25	FY26	FY27	FY28	FY29	FY30-34	FY35-39	FY40-44	Total
<u>Buildings</u>									
Principal	\$ 18,394	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	18,394
Interest	38	-	-	-	-	-	-	-	38
Total	\$ 18,432	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	18,432
<u>Vehicles</u>									
Principal	\$ 14,358	\$ 7,732	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	22,090
Interest	1,244	266	-	-	-	-	-	-	1,510
Total	\$ 15,602	\$ 7,998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	23,600
<u>Land Improvements</u>									
Principal	\$ 2,480	\$ 2,486	\$ 2,492	\$ 2,498	\$ 2,504	\$ 12,610	\$ 12,760	\$ 12,912	50,742
Interest	1,846	1,840	1,834	1,627	1,494	6,435	4,124	1,456	20,656
Total	\$ 4,326	\$ 4,326	\$ 4,326	\$ 4,125	\$ 3,998	\$ 19,045	\$ 16,884	\$ 14,368	71,398
<u>Copiers</u>									
Principal	\$ 13,817	\$ 8,759	\$ 7,479	\$ 3,504	\$ 1,324	\$ 2,539	\$ 4,706	\$ 7,225	49,353
Interest	719	389	120	74	65	46	40	37	1,490
Total	\$ 14,536	\$ 9,148	\$ 7,599	\$ 3,578	\$ 1,389	\$ 2,585	\$ 4,746	\$ 7,262	50,843
<u>Total Lease Liabilities</u>									
Principal	\$ 49,049	\$ 18,977	\$ 9,971	\$ 6,002	\$ 3,828	\$ 15,149	\$ 17,466	\$ 20,137	140,579
Interest	\$ 3,847	\$ 2,495	\$ 1,954	\$ 1,701	\$ 1,559	\$ 6,481	\$ 4,164	\$ 1,493	23,694

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 15—LEASES: (CONTINUED)

The School Board has obtained copiers through long-term leases. The terms and conditions for these leases vary. The leases have fixed, periodic payments over the lease term. Individual lease information for long-term leases held as of June 30, 2024 is presented below:

Lease Description	Initial Term	Installments	Discount Rate
Copiers - Ricoh USA	48 Months	\$539 per month	6.00%

The future principal and interest payments as of June 30, 2024 were as follows:

Fiscal Year	Component Unit School Board - Lease Liabilities		
	Copiers		Total
	Principal	Interest	
2025	\$ 2,690	\$ 7	\$ 2,697
Total	\$ 2,690	\$ 7	\$ 2,697

NOTE 16—UNAVAILABLE/DEFERRED/UNEARNED REVENUE:

Deferred Revenue/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, assessments for future periods are deferred.

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Primary Government:		
Unavailable/deferred revenue:		
Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	\$ -	\$ 1,032,471
Prepaid property taxes representing collections received for property taxes that are applicable to the subsequent budget year.	174,491	174,491
Total unavailable/deferred revenue	\$ 174,491	\$ 1,206,962

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 17—COMMITMENTS AND CONTINGENCIES:

Primary Government and Component Unit School Board:

Federal programs in which the County and its Component Unit School Board participate were audited in accordance with the provisions of Uniform Guidance. Pursuant to the provisions of this guidance, 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 18—LITIGATION:

At June 30, 2024, there are matters of litigation pending against the County. Counsel is of the opinion that no claim for damages will be awarded.

NOTE 19—SURETY BONDS:

Virginia Department of Risk Management & Surety:		
Kaitlin R. Struckmann, Clerk of the Circuit Court	\$	365,000
Debra Knick, Treasurer		300,000
Mary Graham, Commissioner of the Revenue		3,000
Connie S. Compton, Sheriff		30,000
Above constitutional officers' employees - blanket bond		50,000
Amy Rogers, Clerk of the School Board		10,000
Shannon Grimsley, Superintendent		10,000
United States Fidelity and Guaranty Company - Surety:		
All Department of Social Services Employees - blanket bond		100,000
Art Goff - Surety:		
Garrey W. Curry, Jr., County Administrator		1,000
Robert L. Whitson - Surety:		
Keir A. Whitson, Supervisor		1,000
James Donehey - Surety:		
Debbie P. Donehey, Supervisor		1,000
Kenneth A. Comer - Surety:		
Donna D. Comer, Supervisor		1,000
Ryan B. Allred - Surety:		
Christine Smith, Supervisor		1,000
Julia Carney - Surety:		
Van C. Carney, Supervisor		1,000

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 20—RISK MANAGEMENT:

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

The County contracts with the Virginia Association of Counties Municipal Liability Pool to provide for insurance coverages for these risks of loss. In the event of a loss deficit and depletion of all assets and available insurance of the Pool, the Pool may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The property coverage is for specific amounts based on values assigned to the insured properties. Liability coverage is for \$3,000,000.

The School Board contracts with private insurers for property and liability coverages. Property coverages are for specific property values and liability coverages are \$20,000,000 and \$2,000,000, respectively.

Unemployment Insurance:

The County and School Board are responsible for unemployment claims. The Virginia Employment Commission bills the County for all unemployment claims.

Employee Health Insurance:

The County and School Board have contracted with a private carrier for health insurance coverages.

Other:

The County and its component units have had no reductions in insurance coverages from the prior year. There have been no settlements in excess of insurance coverages for the past three years.

NOTE 21—ACCRUED LANDFILL REMEDIATION 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 for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$3,721,383 reported as landfill closure and postclosure care liability at June 30, 2024, represents the cumulative amount reported based on the use of 100% of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2024. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The landfill was closed in December 2007.

The County has demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code.

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 22—INTERGOVERNMENTAL AGREEMENTS:

In March 2020, the County entered into a Landfill Use Agreement with the County of Page (“Page”) that permits the County to use Page’s Battle Creek landfill for waste disposal, provides for recyclables receipt and processing, and provides services for waste and recyclables hauling all at rates defined by the agreement. The term of the agreement is ten-years with two five-year extension options. In fiscal year 2024, the County paid Page \$298,115 in connection with the agreement.

In September 2016, the County entered into a Public Safety Radio System Upgrade Project together with Fauquier County and Culpeper County. The contract and associated Board actions share the overall cost of the regional project on a 50/40/10 basis among Fauquier/Culpeper/Rappahannock respectively. Rappahannock County’s financial obligation for the project (10% of the total) is \$760,000. Following the warranty period, the County is responsible for 10% of the regional system maintenance cost. In FY 2024, the County paid L3Harris \$38,000, which equates to a 10% share of the annual maintenance service contract cost for the regional system.

NOTE 23—RELATED PARTY TRANSACTIONS:

The County pays the payroll for the Water and Sewer Authority, which then reimburses the County for the costs. The County recorded \$137,980 of such reimbursements in fiscal year 2024.

NOTE 24—DEFERRED COMPENSATION PLAN:

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan assets are not subject to claims from the County’s general creditors.

NOTE 25—EXPENDITURES AND APPROPRIATIONS:

Expenditures exceeded appropriations in the following functions of the General Fund: Education (\$50,796), and Nondepartmental (\$10,521), and Debt service (\$17,470).

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 26 –FUND BALANCE:

The following table provides additional information regarding the County's governmental fund balances as of June 30, 2024:

	General Fund	Library Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable fund balance:					
Prepaid items	\$ 60,635	\$ 450	\$ -	\$ -	\$ 61,085
Corpus of permanent fund	-	425,513	-	-	425,513
Total nonspendable fund balance	\$ 60,635	\$ 425,963	\$ -	\$ -	\$ 486,598
Restricted fund balance:					
Tourism	\$ 4,044	\$ -	\$ -	\$ -	\$ 4,044
Fire levy	355,678	-	-	-	355,678
Unspent grants and contributions	348,831	-	-	-	348,831
Total restricted fund balance	\$ 708,553	\$ -	\$ -	\$ -	\$ 708,553
Committed fund balance:					
Capital projects	\$ 1,692,521	\$ -	\$ -	\$ -	\$ 1,692,521
DSS relocation	74,800	-	-	-	74,800
Sheriff radios	7,545	-	-	-	7,545
Emergency medical transport	-	-	-	12,049	12,049
Library operations	-	1,489,590	-	-	1,489,590
Total committed fund balance	\$ 1,774,866	\$ 1,489,590	\$ -	\$ 12,049	\$ 3,276,505
Assigned fund balance:					
Future expenditures:					
General government administration	\$ 139,998	\$ -	\$ -	\$ -	\$ 139,998
Judicial administration	34,075	-	-	-	34,075
Public safety	10,000	-	-	-	10,000
Education	198,270	-	-	-	198,270
Parks, recreation and cultural	5,350	-	-	-	5,350
Community development	78,909	-	-	-	78,909
Debt service	190,255	-	-	-	190,255
Total assigned fund balance	\$ 656,857	\$ -	\$ -	\$ -	\$ 656,857
Unassigned fund balance	\$ 8,708,441	\$ -	\$ (3,826)	\$ -	\$ 8,704,615
Total fund balance	\$ 11,909,352	\$ 1,915,553	\$ (3,826)	\$ 12,049	\$ 13,833,128

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 27 – RESTATEMENT AND ADJUSTMENT OF BEGINNING BALANCES:

The County restated beginning balances to correct errors in the prior year and adjusted beginning balances to reflect the new component unit. The change resulted in the following restatement and adjustment of net position and fund balance:

	<u>Net Position</u> <u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>Fund Balance</u> <u>General</u> <u>Fund</u>	<u>Net Position</u> <u>Component Unit</u> <u>Water and Sewer</u> <u>Authority</u>
Balance, July 1, 2023, as previously stated	\$ 13,481,615	\$ 11,066,615	\$ -
Error correction:			
Prior year tax accrual reversal	(88,342)	(88,342)	-
Prior year accounts payable	<u>73,577</u>	<u>73,577</u>	<u>-</u>
Change in reporting entity:			
New discrete component unit	<u>-</u>	<u>-</u>	<u>343,199</u>
Balance, as restated and adjusted at July 1, 2023	<u>\$ 13,466,850</u>	<u>\$ 11,051,850</u>	<u>\$ 343,199</u>

NOTE 28—INTERFUND OBLIGATIONS:

Details of interfund receivables and payables as of June 30, 2024 are as follows

<u>Fund</u>	<u>Interfund</u> <u>Receivable</u>	<u>Interfund</u> <u>Payable</u>
General Fund	\$ 101,000	\$ -
ARPA Fund	<u>-</u>	<u>101,000</u>
Total	<u>\$ 101,000</u>	<u>\$ 101,000</u>

Details of obligations between the primary government and component units as of June 30, 2024 are as follows:

<u>Fund</u>	<u>Interfund</u> <u>Receivable</u>	<u>Interfund</u> <u>Payable</u>
Primary government - general fund	\$ 589,206	\$ -
Component unit - school board	-	575,952
Component unit - water and sewer authority	<u>-</u>	<u>13,254</u>
Total	<u>\$ 589,206</u>	<u>\$ 589,206</u>

NOTE 29—UPCOMING PRONOUNCEMENTS:

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

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

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

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

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Revenue from local sources:				
Property taxes:				
Real property taxes	\$ 10,663,990	\$ 10,663,990	\$ 10,671,904	\$ 7,914
Real and personal public service corporation property taxes	357,100	357,100	325,719	(31,381)
Personal property taxes	2,232,000	2,232,000	2,192,560	(39,440)
Mobile home taxes	700	700	347	(353)
Fire real property taxes	1,161,600	1,161,600	1,160,922	(678)
Fire personal property taxes	171,000	171,000	180,616	9,616
Penalties	102,660	102,660	126,568	23,908
Interest	104,000	104,000	160,684	56,684
Total property taxes	\$ 14,793,050	\$ 14,793,050	\$ 14,819,320	\$ 26,270
Other local taxes:				
Local sales and use taxes	\$ 1,037,000	\$ 1,037,000	\$ 1,026,855	\$ (10,145)
Consumers' utility taxes	178,000	178,000	180,562	2,562
Gross receipts tax	28,000	28,000	30,589	2,589
Motor vehicle licenses	210,000	210,000	211,245	1,245
Bank franchise taxes	122,000	122,000	100,800	(21,200)
Taxes on recordation of wills	200,000	200,000	126,495	(73,505)
Additional tax on deeds	56,000	56,000	40,643	(15,357)
Meals and lodging taxes	748,750	748,750	559,514	(189,236)
E-911 telephone tax	50,000	50,000	52,563	2,563
Total other local taxes	\$ 2,629,750	\$ 2,629,750	\$ 2,329,266	\$ (300,484)
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 7,500	\$ 7,500	\$ 6,344	\$ (1,156)
Zoning fees	23,000	23,000	28,400	5,400
Land use application fees	3,500	3,500	5,437	1,937
Building and related permits	149,000	149,000	151,070	2,070
Transfer fees	400	400	355	(45)
Other permits and fees	1,200	1,200	975	(225)
Total permits, privilege fees and regulatory licenses	\$ 184,600	\$ 184,600	\$ 192,581	\$ 7,981
Fines and forfeitures:				
Law library	\$ 750	\$ 750	\$ 744	\$ (6)
Court fines and forfeitures	115,000	115,000	129,685	14,685
Total fines and forfeitures	\$ 115,750	\$ 115,750	\$ 130,429	\$ 14,679
Revenue from use of money and property:				
Revenue from use of money	\$ 280,044	\$ 280,044	\$ 681,006	\$ 400,962
Revenue from use of property	3,200	3,200	4,894	1,694
Total revenue from use of money and property	\$ 283,244	\$ 283,244	\$ 685,900	\$ 402,656

Budgetary Comparison Schedule

General Fund (Continued)

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues (Continued):				
Revenue from local sources (continued):				
Charges for services:				
Sheriff fees	\$ 500	\$ 500	\$ 673	\$ 173
Charges for Commonwealth's Attorney	500	500	813	313
Charges for concealed weapons fees	7,000	7,000	4,622	(2,378)
Charges for courthouse security fees	55,000	55,000	80,964	25,964
Charges for courthouse maintenance fees	5,000	5,000	7,725	2,725
Other sheriff charges	9,700	9,700	10,308	608
Refuse disposal charges	20,000	20,000	30,576	10,576
Charges for landfill fees	5,500	5,500	7,708	2,208
Total charges for services	\$ 103,200	\$ 103,200	\$ 143,389	\$ 40,189
Miscellaneous:				
VPA refunds	\$ -	\$ -	\$ 15,258	\$ 15,258
Opioid settlements	-	-	28,890	28,890
Miscellaneous	55,385	63,879	48,841	(15,038)
Total miscellaneous	\$ 55,385	\$ 63,879	\$ 92,989	\$ 29,110
Recovered costs:				
Commonwealth jail costs	\$ -	\$ -	\$ 57,866	\$ 57,866
Sperryville staffing	23,587	23,588	25,836	2,248
Water and sewer authority	175,000	175,000	137,985	(37,015)
Total recovered costs	\$ 198,587	\$ 198,588	\$ 221,687	\$ 23,099
Total revenue from local sources	\$ 18,363,566	\$ 18,372,061	\$ 18,615,561	\$ 243,500
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications sales and use tax	\$ 240,000	\$ 240,000	\$ 226,167	\$ (13,833)
Forestry sustainability fund	23,547	-	-	-
Motor vehicle carrier's tax	100	100	-	(100)
Auto rental DMV	200	200	10	(190)
Personal property tax relief	945,168	945,168	945,168	-
Total noncategorical aid	\$ 1,209,015	\$ 1,185,468	\$ 1,171,345	\$ (14,123)

Budgetary Comparison Schedule
General Fund (Continued)
Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues (Continued):				
Intergovernmental (continued):				
Revenue from the Commonwealth (continued):				
Categorical aid:				
Shared Expenses:				
Commonwealth's attorney	\$ 197,800	\$ 199,969	\$ 204,880	\$ 4,911
Sheriff	763,000	796,663	780,883	(15,780)
Commissioner of the Revenue	103,900	104,641	103,844	(797)
Treasurer	91,635	105,538	106,588	1,050
Registrar/electoral board	63,000	63,000	69,068	6,068
Clerk of the Circuit Court	218,800	223,207	218,820	(4,387)
Total shared expenses	\$ 1,438,135	\$ 1,493,018	\$ 1,484,083	\$ (8,935)
Welfare:				
Welfare administration and assistance	\$ 530,696	\$ 534,522	\$ 402,039	\$ (132,483)
Other categorical aid:				
Wireless grant	\$ 16,952	\$ 39,702	\$ 37,016	\$ (2,686)
Litter control	2,000	8,591	8,591	-
Asset forfeiture	-	3,536	10,352	6,816
VJCCA grant	9,673	9,673	4,794	(4,879)
Comprehensive services	550,000	550,000	288,677	(261,323)
Records preservation grant	-	21,996	-	(21,996)
Four-for-life EMS	9,800	9,442	18,884	9,442
Fire programs	30,000	32,697	32,697	-
Commission for the Arts	-	4,500	4,500	-
Law enforcement	4,000	8,353	4,353	(4,000)
Total other categorical aid	\$ 622,425	\$ 688,490	\$ 409,864	\$ (278,626)
Total categorical aid	\$ 2,591,256	\$ 2,716,030	\$ 2,295,986	\$ (420,044)
Total revenue from the Commonwealth	\$ 3,800,271	\$ 3,901,498	\$ 3,467,331	\$ (434,167)
Revenue from the Federal Government:				
Payments in lieu of taxes	\$ 98,000	\$ 98,000	\$ 106,389	\$ 8,389
Categorical aid:				
Welfare:				
Administration and public assistance	\$ 914,335	\$ 914,335	\$ 776,630	\$ (137,705)

Budgetary Comparison Schedule

General Fund (Continued)

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues (Continued):				
Intergovernmental (continued):				
Revenue from the Federal Government (continued):				
Other categorical aid:				
Law enforcement grants	\$ 209,595	\$ 220,114	\$ 135,739	\$ (84,375)
Total other categorical aid	\$ 209,595	\$ 220,114	\$ 135,739	\$ (84,375)
Total categorical aid	\$ 1,123,930	\$ 1,134,449	\$ 912,369	\$ (222,080)
Total revenue from the Federal Government	\$ 1,221,930	\$ 1,232,449	\$ 1,018,758	\$ (213,691)
Total revenues	\$ 23,385,767	\$ 23,506,008	\$ 23,101,650	\$ (404,358)
Expenditures:				
Current:				
General government administration:				
Board of supervisors	\$ 465,810	\$ 291,991	\$ 179,140	\$ 112,851
County administrator	607,714	611,187	583,736	27,451
Legal services	68,553	68,553	59,260	9,293
Other professional services	76,905	76,905	80,610	(3,705)
Commissioner of the Revenue	322,536	325,109	272,647	52,462
Treasurer	384,901	405,320	373,301	32,019
Land use administration	5,630	5,630	651	4,979
Electoral board and officials	68,527	82,386	81,782	604
Registrar	202,971	204,225	203,378	847
Total general government administration	\$ 2,203,547	\$ 2,071,306	\$ 1,834,505	\$ 236,801
Judicial administration:				
Circuit court	\$ 24,083	\$ 24,083	\$ 19,636	\$ 4,447
General district court	19,939	19,992	7,639	12,353
Commissioner of accounts	6,270	6,270	5,757	513
Law library	750	750	699	51
Juvenile probation service unit	46,173	52,732	16,674	36,058
Victim and witness assistance	75,903	87,550	80,672	6,878
Clerk of the circuit court	352,413	377,302	317,092	60,210
Commonwealth attorney	338,061	389,072	361,118	27,954
Total judicial administration	\$ 863,592	\$ 957,751	\$ 809,287	\$ 148,464

Budgetary Comparison Schedule
General Fund (Continued)
Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures (Continued):				
Public safety:				
Sheriff	\$ 2,204,363	\$ 2,544,760	\$ 2,436,768	\$ 107,992
Contributions to fire departments and rescue squads	1,247,586	1,301,691	1,205,250	96,441
Forest fire extinction	8,544	8,544	8,544	-
Jail	435,000	435,000	423,106	11,894
Building inspector	241,410	246,246	248,698	(2,452)
Animal control	90,479	90,479	89,812	667
Medical examiner	500	500	120	380
Asset forfeiture	18,000	21,536	10,813	10,723
Emergency services	774,935	785,574	612,329	173,245
Radio communications	139,578	141,934	101,286	40,648
E-911	263,955	262,955	140,110	122,845
Total public safety	\$ 5,424,350	\$ 5,839,219	\$ 5,276,836	\$ 562,383
Public works:				
Landfill	\$ 701,347	\$ 714,501	\$ 662,467	\$ 52,034
General properties	324,123	328,729	321,154	7,575
Other property maintenance	8,400	8,400	5,923	2,477
Total public works	\$ 1,033,870	\$ 1,051,630	\$ 989,544	\$ 62,086
Health and welfare:				
Health department	\$ 197,002	\$ 197,002	\$ 194,095	\$ 2,907
Rappahannock-Rapidan Community Services Board	110,225	110,225	110,225	-
Public assistance and administration	1,940,537	1,949,553	1,438,373	511,180
Comprehensive Services Act	1,069,600	1,069,600	576,870	492,730
Total health and welfare	\$ 3,317,364	\$ 3,326,380	\$ 2,319,563	\$ 1,006,817
Education:				
Community college	\$ 7,372	\$ 7,372	\$ 7,372	-
Appropriation to public school system	9,416,560	9,416,560	9,467,356	(50,796)
Total education	\$ 9,423,932	\$ 9,423,932	\$ 9,474,728	\$ (50,796)
Parks, recreation and cultural:				
Park authority and others	\$ 31,000	\$ 31,000	\$ 31,000	-
Total parks, recreation and cultural	\$ 31,000	\$ 31,000	\$ 31,000	-

Budgetary Comparison Schedule
General Fund (Continued)
Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures (Continued):				
Community development:				
Planning commission	\$ 92,771	\$ 92,771	\$ 41,287	\$ 51,484
Zoning	104,161	110,715	108,371	2,344
Board of zoning appeals	15,000	15,000	7,206	7,794
Soil and water conservation district	26,318	26,318	26,318	-
VPI Extension Service	125,736	125,736	77,368	48,368
Public utility services	175,000	175,000	137,980	37,020
Tourism promotion	50,031	57,770	45,105	12,665
Total community development	\$ 589,017	\$ 603,310	\$ 443,635	\$ 159,675
Nondepartmental:				
Refunds and other	\$ -	\$ -	\$ 10,521	\$ (10,521)
Debt service:				
Principal	\$ -	\$ -	\$ 14,785	\$ (14,785)
Interest and fiscal charges	-	-	2,685	(2,685)
Total debt service	\$ -	\$ -	\$ 17,470	\$ (17,470)
Total expenditures	\$ 22,886,672	\$ 23,304,528	\$ 21,207,089	\$ 2,097,439
Excess (deficiency) of revenues over (under) expenditures	\$ 499,095	\$ 201,480	\$ 1,894,561	\$ 1,693,081
Other financing sources (uses):				
Transfers in	\$ 1,466,339	\$ 3,647,009	\$ -	\$ (3,647,009)
Transfers out	(1,965,434)	(3,848,489)	(1,037,059)	2,811,430
Total other financing sources (uses)	\$ (499,095)	\$ (201,480)	\$ (1,037,059)	\$ (835,579)
Net change in fund balance	\$ -	\$ -	\$ 857,502	\$ 857,502
Fund balance, beginning of year	\$ -	\$ -	\$ 11,066,615	\$ 11,066,615
Restatement - correction of error	-	-	(14,765)	(14,765)
Fund balance, beginning of year, as restated	\$ -	\$ -	\$ 11,051,850	\$ 11,051,850
Fund balance, end of year	\$ -	\$ -	\$ 11,909,352	\$ 11,909,352

The budgetary data presented above is on the modified accrual basis of accounting which is in accordance with generally accepted accounting principles.

Budgetary Comparison Schedule
Library Fund
Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Fines and forfeitures	\$ 1,200	\$ 1,200	\$ 1,909	\$ 709
Use of money and property	600	600	103,871	103,271
Miscellaneous	4,500	4,500	8,000	3,500
Intergovernmental:				
Revenue from the Commonwealth	<u>67,975</u>	<u>67,975</u>	<u>79,891</u>	<u>11,916</u>
Total revenues	<u>\$ 74,275</u>	<u>\$ 74,275</u>	<u>\$ 193,671</u>	<u>\$ 119,396</u>
Expenditures:				
Parks, Recreation and Cultural:				
Library administration	<u>\$ 478,613</u>	<u>\$ 478,613</u>	<u>\$ 424,735</u>	<u>\$ 53,878</u>
Total expenditures	<u>\$ 478,613</u>	<u>\$ 478,613</u>	<u>\$ 424,735</u>	<u>\$ 53,878</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (404,338)</u>	<u>\$ (404,338)</u>	<u>\$ (231,064)</u>	<u>\$ 173,274</u>
Other financing sources (uses):				
Transfers in	<u>\$ 304,338</u>	<u>\$ 304,338</u>	<u>\$ 312,703</u>	<u>\$ 8,365</u>
Net change in fund balance	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>	<u>\$ 81,639</u>	<u>\$ 181,639</u>
Fund balance, beginning of year	<u>100,000</u>	<u>100,000</u>	<u>1,833,914</u>	<u>1,733,914</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,915,553</u></u>	<u><u>\$ 1,915,553</u></u>

The budgetary data presented above is on the modified accrual basis of accounting which is in accordance with generally accepted accounting principles.

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

	2023	2022	2021	2020	2019
Total pension liability					
Service cost	\$ 463,189	\$ 427,060	\$ 383,161	\$ 385,776	\$ 383,417
Interest	1,255,317	1,221,407	1,177,460	1,090,614	1,068,345
Changes of assumptions	-	-	600,221	-	462,468
Differences between expected and actual experience	(178,898)	(150,126)	(1,088,807)	616,698	(144,370)
Benefit payments, including refunds of employee contributions	(1,171,864)	(892,323)	(803,733)	(809,230)	(940,152)
Net change in total pension liability	\$ 367,744	\$ 606,018	\$ 268,302	\$ 1,283,858	\$ 829,708
Total pension liability - beginning	18,720,031	18,114,013	17,845,711	16,561,853	15,732,145
Total pension liability - ending (a)	<u>\$ 19,087,775</u>	<u>\$ 18,720,031</u>	<u>\$ 18,114,013</u>	<u>\$ 17,845,711</u>	<u>\$ 16,561,853</u>
Plan fiduciary net position					
Contributions - employer	\$ 456,906	\$ 473,814	\$ 434,773	\$ 488,977	\$ 470,051
Contributions - employee	199,824	171,846	157,434	158,929	153,207
Net investment income	1,139,491	(15,989)	3,940,885	270,360	912,067
Benefit payments, including refunds of employee contributions	(1,171,864)	(892,323)	(803,733)	(809,230)	(940,152)
Administrative expense	(11,487)	(11,322)	(9,749)	(9,246)	(9,137)
Other	454	(111,181)	372	(325)	(571)
Net change in plan fiduciary net position	\$ 613,324	\$ (385,155)	\$ 3,719,982	\$ 99,465	\$ 585,465
Plan fiduciary net position - beginning	17,740,159	18,125,314	14,405,332	14,305,867	13,720,402
Plan fiduciary net position - ending (b)	<u>\$ 18,353,483</u>	<u>\$ 17,740,159</u>	<u>\$ 18,125,314</u>	<u>\$ 14,405,332</u>	<u>\$ 14,305,867</u>
County's net pension liability (asset) - ending (a) - (b)	\$ 734,292	\$ 979,872	\$ (11,301)	\$ 3,440,379	\$ 2,255,986
Plan fiduciary net position as a percentage of the total pension liability	96.15%	94.77%	100.06%	80.72%	86.38%
Covered payroll	\$ 3,859,401	\$ 3,627,374	\$ 3,334,273	\$ 3,341,739	\$ 3,194,805
County's net pension liability (asset) as a percentage of covered payroll	19.03%	27.01%	-0.34%	102.95%	70.61%

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

Primary Government

For the Measurement Dates of June 30, 2014 through June 30, 2023

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 338,030	\$ 354,156	\$ 342,047	\$ 369,206	\$ 370,323
Interest	1,012,216	976,714	944,521	897,349	842,948
Changes of assumptions	-	(229,279)	-	-	-
Differences between expected and actual experience	277,262	150,402	(137,274)	(64,310)	-
Benefit payments, including refunds of employee contributions	(711,183)	(778,449)	(600,361)	(456,350)	(415,886)
Net change in total pension liability	\$ 916,325	\$ 473,544	\$ 548,933	\$ 745,895	\$ 797,385
Total pension liability - beginning	14,815,820	14,342,276	13,793,343	13,047,448	12,250,063
Total pension liability - ending (a)	\$ 15,732,145	\$ 14,815,820	\$ 14,342,276	\$ 13,793,343	\$ 13,047,448
Plan fiduciary net position					
Contributions - employer	\$ 326,784	\$ 310,711	\$ 348,637	\$ 347,257	\$ 285,405
Contributions - employee	139,271	132,741	139,934	139,498	152,309
Net investment income	956,902	1,445,911	208,058	521,580	1,547,322
Benefit payments, including refunds of employee contributions	(711,183)	(778,449)	(600,361)	(456,350)	(415,886)
Administrative expense	(8,285)	(8,537)	(7,347)	(7,005)	(8,229)
Other	(852)	(1,272)	(87)	(112)	82
Net change in plan fiduciary net position	\$ 702,637	\$ 1,101,105	\$ 88,834	\$ 544,868	\$ 1,561,003
Plan fiduciary net position - beginning	13,017,765	11,916,660	11,827,826	11,282,958	9,721,955
Plan fiduciary net position - ending (b)	\$ 13,720,402	\$ 13,017,765	\$ 11,916,660	\$ 11,827,826	\$ 11,282,958
County's net pension liability (asset) - ending (a) - (b)	\$ 2,011,743	\$ 1,798,055	\$ 2,425,616	\$ 1,965,517	\$ 1,764,490
Plan fiduciary net position as a percentage of the total pension liability	87.21%	87.86%	83.09%	85.75%	86.48%
Covered payroll	\$ 2,883,532	\$ 2,736,390	\$ 2,858,674	\$ 2,810,867	\$ 3,006,863
County's net pension liability (asset) as a percentage of covered payroll	69.77%	65.71%	84.85%	69.93%	58.68%

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

	2023	2022	2021	2020	2019
Total pension liability					
Service cost	\$ 79,021	\$ 57,929	\$ 58,471	\$ 57,041	\$ 53,925
Interest	199,608	204,216	187,978	190,858	185,625
Changes of assumptions	-	-	80,709	-	64,475
Differences between expected and actual experience	(77,148)	(210,536)	(5,268)	(140,280)	36,521
Benefit payments, including refunds of employee contributions	(148,184)	(133,733)	(144,773)	(155,812)	(173,787)
Net change in total pension liability	\$ 53,297	\$ (82,124)	\$ 177,117	\$ (48,193)	\$ 166,759
Total pension liability - beginning	2,952,232	3,034,356	2,857,239	2,905,432	2,738,673
Total pension liability - ending (a)	<u>\$ 3,005,529</u>	<u>\$ 2,952,232</u>	<u>\$ 3,034,356</u>	<u>\$ 2,857,239</u>	<u>\$ 2,905,432</u>
Plan fiduciary net position					
Contributions - employer	\$ 23,624	\$ 39,980	\$ 38,085	\$ 51,833	\$ 50,171
Contributions - employee	39,611	34,787	33,266	33,178	31,820
Net investment income	202,356	(3,442)	704,311	49,123	166,907
Benefit payments, including refunds of employee contributions	(148,184)	(133,733)	(144,773)	(155,812)	(173,787)
Administrative expense	(2,039)	(2,011)	(1,774)	(1,720)	(1,703)
Other	81	74	66	(59)	(105)
Net change in plan fiduciary net position	\$ 115,449	\$ (64,345)	\$ 629,181	\$ (23,457)	\$ 73,303
Plan fiduciary net position - beginning	3,169,822	3,234,167	2,604,986	2,628,443	2,555,140
Plan fiduciary net position - ending (b)	<u>\$ 3,285,271</u>	<u>\$ 3,169,822</u>	<u>\$ 3,234,167</u>	<u>\$ 2,604,986</u>	<u>\$ 2,628,443</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (279,742)	\$ (217,590)	\$ (199,811)	\$ 252,253	\$ 276,989
Plan fiduciary net position as a percentage of the total pension liability	109.31%	107.37%	106.58%	91.17%	90.47%
Covered payroll	\$ 871,708	\$ 772,701	\$ 726,420	\$ 722,142	\$ 696,950
School Division's net pension liability (asset) as a percentage of covered payroll	-32.09%	-28.16%	-27.51%	34.93%	39.74%

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

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 57,404	\$ 60,047	\$ 65,338	\$ 68,699	\$ 66,946
Interest	175,556	178,386	180,558	176,371	172,252
Changes of assumptions	-	(27,742)	-	-	-
Differences between expected and actual experience	86,307	(82,570)	(129,033)	(11,422)	-
Benefit payments, including refunds of employee contributions	(177,060)	(160,067)	(135,693)	(211,984)	(148,739)
Net change in total pension liability	\$ 142,207	\$ (31,946)	\$ (18,830)	\$ 21,664	\$ 90,459
Total pension liability - beginning	2,596,466	2,628,412	2,647,242	2,625,578	2,535,119
Total pension liability - ending (a)	\$ 2,738,673	\$ 2,596,466	\$ 2,628,412	\$ 2,647,242	\$ 2,625,578
Plan fiduciary net position					
Contributions - employer	\$ 50,225	\$ 51,623	\$ 68,526	\$ 60,727	\$ 74,895
Contributions - employee	30,736	31,684	32,238	31,235	34,236
Net investment income	180,134	273,195	38,857	100,673	314,954
Benefit payments, including refunds of employee contributions	(177,060)	(160,067)	(135,693)	(211,984)	(148,739)
Administrative expense	(1,600)	(1,618)	(1,409)	(1,479)	(1,718)
Other	(159)	(242)	(17)	(21)	17
Net change in plan fiduciary net position	\$ 82,276	\$ 194,575	\$ 2,502	\$ (20,849)	\$ 273,645
Plan fiduciary net position - beginning	2,472,864	2,278,289	2,275,787	2,296,636	2,022,991
Plan fiduciary net position - ending (b)	\$ 2,555,140	\$ 2,472,864	\$ 2,278,289	\$ 2,275,787	\$ 2,296,636
School Division's net pension liability (asset) - ending (a) - (b)	\$ 183,533	\$ 123,602	\$ 350,123	\$ 371,455	\$ 328,942
Plan fiduciary net position as a percentage of the total pension liability	93.30%	95.24%	86.68%	85.97%	87.47%
Covered payroll	\$ 668,930	\$ 672,593	\$ 666,184	\$ 636,899	\$ 643,424
School Division's net pension liability (asset) as a percentage of covered payroll	27.44%	18.38%	52.56%	58.32%	51.12%

Schedule of Employer's Share of Net Pension Liability (Asset) VRS Teacher Retirement Plan
For the Measurement Dates of June 30, 2014 through June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.07%	0.07%	0.07%	0.07%	0.07%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 7,203,405	\$ 6,672,988	\$ 5,446,589	\$ 9,964,183	\$ 9,104,481
Employer's Covered Payroll	7,113,929	6,538,634	6,217,610	5,995,676	6,063,155
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	101.26%	102.05%	87.60%	166.19%	150.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.45%	82.61%	85.46%	71.47%	73.51%

Schedule of Employer's Share of Net Pension Liability (Asset) VRS Teacher Retirement Plan
For the Measurement Dates of June 30, 2014 through June 30, 2023

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.07%	0.07%	0.07%	0.07%	0.08%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 8,208,000	\$ 8,958,000	\$ 10,348,000	\$ 9,377,000	\$ 9,212,000
Employer's Covered Payroll	5,760,851	6,032,425	5,750,245	4,956,344	5,612,925
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	142.48%	148.50%	179.96%	189.19%	164.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	72.92%	68.28%	70.68%	70.88%

Schedule of Employer Contributions - Pension Plans
 Years Ended June 30, 2015 through June 30, 2024

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2024	\$ 490,302	\$ 490,302	\$ -	\$ 4,168,175	11.76%
2023	458,165	458,165	-	3,859,401	11.87%
2022	474,814	474,814	-	3,627,374	13.09%
2021	434,773	434,773	-	3,334,273	13.04%
2020	488,977	488,977	-	3,341,739	14.63%
2019	470,051	470,051	-	3,194,805	14.71%
2018	332,438	332,438	-	2,883,532	11.53%
2017	310,480	310,480	-	2,736,390	11.35%
2016	354,761	354,761	-	2,858,674	12.41%
2015	348,829	348,829	-	2,810,867	12.41%
Component Unit School Board (nonprofessional)					
2024	\$ 23,832	\$ 23,832	\$ -	\$ 963,724	2.47%
2023	22,923	22,923	-	871,708	2.63%
2022	40,523	40,523	-	772,701	5.24%
2021	38,085	38,085	-	726,420	5.24%
2020	51,948	51,948	-	722,142	7.19%
2019	50,171	50,171	-	696,950	7.20%
2018	50,266	50,266	-	668,930	7.51%
2017	53,039	53,039	-	672,593	7.89%
2016	69,749	69,749	-	666,184	10.47%
2015	66,683	66,683	-	636,899	10.47%
Component Unit School Board (professional)					
2024	\$ 1,088,696	\$ 1,088,696	\$ -	\$ 6,940,715	15.69%
2023	1,125,031	1,125,031	-	7,113,929	15.81%
2022	1,041,212	1,041,212	-	6,538,634	15.92%
2021	992,623	992,623	-	6,217,610	15.96%
2020	909,878	909,878	-	5,995,676	15.18%
2019	880,877	880,877	-	6,063,155	14.53%
2018	891,929	891,929	-	5,760,851	15.48%
2017	820,730	820,730	-	6,032,425	13.61%
2016	793,976	793,976	-	5,750,245	13.81%
2015	803,179	803,179	-	4,956,344	16.21%

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

Notes to Required Supplementary Information - Pension Plans
Year Ended June 30, 2024

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

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

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

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

All Others (Non 10 Largest) – Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

Schedule of Changes in the County's Net OPEB Liability (Asset) and Related Ratios
 Health Insurance Credit (HIC) Plan
 Primary Government
 For the Measurement Dates of June 30, 2018 through June 30, 2023

	2023	2022	2021	2020	2019	2018
Total HIC OPEB Liability						
Service cost	\$ 613	\$ 1,075	\$ 722	\$ 795	\$ 764	\$ 449
Interest	2,631	1,895	2,016	2,078	1,918	1,357
Differences between expected and actual experience	6,797	2,603	(1,817)	670	3,350	-
Changes in assumptions	-	10,143	903	-	824	8,964
Benefit payments	(3,912)	(4,779)	(4,636)	(4,269)	(2,657)	(2,873)
Net change in total HIC OPEB liability	\$ 6,129	\$ 10,937	\$ (2,812)	\$ (726)	\$ 4,199	\$ 7,897
Total HIC OPEB Liability - beginning	40,322	29,385	32,197	32,923	28,724	20,827
Total HIC OPEB Liability - ending (a)	\$ 46,451	\$ 40,322	\$ 29,385	\$ 32,197	\$ 32,923	\$ 28,724
Plan fiduciary net position						
Contributions - employer	\$ 1,609	\$ 1,259	\$ 1,080	\$ 553	\$ 535	\$ 116
Net investment income	1,617	113	6,895	599	1,939	2,223
Benefit payments	(3,912)	(4,779)	(4,636)	(4,269)	(2,657)	(2,873)
Administrative expense	(34)	(50)	(72)	(53)	(41)	(50)
Other	137	2,565	-	-	(2)	(173)
Net change in plan fiduciary net position	\$ (583)	\$ (892)	\$ 3,267	\$ (3,170)	\$ (226)	\$ (757)
Plan fiduciary net position - beginning	30,506	31,398	28,131	31,301	31,527	32,284
Plan fiduciary net position - ending (b)	\$ 29,923	\$ 30,506	\$ 31,398	\$ 28,131	\$ 31,301	\$ 31,527
County's net HIC OPEB liability (asset) - ending (a) - (b)	\$ 16,528	\$ 9,816	\$ (2,013)	\$ 4,066	\$ 1,622	\$ (2,803)
Plan fiduciary net position as a percentage of the total HIC OPEB liability	64.42%	75.66%	106.85%	87.37%	95.07%	109.76%
Covered payroll	\$ 951,229	\$ 899,419	\$ 771,511	\$ 789,634	\$ 763,482	\$ 616,169
County's net HIC OPEB liability as a percentage of covered payroll	1.74%	1.09%	-0.26%	0.51%	0.21%	-0.45%

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

Schedule of Changes in the County's Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan
Component Unit School Board (nonprofessional)
For the Measurement Dates of June 30, 2018 through June 30, 2023

	2023	2022	2021	2020	2019	2018
Total HIC OPEB Liability						
Service cost	\$ 936	\$ 954	\$ 1,263	\$ 1,182	\$ 1,125	\$ 1,528
Interest	3,519	4,076	3,803	3,932	4,134	4,523
Changes of benefit terms	-	-	-	959	-	-
Differences between expected and actual experience	(3,890)	(12,997)	928	(4,286)	(3,267)	(6,976)
Changes in assumptions	-	2,323	325	-	1,190	-
Benefit payments	(2,444)	(2,730)	(3,715)	(3,703)	(4,261)	(4,989)
Net change in total HIC OPEB liability	\$ (1,879)	\$ (8,374)	\$ 2,604	\$ (1,916)	\$ (1,079)	\$ (5,914)
Total HIC OPEB Liability - beginning	52,424	60,798	58,194	60,110	61,189	67,103
Total HIC OPEB Liability - ending (a)	\$ 50,545	\$ 52,424	\$ 60,798	\$ 58,194	\$ 60,110	\$ 61,189
Plan fiduciary net position						
Contributions - employer	\$ 296	\$ 2,214	\$ 2,106	\$ 3,321	\$ 3,205	\$ 4,683
Net investment income	3,562	71	12,641	944	2,973	3,662
Benefit payments	(2,444)	(2,730)	(3,715)	(3,703)	(4,261)	(4,989)
Administrative expense	(86)	(104)	(146)	(93)	(64)	(74)
Other	35	645	-	-	(551)	(222)
Net change in plan fiduciary net position	\$ 1,363	\$ 96	\$ 10,886	\$ 469	\$ 1,302	\$ 3,060
Plan fiduciary net position - beginning	60,098	60,002	49,116	48,647	47,345	44,285
Plan fiduciary net position - ending (b)	\$ 61,461	\$ 60,098	\$ 60,002	\$ 49,116	\$ 48,647	\$ 47,345
School Division's net HIC OPEB liability (asset) - ending (a) - (b)	\$ (10,916)	\$ (7,674)	\$ 796	\$ 9,078	\$ 11,463	\$ 13,844
Plan fiduciary net position as a percentage of the total HIC OPEB liability	121.60%	114.64%	98.69%	84.40%	80.93%	77.38%
Covered payroll	\$ 871,708	\$ 772,701	\$ 726,420	\$ 722,142	\$ 696,950	\$ 668,930
School Division's net HIC OPEB liability (asset) as a percentage of covered payroll	-1.25%	-0.99%	0.11%	1.26%	1.64%	2.07%

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

Schedule of Employer Contributions
Health Insurance Credit (HIC) Plan
Years Ended June 30, 2018 through June 30, 2024

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2024	\$ 1,805	\$ 1,805	\$ -	\$ 1,061,594	0.17%
2023	1,617	1,617	-	951,229	0.17%
2022	1,259	1,259	-	899,419	0.14%
2021	1,080	1,080	-	771,511	0.14%
2020	553	553	-	789,634	0.07%
2019	534	534	-	763,482	0.07%
2018	142	142	-	616,169	0.02%
Component Unit School Board (nonprofessional)					
2024	\$ 289	\$ 289	\$ -	\$ 963,724	0.03%
2023	262	262	-	871,708	0.03%
2022	2,241	2,241	-	772,701	0.29%
2021	2,107	2,107	-	726,420	0.29%
2020	3,322	3,322	-	722,142	0.46%
2019	3,206	3,206	-	696,950	0.46%
2018	4,678	4,678	-	668,930	0.70%

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

Notes to Required Supplementary Information
 Health Insurance Credit (HIC) Plan
 Year Ended June 30, 2024

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

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

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

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2023	0.07013%	\$ 864,346	\$ 7,113,929	12.15%	17.90%
2022	0.07016%	876,331	6,538,634	13.40%	15.08%
2021	0.07030%	902,349	6,217,610	14.51%	13.15%
2020	0.06839%	892,159	5,995,676	14.88%	9.95%
2019	0.06916%	905,372	5,800,973	15.61%	8.97%
2018	0.06977%	886,000	5,642,823	15.70%	8.08%
2017	0.07255%	920,000	5,725,695	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.

Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
Years Ended June 30, 2015 through June 30, 2024

Date	Contributions in Relation to		Contribution Deficiency (Excess)	Employer's		Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)		Covered Payroll (4)		
2024	\$ 83,983	83,983	\$ -	\$ 6,940,715		1.21%
2023	86,079	86,079	-	7,113,929		1.21%
2022	79,117	79,117	-	6,538,634		1.21%
2021	75,233	75,233	-	6,217,610		1.21%
2020	71,948	71,948	-	5,995,676		1.20%
2019	69,612	69,612	-	5,800,973		1.20%
2018	69,407	69,407	-	5,642,823		1.23%
2017	63,555	63,555	-	5,725,695		1.11%
2016	59,678	59,678	-	5,630,041		1.06%
2015	58,715	58,715	-	5,539,166		1.06%

Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
Year Ended June 30, 2024

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

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

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

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2023	0.01638%	\$ 196,448	\$ 3,859,401	5.09%	69.30%
2022	0.01670%	200,843	3,627,374	5.54%	67.21%
2021	0.01620%	188,030	3,334,273	5.64%	67.45%
2020	0.01630%	271,352	3,346,889	8.11%	52.64%
2019	0.01630%	265,245	3,194,805	8.30%	52.00%
2018	0.01517%	230,000	2,883,532	7.98%	51.22%
2017	0.01483%	223,000	2,736,390	8.15%	48.86%
Component Unit School Board (nonprofessional)					
2023	0.00370%	\$ 44,375	\$ 871,708	5.09%	69.30%
2022	0.00360%	42,745	772,701	5.53%	67.21%
2021	0.00350%	40,983	726,420	5.64%	67.45%
2020	0.00350%	58,576	722,142	8.11%	52.64%
2019	0.00360%	57,767	696,950	8.29%	52.00%
2018	0.00352%	54,000	668,930	8.07%	51.22%
2017	0.00365%	55,000	672,593	8.18%	48.86%
Component Unit School Board (professional)					
2023	0.03006%	\$ 362,193	\$ 7,113,929	5.09%	69.30%
2022	0.03010%	361,951	6,538,634	5.54%	67.21%
2021	0.03010%	350,562	6,217,610	5.64%	67.45%
2020	0.02930%	488,301	6,021,347	8.11%	52.64%
2019	0.02959%	481,509	5,800,973	8.30%	52.00%
2018	0.02967%	451,000	5,642,823	7.99%	51.22%
2017	0.03104%	467,000	5,725,695	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.

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

Years Ended June 30, 2015 through June 30, 2024

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2024	\$ 22,508	\$ 22,508	\$ -	\$ 4,168,175	0.54%
2023	20,841	20,841	-	3,859,401	0.54%
2022	19,588	19,588	-	3,627,374	0.54%
2021	18,005	18,005	-	3,334,273	0.54%
2020	17,404	17,404	-	3,346,889	0.52%
2019	16,613	16,613	-	3,194,805	0.52%
2018	15,113	15,113	-	2,883,532	0.52%
2017	14,229	14,229	-	2,736,390	0.52%
2016	13,722	13,722	-	2,858,674	0.48%
2015	13,492	13,492	-	2,810,867	0.48%
Component Unit School Board (nonprofessional)					
2024	\$ 5,204	\$ 5,204	\$ -	\$ 963,724	0.54%
2023	4,707	4,707	-	871,708	0.54%
2022	4,173	4,173	-	772,701	0.54%
2021	3,923	3,923	-	726,420	0.54%
2020	3,755	3,755	-	722,142	0.52%
2019	3,624	3,624	-	696,950	0.52%
2018	3,501	3,501	-	668,930	0.52%
2017	3,497	3,497	-	672,593	0.52%
2016	3,198	3,198	-	666,184	0.48%
2015	3,057	3,057	-	636,899	0.48%
Component Unit School Board (professional)					
2024	\$ 37,480	\$ 37,480	\$ -	\$ 6,940,715	0.54%
2023	38,415	38,415	-	7,113,929	0.54%
2022	35,309	35,309	-	6,538,634	0.54%
2021	33,575	33,575	-	6,217,610	0.54%
2020	31,311	31,311	-	6,021,347	0.52%
2019	30,165	30,165	-	5,800,973	0.52%
2018	29,573	29,573	-	5,642,823	0.52%
2017	29,774	29,774	-	5,725,695	0.52%
2016	27,181	27,181	-	5,662,753	0.48%
2015	26,645	26,645	-	5,551,020	0.48%

Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
Year Ended June 30, 2024

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

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of Changes in Total OPEB Liability and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2017 through June 30, 2023

	2017	2018	2019	2020	2021	2022	2023
Total OPEB liability							
Service cost	\$ 41,607	\$ 35,981	\$ 37,016	\$ 44,823	\$ 55,131	\$ 65,380	\$ 42,657
Interest	19,197	22,499	24,135	20,333	18,762	14,654	22,356
Changes in assumptions	(83,487)	(4,409)	(3,118)	79,290	70,007	(219,928)	(25,221)
Differences between expected and actual experience	-	2,981	(38,691)	(2,984)	(117,252)	4,996	135,718
Benefit payments	(31,000)	(16,848)	(30,690)	(26,316)	(33,378)	(23,946)	(9,890)
Net change in total OPEB liability	\$ (53,683)	\$ 40,204	\$ (11,348)	\$ 115,146	\$ (6,730)	\$ (158,844)	\$ 165,620
Total OPEB liability - beginning	689,091	635,408	675,612	664,264	779,410	772,680	613,836
Total OPEB liability - ending	<u>\$ 635,408</u>	<u>\$ 675,612</u>	<u>\$ 664,264</u>	<u>\$ 779,410</u>	<u>\$ 772,680</u>	<u>\$ 613,836</u>	<u>\$ 779,456</u>
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
County's total OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Notes to Required Supplementary Information - Primary Government OPEB
Year Ended June 30, 2024

Valuation Date: 7/1/2023
Measurement Date: 6/30/2023

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.86% as of June 30, 2023
Inflation	2.60% per year as of June 30, 2023
Healthcare Trend Rate	The healthcare trend rate assumption starts at 7.50% in 2023 and gradually increases to 5.29% by the year 2030; and decreases to 4.54% by 2050
Salary Increase Rates	The salary increase rate used the VRS Teacher's salary increase assumption
Retirement Age	The average age at retirement is 62
Mortality Rates	The VRS demographic assumptions for teachers; and assumed no disability and no preretirement mortality.

Schedule of Changes in Total OPEB Liability and Related Ratios
 Component Unit - School Board
 For the Measurement Dates of June 30, 2018 through June 30, 2024

	2018	2019	2020	2021	2022	2023	2024
Total OPEB liability							
Service cost	\$ 46,431	\$ 47,929	\$ 55,269	\$ 75,377	\$ 86,852	\$ 29,603	\$ 29,713
Interest	29,848	31,840	30,629	27,583	24,191	26,590	28,554
Changes in assumptions	(3,547)	46,708	1,715	60,949	(389,891)	(10,617)	(6,252)
Differences between expected and actual experience	(3,395)	(12,277)	88,582	(16,900)	(249,578)	(11,980)	(130,378)
Benefit payments	(23,000)	(15,200)	(27,912)	(12,531)	(12,216)	(15,640)	(22,837)
Net change in total OPEB liability	\$ 46,337	\$ 99,000	\$ 148,283	\$ 134,478	\$ (540,642)	\$ 17,956	\$ (101,200)
Total OPEB liability - beginning	846,952	893,289	992,289	1,140,572	1,275,050	734,408	752,364
Total OPEB liability - ending	<u>\$ 893,289</u>	<u>\$ 992,289</u>	<u>\$ 1,140,572</u>	<u>\$ 1,275,050</u>	<u>\$ 734,408</u>	<u>\$ 752,364</u>	<u>\$ 651,164</u>
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
School Board's total OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Notes to Required Supplementary Information - School Board OPEB
Year Ended June 30, 2024

Valuation Date: 3/1/2024
Measurement Date: 6/30/2024

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 normal level % of salary
Discount Rate	3.97% as of June 30, 2024
Inflation	2.60% per year as of June 30, 2024
Healthcare Trend Rate	The healthcare trend rate assumption starts at 7.50% in 2023 and gradually decreases to 4.54% by the year 2050; and decreases to 4.04% by 2075
Salary Increase Rates	The salary increase rate used the VRS Teacher's salary increase assumption
Retirement Age	The average age at retirement is 62
Mortality Rates	The VRS demographic assumptions for teachers; and assumed no disability and no preretirement mortality.

Other Supplementary Information

Budgetary Comparison Schedule
Capital Projects Fund
Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Expenditures:				
General government administration				
Space needs project	\$ -	\$ 258,847	\$ 12,062	\$ 246,785
Leachate collection upgrade	-	88,300	65,000	23,300
Pole-mounted speed signs	-	30,000	29,864	136
Building envelope repairs	-	1,000,000	11,300	988,700
County administration vehicle	-	29,473	29,473	-
County PayGo project	88,080	43,861	-	43,861
County administration GIS	-	31,000	19,608	11,392
Generator project	-	100,000	-	100,000
Garage and processing building	-	150,000	-	150,000
Public safety				
EMS transition	-	10,055	585	9,470
Sheriff vehicle	8,420	-	-	-
Sheriff PayGo vehicle	-	56,512	-	56,512
Radio system	-	157,895	107,643	50,252
Rescue ventilator	12,500	12,500	-	12,500
Sheriff MDT project	-	157,354	157,354	-
Replacement quick response	41,000	89,449	89,449	-
911 project	-	4,253	4,253	-
Total expenditures	\$ 150,000	\$ 2,219,499	\$ 526,591	\$ 1,692,908
Excess (deficiency) of revenues over (under) expenditures	\$ (150,000)	\$ (2,219,499)	\$ (526,591)	\$ 1,692,908
Other financing sources (uses):				
Transfers in	\$ 150,000	\$ 2,219,499	\$ 526,591	\$ (1,692,908)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance (deficit), beginning of year	-	-	(3,826)	(3,826)
Fund balance (deficit), end of year	\$ -	\$ -	\$ (3,826)	\$ (3,826)

The budgetary data presented above is on the modified accrual basis of accounting which is in accordance with generally accepted accounting principles.

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

	School Operating Fund	School Cafeteria Fund	School Activity Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 653,457	\$ 37,970	\$ 272,419	\$ 963,846
Accounts receivable	162,385	-	-	162,385
Prepaid items	42,675	-	-	42,675
Inventory	-	7,713	-	7,713
Due from other funds	-	14,525	-	14,525
Due from other governments	484,349	-	-	484,349
Total assets	<u>\$ 1,342,866</u>	<u>\$ 60,208</u>	<u>\$ 272,419</u>	<u>\$ 1,675,493</u>
Liabilities:				
Accounts payable	\$ 8,750	\$ -	\$ -	\$ 8,750
Accrued liabilities	653,407	25,041	-	678,448
Unearned revenue	90,232	21,620	-	111,852
Due to other funds	14,525	-	-	14,525
Due to primary government	575,952	-	-	575,952
Total liabilities	<u>\$ 1,342,866</u>	<u>\$ 46,661</u>	<u>\$ -</u>	<u>\$ 1,389,527</u>
Fund Balances:				
Nonspendable:				
Inventory	\$ -	\$ 7,713	\$ -	\$ 7,713
Assigned:				
School food operations	-	5,834	-	5,834
School activity funds	-	-	272,419	272,419
Total fund balances	<u>\$ -</u>	<u>\$ 13,547</u>	<u>\$ 272,419</u>	<u>\$ 285,966</u>
Total liabilities and fund balances	<u>\$ 1,342,866</u>	<u>\$ 60,208</u>	<u>\$ 272,419</u>	<u>\$ 1,675,493</u>

Discretely Presented Component Unit School Board

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

At June 30, 2024

Total fund balances for governmental funds (Exhibit 29)	\$	285,966
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Buildings and improvements, net of depreciation	\$	6,465,667
Furniture, equipment and vehicles, net of depreciation		1,305,564
Right of use assets, net of amortization		<u>2,653</u>
		7,773,884
The net pension asset is not an available resource and, therefore, is not reported in the funds.		279,742
The net OPEB asset is not an available resource and, therefore, is not reported in the funds.		10,916
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$	2,247,073
OPEB related items		<u>311,896</u>
		2,558,969
Liabilities applicable to the School Board's governmental activities which are not due and/or payable in the current period are not reported as fund liabilities. Balances of such liabilities affecting net position are as follows:		
Compensated absences	\$	(425,499)
Lease liabilities		(2,690)
Net pension liability		(7,203,405)
Net OPEB liability		<u>(1,922,078)</u>
		(9,553,672)
Deferred inflows are not due and payable in the current period and therefore are reported in the funds.		
Pension related items	\$	(917,789)
OPEB related items		<u>(642,498)</u>
		(1,560,287)
Total net position (deficit) of governmental activities (Exhibit 1)	\$	<u>(204,482)</u>

Discretely Presented Component Unit School Board
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2024

	School Operating Fund	School Cafeteria Fund	School Activity Funds	Total Governmental Funds
Revenues:				
Charges for services	\$ -	\$ 86,485	\$ -	\$ 86,485
Miscellaneous	1,187,130	144,617	441,543	1,773,290
Intergovernmental:				
Contribution from primary government	9,467,356	-	-	9,467,356
Revenue from the Commonwealth	3,790,320	11,097	-	3,801,417
Revenue from the Federal Government	455,084	438,294	-	893,378
Total revenues	\$ 14,899,890	\$ 680,493	\$ 441,543	\$ 16,021,926
Expenditures:				
Current:				
Education:				
Instruction	\$ 10,103,274	\$ -	\$ 398,604	\$ 10,501,878
Administration, attendance and health	1,720,127	-	-	1,720,127
Transportation	1,001,839	-	-	1,001,839
Operation and maintenance	1,295,976	-	-	1,295,976
Facilities	386,170	-	-	386,170
School food services	-	772,594	-	772,594
Technology	289,772	-	-	289,772
Total expenditures	\$ 14,797,158	\$ 772,594	\$ 398,604	\$ 15,968,356
Excess (deficiency) of revenues over (under) expenditures	\$ 102,732	\$ (92,101)	\$ 42,939	\$ 53,570
Other financing sources (uses):				
Transfers in	\$ -	\$ 102,732	\$ -	\$ 102,732
Transfers out	(102,732)	-	-	(102,732)
Total other financing sources (uses)	\$ (102,732)	\$ 102,732	\$ -	\$ -
Net change in fund balance	\$ -	\$ 10,631	\$ 42,939	\$ 53,570
Fund balance, beginning of year	-	2,916	229,480	232,396
Fund balance, end of year	\$ -	\$ 13,547	\$ 272,419	\$ 285,966

Discretely Presented Component Unit School Board
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds to the Statement of Activities
 Year Ended June 30, 2024

Net change in fund balances - total governmental funds (Exhibit 31) \$ 53,570

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

Capital outlays	\$ 345,276	
Depreciation	<u>(779,964)</u>	(434,688)

School Board capital assets are jointly owned by the County and School Board. The County share of School Board capital assets is in proportion to the debt owed on such by the County. The transfers to the School Board are affected by the relationship of the debt to assets on a year to year basis. The net transfer resulting from this relationship decreased the transfers to the School Board.

315,728

Special contributions received from the Commonwealth for the teacher cost sharing pool are not reported in governmental funds

111,014

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

Lease principal payments

6,412

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.

Details supporting these changes are as follows:

Compensated absences	\$ (12,946)	
Pension expense	485,453	
OPEB expense	<u>107,860</u>	<u>580,367</u>

Change in net position of governmental activities (Exhibit 2) \$ 632,403

Discretely Presented Component Unit School Board
School Operating Fund
Budgetary Comparison Schedule
Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Miscellaneous	\$ 593,562	\$ 933,903	\$ 1,187,130	\$ 253,227
Intergovernmental:				
Appropriation from primary government	9,416,560	9,416,560	9,467,356	50,796
Revenue from the Commonwealth	3,518,092	3,817,361	3,790,320	(27,041)
Revenue from the Federal Government	1,015,924	1,064,820	455,084	(609,736)
Total revenues	\$ 14,544,138	\$ 15,232,644	\$ 14,899,890	\$ (332,754)
Expenditures:				
Current:				
Education:				
Instruction	\$ 10,179,206	\$ 10,707,752	\$ 10,103,274	\$ 604,478
Administration, attendance and health	1,430,579	1,430,579	1,720,127	(289,548)
Transportation	1,015,568	1,015,568	1,001,839	13,729
Operation and maintenance	1,167,003	1,167,003	1,295,976	(128,973)
Facilities	150,503	150,503	386,170	(235,667)
Technology	303,588	303,588	289,772	13,816
Total expenditures	\$ 14,246,447	\$ 14,774,993	\$ 14,797,158	\$ (22,165)
Excess (deficiency) of revenues over (under) expenditures	\$ 297,691	\$ 457,651	\$ 102,732	\$ (354,919)
Other financing sources (uses):				
Transfers out	\$ (297,691)	\$ (457,651)	\$ (102,732)	\$ 354,919
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

Discretely Presented Component Unit -- Rappahannock County Recreational Facilities Authority
 Proprietary Fund
 Statement of Net Position
 June 30, 2024

	Proprietary Fund
	<u>Enterprise Fund</u>
Assets:	
Current Assets:	
Cash and cash equivalents	\$ 52,552
Due from other governments	<u>6,756</u>
Total current assets	<u>\$ 59,308</u>
Capital Assets:	
Land	\$ 20,000
Other capital assets, net of accumulated depreciation	<u>123,766</u>
Total capital assets, net	<u>\$ 143,766</u>
Total assets	<u>\$ 203,074</u>
Liabilities:	
Accounts payable	\$ <u>480</u>
Total liabilities	<u>\$ 480</u>
Net Position:	
Investment in capital assets	\$ 143,766
Unrestricted	<u>58,828</u>
Total net position	<u>\$ 202,594</u>
Total liabilities and net position	<u>\$ 203,074</u>

Discretely Presented Component Unit -- Rappahannock County Recreational Facilities Authority
 Proprietary Fund
 Statement of Revenues, Expenses and Changes in Net Position
 Year Ended June 30, 2024

	Proprietary Fund
	<u>Enterprise Fund</u>
Operating Revenues:	
Fodderstack race fees	\$ 12,429
Donations	2,614
Sponsorship	7,500
Pavilion fees	3,100
Other income	129
Total operating revenues	<u>\$ 25,772</u>
Operating Expenses:	
Advertising	\$ 62
Maintenance	8,385
Office	5,083
Race expense	10,370
Park operations	2,916
Professional fees	12,000
Invasive plant management	17,681
Free fishing day	2,466
Utilities	512
Depreciation	8,573
Total operating expenses	<u>\$ 68,048</u>
Operating income (loss)	<u>\$ (42,276)</u>
Nonoperating Revenues:	
Interest income	\$ 2,723
Grants	19,503
Contributions from the County	18,000
Total nonoperating revenues	<u>\$ 40,226</u>
Change in net position	<u>\$ (2,050)</u>
Net position, beginning of year	<u>204,644</u>
Net position, end of year	<u><u>\$ 202,594</u></u>

Discretely Presented Component Unit -- Rappahannock County Recreational Facilities Authority
 Proprietary Fund
 Statement of Cash Flows
 Year Ended June 30, 2024

	Proprietary Fund
	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 19,016
Payments for services	<u>(59,387)</u>
Net cash provided by (used for) operating activities	\$ <u>(40,371)</u>
Cash flows from noncapital and related financing activities:	
Government contributions and grants	\$ 18,000
Other grants	<u>19,503</u>
Net cash provided by (used for) noncapital and related financing activities	\$ <u>37,503</u>
Cash flows from capital and related financing activities:	
Purchase and construction of capital assets	\$ <u>1</u>
Net cash provided by (used for) capital and related financing activities	\$ <u>1</u>
Cash flows from investing activities:	
Interest income	\$ <u>2,723</u>
Net cash provided by (used for) investing activities	\$ <u>2,723</u>
Net Increase (decrease) in cash and cash equivalents	\$ (144)
Cash and cash equivalents at beginning of year	<u>52,696</u>
Cash and cash equivalents at end of year	\$ <u><u>52,552</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (42,276)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 8,573
Change in accounts receivable	(6,756)
Change in accounts payable	<u>88</u>
Net cash provided by (used for) operating activities	\$ <u><u>(40,371)</u></u>

Discretely Presented Component Unit -- Rappahannock County Broadband Authority
Proprietary Fund
Statement of Net Position
June 30, 2024

	<u>Proprietary Fund</u>
	<u>Enterprise Fund</u>
Assets:	
Current Assets:	
Cash and cash equivalents	\$ <u>93,797</u>
Total current assets	\$ <u>93,797</u>
Total assets	\$ <u>93,797</u>
Net Position:	
Unrestricted	\$ <u>93,797</u>
Total net position	\$ <u><u>93,797</u></u>

Discretely Presented Component Unit -- Rappahannock County Broadband Authority
 Proprietary Fund
 Statement of Revenues, Expenses and Changes in Net Position
 Year Ended June 30, 2024

	Proprietary Fund
	<u>Enterprise Fund</u>
Operating Revenues:	
Donations	\$ 2,330,000
Total operating revenues	\$ 2,330,000
Operating Expenses:	
Professional fees	\$ 527
Website	353
Broadband project	2,360,000
Total operating expenses	\$ 2,360,880
Operating income (loss)	\$ (30,880)
Net position, beginning of year	\$ 124,677
Net position, end of year	\$ 93,797

Discretely Presented Component Unit -- Rappahannock County Broadband Authority
 Proprietary Fund
 Statement of Cash Flows
 Year Ended June 30, 2024

	Proprietary Fund
	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 2,330,000
Payments for services	<u>(2,360,880)</u>
Net cash provided by (used for) operating activities	<u>\$ (30,880)</u>
Net Increase (decrease) in cash and cash equivalents	<u>\$ (30,880)</u>
Cash and cash equivalents at beginning of year	<u>124,677</u>
Cash and cash equivalents at end of year	<u><u>\$ 93,797</u></u>

Discretely Presented Component Unit -- Rappahannock County Water and Sewer Authority
 Proprietary Fund
 Statement of Net Position
 June 30, 2024

	Proprietary Fund
	<u>Enterprise Fund</u>
Assets:	
Current Assets:	
Cash and cash equivalents	\$ 275,787
Accounts receivable	74,508
Prepays	<u>9,817</u>
Total current assets	\$ <u>360,112</u>
Noncurrent Assets:	
Capital assets, net of accumulated depreciation	\$ <u>94,235</u>
Total noncurrent assets	\$ <u>94,235</u>
Total assets	\$ <u>454,347</u>
Deferred Outflows of Resources:	
Pension related	\$ 8,015
OPEB related	<u>4,588</u>
Total deferred outflows of resources	\$ <u>12,603</u>
Liabilities:	
Current Liabilities:	
Accounts payable and accrued expenses	\$ 29,704
Due to primary government	<u>13,254</u>
Total current liabilities	\$ <u>42,958</u>
Noncurrent Liabilities:	
Net pension liability	\$ 12,655
Net OPEB liabilities	<u>16,665</u>
Total noncurrent liabilities	\$ <u>29,320</u>
Total liabilities	\$ <u>72,278</u>
Deferred Inflows of Resources:	
Pension related	\$ 7,321
OPEB related	<u>4,004</u>
Total deferred inflows of resources	\$ <u>11,325</u>
Net Position:	
Investment in capital assets	\$ 94,235
Unrestricted	<u>289,112</u>
Total net position	\$ <u><u>383,347</u></u>

Discretely Presented Component Unit -- Rappahannock County Water and Sewer Authority
 Proprietary Fund
 Statement of Revenues, Expenses and Changes in Net Position
 Year Ended June 30, 2024

	Proprietary Fund
	Enterprise Fund
Operating Revenues:	
Sewer service charges	\$ 220,996
Other charges	4,696
Total operating revenues	\$ 225,692
Operating Expenses:	
Salaries and related benefits	\$ 137,818
Bookkeeping/accounting	4,430
Legal	1,276
Outside contracted services	4,101
Telephone	1,898
Electric power	9,710
Laboratory and management support	9,488
Plant operations	9,588
System maintenance	17,205
Insurance	9,813
Miscellaneous	7,925
Other capital expenses	26,854
Depreciation	11,817
Total operating expenses	\$ 251,923
Operating income (loss)	\$ (26,231)
Nonoperating Revenues:	
Interest income	\$ 8,254
Connection charges	58,125
Total nonoperating revenues	\$ 66,379
Change in net position	\$ 40,148
Net position, beginning of year	\$ 343,199
Net position, end of year	\$ 383,347

Discretely Presented Component Unit -- Rappahannock County Water and Sewer Authority
 Proprietary Fund
 Statement of Cash Flows
 Year Ended June 30, 2024

	Proprietary Fund
	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 234,292
Payments to suppliers	(94,220)
Payments to and for employees	<u>(147,174)</u>
Net cash provided by (used for) operating activities	\$ <u>(7,102)</u>
Cash flows from capital and related financing activities:	
Purchase and construction of capital assets	\$ (51,014)
Connection fees	<u>58,125</u>
Net cash provided by (used for) capital and related financing activities	\$ <u>7,111</u>
Cash flows from investing activities:	
Interest income	\$ <u>8,254</u>
Net cash provided by (used for) investing activities	\$ <u>8,254</u>
Net Increase (decrease) in cash and cash equivalents	\$ 8,263
Cash and cash equivalents at beginning of year	<u>267,524</u>
Cash and cash equivalents at end of year	\$ <u><u>275,787</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (26,231)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	11,817
(Increase)/decrease in accounts receivable	4,006
(Increase)/decrease in due from other governments	(9,817)
(Increase)/decrease in prepaid expenses	4,594
(Increase)/decrease in deferred outflows of resources - pension	(2,666)
(Increase)/decrease in deferred outflows of resources - OPEB	3,471
Increase/(decrease) in accounts payable and accrued expenses	4,631
Increase/(decrease) in due to primary government	13,254
Increase/(decrease) in net pension liability	(4,047)
Increase/(decrease) in net OPEB liability	2,779
Increase/(decrease) in deferred inflows of resources - pension	(7,804)
Increase/(decrease) in deferred inflows of resources - OPEB	<u>(1,089)</u>
Net cash provided by (used for) operating activities	\$ <u><u>(7,102)</u></u>

Statistical Information

Government-Wide Expenses by Function
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Government Administration</u>	<u>Judicial Administration</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health and Welfare</u>	<u>Education</u>	<u>Parks, Recreation, and Culture</u>	<u>Community Development</u>	<u>Interest on Debt</u>	<u>Total</u>
2015 \$	1,505,816 \$	527,648 \$	3,390,514 \$	871,474 \$	2,659,547 \$	8,863,794 \$	282,060 \$	299,357 \$	128,509 \$	18,528,719
2016	1,547,808	586,007	3,387,732	915,508	2,652,016	9,167,980	310,419	303,058	107,623	18,978,151
2017	1,433,621	618,077	3,398,518	1,651,603	2,786,542	8,937,902	305,993	304,866	89,161	19,526,283
2018	1,431,541	624,859	3,703,645	992,812	2,756,189	9,097,245	335,211	305,337	70,645	19,317,484
2019	1,452,127	593,426	3,798,238	1,084,769	3,156,724	9,478,700	370,777	422,387	51,542	20,408,690
2020	1,835,490	680,498	4,005,709	963,338	3,584,842	9,216,704	356,186	404,535	40,133	21,087,435
2021	2,058,131	732,652	4,407,853	819,838	3,309,664	9,204,922	440,238	396,167	30,387	21,399,852
2022	1,832,616	687,892	4,948,614	605,008	2,549,844	9,113,523	412,333	369,282	74,737	20,593,849
2023	1,568,223	721,739	4,551,461	1,128,307	2,848,925	8,998,202	453,797	411,275	18,221	20,700,150
2024	2,071,172	777,702	4,879,461	1,319,852	2,241,714	9,790,456	476,987	422,302	8,858	21,988,504

Government-Wide Revenues
Last Ten Fiscal Years

Fiscal Year	Program Revenues				General Revenues			
	Charges for Services	Operating Grants and Contributions	General Property Taxes	Other Local Taxes	Non- Categorical Aid	Revenues from the	Miscel- laneous	Total
						Use of Money & Property		
2015	\$ 288,083	\$ 2,646,930	\$ 13,004,588	\$ 1,111,493	\$ 1,331,876	\$ 34,175	\$ 272,017	\$ 18,689,162
2016	408,221	2,664,419	13,586,234	1,308,666	1,369,662	307,860	13,054	19,658,116
2017	245,506	2,897,075	13,643,034	1,419,400	1,358,022	95,163	228,984	19,887,184
2018	254,415	2,760,679	13,634,230	1,437,601	1,349,431	192,816	1,262,464	20,891,636
2019	360,505	3,229,928	14,269,005	1,556,406	1,331,370	156,727	244,970	21,148,911
2020	284,274	3,555,907	14,525,242	1,634,905	1,606,511	126,201	354,448	22,087,488
2021	353,352	3,319,403	14,485,383	2,091,645	2,346,699	30,130	358,194	22,984,806
2022	489,658	3,472,820	14,863,123	2,409,669	1,317,874	28,830	311,347	22,893,321
2023	381,593	3,557,441	14,515,940	2,325,562	1,285,941	468,735	540,635	23,075,847
2024	468,308	3,288,246	14,934,396	2,329,266	1,277,734	789,771	317,595	23,405,316

General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permit Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property	Charges for Services	Miscellaneous	Recovered Costs	Intergovernmental	Total
2015	\$ 13,027,716	\$ 1,111,493	\$ 104,253	\$ 102,833	\$ 34,175	\$ 305,735	\$ 365,010	\$ 139,263	\$ 7,321,609	\$ 22,512,087
2016	13,482,799	1,308,666	272,759	70,448	307,860	270,471	439,155	120,586	7,572,068	23,844,812
2017	13,664,079	1,419,400	103,425	82,175	97,853	247,890	444,599	120,605	7,964,157	24,144,183
2018	13,641,994	1,437,601	116,410	83,771	192,816	235,120	1,702,976	166,438	7,670,484	25,247,610
2019	14,396,358	1,556,406	160,579	124,900	156,727	336,369	572,986	121,779	8,038,329	25,464,433
2020	14,375,564	1,634,905	139,945	94,900	126,201	181,940	1,018,547	162,529	8,688,604	26,423,135
2021	14,696,952	2,091,645	177,109	104,324	30,130	99,471	1,460,476	141,420	10,173,487	28,975,014
2022	14,675,781	2,409,672	301,450	107,167	28,830	108,372	1,350,881	133,406	9,961,886	29,077,445
2023	14,672,580	2,325,565	166,836	125,952	468,735	237,780	1,106,735	154,850	11,995,911	31,254,944
2024	14,819,320	2,329,266	192,581	132,338	789,771	229,874	2,090,885	221,687	9,386,450	30,192,172

(1) Includes General, School Construction, and Special Revenue Funds and Component Unit School Board

General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Admini- stration	Judicial Admini- stration	Public Safety	Public Works	Health and Welfare	(2)(3) Education	Recreation and Cultural	Community Development	Capital Projects	Nondepart- mental	Debt Service	Total
2015	\$ 1,419,351	\$ 606,898	\$ 3,351,453	\$ 999,438	\$ 2,655,545	\$ 12,186,095	\$ 233,291	\$ 291,714	\$ 7,827	\$ -	\$ 621,646	\$ 22,373,258
2016	1,527,735	602,513	3,387,465	998,299	2,674,751	12,676,152	265,019	295,316	9,277	-	599,844	23,036,371
2017	1,387,114	616,822	3,707,220	928,363	2,811,941	12,550,172	247,740	299,262	5,954	-	664,336	23,218,924
2018	1,436,785	643,327	3,819,313	1,072,549	2,789,119	12,748,883	291,388	308,481	-	33,917	646,065	23,789,827
2019	1,425,918	619,452	4,329,927	1,183,188	3,228,907	13,036,998	333,781	430,558	-	10,372	549,681	25,148,782
2020	1,571,325	669,086	4,028,524	1,129,708	3,549,081	13,295,629	310,381	401,333	642,495	17,666	384,730	25,999,958
2021	1,976,111	696,711	4,271,011	874,996	3,187,413	14,586,580	381,808	379,882	298,096	5,742	379,150	27,037,500
2022	1,603,946	717,951	4,663,631	841,811	2,699,790	15,010,829	388,187	385,833	573,972	18,189	368,226	27,272,365
2023	1,649,678	739,205	4,348,798	1,011,926	2,965,991	16,768,688	416,400	424,724	471,282	8,620	206,275	29,011,587
2024	1,834,505	809,287	5,584,073	999,219	2,319,563	15,975,728	455,735	458,635	526,591	10,521	215,235	29,189,092

(1) Includes General, and Special Revenue Funds and Component Unit School Board

(2) Includes capital projects

(3) Excludes appropriation to School Board from General Fund

Assessed Value of Taxable Property (1)
Last Ten Fiscal Years

Fiscal Year						Public Utility	
	Real Estate	Personal Property	Mobile Homes	Real Estate	Total		
2015	\$ 1,550,225,900	\$ 59,047,835	\$ 122,470	\$ 52,611,509	\$ 1,662,007,714		
2016	1,564,616,400	61,911,080	112,620	54,113,898	1,680,753,998		
2017	1,556,589,600	65,129,847	107,736	53,894,064	1,675,721,247		
2018	1,569,222,700	66,425,294	111,236	54,458,837	1,690,218,067		
2019	1,581,639,100	67,520,450	107,536	53,095,126	1,702,362,212		
2020	1,591,454,200	68,603,060	107,536	56,829,491	1,716,994,287		
2021	1,741,579,000	67,978,600	107,536	58,581,558	1,868,246,694		
2022	1,750,522,100	76,252,865	107,336	56,711,431	1,883,593,732		
2023	1,967,624,300	100,648,340	63,000	59,515,945	2,127,851,585		
2024	2,098,868,700	90,267,669	63,000	52,438,056	2,241,637,425		

(1) 100% fair market value

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	(1) Total Tax Levy	(1) (2) Current Tax Collections	Percent of Levy Collected	(1) Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	(1) Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2015	\$ 12,679,789	\$ 12,285,035	97%	742,681	\$ 13,027,716	95%	\$ 1,063,316	8%
2016	13,064,300	12,708,790	97%	535,745	13,244,535	94%	1,162,174	9%
2017	13,157,364	12,890,598	98%	478,951	13,369,549	93%	1,128,080	9%
2018	13,311,194	12,977,555	97%	664,439	13,641,994	94%	1,145,881	9%
2019	13,929,418	13,639,972	98%	492,064	14,132,036	94%	943,263	7%
2020	14,671,247	14,250,607	97%	359,195	14,609,802	94%	1,004,708	7%
2021	15,126,564	14,894,177	98%	436,650	15,330,827	95%	1,034,791	7%
2022	15,542,545	15,125,242	97%	495,823	15,621,065	94%	1,162,377	7%
2023	15,045,216	14,202,313	94%	470,267	14,672,580	91%	1,120,014	7%
2024	15,290,563	14,130,184	92%	689,136	14,819,320	90%	1,105,959	7%

(1) Exclusive of penalties and interest.

(2) Includes personal property tax reimbursements from the Commonwealth

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Years	Personal Property			Real Estate		
	Fire		Total	Fire		Total
	Personal Property	Personal Property	Personal Property	Real Estate	Real Estate	Real Estate
2015	\$ 4.25	\$ 0.20	\$ 4.45	\$ 0.65	\$ 0.05	\$ 0.70
2016	4.25	0.20	4.45	0.65	0.05	0.70
2017	4.25	0.20	4.45	0.65	0.05	0.70
2018	4.25	0.20	4.45	0.67	0.06	0.73
2019	4.25	0.20	4.45	0.67	0.06	0.73
2020	4.25	0.20	4.45	0.67	0.06	0.73
2021	4.25	0.20	4.45	0.67	0.06	0.73
2022	4.25	0.20	4.45	0.67	0.06	0.73
2023	3.10	0.20	3.30	0.55	0.05	0.60
2024	3.48	0.20	3.68	0.55	0.06	0.61

(1) Per \$100 of assessed value, including fire levy

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

Fiscal Year	Population (1)	Assessed Value (2)	Bonded Debt (3)	Ratio of General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
2015	7,373	\$ 1,662,007,714	\$ 3,365,000	0%	\$ 456
2016	7,373	1,680,753,998	2,920,000	0%	396
2017	7,388	1,675,721,247	2,465,000	0%	334
2018	7,388	1,690,218,067	2,005,000	0%	271
2019	7,252	1,702,362,212	1,540,000	0%	212
2020	7,370	1,716,994,287	1,220,000	0%	166
2021	7,370	1,868,246,694	890,000	0%	121
2022	7,407	1,883,593,732	555,000	0%	75
2023	7,502	2,127,851,585	370,000	0%	49
2024	7,414	2,241,637,425	185,000	0%	25

(1) US Census Bureau

(2) From Table 5

(3) Includes all long-term general obligation bonded debt and Literary Fund Loans.
Excludes compensated absences, leases, revenue bonds and landfill obligations.

Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Governmental Expenditures
Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service (2)	Total General Governmental Expenditures (1)	Ratio of Debt Service to General Governmental Expenditures
2015	\$ 444,102	\$ 177,544	\$ 621,646	\$ 22,373,258	3%
2016	445,000	154,844	599,844	23,036,371	3%
2017	455,000	131,951	586,951	23,218,924	3%
2018	460,000	108,680	568,680	23,789,827	2%
2019	465,000	84,681	549,681	25,148,782	2%
2020	320,000	64,730	384,730	25,999,958	1%
2021	330,000	49,150	379,150	27,037,500	1%
2022	335,000	33,226	368,226	27,272,365	1%
2023	185,000	21,275	206,275	29,011,587	1%
2024	185,000	12,765	197,765	29,189,092	1%

(1) Includes General, School Construction, and Special Revenue Funds and Component Unit School Board

(2) Includes all general obligation debt. Does not include revenue bonds.

Compliance

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

**The Honorable Members of
the Board of Supervisors
County of Rappahannock, 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 County of Rappahannock, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise County of Rappahannock, Virginia's basic financial statements, and have issued our report thereon dated November 26, 2024.

Report on Internal Control over Financial Reporting

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

A handwritten signature in black ink that reads "Robinson, Farmer, Cox, Associates". The script is cursive and fluid, with the company name written in a single line.

Charlottesville, Virginia
November 26, 2024

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

**The Honorable Members of
the Board of Supervisors
County of Rappahannock, Virginia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of County of Rappahannock, 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 Rappahannock, 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 Rappahannock, 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 Rappahannock, 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 Rappahannock, 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 Rappahannock, 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 Rappahannock, 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 Rappahannock, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (Continued)

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

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

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

A handwritten signature in black ink that reads "Robinson, Farmer, Cox, Associates". The script is cursive and fluid, with the first letters of each word being capitalized and prominent.

Charlottesville, Virginia
November 26, 2024

COUNTY OF RAPPAHANNOCK, VIRGINIA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Agriculture:			
Pass - through payments:			
Virginia Department of Agriculture:			
National School Lunch Program - Food Distribution (Child Nutrition Cluster)	10.555	2023IN109941	\$ 21,014
Virginia Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	10.555	2023IN109941	221,631
Total National School Lunch Program			\$ 242,645
School Breakfast Program (Child Nutrition Cluster)	10.553	2023IN109941	114,230
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	2022IN109941	13,862
Total Child Nutrition Cluster			\$ 370,737
Pandemic EBT Administrative Costs	10.649	Unknown	653
Child Nutrition Discretionary Grants Limited Availability	10.579	Unknown	66,904
Virginia Department of Social Services:			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010124/0010123	186,978
Total Department of Agriculture			\$ 625,272
Department of Health and Human Services:			
Pass - through payments:			
Virginia Department of Social Services:			
Title IV-E Prevention Program	93.472	1140123	\$ 1,922
Guardianship Assistance	93.090	1110123	134
MaryLee Allen Promoting Safe and Stable Families	93.556	0950122/0950123	8,322
Temporary Assistance for Needy Families (TANF)	93.558	0400122/0400123	77,677
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500122/0500123	343
Low-Income Home Energy Assistance	93.568	0600422/0600423	17,909
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760122/0760123	19,132
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900122/0900123	95
Foster Care - Title IV-E	93.658	1100122/1100123	47,513
Adoption Assistance	93.659	1120122/1120123	165,006
Social Services Block Grant	93.667	1000122/1000123	78,273
John H. Chafee Foster Care Independence Program for Successful Transition to Adulthood	93.674	9150122/9150123	1,150
Elder Abuse Prevention Interventions Program	93.747	8000222/8000323	19,034
Children's Health Insurance Program	93.767	0540122/0540123	1,639
Medical Assistance Program (Medicaid Cluster)	93.778	1200122/1200123	145,500
Total Department of Health and Human Services			\$ 583,649
Department of Justice:			
Pass - through payments:			
Virginia Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	Not Available	\$ 81,058
Total Department of Justice			\$ 81,058

COUNTY OF RAPPAHANNOCK, VIRGINIA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Treasury:			
Pass - through payments:			
Virginia Department of Accounts:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Available	\$ 131,678
Total Department of Treasury			\$ 131,678
Department of Homeland Security:			
Pass - through payments:			
Virginia Department of Emergency Management:			
Emergency Management Performance Grants	97.042	Not Available	\$ 7,500
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	Not Available	37,346
Total Department of Homeland Security			\$ 44,846
Department of Transportation:			
Pass - through payments:			
Virginia Department of Motor Vehicles:			
State and Community Highway Safety (Highway Safety Cluster)	20.600	60507-53000	\$ 9,836
Department of Education:			
Pass - through payments:			
Virginia Department of Education:			
Career and Technical Education -- Basic Grants to States	84.048	V048A230046 V048A240046	\$ 13,174
Supporting Effective Instruction State Grants	84.367	S367A230044 S367A240044	20,267
Title I Grants to Local Educational Agencies	84.010	S010A230046 S010A240046	151,849
Student Support and Academic Enrichment Program	84.424	Not available	10,978
Competitive Grants for State Assessments	84.368	Not available	4,259
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	Not available	18,904
Special Education -- Grants to States (Special Education Cluster (IDEA))	84.027	H027A230107 H027A240107	229,141
Special Education -- Preschool Grants (Special Education Cluster (IDEA))	84.173	H173A230112 H173A240112	6,511
Total Special Education Cluster			\$ 235,652
Total Department of Education			\$ 455,083
Total expenditures of federal awards			\$ 1,931,422

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Rappahannock, Virginia under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the County of Rappahannock, Virginia, it is not intended to and does not present the financial position, changes in net position or cash flows of the County of Rappahannock, Virginia.

Note 2 - 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 allowable or are limited as to reimbursement.

2) Pass-through entity identifying numbers are presented where available.

Note 3 - Food Distribution

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

Note 4 - Subrecipients

No awards were passed through to subrecipients.

Note 5 - De Minimis Cost Rate

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

Note 6 - Loan Balances

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

Note 7 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 1,018,758
ARPA Fund	<u>125,675</u>

Total Primary Government	\$ <u>1,144,433</u>
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Component Unit School Board:

School Operating Fund	\$ 455,084
School Cafeteria Fund	<u>438,294</u>

Total Component Unit School Board	\$ <u>893,378</u>
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Less Payments in Lieu of Taxes not reported on Schedule of Expenditures of Federal Awards	\$ <u>(106,389)</u>
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Total federal expenditures per basic financial statements	\$ <u><u>1,931,422</u></u>
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Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	\$ <u><u>1,931,422</u></u>
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COUNTY OF RAPPAHANNOCK, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No
Identification of major programs:	

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
10.561	SNAP Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$	750,000
Auditee qualified as low-risk auditee?		Yes

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Prior Year Findings and Questioned Costs

None

Section V - Commonwealth of Virginia Findings and Questioned Costs

None