



Annual Financial Report

Fiscal Year Ended June 30, 2023

COUNTY OF PITTSYLVANIA, VIRGINIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

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ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

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INTRODUCTORY SECTION

COUNTY OF PITTSYLVANIA, VIRGINIA

BOARD OF SUPERVISORS

Tim W. Dudley, Vice Chair William "Vic" Ingram Robert M. Tucker, Jr.	Darrell W. Dalton, Chair	Ronald Scearce Nancy Eanes Robert "Bob" Warren
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COUNTY SCHOOL BOARD

Kelly H. Merricks, Vice Chair J. Samuel Burton George Henderson	Calvin D. Doss, Chair Janet Hancock, Clerk	Willie T. Fitzgerald Don C. Moon Kevin Mills
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SOCIAL SERVICES BOARD

Lee Cameron, Vice Chairperson Joey Bray Lynn Dawson	Nancy Eanes, Chairperson Tim Dudley, BOS Liaison	James "Jim" Scearce Bob Carlberg Phillip Adams
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OTHER OFFICIALS

Clerk of the Circuit Court	Mark W. Scarce
Commonwealth's Attorney.....	Robert "Bryan" Haskins
Commissioner of the Revenue	Robin Coles-Goard
Treasurer	Vincent E. Shorter
Sheriff.....	Michael W. Taylor
Superintendent of Schools.....	Mark R. Jones
Director of Social Services.....	Regina Barger
County Administrator.....	Stuart Turille, Jr.
County Attorney.....	J. Vaden Hunt
County Finance Director	Kimberly G. Van Der Hyde

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

**To the Board of Supervisors
County of Pittsylvania, Virginia
Chatham, Virginia**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Pittsylvania, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Pittsylvania, Virginia, as of and for the year ended June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of County of Pittsylvania, 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 26 to the financial statements, in 2023, the County adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based IT Arrangements (SBITAs)*. 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 Pittsylvania, 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 Pittsylvania, 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 Pittsylvania, Virginia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and other 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 December 6, 2023, on our consideration of the County of Pittsylvania, 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 Pittsylvania, 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 Pittsylvania, Virginia's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Robinson, James, Cox Associates".

Blacksburg, Virginia
December 6, 2023

Management's Discussion and Analysis

The following is a narrative overview and analysis of the financial activities of the County of Pittsylvania, Virginia for the fiscal year ended June 30, 2023. The purpose of this Management Discussion and Analysis is to provide an overview of the County's financial activity, to assist the reader in understanding significant financial issues and to provide information concerning changes in the County's financial position. This narrative provides additional information that should be read in conjunction with reviewing the County's Financial Statements.

Financial Highlights

Government-wide Financial Statements

The governmental activities assets and deferred outflows of resources of the County of Pittsylvania, Virginia exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$105,328,907 (net position). Of this amount, \$53,750,308 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. Information concerning net position for the County, its business-type activities and its component units is located on Exhibit 1. The business-type activities include the Solid Waste Enterprise Fund and the Water and Sewer Fund. The business-type activities' assets and deferred outflows exceeded its liabilities and deferred inflows of resources by \$33,797,729, of which \$792,391 is unrestricted. The component units include the School Board's net position totaling \$(4,868,031) of which \$(60,327,206) is unrestricted and the Industrial Development Authority's net position totaling \$5,727,584, of which \$3,923,597 is unrestricted. (See Exhibit 1.) This Exhibit provides insight into the future by using a full accrual accounting method. This model considers all factors when showing the financial position of the County.

The County's governmental activities net position increased by \$8,835,427. The County's business-type activities' net position decreased by \$1,647,600. In addition, the School Board's net position increased \$19,500,440 and the IDA's net position increased by \$1,816,880. (See Exhibit 2.)

Fund Financial Statements

Unlike the Government-wide Financial Statements which use a full accrual accounting approach, the Fund Financial Statements use a modified accrual method of accounting. This method differs from the full accrual method by showing a picture of the County's financial position at the present time. A reconciliation of the two methods is provided in Exhibit 4 and Exhibit 6. At the end of the current fiscal year, unassigned fund balance for the general fund was \$36,292,488 or 44% percent of total general fund expenditures. (See Exhibit 3.) This amount includes taxes, accounts and notes receivable reflected in the fiscal year 2023 budget as well as County Capital Improvement Projects for fiscal year 2023. It is important to note that the School Board carryover amount totaling \$8,005,516 has been assigned for fiscal year 2023, which helps to demonstrate a more accurate unassigned fund balance.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$62,228,091, an increase of \$4,969,755 from last year. Approximately 94% percent of this total amount, or \$58,556,624 (which includes committed, assigned, and unassigned funds), is available for spending at the government's discretion. This unrestricted balance has three parts, (1) committed funds which represents \$3,536,164 (2) assigned funds which represent \$18,727,972 and (3) unassigned funds which represents \$36,292,488. (See Exhibit 3.)

Overview of the Financial Statements

The Annual Financial Report consists of four sections: introductory, financial, statistical and compliance.

- The *introductory section* provides a listing of principal officers for 2022-2023.
- The *financial section* has three component parts - managements' discussion and analysis (this section), the basic financial statements which include government-wide financial statements and fund financial statements and required supplemental information.
- The *other statistical information* includes selected financial and demographic data related to the County, generally presented on a multi-year basis.
- The *compliance section* is required under the provisions of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements for Federal Awards* (Uniform Guidance).

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

Government-wide Financial Statements

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

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

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

Both government-wide financial statements separate governmental activities and business-type activities of the County. Governmental activities are principally supported by taxes and intergovernmental revenues. They include general government administration; judicial administration; public safety; public works; health and welfare; parks, recreation and cultural; and community development. Business-type activities recover all or a significant portion of their costs through user fees and charges. The County currently has two business-type activities which is the Solid Waste Enterprise Fund and the Water and Sewer Fund.

Overview of the Financial Statements (continued)

Government-wide Financial Statements (continued)

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

Fund Financial Statements

The fund financial statements will be more familiar to past financial statement users. The only difference from prior year presentation of the fund statements is that only major, or significant, funds will be presented. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds:

Governmental funds are used to account for essentially the same functions, or services, reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, reconciliations between the two methods are presented in exhibits 4 and 6 of the financial section of this report.

Proprietary funds:

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

The County of Pittsylvania has two enterprise funds. They are the Solid Waste Fund and the Water and Sewer Fund. The County also has two internal service funds: Central Stores Fund and the Self-Insurance Fund. The Central Stores Fund accounts for the government's consolidated purchasing of office supplies and telephone charges. The Self-Insurance Fund accounts for insurance premiums paid by the County and School Board for all departments. Both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds:

Fiduciary funds account for assets held by the government as a trustee or custodian for another organization or individual. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide financial statement because the funds are not available to support the County's own activities. GASB No. 84 was implemented in FY2021.

Overview of the Financial Statements (continued)

Notes to the financial statements

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

Government-wide Financial Analysis

As previously noted, net position may serve as a useful indicator of a government's financial position. Again, the full accrual accounting method is used to derive these figures. For the County, the governmental activities and business-type activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$105,328,907 and \$33,797,729, respectively, at the end of the fiscal year. The County's net position is divided into three categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted.

	County of Pittsylvania's Net Position			
	2023	2023	2022	2022
	Governmental	Business-type	Governmental	Business-type
	Activities	Activities	Activities	Activities
Current and other assets	\$ 100,972,213	\$ 10,983,947	\$ 95,318,873	\$ 13,821,453
Capital assets	85,685,374	39,573,853	90,050,761	36,614,503
Total Assets	<u>\$ 186,657,587</u>	<u>\$ 50,557,800</u>	<u>\$ 185,369,634</u>	<u>\$ 50,435,956</u>
Deferred Outflows of Resources	<u>\$ 6,918,769</u>	<u>\$ 301,651</u>	<u>\$ 8,681,592</u>	<u>\$ 398,106</u>
Long-term liabilities	56,606,748	15,088,749	59,250,450	13,471,330
Other liabilities	5,249,542	1,777,511	5,000,425	1,355,605
Total liabilities	<u>\$ 61,856,290</u>	<u>\$ 16,866,260</u>	<u>\$ 64,250,875</u>	<u>\$ 14,826,935</u>
Deferred Inflows of Resources	<u>\$ 26,391,159</u>	<u>\$ 195,462</u>	<u>\$ 33,306,871</u>	<u>\$ 561,798</u>
Net Position:				
Net investment in capital assets	\$ 43,897,189	\$ 33,005,338	\$ 40,801,412	\$ 31,413,615
Restricted	7,681,410	-	6,769,463	-
Unrestricted	53,750,308	792,391	48,922,605	4,031,714
Total net position	<u>\$ 105,328,907</u>	<u>\$ 33,797,729</u>	<u>\$ 96,493,480</u>	<u>\$ 35,445,329</u>

For the County as a whole, investment in capital assets (i.e., land, buildings, machinery, and equipment), net of related debt used to acquire those assets that is still outstanding, represents 55 percent of total net position. The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted net position represents resources that are subject to external restrictions on how they may be used. These assets include funds restricted for construction, grants, sheriff asset seizures, and health insurance. The County's restricted net position accounts for 6 percent of the total net position.

Government-wide Financial Analysis (continued)

The remaining balance of unrestricted net position, which is \$54,542,699 or 39 percent of total net position, may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the fiscal year, the County can report positive balances in all three categories of net position.

The County's government-wide activities net position increased by \$7,187,827 during the current fiscal year. The County's net position continues to remain healthy due to the increased funds received from COVID-19 Funding. In addition, the County collected more in tax revenues due to the working of a backlog of building permits. Sales tax, meals tax, and Use of Money and Property were also contributors to this increase due to inflation.

Government-wide activities increased the County's net position by \$7,187,827. The County's net position increased in the governmental activities and decreased in its business-type activities by \$8,835,427 and (\$1,647,600), respectively. Key elements of this increase/decrease are as follows:

	2023	2023	2022	2022
	Governmental	Business-type	Governmental	Business-type
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>
Revenues:				
Program revenues:				
Charges for services	\$ 2,387,646	\$ 9,736,845	\$ 2,360,739	\$ 8,444,459
Operating grants and contributions	18,683,842	-	29,551,450	-
Capital grants and contributions	2,368,276	111,515	445,890	120,587
General revenues:				
General property taxes	47,748,928	-	43,283,654	-
Other local taxes	10,621,763	-	9,921,205	-
Use of money and property	873,114	91,545	111,458	9,807
Miscellaneous	726,999	56,656	1,550,724	147,396
Grants and contributions not spec.	6,035,566	-	6,116,106	-
Transfers	-	-	(1,241,920)	1,241,920
Total Revenues	<u>\$ 89,446,134</u>	<u>\$ 9,996,561</u>	<u>\$ 92,099,306</u>	<u>\$ 9,964,169</u>
Expenses:				
General government	\$ 6,444,358	\$ -	\$ 5,150,180	\$ -
Judicial administration	2,239,934	-	2,066,183	-
Public safety	25,491,554	-	26,121,977	-
Public works	1,720,555	-	912,773	-
Health and welfare	13,127,476	-	13,191,096	-
Education	21,733,403	-	21,778,030	-
Parks, recreation, and cultural	2,477,435	-	2,104,226	-
Community development	5,832,451	-	3,184,294	-
Interest on long-term debt	1,543,541	-	1,770,163	-
Landfill	-	8,176,734	-	6,494,020
Water and sewer	-	3,467,427	-	3,481,488
Total Expenses	<u>\$ 80,610,707</u>	<u>\$ 11,644,161</u>	<u>\$ 76,278,922</u>	<u>\$ 9,975,508</u>
Increase/(Decrease) in net position	\$ 8,835,427	\$ (1,647,600)	\$ 15,820,384	\$ (11,339)
Net position, beginning	\$ 96,493,480	\$ 35,456,668	\$ 80,673,096	\$ 35,456,668
Net position, ending	<u>\$ 105,328,907</u>	<u>\$ 33,809,068</u>	<u>\$ 96,493,480</u>	<u>\$ 35,445,329</u>

Financial Analysis of the Government's Funds

Governmental funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of financial resources. Such information is useful in assessing the County's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$62,228,091. Approximately 58 percent of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is legally restricted for a specific purpose.

The general fund is the chief operating fund of the County. As of June 30, 2023, total fund balance of the general fund was \$57,996,943 of which \$36,292,488 was unassigned. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 44 percent of total general fund expenditures, which includes transfers to and expenses on behalf of the School Board component unit of \$18,253,987.

An analysis of the supporting schedules (modified accrual) for fiscal year 2023 and 2022 reveals:

- Revenues: Overall general property taxes were up 4% over FY2022. The most significant increase occurred in the Interest Category at 29% over the prior year, due to the large number of supplemental real estate tax bills that were sent out in the second half of the year. Personal Property Tax also increased by 8% due to increased vehicle values over the prior year. Other tax categories experienced both increases and decreases, which netted to an overall increase in general property taxes by \$1,718,007 over the prior year.
- Revenues: Other local taxes experienced an overall increase of 7% over FY2022 with both increases and decreases in various categories. Increases occurred in seven categories. Transient Occupancy tax was up 173% since FY2023 was the first full year of collection of this type of tax. Other increases were experienced in the following categories: Local Sales and Use Tax at 14%, Consumers' Utility Tax at 3%, Meals Tax at 3%, Motor Vehicle Licenses at 2%, Bank Stock Tax at 1% and Recordation of Wills at 6%. Decreases occurred in the following other local taxes categories: Consumption Taxes (<1%), Business License Tax (88%), and Franchise License Tax (8%).
- Expenses: Overall primary government expenditures decreased by <1% over FY2022. Much of this decrease can be attributed to expenses leveling off after spending much of the CARES and ARPA funding in the prior year that did not recur in FY2023. The contribution to schools decreased this year by 5% over the prior year due to the Schools' increased effort to spend down their ARPA funding before the deadline.
- Expenses: Education increased 14% over FY2022. COVID-19 funding and increased State funding was used primarily for these increases. Increased expenditures occurred in the following educational categories: Administration and health services (7%), Instructional Costs (11%), Pupil Transportation (22%), Operation and maintenance of school plant (18%), Food service and non-instructional (21%), and Facilities (65%). Decreases occurred in the following educational categories: Technology (13%). The Schools continue to make improvements to the schools HVAC systems and other improvements using the increased state and federal funding.

Financial Analysis of the Government's Funds (continued)

Governmental funds (continued)

The Following is a reconciliation of the Treasurer's books to the Audited Financial Statements.

	<i>Per Treasurer 6/30/2022 <u>Cash Balance</u></i>	<i>Per Treasurer 6/30/2023 <u>Cash Balance</u></i>
General Fund	38,546,929	45,827,084
Beautification Fund	59,474	73,474
Pet Center Fund	149,189	81,148
School Bus Lease Fund	-	642,553
Jail Inmate Management Fund	472,354	538,037
Grants Fund	792,234	(928,074)
Capital Improvements Fund	9,114,820	8,961,158
American Rescue Plan Act Fund	612,303	612,303
Rural Roads Fund	268,781	268,781
Courthouse Construction Fund	68,729	86,133
Courthouse Security Fund	80,138	149,605
Jail Processing Fee Fund	28,914	33,049
Library Gifts Fund	131,198	156,469
Courthouse Maintenance Fund	94,928	96,178
Law Library Fund	45,717	50,836
Rescue Billing Fund	96,231	77,165
	<hr/>	<hr/>
Total cash per Treasurer	50,561,939	56,725,899
Audit Adjustments to Cash:		
Entry to cash for overdraft Central Stores	(54,416)	(3,493)
Adjustments to cash by Finance	(11,000)	-
Reversion of School Salaries Payable Fund	2,763,741	3,029,005
	<hr/>	<hr/>
Total cash, as adjusted	53,260,264	59,751,411
Other Adjustments:		
Taxes receivable (60 day collections)	1,337,553	972,364
Prepaid tax revenue	(4,912,836)	(5,522,989)
Accounts receivables	1,760,020	882,020
Lease receivables	261,994	189,485
Due (to)/from other funds	54,416	3,493
Due (to)/from School Board	1,025,745	(475,786)
Due from the other governments	3,441,667	5,288,961
Accounts payables	(2,293,148)	(2,111,754)
Salaries payable	(179,508)	(103,955)
Unearned revenues - other	(1,828,612)	(948,790)
	<hr/>	<hr/>
Total accrual adjustments	(1,332,709)	(1,826,951)
	<hr/>	<hr/>
Ending General Fund - Fund Balance	51,927,555	57,996,943

Financial Analysis of the Government's Funds (continued)

Governmental funds (continued)

The fund balance of the County's general fund increased by \$6,069,388 during the current fiscal year. Most of this increase can be attributed to a reduction of the contribution to the local School Board and a related increase in the annual carryover amount. Balances still remain healthy since reserves exist to cover future projects, which includes a \$6.5M contribution toward the County-wide Broadband Project.

General Fund Budgetary Highlights

Differences between the original General Fund budgeted appropriations and the final amended budgeted appropriations were a net increase of \$25,115,982. This increase occurred because of various budget increases/reductions that occurred after the 2023 budget process was complete. There were also increases that were made to the 2022 budget because of unforeseen events that occurred during the year. Significant budgetary supplements are included below:

- Reappropriation of approved carryovers from fiscal year 2022 totaled 8,569,877, of which \$6,252,237 was for Schools
- Appropriation of ARPA Funding totaling \$612,303
- Appropriation of funds for Capital Projects totaling \$10,540,907, Includes funding largely for Gretna Library Renovations, Fire and Rescue Improvements, Roaring Fork Dam, Wayside Park, Cherrystone Creek Rehab and Broadband improvements
- Industrial Development Carryover Funds totaled \$3,025,179
- Increased appropriation of \$642,544 for new School Bus Lease
- Carryover Funds for Volunteer Fire and Rescue Agencies of \$994,973

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets for its governmental activities as of June 30, 2023 is \$85,685,374 (net of accumulated depreciation) and for its Business-type activities is \$39,573,853 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, machinery and equipment, infrastructure, construction in progress, and right to use assets (leased assets).

Major capital asset events during the current fiscal year included the following:

General Fund:

- Election & Training Center Renovations (In Progress)-\$5,857
- Courthouse-Heating/Cooling System Upgrades-\$47,254
- Public Safety Equipment-\$53,718
- Moses Building-Repair Brick & Flashing-\$27,459
- Network Upgrade (In Progress)-\$97,883
- Gretna Library Renovations (In Progress)-\$262,900
- Wayside Bridge Repairs (In Progress)-\$118,806
- Sheriff-Radio Equipment-\$29,798

Capital Asset and Debt Administration (continued)

Capital assets (continued)

- Human Services Building-Repave Parking Lot-\$14,550
- Human Services Building-HVAC Repairs-\$22,474
- E911 Building/HVAC Upgrades-\$20,848
- Brosville Library-Roof Replacement-\$12,636
- Chatham Library-Repave Parking Lot-\$24,300
- Old Camp 15 Site-15.06 acres-\$291,200 (Donated)

SOLID WASTE FUND:

- Meadow Ridge Conv. Center-\$2,074,188
- Callands-Gretna Conv. Center-\$712,876
- Staunton River Conv. Center-\$577,961
- Phase 3 Expansion (In Progress)-\$51,368
- Convenience Site Upgrades (In Progress)-\$47,492
- Landfill Scale Upgrade and Fencing-\$166,230
- Equipment Repairs-\$270,931
- Leachate Collection Repair-\$147,596

WATER & SEWER FUND:

- Horseshoe Road Waterline Ext.-\$1,892,963
- Hurt Sewer Pump Station-\$604,508
- Replace Badger Endpoint 5G Equipment-\$84,564

**County of Pittsylvania, Virginia Capital Assets
(net of depreciation) (as restated)**

	2023	2023	2022	2022
	Governmental	Business-type	Governmental	Business-type
	Activities	Activities	Activities	Activities
Land	\$ 5,566,744	745,127	\$ 5,275,544	745,127
Buildings and system	69,344,437	476,257	71,992,310	491,621
Machinery and equipment	8,412,570	3,634,898	12,061,994	3,724,288
Infrastructure	-	32,053,726	-	29,527,395
Right to use assets:				
Buildings and improvements	92,043	-	164,899	-
Machinery and equipment	473,467	-	464,677	-
Subscription assets	1,215,428	-	-	-
Construction in process	580,685	2,663,845	91,337	2,126,072
Total	\$ 85,685,374	\$ 39,573,853	\$ 90,050,761	\$ 36,614,503

School Board Assets financed with debt are considered assets of the General government until debt on these assets has been defeased. As such, the above listed assets include School Board Assets net of related depreciation of \$58,524,572. Additional information on the County's capital assets can be found in the notes to the financial statements.

Capital Asset and Debt Administration (continued)

Long-term debt

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

County of Pittsylvania's Outstanding Debt

	2023	2023	2022	2022
	Governmental	Business-type	Governmental	Business-type
	Activities	Activities	Activities	Activities
General obligation bonds	\$ 32,614,742	\$ 6,625,000	\$ 39,068,461	\$ 7,315,000
Lease Revenue Notes	2,172,503	-	2,463,469	-
Deferred Amounts:				
Bond Premium	863,384	594,996	1,358,873	727,821
Landfill closure/post-closure	-	7,213,187	-	5,024,947
Financed Purchases	7,022,332	-	8,200,730	-
Lease liabilities	593,534	-	644,568	-
Subscription liabilities	1,144,353	-	-	-
Compensated absences	1,385,261	71,598	1,347,430	69,336
Net pension liability	7,585,432	413,547	3,418,662	184,861
Net OPEB liabilities	3,225,207	170,421	2,748,257	149,365
Total	\$ 56,606,748	\$ 15,088,749	\$ 59,250,450	\$ 13,471,330

Legislations enacted in fiscal year ended June 30, 2002, required that debt historically reported by the School Board has been assumed by the Primary Government. The legislation affects the reporting of local school capital assets as well.

Additional information on the County's long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- At June 30, 2023, the unemployment rate for the County was 3.1 percent, which is a increase from the rate of 3.0 percent a year ago. This is slightly more than the state's average unemployment rate of 2.70 percent but less than the national average rate of 3.60 percent.
- Pittsylvania County continues to work jointly with the City of Danville through a joint authority known as the Danville-Pittsylvania County Regional Industrial Facilities Authority and jointly with the City of Danville and the Town of Hurt in the Staunton-River Regional Industrial Facility Authority. These authorities work to attract industry and business to Southside Virginia.
- Pittsylvania County has a median household income of \$49,486 compared to the State median household income of \$80,615.
- Pittsylvania County's population was estimated at 59,601 in 2023 compared with 60,501 based on the US Census Bureau information from 2020.

Economic Factors and Next Year's Budgets and Rates (continued)

All of these factors were considered in preparing the County's budget for the 2023 fiscal year. Appropriations for County funds lapse at fiscal year end, with the exception of the Capital Projects Fund, therefore, it is not anticipated that fund balance will be used to finance daily operations for the 2024 budget year.

Requests for Information

This financial report is designed to provide readers with a general overview of the County of Pittsylvania's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Office, P.O. Box 426, Chatham, Virginia 24531. The County's website at www.pittsylvaniacountyva.org may also be visited to obtain valuable information about the County.

Basic Financial Statements

County of Pittsylvania, Virginia
Statement of Net Position
June 30, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Industrial Development Authority
ASSETS					
Cash and cash equivalents	\$ 68,486,830	\$ 7,969,168	\$ 76,455,998	\$ 2,772,073	\$ 787,474
Cash in custody of others	23,223	-	23,223	2,344,637	-
Investments - restricted	642,553	993,082	1,635,635	30,915	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	24,444,151	-	24,444,151	-	-
Accounts receivable	1,864,106	1,815,522	3,679,628	970,202	106,292
Interest receivable	-	-	-	-	12,774
Due from primary government	-	-	-	475,786	-
Due from other governmental units	5,303,961	104,165	5,408,126	4,970,958	-
Inventories	7,304	27,010	34,314	-	-
Assets held for resale - Industrial sites	-	-	-	-	1,300,310
Prepaid items	10,600	-	10,600	1,293,497	-
Notes receivable	-	75,000	75,000	-	4,333,193
Lease receivable	189,485	-	189,485	22,608	9,642,287
Net pension asset	-	-	-	213,720	-
Capital assets (net of accumulated depreciation):					
Land	5,566,744	745,127	6,311,871	2,744,421	497,442
Construction in progress	580,685	2,663,845	3,244,530	14,254,694	1,197,950
Buildings and improvements	69,344,437	476,257	69,820,694	27,399,674	11,665,941
Machinery and equipment	8,412,570	3,634,898	12,047,468	7,309,892	-
Infrastructure	-	32,053,726	32,053,726	2,654,615	-
Right to use assets:					
Buildings and improvements - lease	92,043	-	92,043	-	-
Machinery and equipment - lease	473,467	-	473,467	277,155	-
Subscription assets	1,215,428	-	1,215,428	149,715	-
Total assets	\$ 186,657,587	\$ 50,557,800	\$ 237,215,387	\$ 67,884,562	\$ 29,543,663
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	\$ 2,131,613	\$ -	\$ 2,131,613	\$ -	\$ -
OPEB related items	947,919	50,116	998,035	3,029,743	-
Pension related items	3,839,237	251,535	4,090,772	13,358,733	-
Total deferred outflows of resources	\$ 6,918,769	\$ 301,651	\$ 7,220,420	\$ 16,388,476	\$ -
LIABILITIES					
Accounts payable	\$ 2,351,553	\$ 478,543	\$ 2,830,096	\$ 1,507,076	\$ 5,722
Accounts payable - capital	151,503	341,601	493,104	1,901,136	-
Salaries payable	103,955	44,411	148,366	3,029,005	-
Customer deposits	-	240,238	240,238	-	-
Estimate of incurred but unreported health claims	1,115,300	-	1,115,300	-	-
Accrued interest payable	439,142	54,905	494,047	-	25,629
Due to component units	475,786	-	475,786	-	-
Unearned revenue	612,303	617,813	1,230,116	15,000	-
Long-term liabilities:					
Due within one year	9,380,925	881,415	10,262,340	1,543,864	2,868,556
Due in more than one year	47,225,823	14,207,334	61,433,157	65,359,264	12,938,780
Total liabilities	\$ 61,856,290	\$ 16,866,260	\$ 78,722,550	\$ 73,355,345	\$ 15,838,687
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 22,662,492	\$ -	\$ 22,662,492	\$ -	\$ -
Lease related items	184,572	-	184,572	21,920	7,977,392
OPEB related items	722,978	38,135	761,113	3,290,956	-
Pension related items	2,821,117	157,327	2,978,444	12,472,848	-
Total deferred inflows of resources	\$ 26,391,159	\$ 195,462	\$ 26,586,621	\$ 15,785,724	\$ 7,977,392
NET POSITION					
Net investment in capital assets	\$ 43,897,189	\$ 33,005,338	\$ 76,902,527	\$ 52,462,738	\$ 1,803,987
Restricted:					
School Capital Projects	1,591,924	-	1,591,924	-	-
Grant funds	1,657,764	-	1,657,764	-	-
Asset forfeiture funds	467,669	-	467,669	-	-
Future pension costs	-	-	-	213,720	-
Health insurance	3,964,053	-	3,964,053	-	-
School nutrition	-	-	-	2,782,717	-
Unrestricted	53,750,308	792,391	54,542,699	(60,327,206)	3,923,597
Total net position	\$ 105,328,907	\$ 33,797,729	\$ 139,126,636	\$ (4,868,031)	\$ 5,727,584

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

County of Pittsylvania, Virginia
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 6,444,358	\$ 313,928	\$ 497,884	\$ -	\$ (5,632,546)	\$ -	\$ -	\$ -
Judicial administration	2,239,934	15,562	1,334,741	-	(889,631)	-	-	-
Public safety	25,491,554	1,914,127	6,112,635	302,706	(17,162,086)	-	-	-
Public works	1,720,555	12,186	33,524	-	(1,674,845)	-	-	-
Health and welfare	13,127,476	-	9,810,777	-	(3,316,699)	-	-	-
Education	21,733,403	-	-	-	(21,733,403)	-	-	-
Parks, recreation, and cultural	2,477,435	131,843	225,767	1,478,445	(641,380)	-	-	-
Community development	5,832,451	-	668,514	587,125	(4,576,812)	-	-	-
Interest on long-term debt	1,543,541	-	-	-	(1,543,541)	-	-	-
Total governmental activities	\$ 80,610,707	\$ 2,387,646	\$ 18,683,842	\$ 2,368,276	\$ (57,170,943)	\$ -	\$ -	\$ -
Business-type activities:								
Solid Waste	\$ 8,176,734	\$ 6,886,899	\$ -	\$ -	\$ -	\$ (1,289,835)	\$ -	\$ -
Water and Sewer	3,467,427	2,849,946	-	111,515	-	(505,966)	-	-
Total business-type activities	\$ 11,644,161	\$ 9,736,845	\$ -	\$ 111,515	\$ -	\$ (1,795,801)	\$ -	\$ -
Total primary government	\$ 92,254,868	\$ 12,124,491	\$ 18,683,842	\$ 2,479,791	\$ (57,170,943)	\$ (1,795,801)	\$ -	\$ -
COMPONENT UNITS:								
School Board	\$ 107,876,965	\$ 672,708	\$ 97,983,888	\$ 3,540,535	\$ -	\$ (5,679,834)	\$ -	\$ -
Industrial Development Authority	559,269	1,832,471	-	130,000	-	-	-	1,403,202
Total component units	\$ 108,436,234	\$ 2,505,179	\$ 97,983,888	\$ 3,670,535	\$ -	\$ (5,679,834)	\$ -	\$ 1,403,202
General revenues:								
General property taxes		\$ 47,748,928	\$ -	\$ -	\$ 47,748,928	\$ -	\$ -	\$ -
Other local taxes:								
Local sales and use taxes		4,375,423	-	-	4,375,423	-	-	-
Consumer's utility taxes		1,354,996	-	-	1,354,996	-	-	-
Motor vehicle licenses		2,472,711	-	-	2,472,711	-	-	-
Meals taxes		1,511,618	-	-	1,511,618	-	-	-
Other local taxes		907,015	-	-	907,015	-	-	-
Unrestricted revenues from use of money		873,114	91,545	964,659	-	6,150	360,477	360,477
Miscellaneous		726,999	56,656	783,655	-	3,647,266	1,103	1,103
Payments from the County of Pittsylvania		-	-	-	-	21,526,858	52,098	52,098
Grants and contributions not restricted to specific programs		6,035,566	-	-	6,035,566	-	-	-
Total general revenues		\$ 66,006,370	\$ 148,201	\$ 66,154,571	\$ 66,154,571	\$ 25,180,274	\$ 413,678	\$ 413,678
Change in net position		8,835,427	(1,647,600)	7,187,827	7,187,827	19,500,440	1,816,880	1,816,880
Net position - beginning		96,493,480	35,445,329	131,938,809	131,938,809	(24,368,471)	3,910,704	3,910,704
Net position - ending		\$ 105,328,907	\$ 33,797,729	\$ 139,126,636	\$ 139,126,636	\$ (4,868,031)	\$ 5,727,584	\$ 5,727,584

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

County of Pittsylvania, Virginia
Balance Sheet
Governmental Funds
June 30, 2023

	<u>General</u>	<u>Industrial Development</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 59,111,816	\$ 3,908,580	\$ 673,615	\$ 63,694,011
Cash in custody of others	-	-	23,223	23,223
Receivables (net of allowance for uncollectibles):				
Taxes receivable	24,444,151	-	-	24,444,151
Accounts receivable	1,563,848	-	-	1,563,848
Due from other funds	3,493	-	-	3,493
Due from other governmental units	5,288,961	15,000	-	5,303,961
Lease receivable	189,485	-	-	189,485
Restricted - Investments	642,553	-	-	642,553
Total assets	<u>\$ 91,244,307</u>	<u>\$ 3,923,580</u>	<u>\$ 696,838</u>	<u>\$ 95,864,725</u>
LIABILITIES				
Accounts payable - operations	\$ 1,960,251	\$ 387,416	\$ 1,854	\$ 2,349,521
Salaries payable	103,955	-	-	103,955
Accounts payable - capital related	151,503	-	-	151,503
Due to component unit	475,786	-	-	475,786
Unearned revenue	612,303	-	-	612,303
Total liabilities	<u>\$ 3,303,798</u>	<u>\$ 387,416</u>	<u>\$ 1,854</u>	<u>\$ 3,693,068</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 28,994,776	\$ -	\$ -	\$ 28,994,776
Unavailable revenue - EMS billings	70,862	-	-	70,862
Unavailable revenue - opioid settlement	693,356	-	-	693,356
Lease related items	184,572	-	-	184,572
Total deferred inflows of resources	<u>\$ 29,943,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,943,566</u>
FUND BALANCES				
Nonspendable:				
Nonspendable - leases	\$ 4,913	\$ -	\$ -	\$ 4,913
Restricted:				
Construction and capital purchases	642,553	-	-	642,553
Grant funds	964,408	-	-	964,408
Forfeited Assets Fund	-	-	467,669	467,669
School construction grant funds	1,591,924	-	-	1,591,924
Committed:				
Industrial Development Fund	-	3,536,164	-	3,536,164
Assigned:				
Pet Center Fund	81,148	-	-	81,148
Beautification Fund	73,747	-	-	73,747
Law Library Fund	50,836	-	-	50,836
Library Gifts Fund	156,469	-	-	156,469
Capital Outlay Fund	8,961,158	-	-	8,961,158
Jail Inmate Management Fund	538,037	-	-	538,037
Courthouse Maintenance Fund	96,178	-	-	96,178
Courthouse Security Fund	149,605	-	-	149,605
Courthouse Construction Fund	86,133	-	-	86,133
Jail Processing Fund	33,049	-	-	33,049
Rural Road Addition Fund	268,781	-	-	268,781
Debt Service Reserve Fund	-	-	204,092	204,092
Jail canteen	-	-	5,649	5,649
Sheriff investigations	-	-	17,574	17,574
School carryover	8,005,516	-	-	8,005,516
Unassigned	36,292,488	-	-	36,292,488
Total fund balances	<u>\$ 57,996,943</u>	<u>\$ 3,536,164</u>	<u>\$ 694,984</u>	<u>\$ 62,228,091</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 91,244,307</u>	<u>\$ 3,923,580</u>	<u>\$ 696,838</u>	<u>\$ 95,864,725</u>

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

County of Pittsylvania, Virginia
 Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 June 30, 2023

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 62,228,091
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Jointly owned assets are included in the total capital assets.

Land	\$ 5,566,744	
Buildings and improvements	69,344,437	
Machinery and equipment	8,412,570	
Lease - machinery and equipment	473,467	
Lease - building and system	92,043	
Subscription asset	1,215,428	
Construction in progress	580,685	85,685,374

Prepaid items are reported in the funds using the purchases method and, therefore, are reported as expenditures in the funds.

Prepaid items		10,600
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Unavailable revenue - property taxes	\$ 6,332,284	
Unavailable revenue - opioid settlement funds	693,356	
Unavailable revenue - EMS billings	70,862	7,096,502

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

3,979,556

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

Deferred charge on refunding	\$ 2,131,613	
Pension related items	3,839,237	
OPEB related items	947,919	6,918,769

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

Bonds payable	\$ (34,787,245)	
Lease liabilities	(593,534)	
Subscription liabilities	(1,144,353)	
Financed purchases	(7,022,332)	
Unamortized premiums	(863,384)	
Accrued interest payable	(439,142)	
Net OPEB liabilities	(3,225,207)	
Net pension liability	(7,585,432)	
Compensated absences	(1,385,261)	(57,045,890)

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

Pension related items	\$ (2,821,117)	
OPEB related items	(722,978)	(3,544,095)

Net position of governmental activities		\$ 105,328,907
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The accompanying notes to the financial statements are an integral part of this statement.

County of Pittsylvania, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	<u>General</u>	<u>Industrial Development</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 45,817,799	\$ -	\$ -	\$ 45,817,799
Other local taxes	10,621,763	-	-	10,621,763
Permits, privilege fees, and regulatory licenses	425,635	-	-	425,635
Fines and forfeitures	85,290	-	-	85,290
Revenue from the use of money and property	1,034,037	-	236	1,034,273
Charges for services	1,725,667	-	29,130	1,754,797
Miscellaneous	881,145	-	-	881,145
Recovered costs	1,619,766	-	-	1,619,766
Intergovernmental	26,037,092	668,514	90,878	26,796,484
Total revenues	<u>\$ 88,248,194</u>	<u>\$ 668,514</u>	<u>\$ 120,244</u>	<u>\$ 89,036,952</u>
EXPENDITURES				
Current:				
General government administration	\$ 6,844,899	\$ -	\$ -	\$ 6,844,899
Judicial administration	2,213,592	-	-	2,213,592
Public safety	23,066,651	-	137,605	23,204,256
Public works	1,028,869	-	-	1,028,869
Health and welfare	13,243,570	-	-	13,243,570
Education	18,305,597	-	-	18,305,597
Parks, recreation, and cultural	2,278,719	-	-	2,278,719
Community development	3,318,008	2,439,861	-	5,757,869
Nondepartmental	14,049	-	-	14,049
Capital projects	1,286,413	-	-	1,286,413
Debt service:				
Principal retirement	9,005,471	-	-	9,005,471
Interest and other fiscal charges	1,800,730	-	-	1,800,730
Total expenditures	<u>\$ 82,406,568</u>	<u>\$ 2,439,861</u>	<u>\$ 137,605</u>	<u>\$ 84,984,034</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,841,626</u>	<u>\$ (1,771,347)</u>	<u>\$ (17,361)</u>	<u>\$ 4,052,918</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 671,075	\$ 18,000	\$ 689,075
Transfers out	(689,075)	-	-	(689,075)
Issuance of subscription liabilities	118,573	-	-	118,573
Issuance of financed purchase	642,544	-	-	642,544
Issuance of leases	155,720	-	-	155,720
Total other financing sources (uses)	<u>\$ 227,762</u>	<u>\$ 671,075</u>	<u>\$ 18,000</u>	<u>\$ 916,837</u>
Net change in fund balances	\$ 6,069,388	\$ (1,100,272)	\$ 639	\$ 4,969,755
Fund balances - beginning	51,927,555	4,636,436	694,345	57,258,336
Fund balances - ending	<u>\$ 57,996,943</u>	<u>\$ 3,536,164</u>	<u>\$ 694,984</u>	<u>\$ 62,228,091</u>

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

County of Pittsylvania, Virginia
 Reconciliation of Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Year Ended June 30, 2023

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

Net change in fund balances - total governmental funds \$ 4,969,755

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/amortization expense exceeded capital outlays in the current period.

Capital outlays	\$ 1,305,268	
Reversion of assets back to the School Board (net)	(1,144,819)	
Depreciation/amortization expense	(5,776,715)	(5,616,266)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net capital assets. (7,991)

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

Property taxes	\$ 1,931,129	
Opioid settlement funds	(154,146)	
EMS billings	(39,235)	1,737,748

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

Debt Issued or Incurred:

Issuance of leases	\$ (155,720)	
Issuance of subscription liabilities	(118,573)	
Issuance of financed purchase	(642,544)	
<u>Principal Payments</u>		
Bonds payable	6,744,685	
Subscription liabilities	233,090	
Lease liabilities	206,754	
Financed purchases	1,820,942	8,088,634

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

Change in compensated absences	\$ (37,831)	
Change in accrued interest payable	125,410	
Change in net OPEB liabilities and related items	(227,887)	
Change in net pension liability and related items	278,295	
Amortization of bond premium	495,489	
Amortization of loss on refunding	(363,710)	269,766

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. (616,819)

Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net position.

Change in prepaid items		10,600
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Change in net position of governmental activities		\$ 8,835,427
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The accompanying notes to the financial statements are an integral part of this statement.

County of Pittsylvania, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2023

	Enterprise Funds			Internal Service Funds
	Solid Waste	Water and	Total	
	Fund	Sewer Fund		
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 5,092,453	\$ 2,876,715	\$ 7,969,168	\$ 4,792,819
Investments - restricted	993,082	-	993,082	-
Accounts receivables, net of allowances for uncollectibles	1,192,218	623,304	1,815,522	300,258
Due from other governmental units	-	104,165	104,165	-
Inventories	-	27,010	27,010	7,304
Note receivable - current portion	-	25,000	25,000	-
Total current assets	<u>\$ 7,277,753</u>	<u>\$ 3,656,194</u>	<u>\$ 10,933,947</u>	<u>\$ 5,100,381</u>
Noncurrent assets:				
Note receivable - net of current portion	\$ -	\$ 50,000	\$ 50,000	\$ -
Capital assets: (net of related depreciation)				
Land	\$ 356,227	\$ 388,900	\$ 745,127	\$ -
Construction in progress	375,897	2,287,948	2,663,845	-
Machinery and equipment	2,560,280	1,074,618	3,634,898	-
Buildings and improvements	-	476,257	476,257	-
Infrastructure	6,578,680	25,475,046	32,053,726	-
Total capital assets	<u>\$ 9,871,084</u>	<u>\$ 29,702,769</u>	<u>\$ 39,573,853</u>	<u>\$ -</u>
Total noncurrent assets	<u>\$ 9,871,084</u>	<u>\$ 29,752,769</u>	<u>\$ 39,623,853</u>	<u>\$ -</u>
Total assets	<u>\$ 17,148,837</u>	<u>\$ 33,408,963</u>	<u>\$ 50,557,800</u>	<u>\$ 5,100,381</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related items	\$ 16,481	\$ 33,635	\$ 50,116	\$ -
Pension related items	141,154	110,381	251,535	-
Total deferred outflows of resources	<u>\$ 157,635</u>	<u>\$ 144,016</u>	<u>\$ 301,651</u>	<u>\$ -</u>
LIABILITIES				
Current liabilities:				
Accounts payable - operations	\$ 243,187	\$ 235,356	\$ 478,543	\$ 2,032
Estimate of incurred but unreported health claims	-	-	-	1,115,300
Accrued salaries	43,970	441	44,411	-
Due to other funds	-	-	-	3,493
Accounts payable - capital related	41,872	299,729	341,601	-
Interest payable	54,905	-	54,905	-
Unearned revenue	454,939	162,874	617,813	-
Customer deposits payable	-	240,238	240,238	-
Compensated absences - current portion	25,320	28,379	53,699	-
Bonds payable - current portion	827,716	-	827,716	-
Total current liabilities	<u>\$ 1,691,909</u>	<u>\$ 967,017</u>	<u>\$ 2,658,926</u>	<u>\$ 1,120,825</u>
Noncurrent liabilities:				
Landfill closure/postclosure liability	\$ 7,213,187	\$ -	\$ 7,213,187	\$ -
Bonds payable - net of current portion	6,392,280	-	6,392,280	-
Compensated absences - net of current portion	8,440	9,459	17,899	-
Net pension liability	282,364	131,183	413,547	-
Net OPEB liabilities	56,082	114,339	170,421	-
Total noncurrent liabilities	<u>\$ 13,952,353</u>	<u>\$ 254,981</u>	<u>\$ 14,207,334</u>	<u>\$ -</u>
Total liabilities	<u>\$ 15,644,262</u>	<u>\$ 1,221,998</u>	<u>\$ 16,866,260</u>	<u>\$ 1,120,825</u>
DEFERRED INFLOWS OF RESOURCES				
OPEB related items	\$ 12,575	\$ 25,560	\$ 38,135	\$ -
Pension related items	95,500	61,827	157,327	-
Total deferred inflows of resources	<u>\$ 108,075</u>	<u>\$ 87,387</u>	<u>\$ 195,462</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	\$ 3,602,298	\$ 29,403,040	\$ 33,005,338	\$ -
Restricted for health insurance claims	-	-	-	3,964,053
Unrestricted (deficit)	(2,048,163)	2,840,554	792,391	15,503
Total net position	<u>\$ 1,554,135</u>	<u>\$ 32,243,594</u>	<u>\$ 33,797,729</u>	<u>\$ 3,979,556</u>

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

County of Pittsylvania, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Enterprise Funds			Internal Service Funds
	Solid Waste Fund	Water and Sewer Fund	Total	
OPERATING REVENUES				
Charges for services:				
Water revenues	\$ -	\$ 1,871,968	\$ 1,871,968	\$ -
Sewer revenues	-	910,383	910,383	-
Connection charges	-	37,677	37,677	-
Solid waste collections	6,800,057	-	6,800,057	-
Recycling	7,645	-	7,645	-
Materials and supplies	-	-	-	259,122
Insurance premiums	-	-	-	13,740,007
Penalties and interest	79,197	29,918	109,115	-
Miscellaneous	10,000	46,656	56,656	-
Total operating revenues	<u>\$ 6,896,899</u>	<u>\$ 2,896,602</u>	<u>\$ 9,793,501</u>	<u>\$ 13,999,129</u>
OPERATING EXPENSES				
Salaries	\$ 829,382	\$ 358,298	\$ 1,187,680	\$ -
Fringe benefits	371,454	112,332	483,786	14,406,903
Contractual services	1,980,794	70,542	2,051,336	-
Utilities	67,969	77,788	145,757	-
Insurance	18,765	11,569	30,334	-
Fuel	474,220	19,454	493,674	-
Supplies	257,781	-	257,781	209,045
Landfill monitoring	120,090	-	120,090	-
Improvements and closure costs	2,305,680	-	2,305,680	-
Miscellaneous	281,975	36,502	318,477	-
Purchased water	-	855,878	855,878	-
Repairs and maintenance	-	212,758	212,758	-
Office and administration	-	418,210	418,210	-
Sewage treatment	-	587,175	587,175	-
Depreciation	1,374,668	706,921	2,081,589	-
Total operating expenses	<u>\$ 8,082,778</u>	<u>\$ 3,467,427</u>	<u>\$ 11,550,205</u>	<u>\$ 14,615,948</u>
Change in Net Position	<u>\$ (1,185,879)</u>	<u>\$ (570,825)</u>	<u>\$ (1,756,704)</u>	<u>\$ (616,819)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	\$ 73,261	\$ 18,284	\$ 91,545	\$ -
Interest expense	(93,956)	-	(93,956)	-
Total nonoperating revenues (expenses)	<u>\$ (20,695)</u>	<u>\$ 18,284</u>	<u>\$ (2,411)</u>	<u>\$ -</u>
Income (loss) before transfers, capital contributions, and construction grants	<u>\$ (1,206,574)</u>	<u>\$ (552,541)</u>	<u>\$ (1,759,115)</u>	<u>\$ (616,819)</u>
Capital contributions and construction grants	-	111,515	111,515	-
Change in Net Position	<u>\$ (1,206,574)</u>	<u>\$ (441,026)</u>	<u>\$ (1,647,600)</u>	<u>\$ (616,819)</u>
Total net position - beginning	2,760,709	32,684,620	35,445,329	4,596,375
Total net position - ending	<u>\$ 1,554,135</u>	<u>\$ 32,243,594</u>	<u>\$ 33,797,729</u>	<u>\$ 3,979,556</u>

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

County of Pittsylvania, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Enterprise Funds			Internal Service Funds
	Solid Waste Fund	Water and Sewer Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 6,860,577	\$ 2,911,021	\$ 9,771,598	\$ -
Receipts for materials and supplies	-	-	-	269,398
Receipts for insurance premiums	-	-	-	14,639,757
Payments to suppliers	(3,207,880)	(2,139,491)	(5,347,371)	(218,475)
Payments to employees	(1,209,009)	(454,884)	(1,663,893)	-
Payments for insurance premiums	-	-	-	(14,361,803)
Net cash provided by (used for) operating activities	<u>\$ 2,443,688</u>	<u>\$ 316,646</u>	<u>\$ 2,760,334</u>	<u>\$ 328,877</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund borrowings	\$ -	\$ -	\$ -	\$ (50,923)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of utility plant	\$ (2,735,041)	\$ (2,243,646)	\$ (4,978,687)	\$ -
Capital contributions	-	52,333	52,333	-
Payments on note receivable	-	25,000	25,000	-
Principal payments on bonds	(690,000)	-	(690,000)	-
Interest expense	(231,428)	-	(231,428)	-
Net cash provided by (used for) capital and related financing activities	<u>\$ (3,656,469)</u>	<u>\$ (2,166,313)</u>	<u>\$ (5,822,782)</u>	<u>\$ -</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	\$ 73,261	\$ 18,284	\$ 91,545	\$ -
Net increase (decrease) in cash and cash equivalents	\$ (1,139,520)	\$ (1,831,383)	\$ (2,970,903)	\$ 277,954
Cash and cash equivalents - beginning (including restricted investments of \$3,121,282)	\$ 7,225,055	\$ 4,708,098	\$ 11,933,153	\$ 4,514,865
Cash and cash equivalents - ending (including restricted investments of \$993,082)	<u>\$ 6,085,535</u>	<u>\$ 2,876,715</u>	<u>\$ 8,962,250</u>	<u>\$ 4,792,819</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (1,185,879)	\$ (570,825)	\$ (1,756,704)	\$ (616,819)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	\$ 1,374,668	\$ 706,921	\$ 2,081,589	\$ -
(Increase) decrease in accounts receivable	(32,054)	(79,291)	(111,345)	910,026
(Increase) decrease in prepaid items	-	12,326	12,326	-
(Increase) decrease in inventories	-	(196)	(196)	(1,677)
(Increase) decrease in deferred outflows related to pension	53,022	43,232	96,254	-
(Increase) decrease in deferred outflows related to OPEB	(1,571)	1,772	201	-
Increase (decrease) in accrued salaries	379	(2,037)	(1,658)	-
Increase (decrease) in closure/postclosure liability	2,188,240	-	2,188,240	-
Increase (decrease) in accounts payable	111,154	138,255	249,409	37,347
Increase (decrease) in compensated absences	(2,723)	4,985	2,262	-
Increase (decrease) in customer deposits payable	-	27,108	27,108	-
Increase (decrease) in unearned revenue	(4,268)	93,710	89,442	-
Increase (decrease) in net pension liability	159,122	69,564	228,686	-
Increase (decrease) in net OPEB liabilities	7,787	13,269	21,056	-
Increase (decrease) in deferred inflows related to pension	(221,277)	(108,221)	(329,498)	-
Increase (decrease) in deferred inflows related to OPEB	(2,912)	(33,926)	(36,838)	-
Total adjustments	<u>\$ 3,629,567</u>	<u>\$ 887,471</u>	<u>\$ 4,517,038</u>	<u>\$ 945,696</u>
Net cash provided by (used for) operating activities	<u>\$ 2,443,688</u>	<u>\$ 316,646</u>	<u>\$ 2,760,334</u>	<u>\$ 328,877</u>
Noncash investing, capital, and financing activities:				
Capital related payables	\$ 41,872	\$ 299,729	\$ 341,601	\$ -

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

County of Pittsylvania, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
June 30, 2023

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 864,730
Cash in custody of others	13,857
Receivables:	
Due from other governments	309,796
Total assets	<u>\$ 1,188,383</u>
LIABILITIES	
Accounts payable	<u>\$ 312,216</u>
NET POSITION	
Restricted:	
Social services welfare	\$ 13,260
Escrows for developers	267,600
Workforce Investment Board	581,450
Amounts held for inmates	13,857
Total liabilities	<u>\$ 876,167</u>

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

County of Pittsylvania, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2023

	<u>Custodial Funds</u>
ADDITIONS	
Contributions:	
Government grants	\$ 2,107,968
Rental income	355,244
Social security and welfare receipts	19,169
Inmate deposits	105,932
Miscellaneous	45,625
Total contributions	<u>\$ 2,633,938</u>
DEDUCTIONS	
Workforce Investment Board expenses	\$ 2,807,575
Administrative fees	4,900
Refunds of developers escrow deposits	2,090
Welfare payments	29,524
Inmate purchases and withdrawals	111,261
Total deductions	<u>\$ 2,955,350</u>
Net increase (decrease) in fiduciary net position	\$ (321,412)
Net position - beginning	<u>1,197,579</u>
Net position - ending	<u>\$ 876,167</u>

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

Note 1 - Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

Blended component units - In fiscal year 2021, the Pittsylvania County Service Authority (Service Authority) Board of Commissioners became the same as the Board of Supervisors. Therefore, the reporting entity changed from a discretely presented component unit to a blended component unit. The Service Authority provides water and sewer service to residents of Pittsylvania County. On July 1, 2021, the Service Authority officially disbanded and became a fund of the County.

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

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

The Industrial Development Authority of Pittsylvania County (IDA) encourages and provides financing for industrial development in Pittsylvania County. The IDA is deemed to be a discretely presented component unit of the County. The IDA's fiscal year end is June 30th and financial data presented herewith for the Authority is for the fiscal year ended June 30, 2023. The IDA issues separate financial statements that may be obtained from the County of Pittsylvania, 21 North Main Street, Chatham, Virginia 24531.

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

Jointly Governed Organizations - The County, in conjunction with the City of Danville, participates in supporting the Danville-Pittsylvania Community Services Board. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$542,100 to the Community Services Board.

The County in conjunction with the City of Danville participates in supporting the Danville-Pittsylvania Regional Industrial Facilities Authority (DPRIFA). The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$266,240 to DPRIFA. The County has a moral obligation to continue to provide funding to the IFA for debt service and ongoing construction projects.

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

A. Financial Reporting Entity (Continued)

The County along with the Town of Hurt and City of Danville are part of the jointly governed organization Staunton River Regional Industrial Facility Authority (SRRIFA). SRRIFA's mission is to improve the regional economy through the attraction of global industry. During the year, the County contributed \$61,000 to SRRIFA.

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, the effect of interfund activity has 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 financial position of the primary government (governmental and business-type activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

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

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

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

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

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

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when 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.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

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, including lease and subscription liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

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

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

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

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

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

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. The General Fund includes the activities of the CARES Act, ARPA Funding, Social Services, Debt Reserve, Bond, Zoning, Grants, CIP, Jail Operations, Rural Roads, Building Code Academy, Courthouse Security, Jail Inmate Management, Landfill Bond, Library Gifts, Courthouse Maintenance, Law Library, Animal Friendly Plates, and Jail Processing Funds. The aforementioned Funds have been merged with the General Fund for financial reporting purposes.

The *Industrial Development Fund* serves as the County's major *Special Revenue Fund*. The Industrial Development Fund accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for industrial and community development benefiting the County. The Industrial Development Fund includes the activities of the cyclical and non-cyclical industrial development funds.

The government reports the following nonmajor governmental funds:

- The *Forfeited Assets Fund* is a Special Revenue Fund that accounts for and reports financial resources to be used in connection with the Sheriff and Commonwealth Attorney's asset forfeiture funds.
- The *Debt Service Reserve Fund* is the County's only Debt Service Fund. It accounts for and reports financial resources to be used for the payment of debt of the County as well as jointly governed organizations.
- The *Sheriff Fund* accounts for the Sheriff's confidential account activities as well as the canteen profits from the jail.

The government reports the following major enterprise funds:

The *Solid Waste Fund* accounts for the activities of the landfill, including charges for services, expenses, assets, and related debts.

The *Water and Sewer Fund* accounts for the activities of the water and sewer operations, including charges for services, expenses, assets, and related debts.

The School Board reports the following major governmental fund:

The *School Operating Fund* is the primary operating fund of the School Board and accounts and reports for 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 Pittsylvania, and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

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

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

The School Board reports the following nonmajor governmental fund:

- The *School Activity Fund* accounts for the activities of the bank accounts held at the individual schools under the direction of each corresponding principal.

Additionally, the government reports the following fund types:

Internal Service Funds account for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The Internal Service Funds consist of the Central Stores and Self Insurance Funds.

Fiduciary funds (Trust and Custodial funds) account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Custodial funds include the Special Welfare, Cash Bond, Workforce Investment Board, and Sheriff's Inmate Trust Funds.

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

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

Proprietary Funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Funds are charges to departments for sales and health insurance. Operating expenses for Internal Service Funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

1. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits, and 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.

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

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

2. Investments

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.

The County had \$993,082 and \$642,553 of unspent bond proceeds and unspent financed purchase proceeds, respectively, recorded as restricted investments as of June 30, 2023.

3. Receivables and Payables

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

4. Property Taxes

Property is assessed at its value on January 1st. Property taxes attach as an enforceable lien on property as of January 1st. Real estate taxes are payable in installments on June 10th and December 10th. Personal property taxes are due and collectible in installments on June 10th and December 10th. The County bills and collects its own property taxes.

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,135,027 at June 30, 2023 and is comprised of property taxes (\$680,764), EMS billings (\$369,302), water and sewer charges (\$43,403) and solid waste charges (\$41,558).

6. Use of Estimates

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

7. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements. The cost of prepaid items is recorded as an expenditure in the fund financial statements when purchased rather than when consumed. The cost of prepaid items is recorded as an expense when consumed rather than when purchased in the government-wide financial statements.

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

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

8. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, lease, subscription, 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.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Structures, lines, and accessories	20-40
Machinery and equipment	4-30
Lease - machinery and equipment	4-30
Lease - buildings and improvements	40
Subscription asset	3-5

9. 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 multiple items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

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

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

9. 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 multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable and opioid receivable is reported in the governmental funds balance sheet. This property tax amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, 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, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, and leases. For more detailed information on these items, reference the related notes.

10. Long-term Obligations

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

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

11. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the current accounting standards, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The County accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

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

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

12. Pensions

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

13. Other Postemployment Benefits (OPEB)

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

Health Insurance

The County and School Board offer retirees the option to remain on the health insurance plan resulting in an implicit subsidy OPEB liability. For more information see the related note disclosure.

14. 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:

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaid expenditures) or are legally or contractually 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.

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

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

14. Fund Balance (Continued)

The Board of Supervisors is the County's highest level of decision-making authority and a resolution is required prior to the last day of the fiscal year in order to establish, modify, or rescind a fund balance commitment. The amount subject to the constraint may be determined in the subsequent period.

The County's Board of Supervisors has authorized the Finance Director to assign fund balance in accordance with the County's fund balance policy.

The County will maintain an unassigned fund balance in the general fund equal to 10% of expenditures/revenues. The County considers a balance of less than 10% to be cause for concern, barring unusual, or deliberate circumstances.

The County considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unassigned, assigned, or committed fund balances are available, unless prohibited by legal documents or contracts. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available, the County considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.

15. Net Position

Net position is the difference between a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related 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 also included in this component of net position.

16. Net Position Flow Assumption

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

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

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

17. Leases and Subscription-Based IT Arrangements

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

Lessee

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

Lessor

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

Subscriptions

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

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

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

17. Leases and Subscription-Based IT Arrangements (Continued)

Key Estimates and Judgments

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

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

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

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Note 2 - Stewardship, Compliance, and Accountability:

A. Budgetary Information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All Funds of the County have legally adopted budgets with the exception of Custodial Funds, the Sheriff Fund, and the School Board's School Activity Fund.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Only the Board of Supervisors can revise the appropriation for each department or category. 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.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds (except the School Fund) and the School Capital Projects Funds. The School Operating Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of expenditures over appropriations

At June 30, 2023, no departments had expenditures in excess of its appropriations.

C. Deficit fund equity

At June 30, 2023, there were no funds with deficit fund equity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 3 - Deposits and Investments:

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.

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).

Custodial Credit Risk (Investments)

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Neither the County nor its discretely presented component unit has an investment policy for custodial credit risk. As of June 30, 2023, the County and the Component Unit - School Board did not hold any investments that were subject to custodial credit risk.

Concentration of Credit Risk

At June 30, 2023, the County did not have any investments meeting the definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

Credit Risk of Debt Securities

The County has not adopted an investment policy for credit risk. The County’s rated debt investments as of June 30, 2023 were rated by Standard & Poor’s and/or an equivalent national rating organization and the ratings are presented below using the Standard & Poor’s rating scale.

County's Rated Debt Investments' Values			
Rated Debt Investments	Fair Quality Ratings		
	AAAm	Unrated	Total
SNAP	\$ 993,082	\$ -	\$ 993,082
Money Market Funds	-	642,553	642,553
Total	<u>\$ 993,082</u>	<u>\$ 642,553</u>	<u>\$ 1,635,635</u>

Note 3 - Deposits and Investments: (Continued)

Interest Rate Risk

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

Investment Type	Investment Maturities (in years)		
	Fair Value	Less than 1 year	1 - 5 years
SNAP	\$ 993,082	\$ 993,082	\$ -
Money Market Funds	642,553	642,553	-
Total	<u>\$ 1,635,635</u>	<u>\$ 1,635,635</u>	<u>\$ -</u>

Note 4 - Due from Other Governmental Units:

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 766,566	\$ -
Communication sales tax	250,165	-
State sales tax	-	1,764,854
Noncategorical aid	136,718	-
Categorical aid - shared expenses	540,623	-
Categorical aid - Virginia Public Assistance funds	118,511	-
Categorical aid - CSA funds	1,131,850	-
Categorical aid - other	738,107	806,364
<u>Federal Government:</u>		
Categorical aid - Virginia Public Assistance funds	219,427	-
Categorical aid - other	1,506,159	2,399,740
Totals	<u>\$ 5,408,126</u>	<u>\$ 4,970,958</u>

Note 5 - Interfund/Component-Unit Obligations:

<u>Fund</u>	<u>Due from Primary Government/ Component Unit</u>	<u>Due to Primary Government/ Component Unit</u>
Primary Government:		
General Fund	\$ -	\$ 475,786
Component Unit - School Board:		
School Fund	\$ 475,786	\$ -

Interfund balances for the year ended June 30, 2023, consisted of the following:

<u>Fund</u>	<u>Due from</u>	<u>Due to</u>
Primary Government:		
<i>Major Governmental Funds:</i>		
General Fund	\$ 3,493	\$ -
<i>Internal Service Funds:</i>		
Central Stores Fund	-	3,493
Total	\$ 3,493	\$ 3,493

All balances are the results of time lag between dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. The County expects all balances to be repaid within one year.

Interfund transfers for the year ended June 30, 2023, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
<i>Major Governmental Funds:</i>		
General Fund	\$ -	\$ 689,075
Industrial Development Fund	671,075	-
<i>Nonmajor Governmental Funds:</i>		
Sheriff Fund	18,000	-
Total	\$ 689,075	\$ 689,075

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

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6 - Long-Term Obligations:

Primary Government - Governmental Activities Indebtedness:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2023:

	Beginning Balance	GASB No. 96 Adjustments	Increases/ Issuances	Decreases/ Retirements	Ending Balance
General obligation bonds	\$ 39,068,461	\$ -	\$ -	\$ (6,453,719)	\$ 32,614,742
Unamortized bond premiums	1,358,873	-	-	(495,489)	863,384
Direct borrowings and placements:					
Lease revenue bonds	2,463,469	-	-	(290,966)	2,172,503
Financed purchases	8,200,730	-	642,544	(1,820,942)	7,022,332
Lease liabilities	644,568		155,720	(206,754)	593,534
Subscription liabilities	-	1,258,870	118,573	(233,090)	1,144,353
Compensated absences	1,347,430	-	1,048,404	(1,010,573)	1,385,261
Net pension liability	3,418,662	-	7,568,292	(3,401,522)	7,585,432
Net OPEB liabilities	2,748,257	-	1,298,145	(821,195)	3,225,207
Total	\$ 59,250,450	\$ 1,258,870	\$ 10,831,678	\$ (14,734,250)	\$ 56,606,748

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

Year Ending June 30,	General Obligation Bonds		Direct Borrowings and Placements							
			Lease Revenue Bonds		Financed Purchases		Lease Liabilities		Subscription Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 5,272,449	\$1,207,464	\$ 294,025	\$ 75,276	\$ 1,952,292	\$ 164,938	\$ 235,954	\$ 39,806	\$ 185,945	\$ 36,251
2025	5,512,293	847,120	297,178	64,962	1,425,390	113,836	183,329	22,721	171,523	30,831
2026	3,875,000	698,163	300,428	54,535	1,101,323	74,306	142,634	7,453	177,666	25,646
2027	4,010,000	562,513	303,779	43,990	232,060	49,961	31,617	877	108,218	18,277
2028	4,130,000	442,213	307,234	33,325	236,748	45,273	-	-	112,567	15,030
2029-2033	9,815,000	519,825	669,859	46,674	1,257,438	152,664	-	-	388,434	29,564
2034-2038	-	-	-	-	817,081	28,980	-	-	-	-
Totals	\$32,614,742	\$4,277,297	\$ 2,172,503	\$ 318,762	\$ 7,022,332	\$ 629,958	\$ 593,534	\$ 70,857	\$ 1,144,353	\$ 155,599

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6 - Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Implementation/ Issue Date	Final Maturity Date	Installment Amounts	Amount of Original Issue	Total Amount	Amount Due Within One Year
General Obligation Bonds:							
General obligation bond (2)	3.00-5.00%	8/21/2015	2/1/2030	\$625,000-3,600,000 (a+)	\$ 37,660,000	\$ 22,470,000	\$ 3,430,000
General obligation bond (1)	3.00-5.00%	6/2/2016	6/15/2031	\$605,000-1,150,000 (a+)	13,275,000	8,195,000	880,000
General obligation bond (1)	4.10-5.60%	11/10/2004	7/15/2024	\$999,906-1,010,000 (a+)	15,735,749	1,949,742	962,449
Total general obligation bonds						\$ 32,614,742	\$ 5,272,449
Plus:							
Unamortized Premium						\$ 863,384	\$ 401,314
Direct Borrowings and Placements - Lease Revenue Bonds:							
Revenue bond - IDA	3.59%	1/30/2018	2/1/2028	\$152,730-315,936 (a+)	\$ 1,803,802	\$ 392,808	\$ 73,072
QECB Energy Revenue Bond	3.47%	1/20/2016	3/1/2031	\$216,581-224,519 (a+)	3,313,595	1,779,695	220,953
Total direct borrowings - lease revenue bonds						\$ 2,172,503	\$ 294,025
Direct Borrowings and Placements - Financed Purchases:							
E-911 Equipment Purchase	3.54%	12/1/2017	3/15/2026	\$873,858-\$1,419,774 (a+)		\$ 3,167,492	\$ 1,419,774
Bank of America Energy Lease	2.01%	6/16/2021	3/1/2036	\$214,218-\$266,932 (a+)		3,212,296	218,546
Truist Bank	4.65%	4/6/2023	4/6/2025	\$343,850 annual payment		642,544	313,972
Total financed purchases						\$ 7,022,332	\$ 1,952,292
Lease Liabilities:							
Sheriff Enterprise Vehicle Leases	7.06-16.63%	7/1/2021	2/1/2026-5/1/2027	\$6,161-\$8,117 (b)		\$ 498,090	\$ 160,329
Bill Rogers Tower Site Lease	2.00%	7/1/2021	4/1/2027	\$500 (b)		26,548	6,730
Olde Dominion Agriculture Building Lease	3.00%	7/1/2021	6/1/2024	\$5,665 (b)		68,896	68,895
Total lease liabilities						\$ 593,534	\$ 235,954
Subscription Liabilities:							
L3 Harris E911 tower software	3.00%	7/1/2022	8/24/2031	\$104,500 (b)		\$ 813,648	\$ 80,091
CodeRed Warning software	3.00%	7/1/2022	1/1/2024	\$20,000 (b)		19,417	19,417
Motorola Watchdog software	3.00%	10/28/2022	10/28/2025	\$20,825 (b)		58,906	19,058
ESRI GIS software	3.00%	7/1/2022	10/1/2025	\$66,000 (b)		155,574	50,333
CivicPlus Agenda Software	3.00%	7/1/2022	7/1/2027	\$19,950-\$23,095 (c)		96,808	17,046
Total subscription liabilities						\$ 1,144,353	\$ 185,945
Other Obligations:							
Compensated absences						\$ 1,385,261	\$ 1,038,946
Net pension liability						7,585,432	-
Net OPEB liabilities						3,225,207	-
Total other obligations						\$ 12,195,900	\$ 1,038,946
Total long-term obligations						\$ 56,606,748	\$ 9,380,925

(1) Refunding bond

(2) Advanced refunding bond

(a+) annual principal installments shown does not include semi-annual interest installments

(b) payments include principal and interest

(c) variable payments including principal and interest

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 6 - Long-Term Obligations: (Continued)

Primary Government - Business-type Activities Indebtedness:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2023:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct borrowings and placements:				
Lease revenue bonds	\$ 7,315,000	\$ -	\$ (690,000)	\$ 6,625,000
Unamortized bond premiums	727,821	-	(132,825)	594,996
Landfill closure/post-closure liability	5,024,947	2,188,240	-	7,213,187
Compensated absences	69,336	54,264	(52,002)	71,598
Net pension liability	184,861	416,576	(187,890)	413,547
Net OPEB liabilities	149,365	71,076	(50,020)	170,421
Total	\$ 13,471,330	\$ 2,730,156	\$ (1,112,737)	\$ 15,088,749

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

Year Ending June 30,	Direct Borrowings and Placements	
	Lease Revenue Bonds	
	Principal	Interest
2024	\$ 705,000	\$ 212,254
2025	725,000	191,978
2026	745,000	170,414
2027	775,000	147,721
2028	795,000	122,161
2029-2033	1,695,000	334,421
2034-2037	1,185,000	62,213
Totals	\$ 6,625,000	\$ 1,241,162

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6 - Long-Term Obligations: (Continued)

Primary Government - Business-type Activities Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Installment Amounts	Amount of Original Issue	Total Amount	Amount Due Within One Year
Direct Borrowings and Placements - Lease Revenue Bonds:							
Lease revenue bond	2.21-5.13%	10/17/2021	10/1/2036	\$215,000-310,000 (a+)	\$3,885,000	\$ 3,670,000	\$ 225,000
Lease revenue bond	1.63-2.72%	10/17/2021	10/1/2028	\$465,000-520,000 (a+)	\$3,430,000	2,955,000	480,000
Total direct borrowings - lease revenue bonds						<u>\$ 6,625,000</u>	<u>\$ 705,000</u>
Plus:							
Unamortized Premium						\$ 594,996	\$ 122,716
Other Obligations:							
Landfill closure/post-closure liability						\$ 7,213,187	\$ -
Compensated absences						71,598	53,699
Net pension liability						413,547	-
Net OPEB liabilities						170,421	-
Total other obligations						<u>\$ 7,868,753</u>	<u>\$ 53,699</u>
Total long-term obligations						<u>\$ 15,088,749</u>	<u>\$ 881,415</u>

(a+) annual principal installments shown does not include semi-annual interest installments

Collateral: The County's lease revenue bond issued August 5, 2006 and the lease revenue bond issued January 30, 2018 are secured by the Human Services building. The County's lease revenue bond issued October 17, 2021 for the landfill construction is secured by the County Administration (Moses) building.

Events of Default: The County's general obligation bonds are subject to the state aid intercept program. Under terms of the program, the County's State aid is redirected to bond holders to cure any event(s) of default.

Covenants: The County's lease revenue bonds issued 10/17/2021 include a debt covenant that requires the net revenues available for debt service to be equal to at least 100% of annual debt service.

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7 - Long-Term Obligations-Component Unit School Board:

The following is a summary of long-term obligation transactions of the Component-Unit School Board for the year ended June 30, 2023:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Compensated absences	\$ 1,775,279	\$ 1,386,112	\$ (1,331,459)	\$ 1,829,932
Net pension liability	40,108,819	38,332,403	(29,568,181)	48,873,041
Net OPEB liabilities	15,843,127	3,987,835	(4,057,099)	15,773,863
Lease liabilities	233,471	147,167	(102,371)	278,267
Subscription liabilities	-	224,265	(76,240)	148,025
Total	\$ 57,960,696	\$ 44,077,782	\$ (35,135,350)	\$ 66,903,128

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

Year Ending June 30,	Subscription Liabilities		Lease Liabilities	
	Principal	Interest	Principal	Interest
2024	\$ 73,279	\$ 2,960	\$ 98,136	\$ 4,670
2025	74,746	1,495	94,363	2,727
2026	-	-	80,507	935
2027	-	-	5,261	35
Totals	\$ 148,025	\$ 4,455	\$ 278,267	\$ 8,367

Details of long-term indebtedness:

	Interest Rates	Implementation Date	Final Maturity Date	Installment Amounts	Amount of Original Issue	Total Amount	Amount Due Within One Year
Lease Liabilities:							
School copier leases	2.00%	7/1/2021	12/4/2022 - 4/23/2027	\$156 - \$23,040	\$5,875-\$109,722	\$ 278,267	\$ 98,136
Total lease liabilities						\$ 278,267	\$ 98,136
Subscription Liabilities:							
CoGuardian software	2.00%	7/1/2022	7/1/2024	\$76,240	\$ 224,265	\$ 148,025	\$ 73,279
Total subscription liabilities						\$ 148,025	\$ 73,279
Other Obligations:							
Compensated absences						\$ 1,829,932	\$ 1,372,449
Net pension liability						48,873,041	-
Net OPEB liabilities						15,773,863	-
Total other obligations						\$ 66,476,836	\$ 1,372,449
Total long-term obligations						\$ 66,903,128	\$ 1,543,864

Note 8 - Pension Plans:

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.

In fiscal year 2021, the blended component unit Pittsylvania County Service Authority employees became County employees and joined that plan with VRS. However, VRS is currently still maintaining the old plan for them but is in the process of consolidating plans. For reporting purposes, the plans are merged.

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

Note 8 - Pension Plans: (Continued)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

As of the June 30, 2021 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	304	167
Inactive members:		
Vested inactive members	46	19
Non-vested inactive members	116	56
Inactive members active elsewhere in VRS	107	30
Total inactive members	269	105
Active members	366	128
Total covered employees	939	400

Note 8 - Pension Plans: (Continued)

Contributions

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

The County's contractually required employee contribution rate for the year ended June 30, 2023 was 13.53% 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 \$2,503,592 and \$2,042,436 for the years ended June 30, 2023 and June 30, 2022, respectively.

The Component Unit School Board's contractually required employee contribution rate for nonprofessional employees for the year ended June 30, 2023 was 6.40% 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 Pittsylvania County School Board's nonprofessional employees were \$203,551 and \$215,082 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability (Asset)

The net pension liability (NPL/A) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's, Blended Component Unit's, and Component Unit School Board's (nonprofessional) net pension liabilities (assets) were measured as of June 30, 2022. The total pension liabilities used to calculate the net pension liabilities (assets) were determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022.

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, 2021, 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, 2022.

Note 8 - Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Note 8 - Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

Note 8 - Pension Plans: (Continued)

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

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.

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Note 8 - Pension Plans: (Continued)

Long-term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

* The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

Note 8 - Pension Plans: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2022, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 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 (a) - (b)
Balances at June 30, 2021	\$ 88,340,451	\$ 84,736,928	\$ 3,603,523
Changes for the year:			
Service cost	\$ 1,932,687	\$ -	\$ 1,932,687
Interest	5,924,911	-	5,924,911
Differences between expected and actual experience	(669,978)	-	(669,978)
Assumption changes	-	-	-
Contributions - employer	-	2,037,478	(2,037,478)
Contributions - employee	-	876,054	(876,054)
Net investment income	-	(70,344)	70,344
Benefit payments, including refunds of employee contributions	(4,993,337)	(4,993,337)	-
Administrative expenses	-	(52,963)	52,963
Other changes	-	1,939	(1,939)
Net changes	\$ 2,194,283	\$ (2,201,173)	\$ 4,395,456
Balances at June 30, 2022	\$ 90,534,734	\$ 82,535,755	\$ 7,998,979

Note 8 - Pension Plans: (Continued)

Changes in Net Pension Liability (Asset) (Continued)

	Component Unit - School Board (Nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 16,004,540	\$ 16,824,510	\$ 1,490,028
Changes for the year:			
Service cost	\$ 229,725	\$ -	\$ 229,725
Interest	1,064,727	-	1,064,727
Differences between expected and actual experience	(352,383)	-	(352,383)
Assumption changes	-	-	-
Contributions - employer	-	212,548	(212,548)
Contributions - employee	-	143,968	(143,968)
Net investment income	-	(10,497)	10,497
Benefit payments, including refunds of employee contributions	(921,069)	(921,069)	-
Administrative expenses	-	(10,582)	10,582
Other changes	-	382	(382)
Net changes	\$ 21,000	\$ (585,250)	\$ 606,250
Balances at June 30, 2022	\$ 16,025,540	\$ 16,239,260	\$ (213,720)

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Note 8 - Pension Plans: (Continued)

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

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

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>(5.75%)</u>	<u>Discount Rate</u>	<u>(7.75%)</u>
		<u>(6.75%)</u>	
County - Primary Government			
Net Pension Liability (Asset)	\$ 19,273,177	\$ 7,998,979	\$ (1,291,897)
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 1,569,472	\$ (213,720)	\$ (1,693,320)

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Note 8 - Pension Plans: (Continued)

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

For the year ended June 30, 2023, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$2,268,980, and (\$130,127) respectively. At June 30, 2023, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit-School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 349,417	\$ 474,510	\$ -	\$ 179,976
Change in assumptions	1,187,732	-	15,447	-
Net difference between projected and actual earnings on pension plan investments	-	2,453,904	-	494,451
Change in proportionate share	50,031	50,030	-	-
Employer contributions subsequent to the measurement date	<u>2,503,592</u>	<u>-</u>	<u>203,551</u>	<u>-</u>
Total	<u>\$ 4,090,772</u>	<u>\$ 2,978,444</u>	<u>\$ 218,998</u>	<u>\$ 674,427</u>

\$2,503,592 and \$203,551 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 (Asset) in the fiscal year ending June 30, 2024. 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)
	2024	\$ 10,002
2025	(851,594)	(203,744)
2026	(1,693,307)	(331,920)
2027	1,143,635	225,349
2028	-	-
Thereafter	-	-

Note 8 - Pension Plans: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-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, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$8,234,333 and \$7,619,808 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2023, the school division reported a liability of \$48,873,041 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion was 0.51334% as compared to 0.5167% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized pension expense of \$2,199,539. 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.

Note 8 - Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

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

At June 30, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit-School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,369,989
Change in assumptions	4,607,743	-
Net difference between projected and actual earnings on pension plan investments	-	6,372,021
Changes in proportion and differences between employer contributions and proportionate share of contributions	297,659	2,056,411
Employer contributions subsequent to the measurement date	<u>8,234,333</u>	<u>-</u>
Total	<u>\$ 13,139,735</u>	<u>\$ 11,798,421</u>

\$8,234,333 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Component Unit School Board (Professional)</u>
2024	\$ (2,164,138)
2025	(2,883,086)
2026	(4,653,681)
2027	2,807,886
2028	-
Thereafter	-

Note 8 - Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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 Improvements:

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

Note 8 - Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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, 2022, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	54,732,329
Plan Fiduciary Net Position		45,211,731
Employers' Net Pension Liability (Asset)	\$	<u>9,520,598</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		82.61%

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.

Note 8 - Pension Plans: (Continued)
Component Unit School Board (Professional) (Continued)

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

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

	<u>1% Decrease</u> <u>(5.75%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(6.75%)</u>	<u>1% Increase</u> <u>(7.75%)</u>
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 87,290,993	\$ 48,873,041	\$ 17,592,380

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

	<u>Primary Government</u>				<u>Component Unit School Board</u>			
	<u>Deferred</u> <u>Outflows</u>	<u>Deferred</u> <u>Inflows</u>	<u>Net Pension</u> <u>Liability</u> <u>(Asset)</u>	<u>Pension</u> <u>Expense</u>	<u>Deferred</u> <u>Outflows</u>	<u>Deferred</u> <u>Inflows</u>	<u>Net Pension</u> <u>Liability</u> <u>(Asset)</u>	<u>Pension</u> <u>Expense</u>
VRS Pension Plans:								
Primary Government	\$ 4,090,772	\$ 2,978,444	\$ 7,998,979	\$ 2,268,980	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	218,998	674,427	(213,720)	(130,127)
School Board Professional	-	-	-	-	13,139,735	11,798,421	48,873,041	2,199,539
Totals	<u>\$ 4,090,772</u>	<u>\$ 2,978,444</u>	<u>\$ 7,998,979</u>	<u>\$ 2,268,980</u>	<u>\$ 13,358,733</u>	<u>\$ 12,472,848</u>	<u>\$ 48,659,321</u>	<u>\$ 2,069,412</u>

Note 9 - Other Postemployment Benefits - Health Insurance:

Plan Description

In addition to the pension benefits described in Note 8, the County and School Board participate in a single employer defined benefit healthcare plan, the Pittsylvania County Post-Retirement Medical Plan (PPRMP). Several entities participate in the defined benefit healthcare plan through the County of Pittsylvania, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan. The benefit provisions, including employer and employee contributions, are governed by the Board of Supervisors and can be amended through board action. The PPRMP does not issue a publicly available financial report.

Benefits Provided

PPRMP provides health insurance benefits to eligible retirees and their spouses. To be eligible, employees must meet the age and service criteria for retirement benefits under VRS, which requires that the employee be (1) age 50 with 10 years of service; (2) age 55 with 5 years of service; or (3) age 65 with 5 years of service. Additionally, the employee must be of full-time status in VRS and must be covered by the active plan at the time of retirement. Coverage continues as documented below:

County:

- **Medical Coverage:**
 - Retiree pays 100% of Pre-65 premium.
 - Retiree pays 100% of spousal premium.
 - Medicare eligible retirees pay 100% of carve out premium for retiree and spouse.
 - Effective 10/1/2017, the County no longer allows post 65 retirees to elect coverage but still has 4 retirees that are grandfathered into the plan.
- **Dental Coverage:**
 - Retiree pays 100% of employee premium less \$12 monthly County credit.
 - Retiree pays 100% of premium for spouse.
 - Coverage stops at death.

School Board:

- **Medical Coverage:**
 - Retiree pays 100% of employee premium.
 - Retiree pays 100% of spousal premium.
 - Coverage stops at age 65.
- **Dental Coverage:**
 - Retiree pays 100% of employee premium less \$12 monthly County credit.
 - Retiree pays 100% of premium for spouse.
 - Coverage stops at death.

Note 9 - Other Postemployment Benefits - Health Insurance: (Continued)

Plan Membership

At July 1, 2022 (measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit - School Board
Total active employees with coverage	346	1,093
Total Retirees with coverage	89	352
Total	435	1,445

Contributions

The County and School Board do 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 Board of Supervisors. The amount paid by the County and School Board for OPEB as the benefits came due during the year ended June 30, 2023 was \$19,000 and \$376,000, respectively.

Actuarial Assumptions

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

Salary Increase Rates	The salary increase is 2.50% as of July 1, 2022
Participation Percentage	50% of active participants who retire at age 50 or greater are assumed to elect coverage in retirement. 25% of their spouses are assumed to elect coverage in retirement. 100% of actives who become disabled are assumed to elect coverage.
Discount Rate	3.69% as of July 1, 2022
Healthcare Trend Rate	6.50% for fiscal year end 2023 decreasing 0.25% per year to an ultimate rate of 5.00%
Retirement Age	Retirement is assumed to occur beginning once a participant attains age 55 and completes 5 years of service or age 50 and completes 10 years of service.
Mortality Rates	The mortality rates were based on the RP-2014 Mortality Table fully generational, with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on July 1, 2021 valuation data. The methods, assumptions, and participant data used can be found in the July 1, 2021 actuarial valuation report.

Note 9 - Other Postemployment Benefits - Health Insurance: (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.69% based on the Fidelity Index’s “20-year Municipal GO AA Index” as of July 1, 2022.

Changes in Total OPEB Liability

	<u>Primary Government</u>	<u>Component Unit - School Board</u>
Balances at July 1, 2021	\$ 1,792,000	\$ 6,295,000
Changes for the year:		
Service cost	105,000	433,000
Interest	36,000	126,000
Difference between expected and actual experience	(171,000)	391,000
Changes in assumptions	231,000	(533,000)
Contributions - employer	(19,000)	(376,000)
Benefit payments	-	-
Net changes	<u>182,000</u>	<u>41,000</u>
Balances at July 1, 2022	<u>\$ 1,974,000</u>	<u>\$ 6,336,000</u>

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

The following amounts present the total OPEB liability of the County and 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 (2.69%) or one percentage point higher (4.69%) than the current discount rate:

	<u>Discount Rate</u>		
	<u>1% Decrease (2.69%)</u>	<u>Current (3.69%)</u>	<u>1% Increase (4.69%)</u>
Primary Government	\$ 2,165,000	\$ 1,974,000	\$ 1,804,000
Component Unit - School Board	6,914,000	6,336,000	5,812,000

Note 9 - Other Postemployment Benefits - Health Insurance: (Continued)

Sensitivity of the Employer's Proportionate Share of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the County and 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 or one percentage point higher than the current healthcare cost trend rates:

	Healthcare Cost Trend		
	1% Decrease	Current	1% Increase
Primary Government	\$ 1,791,000	\$ 1,974,000	\$ 2,189,000
Component Unit - School Board	5,771,000	6,336,000	6,991,000

Total OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2023, the County and School Board reported a liability of \$1,974,000 and \$6,336,000, respectively, for their proportionate share of the total OPEB Liability. The total OPEB Liability was measured as of July 1, 2022 and the total OPEB liability used to calculate the total OPEB Liability was determined by an actuarial valuation as of July 1, 2021 and rolled forward to that date. At June 30, 2023 and 2022, the County's proportion was 23.61% and 21.97%, respectively. At June 30, 2023 and 2022, the School Board's proportion was 75.79% and 77.17%, respectively.

For the year ended June 30, 2023, the County and School Board recognized OPEB expense in the amount of \$96,000 and \$326,000, respectively.

At June 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 65,000	\$ 442,000	\$ 376,000	\$ 1,254,000
Change in assumptions	334,000	25,000	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	-	600,000	717,000
Employer contributions subsequent to the measurement date	19,000	-	376,000	-
Total	\$ 418,000	\$ 467,000	\$ 1,352,000	\$ 1,971,000

Note 9 - Other Postemployment Benefits - Health Insurance: (Continued)

Net OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

\$19,000 and \$376,000, respectively, are reported as deferred outflows of resources related to OPEB resulting from the County’s and School Board’s contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in the OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board
2024	\$ (47,000)	\$ (239,000)
2025	(47,000)	(239,000)
2026	(30,000)	(217,000)
2027	33,000	(173,000)
2028	17,000	(126,000)
Thereafter	6,000	(1,000)

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 10 - 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 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.

Note 10 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,984 as of June 30, 2023.

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, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the Group Life Insurance Plan from the County were \$105,861 and \$98,752 for the years ended June 30, 2023 and June 30, 2022, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (nonprofessional) were \$19,635 and \$17,159 for the years ended June 30, 2023 and June 30, 2022, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (professional) were \$277,672 and \$254,660 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

Note 10 - 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

Primary Government

At June 30, 2023, the entity reported a liability of \$1,012,284 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 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, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.0841% as compared to 0.0811% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of \$44,927. 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.

Component Unit School Board (Nonprofessional)

At June 30, 2023, the entity reported a liability of \$175,918 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 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, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.0146% as compared to 0.0133% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of \$3,533. 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.

Component Unit School Board (Professional)

At June 30, 2023, the entity reported a liability of \$2,610,481 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 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, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.2168% as compared to 0.2187% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of \$68,622. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 10 - 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, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component Unit School Board (Nonprofessional)		Component Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 80,160	\$ 40,610	\$ 13,931	\$ 7,057	\$ 206,717	\$ 104,726
Net difference between projected and actual earnings on GLI OPEB plan investments	-	63,253	-	10,992	-	163,117
Change in assumptions	37,757	98,601	6,561	17,135	97,367	254,271
Changes in proportionate share	107,735	44,986	15,301	14,403	29,756	128,368
Employer contributions subsequent to the measurement date	105,861	-	19,635	-	277,672	-
Total	\$ 331,513	\$ 247,450	\$ 55,428	\$ 49,587	\$ 611,512	\$ 650,482

\$105,861, \$19,635, and \$277,672 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (Nonprofessional)	Component Unit School Board (Professional)
2024	\$ (5,513)	\$ (5,169)	\$ (60,500)
2025	(5,334)	(4,047)	(72,621)
2026	(36,189)	(8,911)	(161,217)
2027	25,969	2,639	1,509
2028	(731)	1,694	(23,813)
Thereafter	-	-	-

Note 10 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022. 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.

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

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

Note 10 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - Teachers (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

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

Note 10 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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.

Note 10 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,672,085
Plan Fiduciary Net Position	2,467,989
GLI Net OPEB Liability (Asset)	<u>\$ 1,204,096</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%

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.

Note 10 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.83%

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

Note 10 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 1,472,992	\$ 1,012,284	\$ 639,969
Component Unit School Board's (Nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	255,982	175,918	111,216
Component Unit School Board's (Professional) proportionate share of the GLI Plan Net OPEB Liability	3,798,556	2,610,481	1,650,354

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Eligible Employees

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

Benefit Amounts

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

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.

Note 11 - Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Primary Government</u>	<u>Component Unit School Board (Nonprofessional)</u>
Inactive members or their beneficiaries currently receiving benefits	141	48
Inactive members:		
Vested inactive members	3	-
Active members	366	128
Total covered employees	<u>510</u>	<u>176</u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County's and School Board's (nonprofessional) contractually required employer contribution rate for the year ended June 30, 2023 was 0.15% and 1.21%, respectively, 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 \$45,607 and \$36,389 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions from the School Board (nonprofessional) to the HIC Plan were \$43,663 and \$34,001 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net HIC OPEB Liability

The County's net HIC OPEB liability was measured as of June 30, 2022. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Note 11 - Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Note 11 - Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Note 11 - Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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:

Note 11 - Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return (Continued)

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

* The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

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, 2022, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2022 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.

Note 11 - Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Changes in Net HIC OPEB Liability

	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, 2021	\$ 710,541	\$ 549,375	\$ 161,166
Changes for the year:			
Service cost	\$ 17,621	\$ -	\$ 17,621
Interest	48,359	-	48,359
Differences between expected and actual experience	201,161	-	201,161
Assumption changes	30,422	-	30,422
Contributions - employer	-	36,388	(36,388)
Net investment income	-	325	(325)
Benefit payments	(23,461)	(23,461)	-
Administrative expenses	-	(1,008)	1,008
Other changes	-	13,680	(13,680)
Net changes	\$ 274,102	\$ 25,924	\$ 248,178
Balances at June 30, 2022	\$ 984,643	\$ 575,299	\$ 409,344

Note 11 - Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Changes in Net HIC OPEB Liability (Continued)

	Component Unit 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, 2021	\$ 305,574	\$ 3,384	\$ 302,190
Changes for the year:			
Service cost	\$ 3,204	\$ -	\$ 3,204
Interest	19,790	-	19,790
Differences between expected and actual experience	(1,829)	-	(1,829)
Assumption changes	70,125	-	70,125
Contributions - employer	-	33,684	(33,684)
Net investment income	-	(159)	159
Benefit payments	(31,183)	(31,183)	-
Administrative expenses	-	(36)	36
Other changes	-	20,709	(20,709)
Net changes	\$ 60,107	\$ 23,015	\$ 37,092
Balances at June 30, 2022	\$ 365,681	\$ 26,399	\$ 339,282

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's			
Net HIC OPEB Liability	\$ 503,135	\$ 409,344	\$ 329,173
Component Unit School Board's (Nonprofessional)			
Net HIC OPEB Liability	\$ 374,400	\$ 339,282	\$ 308,944

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

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

For the year ended June 30, 2023, the County and School Board (nonprofessional) recognized HIC Plan OPEB expense of \$44,434 and (\$2,980), respectively. At June 30, 2023, the County and School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the County's and School Board's (nonprofessional) HIC Program 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	\$ 169,743	\$ 34,289	\$ 6,949	\$ 15,288
Net difference between projected and actual earnings on HIC OPEB plan investments	-	12,374	751	-
Change in assumptions	33,172	-	61,169	-
Employer contributions subsequent to the measurement date	45,607	-	43,663	-
Total	\$ 248,522	\$ 46,663	\$ 112,532	\$ 15,288

\$45,607 and \$43,663 reported as deferred outflows of resources related to the HIC OPEB resulting from the County's and School Board's (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (Nonprofessional)
2024	\$ 29,196	\$ 7,393
2025	28,720	19,915
2026	24,133	18,588
2027	40,539	7,685
2028	33,664	-
Thereafter	-	-

Note 11 - Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-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 Program 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.

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

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, 2023 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$620,980 and \$569,911 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$12 million to the VRS Teacher HIC Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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, 2023, the school division reported a liability of \$6,312,182 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2022 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion of the VRS Teacher Employee HIC was 0.50536% as compared to 0.50992% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee HIC OPEB expense of \$464,141. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

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)

At June 30, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 257,294
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	6,336
Change in assumptions	184,411	16,119
Changes in proportionate share and differences between actual and expected contributions	92,880	324,850
Employer contributions subsequent to the measurement date	<u>620,980</u>	<u>-</u>
Total	<u>\$ 898,271</u>	<u>\$ 604,599</u>

\$620,980 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2024	\$ (59,581)
2025	(54,596)
2026	(65,868)
2027	(55,801)
2028	(55,698)
Thereafter	(35,764)

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

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, 2021, 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, 2022.

Inflation	2.50%
Salary increases, including inflation	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.

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

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

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

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the VRS Teacher Employee HIC Plan are as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
		<u> </u>
Total Teacher Employee HIC OPEB Liability	\$	1,470,891
Plan Fiduciary Net Position		221,845
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<u>1,249,046</u>
 Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		 15.08%

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.

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

* The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

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, 2022, 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.

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

Discount Rate (Continued)

From July 1, 2022 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 Program net HIC OPEB liability using the discount rate of 6.75%, as well as what the school division’s proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 7,113,901	\$ 6,312,182	\$ 5,632,584

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 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 13 - Line of Duty Act (LODA) (OPEB):

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 13 - Line of Duty Act (LODA) (OPEB): (Continued)

The current-year OPEB expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2023 was \$157,044.

Note 14 - Summary of Other Postemployment Benefits (OPEB):

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense
Stand-Alone Plan (Note 9)								
County	\$ 418,000	\$ 467,000	\$ 1,974,000	\$ 96,000	\$ -	\$ -	\$ -	\$ -
School Board	-	-	-	-	1,352,000	1,971,000	6,336,000	326,000
VRS OPEB Plans:								
GLI Plan (Note 10)								
County	331,513	247,450	1,012,284	44,927	-	-	-	-
School Board Nonprofessional	-	-	-	-	55,428	49,587	175,918	3,533
School Board Professional	-	-	-	-	611,512	650,482	2,610,481	68,622
HIC Plan (Note 11)								
County	248,522	46,663	409,344	44,434	-	-	-	-
School Board Nonprofessional	-	-	-	-	112,532	15,288	339,282	(2,980)
Teacher HIC Plan (Note 12)	-	-	-	-	898,271	604,599	6,312,182	464,141
Totals	\$ 998,035	\$ 761,113	\$ 3,395,628	\$ 185,361	\$ 3,029,743	\$ 3,290,956	\$ 15,773,863	\$ 859,316

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COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 15 - Capital Assets:

Capital asset activity for the year ended June 30, 2023 was as follows:

Primary Government:

	Beginning Balance	GASB No. 96 Adjustment	Increases	Decreases	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated/amortized:					
Land	\$ 5,275,544	\$ -	\$ 291,200	\$ -	\$ 5,566,744
Construction in progress	91,337	-	489,348	-	580,685
Total capital assets not being depreciated/amortized	<u>\$ 5,366,881</u>	<u>\$ -</u>	<u>\$ 780,548</u>	<u>\$ -</u>	<u>\$ 6,147,429</u>
Capital assets, being depreciated/amortized:					
Buildings and improvements	\$ 110,554,695	\$ -	\$ 61,741	\$ -	\$ 110,616,436
Machinery and equipment	39,739,430	-	188,686	(1,709,149)	38,218,967
Right-to-use lease buildings and Improvements	237,754	-	-	-	237,754
Right-to-use lease machinery and equipment	556,642	-	155,720	-	712,362
Right-to-use subscription asset	-	1,258,870	118,573	-	1,377,443
Total capital assets being depreciated/amortized	<u>\$ 151,088,521</u>	<u>\$ 1,258,870</u>	<u>\$ 524,720</u>	<u>\$ (1,709,149)</u>	<u>\$ 151,162,962</u>
Accumulated depreciation/amortization:					
Buildings and improvements	\$ (38,562,385)	\$ -	\$ (2,709,614)	\$ -	\$ (41,271,999)
Machinery and equipment	(27,677,436)	-	(2,685,300)	556,339	(29,806,397)
Right-to-use lease buildings and Improvements	(72,855)	-	(72,856)	-	(145,711)
Right-to-use lease machinery and equipment	(91,965)	-	(146,930)	-	(238,895)
Right-to-use subscription asset	-	-	(162,015)	-	(162,015)
Total accumulated depreciation	<u>\$ (66,404,641)</u>	<u>\$ -</u>	<u>\$ (5,776,715)</u>	<u>\$ 556,339</u>	<u>\$ (71,625,017)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 84,683,880</u>	<u>\$ 1,258,870</u>	<u>\$ (5,251,995)</u>	<u>\$ (1,152,810)</u>	<u>\$ 79,537,945</u>
Governmental activities capital assets, net	<u>\$ 90,050,761</u>	<u>\$ 1,258,870</u>	<u>\$ (4,471,447)</u>	<u>\$ (1,152,810)</u>	<u>\$ 85,685,374</u>

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 15 - Capital Assets: (Continued)

Primary Government: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 745,127	\$ -	\$ -	\$ 745,127
Construction in progress	2,126,072	2,320,200	(1,782,427)	2,663,845
Total capital assets not being depreciated	<u>\$ 2,871,199</u>	<u>\$ 2,320,200</u>	<u>\$ (1,782,427)</u>	<u>\$ 3,408,972</u>
Capital assets, being depreciated:				
Infrastructure	\$ 50,945,665	\$ 3,972,852	\$ -	\$ 54,918,517
Machinery and equipment	7,188,245	530,314	-	7,718,559
Buildings and improvements	986,763	-	-	986,763
Total capital assets being depreciated	<u>\$ 59,120,673</u>	<u>\$ 4,503,166</u>	<u>\$ -</u>	<u>\$ 63,623,839</u>
Accumulated depreciation:				
Infrastructure	\$ (21,418,270)	\$ (1,446,521)	\$ -	\$ (22,864,791)
Machinery and equipment	(3,463,957)	(619,704)	-	(4,083,661)
Buildings and improvements	(495,142)	(15,364)	-	(510,506)
Total accumulated depreciation	<u>\$ (25,377,369)</u>	<u>\$ (2,081,589)</u>	<u>\$ -</u>	<u>\$ (27,458,958)</u>
Total capital assets being depreciated, net	<u>\$ 33,743,304</u>	<u>\$ 2,421,577</u>	<u>\$ -</u>	<u>\$ 36,164,881</u>
Business-type activities capital assets, net	<u>\$ 36,614,503</u>	<u>\$ 4,741,777</u>	<u>\$ (1,782,427)</u>	<u>\$ 39,573,853</u>

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

Governmental Activities:	
General government administration	\$ 235,025
Judicial administration	15,430
Public safety	2,602,504
Public works	303,781
Health and welfare	111,266
Education	2,128,052
Parks, recreation, and cultural	190,764
Community development	189,893
Total depreciation expense-governmental activities	<u>\$ 5,776,715</u>
Business-type Activities:	
Solid Waste Fund	\$ 1,374,668
Water and Sewer Fund	706,921
Total depreciation expense-business-type activities	<u>\$ 2,081,589</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 15 - Capital Assets: (Continued)

Capital asset activity for the School Board for the year ended June 30, 2023 was as follows:

Discretely Presented Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 2,744,421	\$ -	\$ -	\$ 2,744,421
Construction in progress	6,545,072	10,369,283	(2,659,661)	14,254,694
Total capital assets not being depreciated/amortized	<u>\$ 9,289,493</u>	<u>\$ 10,369,283</u>	<u>\$ (2,659,661)</u>	<u>\$ 16,999,115</u>
Capital assets, being depreciated/amortized:				
Buildings and improvements	\$ 69,292,518	\$ 422,599	\$ -	\$ 69,715,117
Machinery and equipment	24,417,823	1,714,799	(65,917)	26,066,705
Infrastructure	-	2,769,967	-	2,769,967
Right-to-use machinery and equipment	314,758	147,167	(35,609)	426,316
Right-to-use subscription asset	-	224,265	-	224,265
Total capital assets being depreciated/amortized	<u>\$ 94,025,099</u>	<u>\$ 5,278,797</u>	<u>\$ (101,526)</u>	<u>\$ 99,202,370</u>
Accumulated depreciation/amortization:				
Buildings and improvements	\$ (40,771,127)	\$ (1,544,316)	\$ -	\$ (42,315,443)
Machinery and equipment	(18,503,196)	(1,332,519)	1,078,902	(18,756,813)
Infrastructure	-	(115,352)	-	(115,352)
Right-to-use machinery and equipment	(81,709)	(103,061)	35,609	(149,161)
Right-to-use subscription asset	-	(74,550)	-	(74,550)
Total accumulated depreciation/amortization	<u>\$ (59,356,032)</u>	<u>\$ (3,169,798)</u>	<u>\$ 1,114,511</u>	<u>\$ (61,411,319)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 34,669,067</u>	<u>\$ 2,108,999</u>	<u>\$ 1,012,985</u>	<u>\$ 37,791,051</u>
Governmental activities capital assets, net	<u>\$ 43,958,560</u>	<u>\$ 12,478,282</u>	<u>\$ (1,646,676)</u>	<u>\$ 54,790,166</u>

Note 16 - Risk Management:

The County and its Component Unit - School Board are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County participates with other localities in a public entity risk pool for their coverage of general liability, property, crime and auto insurance with the Virginia Association of Counties Risk Pool. Each member of each of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County pays the Risk Pool contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit, or depletion of all available excess insurance, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The County and its Component Unit - School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 17 - Contingent Liabilities:

Federal programs in which the County participates 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 - Surety Bonds:

Primary Government:

<u>Fidelity & Deposit Company of Maryland-Surety:</u>	
Mark Scarce, Clerk of the Circuit Court	\$ 25,000
Vincent Shorter, Treasurer	750,000
Robin Goard, Commissioner of the Revenue	3,000
Michael W. Taylor, Sheriff	30,000
All constitutional officers' employees: blanket bond	50,000
<u>VACo Insurance Programs:</u>	
All County employees - blanket bond	\$ 250,000
<u>National Grange Mutual Insurance Company:</u>	
All Social Services employees - blanket bond	\$ 100,000

Note 19 - Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. \$6,144,477 is the total estimated closure and postclosure care liability at June 30, 2023. This represents the cumulative amount based on the use of 100% of the estimated capacity of the landfill and is based on what it would cost to perform all remaining closure and postclosure in 2023. The liability on the statement of net position of \$7,213,187 is based on the County's estimate that the landfill has reached 100.00% of Phase I and 94.68% of Phase II of capacity with a remaining useful life of 13 years for phase II. Actual costs for closure and postclosure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the Department of Environmental Quality's assurance requirements for landfill closure and postclosure costs. The County demonstrated financial assurance requirements for closure, post-closure care and corrective action costs through the submission of a Local Government Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 20 - Self Health Insurance:

The County of Pittsylvania, Virginia established a limited risk management program for health insurance. Premiums are paid into the health plan fund from the County and are available to pay claims, and administrative costs of the program. During the fiscal year 2023, a total of \$14,406,903 was paid in benefits and administrative costs. The risk assumed by the County is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type (Keycare, Bluecare, etc.). Incurred but not reported claims of \$1,115,300 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions. Changes in the claims liability during fiscal year 2023 and the two previous years were as follows:

Fiscal Year	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Fiscal Year
2022-23	\$ 1,070,200	\$ 14,452,003	\$ (14,406,903)	\$ 1,115,300
2021-22	983,000	13,858,819	(13,771,619)	1,070,200
2020-21	1,057,168	12,453,741	(12,527,909)	983,000

Note 21 - Deferred/Unavailable 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. Unavailable revenue is comprised of the following:

Delinquent property taxes receivable - 2nd half 2023	\$ 17,139,504
Prepaid taxes	5,522,988
Total deferred revenue for governmental activities	\$ 22,662,492
Taxes receivable due prior to June 30, 2023, not collected within 60 days	6,332,284
Opioid settlement receivable	693,356
Lease related items	184,572
EMS billings due prior to June 30, 2023, not collected	70,862
Total unavailable revenue for governmental funds	\$ 29,943,566

Note 22 - Commitments and Contingencies:

The Board of Supervisors of Pittsylvania County and the City Council of the City of Danville, Virginia approved support agreements with the Danville-Pittsylvania Regional Industrial Facility Authority to provide funding (subject to annual appropriations) sufficient to meet principal and interest payments on the Authority's \$7,300,000 revenue bonds. As described in Note 1, the County contributed \$266,240 towards these agreements in fiscal year 2023.

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 22 - Commitments and Contingencies: (Continued)

The County and School Board have obligated funds for the projects described below as of June 30, 2023:

	Original Contract	Amount Paid As of 6/30/2023	Retainage Payable	Remaining Contract Amount
County Contracts:				
Design/Eng for Existing Collection Centers-Hurt, Berry Hill and Mt. Hermon	\$ 114,050	\$ 60,880	\$ -	\$ 53,170
Tax reassessment	1,378,000	1,030,207	-	347,793
EPA Brownsfield Grant Consultant	600,000	208	-	599,792
Zoning Ordinance Updates	171,414	77,456	-	93,958
Cherrystone Creek Dam #1	824,300	238,317	-	585,983
Cherrystone Creek Watershed Dam #2A	682,500	319,925	-	362,575
County Admin generator	119,980	-	-	119,980
Gretna Library-Phase 3 Renovations	99,571	85,276	4,979	9,316
Wayside Bridge Repairs	299,099	118,806	3,902	176,391
Horseshoe Line Water Extension	170,900	139,885	-	31,015
Water line extensions	2,045,800	1,740,685	91,615	213,500
Generators for HS, Hurt EMS, Public Safety	243,164	-	-	243,164
Total Contracts	\$ 6,748,778	\$ 3,811,645	\$ 100,496	\$ 2,836,637
School Board Contracts:				
PCTC Window and HVAC Replacement	\$ 8,639,295	\$ 5,005,394	\$ 235,824	\$ 3,633,901
KES HVAC/Window Replacement	5,782,985	5,325,298	257,265	457,687
PCTC Roof Replacement	1,453,000	1,402,310	70,115	50,690
GES/HES Roof Replacement	961,575	600,934	30,047	360,641
TSES Roof Replacement	999,950	687,330	34,367	312,620
Engineering for Elementary School Roof Replacements	129,500	64,750	-	64,750
Middle School Roof Replacements	1,188,500	431,227	21,561	757,273
Southside Elementary Roof Replacement	772,680	474,361	-	298,319
Total Contracts	\$ 19,927,485	\$ 13,991,604	\$ 649,179	\$ 5,935,881

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 23 - Commitments and Contingencies: (Continued)

The County has also obligated funds for the development of projects initiated by the Regional Industrial Facilities Authority. The County's share of the projects as described below was 50% as of June 30, 2023:

Contractor	Service Provided	Project	Total Contract	Paid as of 6/30/2022	Contract Remaining
Dewberry	Engineering	Cane Creek Centre	\$ 76,986	\$ 65,559	\$ 11,427
Dewberry	Engineering	SOVA Megasite at Berry Hill	990,850	987,879	2,971
Dewberry	Engineering	SOVA Megasite at Berry Hill	1,480,380	720,215	760,165
Dewberry	Engineering	SOVA Megasite at Berry Hill	7,500	-	7,500
HGS LLC	Wetland Mitigation	SOVA Megasite at Berry Hill	483,000	-	483,000
Dewberry	Engineering	SOVA Megasite at Berry Hill -Lot 1&2 Site Development	418,676	400,790	17,886
Jimmy R. Lynch & Sons, Inc.	Construction	SOVA Megasite at Berry Hill -Lot 1&2 Site Development	3,716,936	2,905,591	811,346
Dewberry	Engineering	SOVA Megasite at Berry Hill-Water & Sewer	912,310	888,110	24,200
C.W. Cauley & Son	Construction	SOVA Megasite at Berry Hill-Phase I Water	1,843,540	1,021,345	822,195
Dewberry	Engineering	Cyber Park Site Development	94,250	91,050	3,200
Sellers Brothers	Construction	Cyber Park Site Development	1,988,100	1,822,195	165,905
Totals			\$ 12,012,529	\$ 8,902,734	\$ 3,109,795
County's 50% obligation			\$ 6,006,265	\$ 4,451,367	\$ 1,554,897

School Board Early Retirement Incentive Program:

The Component Unit - School Board administers an early retirement incentive program for School Board employees. Early retirement is available to those employees with a minimum of twenty years of service in the Pittsylvania School System, including the five consecutive years immediately preceding the effective date of retirement. In addition, employees must be at least 55 years of age and less than 65 years of age to be eligible for the program. To participate, the employee must be a vested member of the Virginia Retirement System (VRS). In addition, employees may not work for any other agency covered under the VRS during their tenure in the program. The program allows for payment of 20% of an employee's final contracted salary, earned before the effective date of retirement, for a period of 7 years or until the participant reaches the age of sixty-five. The School Board reserves the right to amend or terminate the program. Employees are required to work twenty days per year to receive their payment. At June 30, 2023 the commitment related to the Early Retirement Incentive Program was \$4,346,005.

Note 24 - Litigation:

At June 30, 2023, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decision on pending matters not be favorable.

Note 25 - Economic Incentive Tax Abatement Programs:

A tax abatement consists of “a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.”

Pittsylvania County has multiple agreements, all for the purpose of economic development, that conform to that definition. Tax abatements related to real estate, machinery and tools taxes, and business personal property taxes of \$12,160,745 and \$1,563,277, and \$70,000 respectively, have been agreed to in aggregate and are applied over the next 3-10 years on a declining scale. The entities regularly pay their taxes and on an annual basis prove they have met certain requirements for the grant program on an individual basis. These requirements include new jobs, which is verified by the Virginia Employment Commission, and taxable improvements to real estate or machinery and tools tax. Any entity failing to maintain their end of the agreement will forfeit any further abatement reimbursements. During fiscal year 2023, there were no new tax rebate incentives provided to companies. To date, none of these incentive payments have been made as these companies have yet to meet their performance requirements to obtain such incentives.

Note 26— Adoption of Accounting Principle:

The County implemented provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based IT Arrangements (SBITAs)* during the fiscal year ended June 30, 2023. Statement No. 96, *SBITAs* requires recognition of certain subscription assets and liabilities for certain contracts that convey control of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2022 related to the subscription(s):

Primary Government:

	Governmental Activities
Subscription activity:	
Subscription assets	\$ 1,258,870
Subscription liabilities	\$ 1,258,870

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 27— Lease Receivable:

The following is a summary of leases receivable transactions of the County for the year ended June 30, 2023:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	<u>\$ 261,994</u>	<u>\$ -</u>	<u>\$ (72,509)</u>	<u>\$ 189,485</u>	<u>\$ 5,479</u>

Lease revenue recognized during the fiscal year was \$72,509.

Details of leases receivable:

Lease Description	Implementation/ Start Date	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One
AT&T Chatham Tower Lease	7/1/2021	9/4/2026	Monthly	3.00%	\$ 77,904	\$ 23,168
AT&T Callands Tower Lease	7/1/2021	5/31/2026	Monthly	2.00%	74,736	25,135
Verizon Kentuck Tower Lease	7/1/2021	11/30/2024	Monthly	2.00%	36,845	25,900
Total					<u>\$ 189,485</u>	<u>\$ 74,203</u>

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

The following is a summary of leases receivable transactions of the School Board for the year ended June 30, 2023:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	<u>\$ 30,061</u>	<u>\$ -</u>	<u>\$ (7,453)</u>	<u>\$ 22,608</u>	<u>\$ 533</u>

Lease revenue recognized during the fiscal year was \$7,453.

Details of leases receivable:

Lease Description	Implementation/ Start Date	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One
Verizon Mt Airy Elem. Lease	7/1/2021	5/1/2026	Monthly	2.00%	\$ 22,608	\$ 7,603

Note 28—COVID-19 Pandemic Funding:

ARPA Funding

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

On June 24, 2021, the County received its share of the first half of the CSLFRF funds. On June 9, 2022 the County received its second half of CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$612,303 from the initial allocation are reported as unearned revenue as of June 30.

Note 28—COVID-19 Pandemic Funding: (Continued)

ESF Funding

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

Note 29 - Upcoming Pronouncements:

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

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

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

Implementation Guide No. 2021-1, *Implementation Guidance Update-2021*, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Implementation Guide No. 2023-1, *Implementation Guidance Update-2023*, effective for fiscal years beginning after June 15, 2023.

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

Required Supplementary Information

County of Pittsylvania, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
General property taxes	\$ 45,001,604	\$ 45,001,604	\$ 45,817,799	\$ 816,195
Other local taxes	9,796,331	9,796,331	10,621,763	825,432
Permits, privilege fees, and regulatory licenses	377,683	377,778	425,635	47,857
Fines and forfeitures	80,000	80,000	85,290	5,290
Revenue from the use of money and property	302,956	302,956	1,034,037	731,081
Charges for services	1,112,830	1,340,769	1,725,667	384,898
Miscellaneous	84,500	485,005	881,145	396,140
Recovered costs	1,130,601	1,535,500	1,619,766	84,266
Intergovernmental	23,777,667	26,798,956	26,037,092	(761,864)
Total revenues	\$ 81,664,172	\$ 85,718,899	\$ 88,248,194	\$ 2,529,295
EXPENDITURES				
Current:				
General government administration	\$ 5,709,949	\$ 7,077,201	\$ 6,844,899	\$ 232,302
Judicial administration	2,178,081	2,314,917	2,213,592	101,325
Public safety	23,053,714	25,448,894	23,066,651	2,382,243
Public works	1,012,424	1,030,709	1,028,869	1,840
Health and welfare	13,590,531	13,683,151	13,243,570	439,581
Education	20,312,711	27,247,492	18,305,597	8,941,895
Parks, recreation, and cultural	2,229,923	2,413,893	2,278,719	135,174
Community development	1,948,829	4,982,969	3,318,008	1,664,961
Nondepartmental	1,441,031	1,777,128	14,049	1,763,079
Capital projects	40,000	10,580,907	1,286,413	9,294,494
Debt service:				
Principal retirement	8,693,156	8,756,420	9,005,471	(249,051)
Interest and other fiscal charges	1,738,280	1,750,930	1,800,730	(49,800)
Total expenditures	\$ 81,948,629	\$ 107,064,611	\$ 82,406,568	\$ 24,658,043
Excess (deficiency) of revenues over (under) expenditures	\$ (284,457)	\$ (21,345,712)	\$ 5,841,626	\$ 27,187,338
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 132,000	\$ 261,268	\$ -	\$ (261,268)
Transfers out	(671,075)	(805,365)	(689,075)	116,290
Issuance of financed purchase	-	642,544	642,544	-
Issuance of subscription liabilities	-	-	118,573	118,573
Issuance of lease liabilities	-	-	155,720	155,720
Total other financing sources (uses)	\$ (539,075)	\$ 98,447	\$ 227,762	\$ 129,315
Net change in fund balances	\$ (823,532)	\$ (21,247,265)	\$ 6,069,388	\$ 27,316,653
Fund balances - beginning	823,532	21,247,265	51,927,555	30,680,290
Fund balances - ending	\$ -	\$ -	\$ 57,996,943	\$ 57,996,943

County of Pittsylvania, Virginia
 Special Revenue Fund - Industrial Development
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ -	\$ 48,253	\$ -	\$ (48,253)
Intergovernmental	-	4,038,312	668,514	(3,369,798)
Total revenues	<u>\$ -</u>	<u>\$ 4,086,565</u>	<u>\$ 668,514</u>	<u>\$ (3,418,051)</u>
EXPENDITURES				
Current:				
Community development	\$ 671,075	\$ 9,489,241	\$ 2,439,861	\$ 7,049,380
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (671,075)</u>	<u>\$ (5,402,676)</u>	<u>\$ (1,771,347)</u>	<u>\$ 3,631,329</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 671,075</u>	<u>\$ 671,075</u>	<u>\$ 671,075</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (4,731,601)	\$ (1,100,272)	\$ 3,631,329
Fund balances - beginning	-	4,731,601	4,636,436	(95,165)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,536,164</u>	<u>\$ 3,536,164</u>

County of Pittsylvania, Virginia
 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Primary Government
 For the Measurement Dates of July 1, 2017 through July 1, 2022

	2022	2021	2020 (1)	2019	2018	2017
Total OPEB liability						
Service cost	\$ 105,000	\$ 97,000	\$ 73,000	\$ 68,000	\$ 94,000	\$ 92,000
Interest	36,000	42,000	58,000	62,000	78,000	75,000
Changes in assumptions	231,000	81,000	98,000	67,000	(75,000)	-
Differences between expected and actual experience	(171,000)	95,000	(274,000)	(43,000)	(396,000)	-
Benefit payments	(19,000)	(244,000)	-	(171,000)	(104,000)	(64,000)
Net change in total OPEB liability	\$ 182,000	\$ 71,000	\$ (45,000)	\$ (17,000)	\$ (403,000)	\$ 103,000
Total OPEB liability - beginning	1,792,000	1,721,000	1,766,000	1,741,000	2,144,000	2,041,000
Total OPEB liability - ending	\$ 1,974,000	\$ 1,792,000	\$ 1,721,000	\$ 1,724,000	\$ 1,741,000	\$ 2,144,000
Covered-employee payroll	\$ 18,754,000	\$ 16,254,000	\$ 16,254,000	\$ 11,392,288	\$ 11,659,905	\$ 11,312,022
County's total OPEB liability (asset) as a percentage of covered-employee payroll	10.53%	11.02%	10.59%	15.13%	14.93%	18.95%

(1) Pittsylvania County Service Authority's total OPEB liability was absorbed by Pittsylvania County during fiscal year 2021 and is restated as noted in the 2020 measurement.

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

County of Pennsylvania, Virginia
 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 School Board

For the Measurement Dates of July 1, 2017 through July 1, 2022

	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	\$ 433,000	\$ 405,000	\$ 370,000	\$ 355,000	\$ 285,000	\$ 278,000
Interest	126,000	150,000	234,000	267,000	284,000	287,000
Changes in assumptions	(533,000)	297,000	353,000	336,000	(720,000)	-
Differences between expected and actual experience	391,000	(53,000)	(1,779,000)	(246,000)	102,000	-
Contributions - employer	(376,000)	-	-	-	-	-
Benefit payments	-	(456,000)	(639,000)	(575,000)	(741,000)	(555,000)
Net change in total OPEB liability	\$ 41,000	\$ 343,000	\$ (1,461,000)	\$ 137,000	\$ (790,000)	\$ 10,000
Total OPEB liability - beginning	6,295,000	5,952,000	7,413,000	7,276,000	8,066,000	8,056,000
Total OPEB liability - ending	\$ 6,336,000	\$ 6,295,000	\$ 5,952,000	\$ 7,413,000	\$ 7,276,000	\$ 8,066,000
Covered-employee payroll	\$ 51,008,000	\$ 42,170,000	\$ 42,170,000	\$ 48,985,515	\$ 48,729,160	\$ 42,557,261
Pittsylvania School Board's total OPEB liability (asset)						
as a percentage of covered-employee payroll	12.42%	14.93%	14.11%	15.13%	14.93%	18.95%

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

County of Pittsylvania, Virginia
Notes to Required Supplementary Information - Health Insurance OPEB
For the Year Ended June 30, 2023

County and School Board

Valuation Date: 7/1/2022

Measurement Date: 7/1/2022

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
Discount Rate	3.69% as of July 1, 2022
Inflation	2.50% per year as of July 1, 2022
Healthcare Trend Rate	6.50% for fiscal year end 2023 decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increase Rates	The salary increase is 2.50% as of July 1, 2022
Participation Percentage	50% of active participants who retire at age 50 or greater are assumed to elect coverage in retirement. 25% of their spouses are assumed to elect coverage in retirement. 100% of actives who become disabled are assumed to elect coverage.
Retirement Age	Retirement is assumed to occur beginning once a participant attains age 55 and completes 5 years of service or age 50 and completes 10 years of service.
Mortality Rates	The mortality rates were based on the RP-2014 Mortality Table fully generational, with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.

County of Pittsylvania, Virginia
 Schedule of County's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2022

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)
2022	0.0841% \$	1,012,284 \$	18,282,760	5.54%	67.21%
2021	0.0811%	944,456	16,748,120	5.64%	67.45%
2020	0.0761%	1,269,817	15,239,249	8.33%	52.64%
2019	0.0750%	1,221,101	14,700,404	8.31%	52.00%
2018	0.0777%	1,181,000	14,778,504	7.99%	51.22%
2017	0.0776%	1,167,000	14,305,441	8.16%	48.86%

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

County of Pittsylvania, Virginia
 Schedule of Employer Contributions - County
 Group Life Insurance (GLI) Plan
 For the Years Ended June 30, 2014 through June 30, 2023

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)
2023	\$ 105,861	\$ 105,861	-	\$ 19,608,326	0.54%
2022	98,752	98,752	-	18,282,760	0.54%
2021	90,440	90,440	-	16,748,120	0.54%
2020	79,244	79,244	-	15,239,249	0.52%
2019	76,404	76,404	-	14,700,404	0.52%
2018	76,806	76,806	-	14,778,504	0.52%
2017	74,388	74,388	-	14,305,441	0.52%
2016	66,525	66,525	-	13,859,466	0.48%
2015	63,900	63,900	-	13,312,443	0.48%
2014	62,160	62,160	-	12,950,023	0.48%

County of Pittsylvania, Virginia
 Schedule of School Board's Teacher Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2022

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)
2022	0.2168% \$	2,610,481 \$	47,163,344	5.53%	67.21%
2021	0.2187%	2,545,796	45,145,382	5.64%	67.45%
2020	0.2230%	3,722,006	45,921,268	8.11%	52.64%
2019	0.2272%	3,697,312	44,492,645	8.31%	52.00%
2018	0.2324%	3,529,000	44,186,097	7.99%	51.22%
2017	0.2242%	3,374,000	41,346,360	8.16%	48.86%

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

County of Pittsylvania, Virginia
 Schedule of Employer Contributions - School Board's Teacher
 Group Life Insurance (GLI) Plan
 For the Years Ended June 30, 2014 through June 30, 2023

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)
2023	\$ 277,672	\$ 277,672	-	\$ 51,416,382	0.54%
2022	254,660	254,660	-	47,163,344	0.54%
2021	243,785	243,785	-	45,145,382	0.54%
2020	238,680	238,680	-	45,921,268	0.52%
2019	231,359	231,359	-	44,492,645	0.52%
2018	229,700	229,700	-	44,186,097	0.52%
2017	215,001	215,001	-	41,346,360	0.52%
2016	193,522	193,522	-	40,317,085	0.48%
2015	191,106	191,106	-	39,813,789	0.48%
2014	183,735	183,735	-	38,278,122	0.48%

County of Pittsylvania, Virginia
 Schedule of School Board's Nonprofessional Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2022

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)
2022	0.0146%	\$ 175,918	\$ 3,175,059	5.54%	67.21%
2021	0.0133%	154,965	2,748,413	5.64%	67.45%
2020	0.0139%	231,467	2,865,412	8.08%	52.64%
2019	0.0145%	235,629	2,865,151	8.22%	52.00%
2018	0.0148%	224,000	2,810,568	7.97%	51.22%
2017	0.0154%	232,000	2,843,865	8.16%	48.86%

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

County of Pittsylvania, Virginia
 Schedule of Employer Contributions - School Board's Nonprofessional
 Group Life Insurance (GLI) Plan
 For the Years Ended June 30, 2014 through June 30, 2023

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)
2023	\$ 19,635	\$ 19,635	-	\$ 3,649,201	0.54%
2022	17,159	17,159	-	3,175,059	0.54%
2021	14,841	14,841	-	2,748,413	0.54%
2020	14,839	14,839	-	2,865,412	0.52%
2019	14,898	14,898	-	2,865,151	0.52%
2018	14,609	14,609	-	2,810,568	0.52%
2017	14,788	14,788	-	2,843,865	0.52%
2016	13,408	13,408	-	2,793,343	0.48%
2015	13,009	13,009	-	2,710,136	0.48%
2014	14,744	14,744	-	3,071,713	0.48%

County of Pittsylvania, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2023

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Pittsylvania, Virginia
 Schedule of Changes in the County's Net OPEB Liability and Related Ratios
 Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2022

	2022	2021	2020	2019	2018	2017
Total HIC OPEB Liability						
Service cost	\$ 17,621	\$ 12,098	\$ 11,556	\$ 11,294	\$ 10,816	\$ 12,454
Interest	48,359	47,379	44,653	42,354	40,909	40,771
Differences between expected and actual experience	201,161	(51,223)	6,486	17,194	9,815	-
Changes in assumptions	30,422	11,863	-	15,274	-	(16,465)
Benefit payments	(23,461)	(22,978)	(21,635)	(37,661)	(44,133)	(25,441)
Net change in total HIC OPEB liability	\$ 274,102	\$ (2,861)	\$ 41,060	\$ 48,455	\$ 17,407	\$ 11,319
Total HIC OPEB Liability - beginning	710,541	713,402	672,342	623,887	606,480	595,161
Total HIC OPEB Liability - ending (a)	\$ 984,643	\$ 710,541	\$ 713,402	\$ 672,342	\$ 623,887	\$ 606,480
Plan fiduciary net position						
Contributions - employer	\$ 36,388	\$ 33,414	\$ 28,908	\$ 27,906	\$ 28,042	\$ 27,160
Net investment income	325	113,757	8,386	25,066	27,141	40,026
Benefit payments	(23,461)	(22,978)	(21,635)	(37,661)	(44,133)	(25,441)
Administrative expense	(1,008)	(1,381)	(816)	(543)	(624)	(650)
Other	13,680	-	(4)	(30)	(2,018)	2,018
Net change in plan fiduciary net position	\$ 25,924	\$ 122,812	\$ 14,839	\$ 14,738	\$ 8,408	\$ 43,113
Plan fiduciary net position - beginning	549,375	426,563	411,724	396,986	388,578	345,465
Plan fiduciary net position - ending (b)	\$ 575,299	\$ 549,375	\$ 426,563	\$ 411,724	\$ 396,986	\$ 388,578
County of Pittsylvania's net HIC OPEB liability - ending (a) - (b)	\$ 409,344	\$ 161,166	\$ 286,839	\$ 260,618	\$ 226,901	\$ 217,902
Plan fiduciary net position as a percentage of the total HIC OPEB liability	58.43%	77.32%	59.79%	61.24%	63.63%	64.07%
Covered payroll	\$ 18,194,143	\$ 16,705,523	\$ 15,215,002	\$ 14,663,677	\$ 14,759,147	\$ 14,294,169
County of Pittsylvania's net HIC OPEB liability as a percentage of covered payroll	2.25%	0.96%	1.89%	1.78%	1.54%	1.52%

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

County of Pittsylvania, Virginia
 Schedule of Employer Contributions - County
 Health Insurance Credit (HIC) Plan
 For the Years Ended June 30, 2014 through June 30, 2023

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)
2023	\$ 45,607	\$ 45,607	\$ -	19,463,798	0.23%
2022	36,389	36,389	-	18,194,143	0.20%
2021	33,411	33,411	-	16,705,523	0.20%
2020	28,908	28,908	-	15,215,002	0.19%
2019	27,861	27,861	-	14,663,677	0.19%
2018	28,652	28,652	-	14,759,147	0.19%
2017	27,160	27,160	-	14,294,169	0.19%
2016	26,313	26,313	-	13,848,961	0.19%
2015	25,288	25,288	-	13,309,410	0.19%
2014	16,808	16,808	-	12,928,613	0.13%

County of Pittsylvania, Virginia
 Schedule of Changes in the School Board's Nonprofessional Net OPEB Liability and Related Ratios
 Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2022

	2022	2021	2020	2019	2018	2017
Total HIC OPEB Liability						
Service cost	\$ 3,204	\$ 4,932	\$ 5,185	\$ 4,729	\$ 9,246	\$ 10,897
Interest	19,790	18,480	18,519	26,022	13,464	12,310
Changes of benefit terms	-	-	6,818	-	-	-
Differences between expected and actual experience	(1,829)	12,173	(3,430)	(109,019)	(6,419)	-
Changes in assumptions	70,125	10,434	-	6,018	-	(32,389)
Benefit payments	(31,183)	(28,461)	(26,865)	(23,420)	(22,067)	(21,078)
Net change in total HIC OPEB liability	\$ 60,107	\$ 17,558	\$ 227	\$ (95,670)	\$ (5,776)	\$ (30,260)
Total HIC OPEB Liability - beginning	305,574	288,016	287,789	383,459	389,235	419,495
Total HIC OPEB Liability - ending (a)	\$ 365,681	\$ 305,574	\$ 288,016	\$ 287,789	\$ 383,459	\$ 389,235
Plan fiduciary net position						
Contributions - employer	\$ 33,684	\$ 29,124	\$ 28,999	\$ 28,909	\$ 26,449	\$ 26,507
Net investment income	(159)	467	9	5	1	-
Benefit payments	(31,183)	(28,461)	(26,865)	(23,420)	(22,067)	(21,078)
Administrative expense	(36)	(9)	(4)	-	-	-
Other	20,709	-	-	-	-	-
Net change in plan fiduciary net position	\$ 23,015	\$ 1,121	\$ 2,139	\$ 5,494	\$ 4,383	\$ 5,429
Plan fiduciary net position - beginning	3,384	2,263	124	(5,370)	(9,753)	(15,182)
Plan fiduciary net position - ending (b)	\$ 26,399	\$ 3,384	\$ 2,263	\$ 124	\$ (5,370)	\$ (9,753)
Pittsylvania School Board's net HIC OPEB liability - ending (a) - (b)	\$ 339,282	\$ 302,190	\$ 285,753	\$ 287,665	\$ 388,829	\$ 398,988
Plan fiduciary net position as a percentage of the total HIC OPEB liability	7.22%	1.11%	0.79%	0.04%	-1.40%	-2.51%
Covered payroll	\$ 3,177,674	\$ 2,722,447	\$ 2,856,626	\$ 2,849,165	\$ 2,803,851	\$ 2,819,928
Pittsylvania School Board's net HIC OPEB liability as a percentage of covered payroll	10.68%	11.10%	10.00%	10.10%	13.87%	14.15%

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

County of Pittsylvania, Virginia
 Schedule of Employer Contributions - School Board's Nonprofessional
 Health Insurance Credit (HIC) Plan
 For the Years Ended June 30, 2015 through June 30, 2023

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)
2023	\$ 43,663	\$ 43,663	-	\$ 3,608,539	1.21%
2022	34,001	34,001	-	3,177,674	1.07%
2021	29,130	29,130	-	2,722,447	1.07%
2020	29,017	29,017	-	2,856,626	1.02%
2019	28,931	28,931	-	2,849,165	1.02%
2018	26,330	26,330	-	2,803,851	0.94%
2017	26,507	26,507	-	2,819,928	0.94%
2016	13,371	13,371	-	2,785,662	0.48%
2015	12,750	12,750	-	2,656,294	0.48%

This Schedule is intended to show 10 years of information but the School Board only started participating in fiscal year 2015. Additional years will be added as they are available.

County of Pittsylvania, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2023

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, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

County of Pittsylvania, Virginia
 Schedule of School Board's Share of Net OPEB Liability
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2022

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)
2022	0.5054% \$	6,312,182 \$	47,100,086	13.40%	15.08%
2021	0.5099%	6,545,176	45,097,251	14.51%	13.15%
2020	0.5227%	6,818,316	45,841,970	14.87%	9.95%
2019	0.5312%	6,953,401	44,492,580	15.63%	8.97%
2018	0.5446%	6,914,000	44,028,760	15.70%	8.08%
2017	0.5232%	6,637,000	41,273,292	16.08%	7.04%

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

County of Pittsylvania, Virginia
 Schedule of Employer Contributions
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Years Ended June 30, 2014 through June 30, 2023

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)
2023	\$ 620,980	\$ 620,980	\$ -	\$ 51,320,683	1.21%
2022	569,911	569,911	-	47,100,086	1.21%
2021	545,677	545,677	-	45,097,251	1.21%
2020	549,856	549,856	-	45,841,970	1.20%
2019	533,911	533,911	-	44,492,580	1.20%
2018	541,549	541,549	-	44,028,760	1.23%
2017	458,330	458,330	-	41,273,292	1.11%
2016	425,552	425,552	-	39,808,563	1.07%
2015	420,878	420,878	-	39,414,097	1.07%
2014	424,044	424,044	-	38,164,275	1.11%

County of Pittsylvania, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2023

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

County of Pittsylvania, Virginia
 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Primary Government
 For the Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020 (1)	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 1,932,687	\$ 1,802,237	\$ 1,738,500	\$ 1,566,727	\$ 1,552,874	\$ 1,627,407	\$ 1,592,178	\$ 1,561,447	\$ 1,597,926
Interest	5,924,911	5,387,041	5,060,327	4,787,083	4,557,967	4,386,198	4,226,561	4,054,448	3,853,717
Changes in benefit terms	(669,978)	516,399	2,645,976	687,864	474,277	(157,351)	(430,827)	(255,709)	-
Differences between expected and actual experience	-	3,099,957	-	2,091,004	-	(171,451)	-	-	-
Changes in assumptions	(4,993,337)	(4,546,411)	(4,662,774)	(3,768,690)	(3,376,271)	(3,085,649)	(3,129,127)	(2,673,712)	(2,494,405)
Benefit payments	2,194,283	6,259,223	4,782,029	5,363,988	3,469,290	2,595,154	2,258,785	2,686,474	2,957,238
Net change in total pension liability	\$ 88,340,451	\$ 82,081,228	\$ 77,299,199	\$ 70,271,242	\$ 66,801,952	\$ 64,202,798	\$ 61,944,013	\$ 59,257,539	\$ 56,300,301
Total pension liability - beginning	\$ 90,534,734	\$ 88,340,451	\$ 82,081,228	\$ 75,635,230	\$ 70,271,242	\$ 66,801,952	\$ 64,202,798	\$ 61,944,013	\$ 59,257,539
Total pension liability - ending (a)	\$ 178,875,185	\$ 170,421,679	\$ 159,380,427	\$ 146,266,470	\$ 137,073,194	\$ 131,004,750	\$ 126,150,816	\$ 121,191,552	\$ 115,557,840
Plan fiduciary net position									
Contributions - employer	\$ 2,037,478	\$ 1,878,591	\$ 1,421,641	\$ 1,356,116	\$ 1,392,480	\$ 1,358,939	\$ 1,259,536	\$ 1,217,249	\$ 1,162,861
Contributions - employee	876,054	785,970	743,519	710,681	716,663	705,141	684,974	666,219	649,664
Net investment income	(70,344)	18,492,366	1,334,712	4,279,923	4,533,806	6,785,854	950,219	2,482,371	7,499,569
Benefit payments	(4,993,337)	(4,546,411)	(4,662,774)	(3,768,690)	(3,376,271)	(3,085,649)	(3,129,127)	(2,673,712)	(2,494,405)
Administrator charges	(52,963)	(46,571)	(46,049)	(43,099)	(39,457)	(39,392)	(35,171)	(34,270)	(40,586)
Other	1,939	1,739	(1,537)	(2,691)	(4,027)	(6,026)	(410)	(526)	396
Net change in plan fiduciary net position	\$ (2,201,173)	\$ 16,565,684	\$ (1,210,488)	\$ 2,532,240	\$ 3,223,194	\$ 5,718,867	\$ (269,979)	\$ 1,657,331	\$ 6,777,499
Plan fiduciary net position - beginning	\$ 84,736,928	\$ 68,171,244	\$ 69,381,732	\$ 64,883,559	\$ 61,660,365	\$ 55,941,498	\$ 56,211,477	\$ 54,554,146	\$ 47,776,647
Plan fiduciary net position - ending (b)	\$ 82,535,755	\$ 84,736,928	\$ 68,171,244	\$ 67,415,799	\$ 64,883,559	\$ 61,660,365	\$ 55,941,498	\$ 56,211,477	\$ 54,554,146
County's net pension liability - ending (a) - (b)	\$ 7,998,979	\$ 3,603,523	\$ 13,909,984	\$ 8,219,431	\$ 5,387,683	\$ 5,141,587	\$ 8,261,300	\$ 5,732,536	\$ 4,703,393
Plan fiduciary net position as a percentage of the total pension liability	91.16%	95.92%	83.05%	89.13%	92.33%	92.30%	87.13%	90.75%	92.06%
Covered payroll	\$ 18,189,418	\$ 16,705,523	\$ 15,635,460	\$ 14,663,677	\$ 14,759,147	\$ 14,294,168	\$ 13,848,961	\$ 13,309,411	\$ 12,928,614
County's net pension liability as a percentage of covered payroll	43.98%	21.57%	88.96%	56.05%	36.50%	35.97%	59.65%	43.07%	36.38%

(1) Pittsylvania County Service Authority's net pension liability was absorbed by Pittsylvania County during fiscal year 2021 and is restated as noted in the 2020 measurement.

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

County of Pittsylvania, Virginia
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, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 229,725	\$ 266,922	\$ 285,762	\$ 283,647	\$ 284,563	\$ 287,778	\$ 288,380	\$ 346,582	\$ 331,124
Interest	1,064,727	999,416	988,487	983,847	953,988	959,558	965,041	944,972	918,214
Differences between expected and actual experience	(352,383)	(34,915)	(164,199)	(133,520)	107,647	(246,249)	(413,256)	(93,323)	-
Changes of assumptions	-	456,809	-	363,620	-	(148,814)	-	-	-
Benefit payments	(921,069)	(979,700)	(916,597)	(899,996)	(939,281)	(924,400)	(912,609)	(910,435)	(823,734)
Net change in total pension liability	\$ 21,000	\$ 708,532	\$ 193,453	\$ 597,598	\$ 406,917	\$ (72,127)	\$ (72,444)	\$ 287,796	\$ 425,604
Total pension liability - beginning	16,004,540	15,296,008	15,102,555	14,504,957	14,098,040	14,170,167	14,242,611	13,954,815	13,529,211
Total pension liability - ending (a)	<u>\$ 16,025,540</u>	<u>\$ 16,004,540</u>	<u>\$ 15,296,008</u>	<u>\$ 15,102,555</u>	<u>\$ 14,504,957</u>	<u>\$ 14,098,040</u>	<u>\$ 14,170,167</u>	<u>\$ 14,242,611</u>	<u>\$ 13,954,815</u>
Plan fiduciary net position									
Contributions - employer	\$ 212,548	\$ 185,571	\$ 199,985	\$ 202,266	\$ 214,640	\$ 217,553	\$ 295,254	\$ 283,578	\$ 228,996
Contributions - employee	143,968	126,486	133,777	133,890	133,817	135,498	135,599	132,471	152,042
Net investment income	(10,497)	3,695,414	266,968	900,296	976,204	1,494,086	212,712	570,904	1,768,407
Benefit payments	(921,069)	(979,700)	(916,597)	(899,996)	(939,281)	(924,400)	(912,609)	(910,435)	(823,734)
Administrator charges	(10,582)	(9,586)	(9,423)	(9,304)	(8,749)	(9,014)	(8,145)	(8,196)	(9,813)
Other	382	345	(311)	(564)	(857)	(1,312)	(92)	(120)	93
Net change in plan fiduciary net position	\$ (585,250)	\$ 3,018,530	\$ (325,601)	\$ 326,588	\$ 375,774	\$ 912,411	\$ (277,281)	\$ 68,202	\$ 1,315,991
Plan fiduciary net position - beginning	16,824,510	13,805,980	14,131,581	13,804,993	13,429,219	12,516,808	12,794,089	12,725,887	11,409,896
Plan fiduciary net position - ending (b)	<u>\$ 16,239,260</u>	<u>\$ 16,824,510</u>	<u>\$ 13,805,980</u>	<u>\$ 14,131,581</u>	<u>\$ 13,804,993</u>	<u>\$ 13,429,219</u>	<u>\$ 12,516,808</u>	<u>\$ 12,794,089</u>	<u>\$ 12,725,887</u>
School Division's net pension liability - ending (a) - (b)	\$ (213,720)	\$ (819,970)	\$ 1,490,028	\$ 970,974	\$ 699,964	\$ 668,821	\$ 1,653,359	\$ 1,448,522	\$ 1,228,928
Plan fiduciary net position as a percentage of the total pension liability	101.33%	105.12%	90.26%	93.57%	95.17%	95.26%	88.33%	89.83%	91.19%
Covered payroll	\$ 3,175,059	\$ 2,722,447	\$ 2,843,229	\$ 2,849,165	\$ 2,803,851	\$ 2,819,928	\$ 2,785,662	\$ 2,656,294	\$ 3,045,724
School Division's net pension liability as a percentage of covered payroll	-6.73%	-30.12%	52.41%	34.08%	24.96%	23.72%	59.35%	54.53%	40.35%

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

County of Pittsylvania, Virginia
 Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
 For the Measurement Dates of June 30, 2014 through June 30, 2022

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (6)
2022	0.5133%	48,873,041	47,102,587	103.76%	82.61%
2021	0.5167%	40,108,819	45,074,365	88.98%	85.46%
2020	0.5287%	76,941,190	45,841,970	167.84%	71.47%
2019	0.5356%	70,485,372	44,492,580	158.42%	73.51%
2018	0.5473%	64,357,000	44,028,760	146.17%	74.81%
2017	0.5246%	64,515,000	41,273,292	156.31%	72.92%
2016	0.5265%	73,790,000	39,808,563	185.36%	68.28%
2015	0.5340%	67,217,000	39,414,097	170.54%	70.68%
2014	0.5224%	63,129,000	38,164,275	165.41%	70.88%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional

County of Pittsylvania, Virginia
 Schedule of Employer Contributions
 For the Years Ended June 30, 2014 through June 30, 2023

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					
2023	\$ 2,503,592	\$ 2,503,592	\$ -	\$ 19,460,833	12.86%
2022	2,042,436	2,042,436	-	18,189,418	11.23%
2021	1,886,536	1,886,536	-	16,705,523	11.29%
2020	1,421,641	1,421,641	-	15,635,460	9.09%
2019	1,353,100	1,353,100	-	14,663,677	9.23%
2018	1,392,480	1,392,480	-	14,759,147	9.43%
2017	1,358,939	1,358,939	-	14,294,168	9.51%
2016	1,592,630	1,261,351	331,279	13,848,961	9.11%
2015	1,530,582	1,217,249	313,333	13,309,411	9.15%
2014	1,595,391	1,163,575	431,816	12,928,614	9.00%
Component Unit School Board (nonprofessional)					
2023	\$ 203,551	\$ 203,551	\$ -	\$ 3,626,021	5.61%
2022	215,082	215,082	-	3,175,059	6.77%
2021	186,140	186,140	-	2,722,447	6.84%
2020	200,303	200,303	-	2,843,229	7.04%
2019	203,666	203,666	-	2,849,165	7.15%
2018	214,640	214,640	-	2,803,851	7.66%
2017	217,553	217,553	-	2,819,928	7.71%
2016	295,656	295,656	-	2,785,662	10.61%
2015	283,578	283,578	-	2,656,294	10.68%
2014	327,415	229,343	98,072	3,045,724	7.53%
Component Unit School Board (professional)					
2023	\$ 8,234,333	\$ 8,234,333	\$ -	\$ 51,283,248	16.06%
2022	7,619,808	7,619,808	-	47,102,587	16.18%
2021	7,304,728	7,304,728	-	45,074,365	16.21%
2020	7,022,807	7,022,807	-	45,841,970	15.32%
2019	6,854,257	6,854,257	-	44,492,580	15.41%
2018	7,075,682	7,075,682	-	44,028,760	16.07%
2017	5,997,754	5,997,754	-	41,273,292	14.53%
2016	5,597,084	5,597,084	-	39,808,563	14.06%
2015	5,715,044	5,715,044	-	39,414,097	14.50%
2014	5,430,544	5,430,544	-	38,164,275	14.23%

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

County of Pittsylvania, Virginia
Notes to Required Supplementary Information
For the Year Ended June 30, 2023

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees:

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

Other Supplementary Information

NONMAJOR FUNDS

NONMAJOR SPECIAL REVENUE FUND

Forfeited Assets - The Forfeited Assets fund accounts for financial resources to be used in connection with the Sheriff's asset forfeited funds.

Sheriff Fund - The Sheriff Fund accounts for the activity of the investigation account and the canteen account as maintained by the Sheriff.

County of Pittsylvania, Virginia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Forfeited Assets <u>Fund</u>	Debt Service Reserve <u>Fund</u>	Sheriff <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 469,523	\$ 204,092	\$ -	\$ 673,615
Cash in custody of others	-	-	23,223	23,223
Total assets	<u>\$ 469,523</u>	<u>\$ 204,092</u>	<u>\$ 23,223</u>	<u>\$ 696,838</u>
LIABILITIES				
Accounts payable	\$ 1,854	\$ -	\$ -	\$ 1,854
Total liabilities	<u>\$ 1,854</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,854</u>
FUND BALANCES				
Restricted:				
Forfeited Assets Fund	\$ 467,669	\$ -	\$ -	\$ 467,669
Assigned:				
Debt service	-	204,092	-	204,092
Jail canteen	-	-	5,649	5,649
Sheriff investigations	-	-	17,574	17,574
Total fund balances	<u>\$ 467,669</u>	<u>\$ 204,092</u>	<u>\$ 23,223</u>	<u>\$ 694,984</u>
Total liabilities and fund balances	<u>\$ 469,523</u>	<u>\$ 204,092</u>	<u>\$ 23,223</u>	<u>\$ 696,838</u>

County of Pittsylvania, Virginia
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2023

	<u>Forfeited Assets</u> <u>Fund</u>	<u>Debt</u> <u>Service Reserve</u> <u>Fund</u>	<u>Sheriff</u> <u>Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
REVENUES				
Revenue from the use of money and property	\$ 236	\$ -	\$ -	\$ 236
Charges for services	-	-	29,130	29,130
Intergovernmental	90,878	-	-	90,878
Total revenues	\$ 91,114	\$ -	\$ 29,130	\$ 120,244
EXPENDITURES				
Current:				
Public safety	\$ 96,711	\$ -	\$ 40,894	\$ 137,605
Total expenditures	\$ 96,711	\$ -	\$ 40,894	\$ 137,605
Excess (deficiency) of revenues over (under) expenditures	\$ (5,597)	\$ -	\$ (11,764)	\$ (17,361)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 18,000	\$ 18,000
Net change in fund balances	\$ (5,597)	\$ -	\$ 6,236	\$ 639
Fund balances - beginning	473,266	204,092	16,987	694,345
Fund balances - ending	\$ 467,669	\$ 204,092	\$ 23,223	\$ 694,984

County of Pittsylvania, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Fund
 For the Year Ended June 30, 2023

	Forfeited Assets Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 300	\$ 300	\$ 236	\$ (64)
Intergovernmental	-	-	90,878	90,878
Total revenues	<u>\$ 300</u>	<u>\$ 300</u>	<u>\$ 91,114</u>	<u>\$ 90,814</u>
EXPENDITURES				
Current:				
Public safety	\$ 145,000	\$ 145,000	\$ 96,711	\$ 48,289
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (144,700)</u>	<u>\$ (144,700)</u>	<u>\$ (5,597)</u>	<u>\$ 139,103</u>
Net change in fund balances	\$ (144,700)	\$ (144,700)	\$ (5,597)	\$ 139,103
Fund balances - beginning	144,700	144,700	473,266	328,566
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 467,669</u>	<u>\$ 467,669</u>

County of Pittsylvania, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Debt Service Reserve Fund
 For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	204,092	204,092
Fund balances - ending	\$ -	\$ -	204,092	\$ 204,092

INTERNAL SERVICE FUNDS

Central Stores - The Central Stores fund accounts for the Primary Government's consolidated purchasing. The Primary Government bills internally for the department's usage.

Self-Insurance - The Self-Health Insurance fund accounts for insurance premiums paid by the County and for all departments. Internal billings are prepared for all departments.

County of Pittsylvania, Virginia
Combining Statement of Net Position
Internal Service Funds
June 30, 2023

	Central Stores <u>Fund</u>	Self- Insurance <u>Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ 4,792,819	\$ 4,792,819
Accounts receivables, net of allowances for uncollectibles	13,724	286,534	300,258
Inventories	7,304	-	7,304
Total assets	<u>\$ 21,028</u>	<u>\$ 5,079,353</u>	<u>\$ 5,100,381</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,032	\$ -	\$ 2,032
Estimate of incurred but unreported health claims	-	1,115,300	1,115,300
Due to other funds	3,493	-	3,493
Total liabilities	<u>\$ 5,525</u>	<u>\$ 1,115,300</u>	<u>\$ 1,120,825</u>
NET POSITION			
Restricted for health insurance claims	\$ -	\$ 3,964,053	\$ 3,964,053
Unrestricted (deficit)	15,503	-	15,503
Total net position	<u>\$ 15,503</u>	<u>\$ 3,964,053</u>	<u>\$ 3,979,556</u>

County of Pittsylvania, Virginia
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2023

	Central Stores <u>Fund</u>	Self- Insurance <u>Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Materials and supplies	\$ 259,122	\$ -	\$ 259,122
Insurance premiums	-	13,740,007	13,740,007
Total operating revenues	<u>\$ 259,122</u>	<u>\$ 13,740,007</u>	<u>\$ 13,999,129</u>
OPERATING EXPENSES			
Supplies, insurance and telephone	\$ 209,045	\$ -	\$ 209,045
Insurance claims and expenses	-	14,406,903	14,406,903
Total operating expenses	<u>\$ 209,045</u>	<u>\$ 14,406,903</u>	<u>\$ 14,615,948</u>
Operating income (loss)	<u>\$ 50,077</u>	<u>\$ (666,896)</u>	<u>\$ (616,819)</u>
Total net position (deficit) - beginning	(34,574)	4,630,949	4,596,375
Total net position (deficit) - ending	<u>\$ 15,503</u>	<u>\$ 3,964,053</u>	<u>\$ 3,979,556</u>

County of Pittsylvania, Virginia
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2023

	Central Stores <u>Fund</u>	Self- Insurance <u>Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts for materials and supplies	\$ 269,398	\$ -	\$ 269,398
Receipts for insurance premiums	-	14,639,757	14,639,757
Payments to suppliers	(218,475)	-	(218,475)
Payments for premiums	-	(14,361,803)	(14,361,803)
Net cash provided by (used for) operating activities	<u>\$ 50,923</u>	<u>\$ 277,954</u>	<u>\$ 328,877</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund borrowings	<u>\$ (50,923)</u>	<u>\$ -</u>	<u>\$ (50,923)</u>
Net increase (decrease) in cash and cash equivalents	\$ -	\$ 277,954	\$ 277,954
Cash and cash equivalents - beginning	-	4,514,865	4,514,865
Cash and cash equivalents - ending	<u>\$ -</u>	<u>\$ 4,792,819</u>	<u>\$ 4,792,819</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 50,077	\$ (666,896)	\$ (616,819)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
(Increase) decrease in accounts receivable	10,276	899,750	910,026
(Increase) decrease in inventories	(1,677)	-	(1,677)
Increase (decrease) in accounts payable	(7,753)	45,100	37,347
Total adjustments	<u>\$ 846</u>	<u>\$ 944,850</u>	<u>\$ 945,696</u>
Net cash provided by (used for) operating activities	<u>\$ 50,923</u>	<u>\$ 277,954</u>	<u>\$ 328,877</u>

FIDUCIARY FUNDS

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

Cash Bond Fund - The Cash Bond fund accounts for those escrow funds received from developers or contractors which, upon satisfactory project completion, are returned to the developer or contractor.

Workforce Investment Board Fund - The Workforce Investment Board (WIB) Fund accounts for the fiduciary activity of the regional nonprofit WIB as contracted through the County.

Sheriff Inmate Trust Fund- The Sheriff Inmate Trust accounts for the funds deposited on behalf of the inmates for their benefit.

County of Pittsylvania, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
June 30, 2023

	<u>Special Welfare</u>	<u>Cash Bond Fund</u>	<u>Workforce Investment Board Fund</u>	<u>Sheriff's Inmate Trust Fund</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 13,260	\$ 267,600	\$ 583,870	\$ -	\$ 864,730
Cash in custody of others	-	-	-	13,857	13,857
Receivables:					
Due from other governments	-	-	309,796	-	309,796
Total assets	<u>\$ 13,260</u>	<u>\$ 267,600</u>	<u>\$ 893,666</u>	<u>\$ 13,857</u>	<u>\$ 1,188,383</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 312,216	\$ -	\$ 312,216
NET POSITION					
Restricted:					
Social services welfare	\$ 13,260	\$ -	\$ -	\$ -	\$ 13,260
Escrows for developers	-	267,600	-	-	267,600
Workforce Investment Board	-	-	581,450	-	581,450
Amounts held for inmates	-	-	-	13,857	13,857
Total liabilities	<u>\$ 13,260</u>	<u>\$ 267,600</u>	<u>\$ 581,450</u>	<u>\$ 13,857</u>	<u>\$ 876,167</u>

County of Pittsylvania, Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2023

	<u>Special Welfare</u>	<u>Cash Bond Fund</u>	<u>Workforce Investment Board Fund</u>	<u>Sheriff's Inmate Trust Fund</u>	<u>Total</u>
ADDITIONS					
Contributions:					
Government grants	\$ -	\$ -	\$ 2,107,968	\$ -	\$ 2,107,968
Rental income	-	-	355,244	-	355,244
Social security and welfare receipts	19,169	-	-	-	19,169
Inmate deposits	-	-	-	105,932	105,932
Miscellaneous	-	2,090	43,535	-	45,625
Total contributions	<u>\$ 19,169</u>	<u>\$ 2,090</u>	<u>\$ 2,506,747</u>	<u>\$ 105,932</u>	<u>\$ 2,633,938</u>
DEDUCTIONS					
Workforce Investment Board expenses	\$ -	\$ -	\$ 2,807,575	\$ -	\$ 2,807,575
Administrative fees	-	-	4,900	-	4,900
Refunds of developers escrow deposits	-	2,090	-	-	2,090
Welfare payments	29,524	-	-	-	29,524
Inmate purchases and withdrawals	-	-	-	111,261	111,261
Total deductions	<u>\$ 29,524</u>	<u>\$ 2,090</u>	<u>\$ 2,812,475</u>	<u>\$ 111,261</u>	<u>\$ 2,955,350</u>
Net increase (decrease) in fiduciary net position	\$ (10,355)	\$ -	\$ (305,728)	\$ (5,329)	\$ (321,412)
Net position - beginning	23,615	267,600	887,178	19,186	\$ 1,197,579
Net position - ending	<u>\$ 13,260</u>	<u>\$ 267,600</u>	<u>\$ 581,450</u>	<u>\$ 13,857</u>	<u>\$ 876,167</u>

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

NON-MAJOR GOVERNMENTAL FUNDS

School Activity Fund - The School Activity Fund accounts for the activity of each bank account maintained at the school as maintained by each school principal.

County of Pittsylvania, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2023

	School Operating Fund	Nonmajor School Activity Fund	Total
ASSETS			
Cash and cash equivalents	\$ 2,772,073	\$ -	\$ 2,772,073
Cash in custody of others	-	2,344,637	2,344,637
Receivables (net of allowance for uncollectibles):			
Accounts receivable	970,202	-	970,202
Due from primary government	475,786	-	475,786
Due from other governmental units	4,970,958	-	4,970,958
Lease receivable	22,608	-	22,608
Restricted investments	30,915	-	30,915
Total assets	<u>\$ 9,242,542</u>	<u>\$ 2,344,637</u>	<u>\$ 11,587,179</u>
LIABILITIES			
Accounts payable	\$ 3,408,212	\$ -	\$ 3,408,212
Salaries payable	3,029,005	-	3,029,005
Unearned revenue	-	15,000	15,000
Total liabilities	<u>6,437,217</u>	<u>\$ 15,000</u>	<u>\$ 6,452,217</u>
DEFERRED INFLOWS OF RESOURCES			
Lease related items	\$ 21,920	\$ -	\$ 21,920
FUND BALANCES			
Nonspendable:			
Leases	\$ 688	\$ -	\$ 688
Restricted:			
School cafeteria	2,782,717	-	2,782,717
Committed:			
School activities	-	2,329,637	2,329,637
Total fund balances	<u>\$ 2,783,405</u>	<u>\$ 2,329,637</u>	<u>\$ 5,113,042</u>
Total liabilities and fund balances	<u>\$ 9,220,622</u>	<u>\$ 2,344,637</u>	<u>\$ 11,565,259</u>

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

Total fund balances per above \$ 5,113,042

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

Land	\$ 2,744,421	
Construction in progress	14,254,694	
Buildings and improvements	27,399,674	
Machinery and equipment	7,309,892	
Infrastructure	2,654,615	
Lease - machinery and equipment	277,155	
Subscription asset	149,715	54,790,166

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

Net pension asset 213,720

Prepaid items are reported in the funds using the purchases method and, therefore, are reported as expenditures in the funds.

Prepaid items 1,293,497

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

Pension related items	\$ 13,358,733	
OPEB related items	3,029,743	16,388,476

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

Net pension liability	\$ (48,873,041)	
Net OPEB liabilities	(15,773,863)	
Lease liabilities	(278,267)	
Subscription liabilities	(148,025)	
Compensated absences	(1,829,932)	(66,903,128)

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

Pension related items	\$ (12,472,848)	
OPEB related items	(3,290,956)	(15,763,804)

Net position of governmental activities \$ (4,868,031)

County of Pittsylvania, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2023

	School Operating Fund	Nonmajor School Activity Fund*	Total
REVENUES			
Revenue from the use of money and property	\$ 14,406	\$ -	\$ 14,406
Charges for services	664,452	-	664,452
Miscellaneous	1,656,681	1,990,585	3,647,266
Recovered costs	213,554	-	213,554
Intergovernmental	117,507,542	-	117,507,542
Total revenues	<u>\$ 120,056,635</u>	<u>\$ 1,990,585</u>	<u>\$ 122,047,220</u>
EXPENDITURES			
Current:			
Education	\$ 119,582,781	\$ 2,916,624	\$ 122,499,405
Debt service:			
Principal retirement	178,611	-	178,611
Interest and other fiscal charges	6,019	-	6,019
Total expenditures	<u>\$ 119,767,411</u>	<u>\$ 2,916,624</u>	<u>\$ 122,684,035</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 289,224</u>	<u>\$ (926,039)</u>	<u>\$ (636,815)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 133,434	\$ 1,059,704	\$ 1,193,138
Transfers out	(1,193,138)	-	(1,193,138)
Issuance of lease liabilities	147,167	-	147,167
Issuance of subscription liabilities	224,265	-	224,265
Total other financing sources and uses	<u>\$ (688,272)</u>	<u>\$ 1,059,704</u>	<u>\$ 371,432</u>
Net change in fund balances	\$ (399,048)	\$ 133,665	\$ (265,383)
Fund balances - beginning	3,182,453	2,195,972	5,378,425
Fund balances - ending	<u>\$ 2,783,405</u>	<u>\$ 2,329,637</u>	<u>\$ 5,113,042</u>

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

Net change in fund balances - total governmental funds - per above \$ (265,383)

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 capital asset additions exceeded depreciation/amortization expense in the current period.

Capital asset additions	\$ 13,340,076	
Reversion of assets back to the School Board (net)	1,144,819	
Depreciation/amortization expense	<u>(3,653,289)</u>	10,831,606

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

<u>Debt Issued or Incurred:</u>		
Issuance of subscription liabilities	\$ (224,265)	
Issuance of lease liabilities	(147,167)	
<u>Principal Payments</u>		
Subscription liabilities	76,240	
Lease liabilities	<u>102,371</u>	(192,821)

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

State non-employer contribution to the pension plan	2,270,868
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Change in compensated absences	\$ (54,653)	
Change in net pension liabilities and related deferred items	6,372,079	
Change in net OPEB liabilities and related deferred items	<u>535,468</u>	6,852,894

Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net position.

Change in prepaid items	3,276
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Change in net position of governmental activities	<u>\$ 19,500,440</u>
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*The School Activity Fund does not require a legally adopted budget.

County of Pittsylvania, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2023

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 7,260	\$ 7,260	\$ 14,406	\$ 7,146
Charges for services	1,074,558	1,074,558	664,452	(410,106)
Miscellaneous	1,371,118	1,371,118	1,656,681	285,563
Recovered costs	290,602	290,602	213,554	(77,048)
Intergovernmental	125,594,405	131,846,642	117,507,542	(14,339,100)
Total revenues	<u>\$ 128,337,943</u>	<u>\$ 134,590,180</u>	<u>\$ 120,056,635</u>	<u>\$ (14,533,545)</u>
EXPENDITURES				
Current:				
Education	\$ 128,153,313	\$ 134,405,550	\$ 119,582,781	\$ 14,822,769
Debt service:				
Principal retirement	178,611	178,611	178,611	-
Interest and other fiscal charges	6,019	6,019	6,019	-
Total expenditures	<u>\$ 128,337,943</u>	<u>\$ 134,590,180</u>	<u>\$ 119,767,411</u>	<u>\$ 14,822,769</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 289,224	\$ 289,224
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 133,434	\$ 133,434
Transfers out	-	-	(1,193,138)	(1,193,138)
Issuance of leases	-	-	147,167	147,167
Issuance of subscription liabilities	-	-	224,265	224,265
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (688,272)</u>	<u>\$ (688,272)</u>
Net change in fund balances	\$ -	\$ -	\$ (399,048)	\$ (399,048)
Fund balances - beginning	-	-	3,182,453	3,182,453
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,783,405</u>	<u>\$ 2,783,405</u>

County of Pittsylvania, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real Property Tax	\$ 27,123,586	\$ 27,123,586	\$ 27,272,673	\$ 149,087
Real and Personal PSC Tax	2,856,117	2,856,117	2,629,597	(226,520)
Personal Property Tax	11,935,033	11,935,033	12,245,677	310,644
Mobile Home Tax	267,401	267,401	260,460	(6,941)
Machinery and Tools Tax	1,532,820	1,532,820	1,952,761	419,941
Merchants Capital	431,647	431,647	380,026	(51,621)
Penalties	475,000	475,000	548,733	73,733
Interest	380,000	380,000	527,872	147,872
Total general property taxes	<u>\$ 45,001,604</u>	<u>\$ 45,001,604</u>	<u>\$ 45,817,799</u>	<u>\$ 816,195</u>
Other local taxes:				
Local Sales and Use Tax	\$ 3,845,480	\$ 3,845,480	\$ 4,375,423	\$ 529,943
Consumers' Utility Tax	1,350,000	1,350,000	1,354,996	4,996
Consumption Taxes	200,000	200,000	193,986	(6,014)
Franchise License Tax	-	-	16,751	16,751
Lodging Taxes	-	-	26,686	26,686
Business License Tax	500	500	150	(350)
Meals Tax	1,455,351	1,455,351	1,511,618	56,267
Motor Vehicle Licenses	2,405,000	2,405,000	2,472,711	67,711
Bank Stock Tax	70,000	70,000	80,803	10,803
Taxes on Recordation and Wills	470,000	470,000	588,639	118,639
Total other local taxes	<u>\$ 9,796,331</u>	<u>\$ 9,796,331</u>	<u>\$ 10,621,763</u>	<u>\$ 825,432</u>
Permits, privilege fees, and regulatory licenses:				
Building permits	\$ 200,000	\$ 200,000	\$ 264,951	\$ 64,951
Cellular tower fees	83,183	83,183	90,605	7,422
Animal licenses	17,500	17,595	19,876	2,281
Permits and other licenses	77,000	77,000	50,203	(26,797)
Total permits, privilege fees, and regulatory licenses	<u>\$ 377,683</u>	<u>\$ 377,778</u>	<u>\$ 425,635</u>	<u>\$ 47,857</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 80,000	\$ 80,000	\$ 85,290	\$ 5,290
Revenue from use of money and property:				
Revenue from use of money	\$ 150,000	\$ 150,000	\$ 882,338	\$ 732,338
Revenue from use of property	152,956	152,956	151,699	(1,257)
Total revenue from use of money and property	<u>\$ 302,956</u>	<u>\$ 302,956</u>	<u>\$ 1,034,037</u>	<u>\$ 731,081</u>

County of Pittsylvania, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Charges for emergency services	\$ 969,230	\$ 1,186,408	\$ 1,369,462	\$ 183,054
Charges for courthouse security	-	-	79,816	79,816
Charges for parks and recreation	20,000	20,000	80,575	60,575
Charges for jail inmates	50,000	50,000	50,761	761
Charges for administration	31,000	31,000	21,000	(10,000)
Charges for library	8,000	8,000	19,576	11,576
Charges for courthouse maintenance	-	10,761	12,186	1,425
Charges for law library	8,000	8,000	9,983	1,983
Charges for fire prevention	5,000	5,000	10,150	5,150
Charges for commonwealth's attorney	2,500	2,500	5,579	3,079
Charges for law enforcement	5,500	5,500	4,858	(642)
Charges for animal control	-	-	31,568	31,568
Other charges for services	13,600	13,600	30,153	16,553
Total charges for services	<u>\$ 1,112,830</u>	<u>\$ 1,340,769</u>	<u>\$ 1,725,667</u>	<u>\$ 384,898</u>
Miscellaneous:				
Miscellaneous other	\$ -	\$ 184,503	\$ 366,644	\$ 182,141
Local grants and donations	19,500	235,502	421,127	185,625
City of Danville, Virginia revenue sharing	65,000	65,000	93,374	28,374
Total miscellaneous	<u>\$ 84,500</u>	<u>\$ 485,005</u>	<u>\$ 881,145</u>	<u>\$ 396,140</u>
Recovered costs:				
Jail reimbursements	\$ 294,689	\$ 294,689	\$ 183,842	\$ (110,847)
Sheriffs extra duty	20,000	20,000	26,560	6,560
Soil and water conservation district	149,673	149,673	139,075	(10,598)
School resource officer	119,000	119,000	87,763	(31,237)
City of Danville, Virginia	50,000	50,000	110,174	60,174
Health department	50,000	60,125	62,970	2,845
Social Services	92,312	92,312	202,069	109,757
Water and sewer reimbursements	321,576	321,576	321,575	(1)
Other recovered costs	33,351	428,125	485,738	57,613
Total recovered costs	<u>\$ 1,130,601</u>	<u>\$ 1,535,500</u>	<u>\$ 1,619,766</u>	<u>\$ 84,266</u>
Total revenue from local sources	<u>\$ 57,886,505</u>	<u>\$ 58,919,943</u>	<u>\$ 62,211,102</u>	<u>\$ 3,291,159</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicles carriers' tax	\$ 84,000	\$ 84,000	\$ 93,190	\$ 9,190
Mobile home titling tax	100,000	100,000	160,620	60,620
Motor vehicle rental tax	4,000	4,000	4,554	554
State communications tax	1,650,000	1,650,000	1,575,529	(74,471)
Personal property tax relief act funds	4,139,277	4,139,277	4,139,277	-
Games of skill tax	-	-	574	574
Total noncategorical aid	<u>\$ 5,977,277</u>	<u>\$ 5,977,277</u>	<u>\$ 5,973,744</u>	<u>\$ (3,533)</u>

County of Pittsylvania, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	\$ 689,052	\$ 689,052	\$ 641,716	\$ (47,336)
Sheriff	5,203,339	5,203,339	4,958,070	(245,269)
Commissioner of Revenue	198,751	198,751	200,236	1,485
Treasurer	232,512	232,512	213,530	(18,982)
Registrar/electoral board	57,707	57,707	84,118	26,411
Clerk of the Circuit Court	526,517	526,517	539,771	13,254
Circuit Court	50,000	50,000	81,464	31,464
Total Shared Expenses	<u>\$ 6,957,878</u>	<u>\$ 6,957,878</u>	<u>\$ 6,718,905</u>	<u>\$ (238,973)</u>
Other categorical aid:				
Victim witness grant	\$ 33,612	\$ 33,612	\$ 33,478	\$ (134)
VJCCA grant	41,765	41,765	41,765	-
Records preservation grant	9,500	9,500	38,312	28,812
Emergency management preparedness	216,337	241,185	296,618	55,433
Fire program funds	241,498	227,454	227,454	-
Library grants	172,349	206,806	206,806	-
Litter control grants	25,692	25,692	30,522	4,830
Public assistance	2,066,111	2,153,696	1,512,225	(641,471)
VDEM- Ringgold Trail	-	-	298,835	298,835
Children's Services Act	5,000,000	5,000,000	4,167,662	(832,338)
School resource officer	-	301,414	292,161	(9,253)
Total other categorical aid	<u>\$ 7,806,864</u>	<u>\$ 8,241,124</u>	<u>\$ 7,145,838</u>	<u>\$ (1,095,286)</u>
Total categorical aid	<u>\$ 14,764,742</u>	<u>\$ 15,199,002</u>	<u>\$ 13,864,743</u>	<u>\$ (1,334,259)</u>
Total revenue from the Commonwealth	<u>\$ 20,742,019</u>	<u>\$ 21,176,279</u>	<u>\$ 19,838,487</u>	<u>\$ (1,337,792)</u>
Revenue from the federal government:				
Noncategorical aid:				
QCEB interest rebate	\$ -	\$ -	\$ 61,822	\$ 61,822
Categorical aid:				
DMV ground transportation safety grant	\$ -	\$ 28,600	\$ 176	\$ (28,424)
EMS grants	65,870	349,100	113,460	(235,640)
Emergency management preparedness	22,803	39,939	11,401	(28,538)
FEMA - Ringgold trail	-	-	1,179,610	1,179,610
Law enforcement grants	47,575	60,074	17,044	(43,030)
Crime victim assistance	78,429	78,429	78,116	(313)
Community development grants	-	1,614,300	587,125	(1,027,175)
WIA adult programs, youth activities, and dislocated workers	-	-	1,375,666	1,375,666
COVID-19 LSTA State Grants - ARPA	-	631,264	18,961	(612,303)
Public assistance	2,820,971	2,820,971	2,755,224	(65,747)
Total categorical aid	<u>\$ 3,035,648</u>	<u>\$ 5,622,677</u>	<u>\$ 6,136,783</u>	<u>\$ 514,106</u>
Total revenue from the federal government	<u>\$ 3,035,648</u>	<u>\$ 5,622,677</u>	<u>\$ 6,198,605</u>	<u>\$ 575,928</u>
Total General Fund	<u>\$ 81,664,172</u>	<u>\$ 85,718,899</u>	<u>\$ 88,248,194</u>	<u>\$ 2,529,295</u>

County of Pittsylvania, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds:				
Industrial Development Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Donations	\$ -	\$ 48,253	\$ -	\$ (48,253)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Tobacco indemnification funds	\$ -	\$ 2,985,512	\$ -	\$ (2,985,512)
Brownfield grants	-	552,800	168,514	(384,286)
AFID grant funds	-	500,000	500,000	-
Total categorical aid	<u>\$ -</u>	<u>\$ 4,038,312</u>	<u>\$ 668,514</u>	<u>\$ (3,369,798)</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 4,038,312</u>	<u>\$ 668,514</u>	<u>\$ (3,369,798)</u>
Total Industrial Development Fund	<u>\$ -</u>	<u>\$ 4,086,565</u>	<u>\$ 668,514</u>	<u>\$ (3,418,051)</u>
Nonmajor Special Revenue Funds:				
Forfeited Assets Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 300	\$ 300	\$ 236	\$ (64)
Total revenue from local sources	<u>\$ 300</u>	<u>\$ 300</u>	<u>\$ 236</u>	<u>\$ (64)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture funds	\$ -	\$ -	\$ 90,773	\$ 90,773
Revenue from the federal government:				
Categorical aid:				
Asset forfeiture funds	\$ -	\$ -	\$ 105	\$ 105
Total Forfeited Assets Fund	<u>\$ 300</u>	<u>\$ 300</u>	<u>\$ 91,114</u>	<u>\$ 90,814</u>
Sheriff Fund:				
Revenue from local sources:				
Charges for services:				
Charges for law enforcement	\$ -	\$ -	\$ 29,130	\$ 29,130
Total Primary Government	<u>\$ 81,664,472</u>	<u>\$ 89,805,764</u>	<u>\$ 89,036,952</u>	<u>\$ (768,812)</u>

County of Pittsylvania, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 6,150	\$ 6,150
Revenue from the use of property	7,260	7,260	8,256	996
Total revenue from use of money and property	<u>\$ 7,260</u>	<u>\$ 7,260</u>	<u>\$ 14,406</u>	<u>\$ 7,146</u>
Charges for services:				
School food	\$ 818,138	\$ 818,138	\$ 355,830	\$ (462,308)
Tuition and payments from other divisions	256,420	256,420	308,622	52,202
Total charges for services	<u>\$ 1,074,558</u>	<u>\$ 1,074,558</u>	<u>\$ 664,452</u>	<u>\$ (410,106)</u>
Miscellaneous:				
Other miscellaneous	\$ 1,371,118	\$ 1,371,118	\$ 1,656,681	\$ 285,563
Recovered costs:				
Other recovered costs	\$ 290,602	\$ 290,602	\$ 213,554	\$ (77,048)
Total revenue from local sources	<u>\$ 2,743,538</u>	<u>\$ 2,743,538</u>	<u>\$ 2,549,093</u>	<u>\$ (194,445)</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Pittsylvania, Virginia	\$ 20,301,101	\$ 26,553,338	\$ 18,253,987	\$ (8,299,351)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 12,067,346	\$ 12,067,346	\$ 11,829,742	\$ (237,604)
Basic Aid	30,267,032	30,267,032	29,372,558	(894,474)
Remedial summer education	194,187	194,187	347,699	153,512
Regular foster care	94,332	94,332	29,837	(64,495)
Gifted and talented	311,621	311,621	316,482	4,861
Remedial education	1,252,049	1,252,049	1,271,581	19,532
Special education	3,105,083	3,105,083	3,153,520	48,437
Textbook payment	736,650	736,650	748,141	11,491
Alternative education	244,438	244,438	244,438	-
Algebra readiness	187,571	187,571	176,306	(11,265)
Mentor teacher program	5,355	5,355	4,665	(690)
Social security fringe benefits	1,891,986	1,891,986	1,921,499	29,513
Group life	133,552	133,552	135,635	2,083
Retirement fringe benefits	4,412,779	4,412,779	4,481,615	68,836
Governor's school	17,630	17,630	17,630	-
Early reading intervention	374,998	374,998	251,864	(123,134)
Homebound education	29,954	29,954	20,569	(9,385)
Vocation education	1,609,878	1,609,878	1,591,266	(18,612)
Salary Supplement	1,905,900	1,905,900	1,935,366	29,466
JROTC	236,821	236,821	229,550	(7,271)
Special education - foster children	-	-	37,948	37,948
At risk payments	4,469,357	4,469,357	4,764,479	295,122
Primary class size	1,405,469	1,405,469	1,450,379	44,910

County of Pittsylvania, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Technology	\$ 544,000	\$ 544,000	\$ 579,301	\$ 35,301
At risk four-year olds	1,433,533	1,433,533	1,320,872	(112,661)
School Food	302,586	302,586	151,293	(151,293)
English as a second language	207,435	207,435	170,963	(36,472)
Other state funds	87,260	87,260	247,524	160,264
GED prep program	24,698	24,698	24,608	(90)
State construction grant funds	3,225,441	3,225,441	3,540,535	315,094
Hold harmless grant funds	3,273,548	3,273,548	3,273,548	-
Payments in lieu of sales tax	670,250	670,250	670,250	-
Lottery payments	2,256,292	2,256,292	2,283,143	26,851
Total categorical aid	<u>\$ 76,979,031</u>	<u>\$ 76,979,031</u>	<u>\$ 76,594,806</u>	<u>\$ (384,225)</u>
Total revenue from the Commonwealth	<u>\$ 76,979,031</u>	<u>\$ 76,979,031</u>	<u>\$ 76,594,806</u>	<u>\$ (384,225)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 2,673,431	\$ 2,673,431	\$ 2,609,332	\$ (64,099)
Special education	1,911,610	1,911,610	1,986,594	74,984
Special education, preschool	29,032	29,032	21,913	(7,119)
Vocational education	176,599	176,599	178,202	1,603
School food program	11,512,148	11,512,148	6,217,725	(5,294,423)
Adult education	95,123	95,123	79,301	(15,822)
Improving teacher quality	372,041	372,041	341,856	(30,185)
COVID-19 Education Relief Funds	10,348,526	10,348,526	9,563,715	(784,811)
COVID-19 CSLFRF funding	848,302	848,302	847,302	(1,000)
COVID-19 Public health emergency response	-	-	167,000	167,000
Emergency connectivity funds	-	-	53,339	53,339
Rural and low income	325,037	325,037	392,644	67,607
Language acquisition	22,424	22,424	19,124	(3,300)
Student support	-	-	180,702	180,702
Total categorical aid	<u>\$ 28,314,273</u>	<u>\$ 28,314,273</u>	<u>\$ 22,658,749</u>	<u>\$ (5,655,524)</u>
Total revenue from the federal government	<u>\$ 28,314,273</u>	<u>\$ 28,314,273</u>	<u>\$ 22,658,749</u>	<u>\$ (5,655,524)</u>
Total School Operating Fund	<u>\$ 128,337,943</u>	<u>\$ 134,590,180</u>	<u>\$ 120,056,635</u>	<u>\$ (13,954,875)</u>
Nonmajor Special Revenue Funds:				
School Activity Fund:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 1,990,585	\$ 1,990,585
Total Discretely Presented Component Unit - School Board	<u>\$ 128,337,943</u>	<u>\$ 134,590,180</u>	<u>\$ 122,047,220</u>	<u>\$ (12,542,960)</u>

County of Pittsylvania, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

Schedule 2
 Page 1 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 227,226	\$ 228,075	\$ 226,348	\$ 1,727
General and financial administration:				
County administrator	\$ 723,028	\$ 769,097	\$ 756,745	\$ 12,352
Legal services	297,165	297,515	201,054	96,461
Independent auditor	95,500	109,750	105,498	4,252
Human resources	165,679	181,324	183,867	(2,543)
Commissioner of revenue	735,382	728,234	707,541	20,693
Reassessment	-	910,950	1,033,873	(122,923)
Treasurer	930,811	930,811	913,397	17,414
Central accounting	760,490	808,249	808,755	(506)
Information management	483,554	765,926	861,859	(95,933)
Information technology	769,738	825,894	593,553	232,341
Total general and financial administration	\$ 4,961,347	\$ 6,327,750	\$ 6,166,142	\$ 161,608
Board of elections:				
Electoral board	\$ 521,376	\$ 521,376	\$ 452,409	\$ 68,967
Total general government administration	\$ 5,709,949	\$ 7,077,201	\$ 6,844,899	\$ 232,302
Judicial administration:				
Courts:				
Circuit court	\$ 176,113	\$ 178,611	\$ 178,756	\$ (145)
General district court	11,706	11,706	10,080	1,626
Special magistrates	4,500	4,500	2,292	2,208
Juvenile and domestic relations court	27,800	27,800	14,262	13,538
Clerk of the circuit court	799,855	916,564	912,730	3,834
Sheriff - courts	-	7,651	7,651	-
Law Library	23,000	23,000	10,860	12,140
Victim and witness assistance	112,041	122,019	121,056	963
Commissioner of accounts	1,850	1,850	1,837	13
Total courts	\$ 1,156,865	\$ 1,293,701	\$ 1,259,524	\$ 34,177
Commonwealth's attorney:				
Commonwealth's attorney	\$ 1,021,216	\$ 1,021,216	\$ 954,068	\$ 67,148
Total judicial administration	\$ 2,178,081	\$ 2,314,917	\$ 2,213,592	\$ 101,325
Public safety:				
Law enforcement and traffic control:				
Sheriff - law enforcement	\$ 8,338,535	\$ 8,690,520	\$ 7,972,423	\$ 718,097
Sheriff - grants	57,575	481,320	402,527	78,793
Sheriff - E911 system	210,620	517,401	299,637	217,764
Total law enforcement and traffic control	\$ 8,606,730	\$ 9,689,241	\$ 8,674,587	\$ 1,014,654
Fire and rescue services:				
Volunteer fire and rescue agencies	\$ 5,541,241	\$ 6,536,214	\$ 6,012,516	\$ 523,698

County of Pittsylvania, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Sheriff - correction and detention	\$ 5,614,692	\$ 5,647,628	\$ 5,136,072	\$ 511,556
Court services unit	415,765	525,848	379,111	146,737
Other correction and detention	62,600	62,600	14,744	47,856
Total correction and detention	<u>\$ 6,093,057</u>	<u>\$ 6,236,076</u>	<u>\$ 5,529,927</u>	<u>\$ 706,149</u>
Inspections:				
Building inspections	\$ 269,418	\$ 289,537	\$ 250,070	\$ 39,467
Other protection:				
Animal control	\$ 262,095	\$ 264,292	\$ 259,328	\$ 4,964
Pet Center	849,882	906,376	951,156	(44,780)
Medical examiner	2,500	5,352	5,392	(40)
E911 System	1,425,988	1,492,362	1,377,044	115,318
Emergency management	2,803	29,444	6,631	22,813
Total other protection	<u>\$ 2,543,268</u>	<u>\$ 2,697,826</u>	<u>\$ 2,599,551</u>	<u>\$ 98,275</u>
Total public safety	<u>\$ 23,053,714</u>	<u>\$ 25,448,894</u>	<u>\$ 23,066,651</u>	<u>\$ 2,382,243</u>
Public works:				
Maintenance of general buildings and grounds:				
Maintenance of general buildings and grounds	\$ 1,012,424	\$ 1,030,709	\$ 1,028,869	\$ 1,840
Total public works	<u>\$ 1,012,424</u>	<u>\$ 1,030,709</u>	<u>\$ 1,028,869</u>	<u>\$ 1,840</u>
Health and welfare:				
Health:				
Local health department	\$ 587,781	\$ 492,405	\$ 492,405	\$ -
Behavioral Health and Development Services:				
Behavioral health and development services	\$ 542,100	\$ 542,100	\$ 542,100	\$ -
Welfare:				
Welfare administration	\$ 4,838,198	\$ 4,882,616	\$ 3,929,778	\$ 952,838
Public assistance	994,824	1,061,691	1,066,432	(4,741)
Children's Services Act	6,627,628	6,704,339	5,837,189	867,150
Workforce Investment Board	-	-	1,375,666	(1,375,666)
Total welfare	<u>\$ 12,460,650</u>	<u>\$ 12,648,646</u>	<u>\$ 12,209,065</u>	<u>\$ 439,581</u>
Total health and welfare	<u>\$ 13,590,531</u>	<u>\$ 13,683,151</u>	<u>\$ 13,243,570</u>	<u>\$ 439,581</u>
Education:				
Other instructional costs:				
Contribution to local school board	\$ 20,301,101	\$ 26,553,338	\$ 18,253,987	\$ 8,299,351
Contribution to local school board - school bus purchase	-	642,544	-	642,544
Contributions to community college	11,610	51,610	51,610	-
Total education	<u>\$ 20,312,711</u>	<u>\$ 27,247,492</u>	<u>\$ 18,305,597</u>	<u>\$ 8,941,895</u>

County of Pittsylvania, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
Administration of parks and recreation	\$ 409,331	\$ 476,408	\$ 372,898	\$ 103,510
State Forestry	35,000	35,000	34,375	625
Total parks and recreation	<u>\$ 444,331</u>	<u>\$ 511,408</u>	<u>\$ 407,273</u>	<u>\$ 104,135</u>
Library:				
Library administration	\$ 1,785,592	\$ 1,902,485	\$ 1,871,446	\$ 31,039
Total parks, recreation, and cultural	<u>\$ 2,229,923</u>	<u>\$ 2,413,893</u>	<u>\$ 2,278,719</u>	<u>\$ 135,174</u>
Community development:				
Planning and community development:				
Planning commission	\$ 21,853	\$ 21,853	\$ 21,741	\$ 112
Community & industry development	333,462	3,136,188	1,852,404	1,283,784
Community development	555,133	746,632	510,301	236,331
Economic development	760,371	791,325	688,450	102,875
Total planning and community development	<u>\$ 1,670,819</u>	<u>\$ 4,695,998</u>	<u>\$ 3,072,896</u>	<u>\$ 1,623,102</u>
Environmental management:				
Soil and water conservation district	\$ 149,673	\$ 149,673	\$ 139,292	\$ 10,381
Other environmental management	25,692	34,653	5,061	29,592
Total environmental management	<u>\$ 175,365</u>	<u>\$ 184,326</u>	<u>\$ 144,353</u>	<u>\$ 39,973</u>
Cooperative extension program:				
Cooperative extension program	\$ 102,645	\$ 102,645	\$ 100,759	\$ 1,886
Total community development	<u>\$ 1,948,829</u>	<u>\$ 4,982,969</u>	<u>\$ 3,318,008</u>	<u>\$ 1,664,961</u>
Nondepartmental:				
Employee benefits	\$ 458,722	\$ 1,151,102	\$ 14,049	\$ 1,137,053
Grant matches	982,309	13,723	-	13,723
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	-	612,303	-	612,303
Total nondepartmental	<u>\$ 1,441,031</u>	<u>\$ 1,777,128</u>	<u>\$ 14,049</u>	<u>\$ 1,763,079</u>
Capital projects:				
Gretna Library Renovations	\$ -	\$ 539,580	\$ 252,490	\$ 287,090
Fire and rescue improvements	-	205,411	81,493	123,918
Roaring Fork Dam	-	3,435	3,435	-
Wayside Park	15,000	349,935	122,708	227,227
Cherrystone Creek Rehab	-	1,614,300	587,173	1,027,127
Broadband improvements	-	6,501,621	-	6,501,621
Other capital projects	25,000	1,366,625	239,114	1,127,511
Total capital projects	<u>\$ 40,000</u>	<u>\$ 10,580,907</u>	<u>\$ 1,286,413</u>	<u>\$ 9,294,494</u>
Debt service:				
Principal retirement	\$ 8,693,156	\$ 8,756,420	\$ 9,005,471	\$ (249,051)
Interest and other fiscal charges	1,738,280	1,750,930	1,800,730	(49,800)
Total debt service	<u>\$ 10,431,436</u>	<u>\$ 10,507,350</u>	<u>\$ 10,806,201</u>	<u>\$ (298,851)</u>
Total General Fund	<u>\$ 81,948,629</u>	<u>\$ 107,064,611</u>	<u>\$ 82,406,568</u>	<u>\$ 24,658,043</u>

County of Pittsylvania, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds:				
Industrial Development Fund:				
Community development:				
Planning and community development:				
Industrial development	\$ 671,075	\$ 5,824,121	2,275,744	\$ 3,548,377
SVMP Park design	-	150,000	-	150,000
Tower improvements - broadband	-	86,358	-	86,358
Brownsfield grants	-	542,800	164,117	378,683
VMP Lot 2 site	-	2,880,154	-	2,880,154
Hurt Klopman Mills water and sewer improvements	-	5,808	-	5,808
Total planning and community development	<u>\$ 671,075</u>	<u>\$ 9,489,241</u>	<u>\$ 2,439,861</u>	<u>\$ 7,049,380</u>
Total Industrial Development Fund	<u>\$ 671,075</u>	<u>\$ 9,489,241</u>	<u>\$ 2,439,861</u>	<u>\$ 7,049,380</u>
Nonmajor Special Revenue Funds:				
Forfeited Assets Fund:				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 145,000	\$ 145,000	\$ 96,711	\$ 48,289
Sheriff Fund:				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ -	\$ -	\$ 40,894	\$ (40,894)
Total Primary Government	<u>\$ 82,764,704</u>	<u>\$ 116,698,852</u>	<u>\$ 84,984,034</u>	<u>\$ 31,714,818</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	\$ 4,775,404	\$ 4,775,404	\$ 4,690,419	\$ 84,985
Instruction costs:				
Instructional costs	\$ 78,386,907	\$ 78,386,907	\$ 75,200,801	\$ 3,186,106
Technology	3,804,067	3,804,067	4,376,640	(572,573)
Total instruction costs	<u>\$ 82,190,974</u>	<u>\$ 82,190,974</u>	<u>\$ 79,577,441</u>	<u>\$ 2,613,533</u>
Operating costs:				
Pupil transportation	\$ 8,112,691	\$ 8,112,691	\$ 7,376,549	\$ 736,142
Operation and maintenance of school plant	12,438,264	18,690,501	13,212,750	5,477,751
Food service and non-instructional	12,921,356	12,921,356	7,488,791	5,432,565
Facilities	7,714,624	7,714,624	7,236,831	477,793
Total operating costs	<u>\$ 41,186,935</u>	<u>\$ 47,439,172</u>	<u>\$ 35,314,921</u>	<u>\$ 12,124,251</u>
Total education	<u>\$ 128,153,313</u>	<u>\$ 134,405,550</u>	<u>\$ 119,582,781</u>	<u>\$ 14,822,769</u>
Debt service:				
Principal retirement	\$ 178,611	\$ 178,611	\$ 178,611	\$ -
Interest and other fiscal charges	6,019	6,019	6,019	-
Total debt service	<u>\$ 184,630</u>	<u>\$ 184,630</u>	<u>\$ 184,630</u>	<u>\$ -</u>
Total School Operating Fund	<u>\$ 128,337,943</u>	<u>\$ 134,590,180</u>	<u>\$ 119,767,411</u>	<u>\$ 14,822,769</u>

County of Pittsylvania, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Nonmajor Special Revenue Funds:				
School Activity Fund:				
Instruction costs:				
Instructional costs	\$ -	\$ -	\$ 2,916,624	\$ (2,916,624)
Total Discretely Presented Component Unit - School Board	<u>\$ 128,337,943</u>	<u>\$ 134,590,180</u>	<u>\$ 122,684,035</u>	<u>\$ 11,906,145</u>

Other Statistical Information

Table 1

County of Pittsylvania, Virginia
Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General										Interest on Long-Term Debt	Water and Sewer	Total
	Government Administration	Judicial Administration	Public Safety	Public Works (2)	Health and Welfare	Education (1)	Parks, Recreation, and Cultural	Community Development					
2022-23	\$ 6,444,358	\$ 2,239,934	\$ 25,491,554	\$ 9,897,289	\$ 13,127,476	\$ 21,733,403	\$ 2,477,435	\$ 5,832,451	\$ 3,467,427	\$ 92,254,868			
2021-22	5,150,180	2,066,183	26,121,977	7,406,793	13,191,096	21,778,030	2,104,226	3,184,294	3,481,488	86,254,430			
2020-21	4,835,772	2,358,868	22,941,289	5,611,653	13,483,044	16,150,405	2,211,036	2,884,583	9,889,333	82,373,471			
2019-20	3,569,357	2,149,914	19,038,351	5,147,081	12,615,529	17,557,755	2,112,555	2,847,052	-	67,098,124			
2018-19	3,231,084	1,884,640	18,360,059	5,306,662	13,146,418	21,053,924	2,010,342	7,912,185	-	75,918,447			
2017-18	3,887,279	1,858,800	18,156,348	4,010,797	15,621,570	18,851,498	1,885,619	3,187,057	-	70,622,572			
2016-17	3,481,098	1,728,160	16,607,010	3,681,562	15,056,995	16,754,289	2,279,169	2,639,500	-	65,950,920			
2015-16	3,120,093	1,630,364	17,388,780	2,974,772	13,295,781	20,654,247	1,625,932	3,050,989	-	68,341,109			
2014-15	2,761,239	1,570,134	15,971,461	4,208,049	11,762,632	20,144,745	1,653,432	4,328,560	-	66,556,383			
2013-14	2,779,007	1,616,010	15,412,321	3,676,518	11,203,241	17,456,021	1,544,778	3,595,993	-	61,746,369			

(1) Debt financed assets are transferred to the School Board upon defeasance of debt.

This amounts includes assets (net of related depreciation) that were transferred to the School Board during the fiscal year.

(2) In FY 2012, the County implemented a Solid Waste Fund and in FY 2017 the County closed same to the General Fund.

In FY 2019, the County reimplemented the Solid Waste fund. All expenditures have been reported here in Public Works for comparability.

Table 2

County of Pittsylvania, Virginia
Government-Wide Revenues
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES							Total
	Charges for Services (1), (3)	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous (2)	Grants and Contributions Not Restricted to Specific Programs			
2022-23	\$ 12,124,491	\$ 18,683,842	\$ 2,479,791	\$ 47,748,928	\$ 10,621,763	\$ 964,659	\$ 783,655	\$ 6,035,566	\$ 99,442,695			
2021-22	10,805,198	29,551,450	566,477	43,283,654	9,921,205	121,265	1,698,120	6,116,106	102,063,475			
2020-21	9,336,054	23,021,784	412,194	41,537,110	9,184,153	329,440	830,771	6,174,111	90,825,617			
2019-20	4,613,263	19,872,881	217,699	39,753,125	8,062,226	763,192	2,496,062	6,344,317	82,122,765			
2018-19	5,744,056	20,829,443	179,825	40,737,447	7,728,921	819,879	616,335	6,420,102	83,076,008			
2017-18	908,173	19,512,825	2,176	39,899,114	7,375,931	530,617	403,055	6,534,738	75,166,629			
2016-17	887,208	18,054,322	34,726	36,635,453	7,255,197	534,540	2,597,060	6,657,163	72,655,669			
2015-16	1,867,410	17,849,640	25,446	36,527,161	6,985,878	760,917	698,427	6,580,065	71,294,944			
2014-15	2,587,105	16,442,410	884,983	34,348,146	6,929,692	729,073	273,313	6,647,166	68,841,888			
2013-14	2,716,427	16,833,132	234,754	32,312,752	7,058,150	817,859	303,887	6,674,699	66,951,660			

(1) The Solid Waste fund created in fiscal year 2012 started billings in fiscal year 2013. These billings subsequently ended in fiscal year 2016 but were implemented again in fiscal year 2019.

(2) During fiscal year 2017 a local nonprofit donated a community center valued at \$2,306,900.

(3) During fiscal year 2021, the County absorbed the Pittsylvania County Service Authority.

Table 3

County of Pittsylvania, Virginia
General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works (3)	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Capital Projects	Non-departmental	Debt Service	Total
2022-23	\$ 6,844,899	\$ 2,213,592	\$ 23,204,256	\$ 1,028,869	\$ 13,243,570	\$ 122,551,015	\$ 2,278,719	\$ 5,757,869	\$ 1,286,413	\$ 14,049	\$ 10,806,201	\$ 189,229,452
2021-22	5,323,131	2,085,108	23,816,949	963,036	13,246,319	107,208,084	2,031,832	3,121,610	4,377,326	10,301	10,746,739	172,930,435
2020-21	5,827,459	2,155,413	23,184,655	2,427,115	13,094,638	97,184,716	1,970,591	4,003,433	1,142,694	61,283	10,483,152	161,535,149
2019-20	3,887,073	2,115,096	18,671,954	1,114,173	12,924,182	91,075,532	2,053,465	2,953,462	1,549,326	35,031	10,669,146	147,048,440
2018-19	3,878,872	1,963,583	18,189,903	1,085,493	13,782,871	92,432,166	1,975,372	8,112,384	1,010,825	11,121	11,124,384	153,566,974
2017-18	4,277,067	1,872,516	17,759,838	3,140,876	15,624,190	89,879,252	1,820,633	3,207,041	2,893,567	17,203	11,306,433	151,798,616
2016-17	3,885,062	1,742,237	15,612,859	4,060,175	15,405,524	86,583,587	1,853,468	2,658,745	5,917,781	-	13,168,887	150,888,325
2015-16	3,274,249	1,629,683	16,035,366	1,467,351	13,227,647	84,200,723	1,606,150	2,437,884	4,346,659	-	17,299,326	145,525,038
2014-15	3,165,000	1,565,244	15,181,758	1,380,874	11,818,253	86,172,273	1,635,900	4,456,982	939,715	-	11,896,121	138,212,120
2013-14	3,294,816	1,575,143	15,788,738	1,113,579	11,225,531	84,740,262	1,497,279	3,842,302	4,840,641	-	11,946,638	139,864,929

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit-School Board. Excludes Capital Projects fund.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

(3) In FY 2012, the County implemented a Solid Waste Fund which decreased the Public Works expenditures. In FY 2017, the Solid Waste Fund was merged back into the General Fund. In FY 2019, the Solid Waste Fund was reinstated.

County of Pittsylvania, Virginia
General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services (3)	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2022-23	\$ 45,817,799	\$ 10,621,763	\$ 425,635	\$ 85,290	\$ 1,048,679	\$ 2,419,249	\$ 4,528,411	\$ 1,833,320	\$ 126,050,039	\$ 192,830,185
2021-22	44,099,792	9,921,205	388,772	93,732	281,552	2,266,961	3,837,841	2,031,366	121,408,094	184,329,315
2020-21	41,443,346	9,184,153	279,987	132,512	325,030	1,285,978	1,819,427	4,142,544	109,732,729	168,345,706
2019-20	41,191,363	8,062,226	212,697	133,108	785,702	1,586,673	1,754,295	2,685,490	98,398,472	154,810,026
2018-19	40,423,061	7,728,921	138,128	190,695	836,921	1,918,034	1,171,969	2,050,849	97,754,802	152,213,380
2017-18	38,092,864	7,375,931	157,376	205,021	567,380	2,319,128	1,991,736	1,917,836	95,725,521	148,352,793
2016-17	36,433,274	7,255,197	157,900	200,936	555,870	2,505,571	1,959,508	1,996,942	92,762,102	143,827,300
2015-16	35,693,771	6,985,878	157,941	207,431	809,547	2,243,356	1,991,633	1,566,935	90,268,791	139,925,283
2014-15	34,603,292	6,929,692	153,455	174,184	771,975	2,079,998	1,530,400	1,959,553	89,836,994	138,039,543
2013-14	32,986,528	7,058,150	175,564	224,057	858,598	2,076,001	1,385,352	4,932,637	87,106,346	136,803,233

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit-School Board. Excludes Capital Projects fund.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

(3) The Solid Waste fund created in fiscal year 2012 started billings in fiscal year 2013. These billings subsequently ended in fiscal year 2016 but were implemented again in fiscal year 2019.

Table 5

County of Pittsylvania, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1,2)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections (2)	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2022-23	\$ 50,436,030	\$ 47,260,150	93.70%	\$ 1,620,321	\$ 48,880,471	96.92%	\$ 5,691,783	11.29%
2021-22	48,305,166	45,914,687	95.05%	1,349,181	47,263,868	97.84%	4,937,958	10.22%
2020-21	45,176,677	43,094,172	95.39%	1,566,300	44,660,472	98.86%	5,840,766	12.93%
2019-20	44,767,886	42,661,051	95.29%	1,866,886	44,527,937	99.46%	5,804,812	12.97%
2018-19	44,387,221	42,381,905	95.48%	1,352,945	43,734,850	98.53%	5,930,888	13.36%
2017-18	43,537,449	40,436,259	92.88%	1,030,852	41,467,111	95.24%	5,657,845	13.00%
2016-17	39,605,816	38,409,842	96.98%	1,343,284	39,753,126	100.37%	4,664,208	11.78%
2015-16	39,880,759	38,231,862	95.87%	1,601,186	39,833,048	99.88%	4,842,100	12.14%
2014-15	38,263,674	35,807,738	93.58%	2,291,993	38,099,731	99.57%	5,987,436	15.65%
2013-14	38,160,477	35,105,305	91.99%	1,417,570	36,522,875	95.71%	5,996,958	15.72%

(1) Exclusive of penalties and interest.

(2) Includes amount received under the Personal Property Tax Relief Act.

Table 6

County of Pittsylvania, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools	Merchant's Capital (3)	Mobile Homes	Public Service (2)	Total
2022-23	\$ 4,495,098,120	\$ 199,365,093	\$ 40,193,920	\$ 15,773,575	\$ 45,275,587	\$ 372,219,900	\$ 5,167,926,195
2021-22	4,329,264,860	218,252,132	37,368,480	15,409,372	42,657,152	445,317,608	5,088,269,604
2020-21	4,327,897,800	160,288,480	35,738,470	17,359,514	42,880,581	421,719,956	5,005,884,801
2019-20	4,309,781,500	146,721,189	32,668,500	13,478,436	42,341,668	480,184,634	5,025,175,927
2018-19	4,260,148,100	142,182,223	42,933,670	11,605,436	42,125,545	458,174,427	4,957,169,401
2017-18	4,220,028,900	137,754,840	38,436,500	15,126,580	41,331,258	430,745,366	4,883,423,444
2016-17	3,936,640,945	134,812,310	32,929,860	13,133,790	45,246,180	426,950,518	4,589,713,603
2015-16	3,944,880,745	129,084,080	30,643,700	18,824,710	44,879,870	399,383,840	4,567,696,945
2014-15	3,923,602,695	123,687,595	33,048,510	11,472,330	44,465,390	374,927,366	4,511,203,886
2013-14	3,880,009,003	122,969,818	39,320,240	9,880,649	44,322,009	355,616,806	4,452,118,525

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission-includes all property types.

(3) In FY 2017, the County changed the tax assessment methodology for merchant's capital from 30% original cost to a tiered approach based on the total original cost. The tiers consist of 30%, 10% and 5% of original cost.

Table 7

County of Pittsylvania, Virginia
Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Machinery & Tools	Merchant's Capital	Mobile Homes	Generating Equipment (2)
2022-23	\$ 0.62	\$ 9.00	\$ 4.50	\$ 2.75	\$ 0.62	0.62
2021-22	0.62	9.00	4.50	2.75	0.62	0.62
2020-21	0.62	9.00	4.50	2.75	0.62	0.62
2019-20	0.62	9.00	4.50	2.75	0.62	0.62
2018-19	0.62	9.00	4.50	2.75	0.62	0.62
2017-18	0.59/0.62	8.75/9.00	4.50	2.75	0.59/0.62	0.59/0.62
2016-17	0.59	8.75	4.50	2.75	0.59	0.59
2015-16	0.59	8.75	4.50	2.75	0.59	0.59
2014-15	0.59	8.75	4.50	2.75	0.59	0.59
2013-14	0.56/0.59	8.75	4.50	2.75	0.56/0.59	0.56/0.59

(1) Per \$100 of assessed value. Property taxes are assessed on January 1 of each year and therefore, the rates for amounts due on December 5th, may be different from the rates for amounts due on June 5th.

(2) Included as part of Public Service Corporations in other schedules

Table 8

County of Pittsylvania, Virginia
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 (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2022-23	60,501	\$ 5,167,926	\$ 33,478,125	\$ 33,478,125	0.65%	\$ 553
2021-22	60,501	5,088,270	40,427,334	40,427,334	0.79%	668
2020-21	60,501	5,005,885	47,215,542	47,215,542	0.94%	780
2019-20	63,506	5,025,176	53,720,428	53,720,428	1.07%	846
2018-19	63,506	4,957,169	60,251,224	60,251,224	1.22%	949
2017-18	63,506	4,883,423	65,594,489	65,594,489	1.34%	1,033
2016-17	63,506	4,589,714	69,495,208	69,495,208	1.51%	1,094
2015-16	63,506	4,567,697	76,753,162	76,753,162	1.68%	1,209
2014-15	63,506	4,511,204	89,007,609	89,007,609	1.97%	1,402
2013-14	63,506	4,452,119	95,451,194	95,451,194	2.14%	1,503

(1) Bureau of the Census.

(2) Real property assessed at 100% of fair market value.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.
 Excludes revenue bonds, landfill closure/post-closure care liability, lease liabilities, subscription liabilities,
 and compensated absences.

Table 9

County of Pittsylvania, Virginia
Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Governmental Expenditures (1)
Last Ten Fiscal Years

Fiscal Year	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2022-23	\$ 10,806,201	\$ 189,229,452	5.71%
2021-22	10,746,739	172,930,435	6.21%
2020-21	10,483,152	161,535,149	6.49%
2019-20	10,669,146	147,048,440	7.26%
2018-19	11,124,384	153,566,974	7.24%
2017-18	11,306,433	151,798,616	7.45%
2016-17	13,168,887	150,888,325	8.73%
2015-16	17,299,326	145,525,038	11.89%
2014-15	11,896,121	138,212,120	8.61%
2013-14	11,946,638	139,864,929	8.54%

(1) Includes all governmental funds of the Primary Government and Special Revenue funds of the Discretely Presented Component Unit-School Board.

Table 10

County of Pittsylvania, Virginia
Assessed Valuation of Top Ten Taxpayers
Fiscal Year 2023

Taxpayer	Type of Business	2023 Assessed Valuation	Percentage of Total Assessed Valuation
Transcontinental Gas Pipeline	Gas Utility	\$ 135,735,379	2.62%
Appalachian Power Company	Electric Utility	82,849,231	1.60%
Virginia Electric & Power	Electric Utility	50,969,296	0.98%
Mountain Valley Pipeline	Gas Utility	36,852,400	0.71%
Intertape Polymer Corp	Manufacturer	36,775,270	0.71%
Morgan Olson	Manufacturer	28,300,810	0.55%
Mecklenburg Electric Coop, Inc.	Electric Utility	25,219,691	0.49%
Sartomer	Manufacturer	13,261,770	0.26%
Owens Brockway Glass	Manufacturer	12,272,030	0.24%
DanChem Technologies	Manufacturer	8,850,040	0.17%
Total		\$ 431,085,917	8.31%
All Others		\$ 4,758,852,731	91.69%
Total Assessed Valuation		\$ 5,189,938,648	100.00%

COMPLIANCE SECTION



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*

**To the Board of Supervisors
County of Pittsylvania, Virginia
Chatham, 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 business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Pittsylvania, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County of Pittsylvania, Virginia's basic financial statements, and have issued our report thereon dated December 6, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Pittsylvania, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Robinson, James, Cox Associates".

Blacksburg, Virginia
December 6, 2023



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

**To the Board of Supervisors
County of Pittsylvania, Virginia
Chatham, Virginia**

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the County of Pittsylvania, 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 Pittsylvania, Virginia's major federal programs for the year ended June 30, 2023. The County of Pittsylvania, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Workforce Innovation and Opportunity Act Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the County of Pittsylvania, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Assistance Listing Number 17.258/17.259/17.278 Workforce Innovation and Opportunity Act Cluster for the year ended June 30, 2023.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County of Pittsylvania, Virginia complied, in all material respects, with compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2023.

Basis for Qualified and Unmodified Opinions

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 Pittsylvania, 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 qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of County of Pittsylvania, Virginia's compliance with the compliance requirements referred to above.

Basis for Qualified and Unmodified Opinions (Continued)

Matter(s) Giving Rise to Qualified Opinion on 17.258/17.259/17.278 Workforce Innovation and Opportunity Act Cluster

As described in the accompanying schedule of findings and questioned costs, the County of Pittsylvania, Virginia did not comply with requirements regarding ALN 17.258/17.259/17.278 Workforce Innovation and Opportunity Act Cluster for Subrecipient Monitoring, as described in finding number 2023-001.

Compliance with such requirements is necessary, in our opinion, for the County of Pittsylvania, Virginia to comply with the requirements applicable to that program.

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 Pittsylvania, 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 Pittsylvania, 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 Pittsylvania, 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 Pittsylvania, 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 Pittsylvania, 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 Pittsylvania, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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



Blacksburg, Virginia
December 6, 2023

County of Pittsylvania, Virginia
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Subrecipient Expenditures
Department of Health and Human Services:				
Pass Through Payments:				
Virginia Department of Social Services:				
Temporary Assistance for Needy Families	93.558	0400122, 0400123	\$ 431,166	
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500122, 0500123	1,995	
Marylee Allen Promoting Safe and Stable Families Program	93.556	0950121, 0950122	6,272	
Low-Income Home Energy Assistance	93.568	0600422, 0600423	87,436	
CCDF Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760122, 0760123	99,172	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121, 0900122	689	
Foster Care Title IV-E	93.658	1100122, 1100123	424,233	
Adoption Assistance	93.659	1120122, 1120123	141,438	
Social Services Block Grant	93.667	1000122, 1000123	359,326	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150121, 9150122	4,468	
Children's Health Insurance Program	93.767	0540122, 0540123	5,649	
Title IV-E Prevention Program	93.472	1140122, 1140123	6,465	
Guardianship Assistance	93.090	1110122, 1110123	168	
Medicaid Cluster:				
Medical Assistance Program	93.778	1200122, 1200123	435,447	
Virginia Department of Education:				
COVID-19 Public Health Crisis	93.354	APE40297	167,000	
Total Department of Health and Human Services			<u>\$ 2,170,924</u>	
Department of Agriculture:				
Direct payments:				
Watershed Rehabilitation Program	10.916	Not applicable	\$ 587,125	
Pass Through Payments:				
Child Nutrition Cluster:				
Virginia Department of Agriculture & Consumer Services:				
Food Distribution-Schools (Note C)	10.555	Not available	\$ 461,652	
Virginia Department of Education:				
National School Lunch Program	10.555	APE40254, APE41108	4,107,864	\$ 4,569,516
Summer Food Service Program for Children	10.559	APE60302, APE60303	41,723	
School Breakfast Program	10.553	APE40253	1,593,964	
Total Child Nutrition Cluster				6,205,203
COVID-19 Pandemic EBT Administrative Costs	10.649	DOE86556	6,180	
Child and Adult Food Care Program (CACFP)	10.558	APE70027	6,342	
Virginia Department of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	0010122, 0010123, 0030122, 0030123, 0040122, 0040123, 0050122, 0050123		<u>751,300</u>
Total Department of Agriculture			<u>\$ 7,556,150</u>	
Department of Treasury:				
Direct payments:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not applicable	\$ 46,065	
Pass Through Payments:				
Virginia Department of Accounts:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	APE600540	847,302	\$ 893,367
Total Department of Treasury			<u>\$ 893,367</u>	
Department of Justice:				
Direct payments:				
Equitable Sharing Program	16.922	Not applicable	\$ 64,165	
Pass Through Payments:				
Virginia Department of Criminal Justice Services:				
Bulletproof Vest Partnership Program	16.607	Not available	15,872	
Crime Victim Assistance	16.575	20V2GX0048	78,116	
Total Department of Criminal Justice Services-pass through			<u>\$ 93,988</u>	
Total Department of Justice - pass-through			<u>\$ 93,988</u>	
Total Department of Justice			<u>\$ 158,153</u>	
Department of Commerce:				
Direct payments:				
Economic Adjustment Program	11.307	Not applicable	\$ 58,100	

County of Pittsylvania, Virginia
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Subrecipient Expenditures
Department of Transportation:				
Pass Through Payments:				
Virginia Department of Motor Vehicles:				
Alcohol Open Container Requirements	20.607	154AL-2022-52092-22092	\$ 545	
Highway Safety Cluster:				
State and Community Highway Safety	20.600	FOP-2022-52094-22094 BPT-2023-53318-23318	803	
Total Department of Transportation			<u>\$ 1,348</u>	
Department of Labor:				
Pass Through Payments:				
Virginia Community College System:				
WIOA Cluster:				
WIOA Adult Program	17.258	534027	\$ 471,207	\$ 471,207
WIOA Dislocated Worker Formula Grants	17.278	534027	304,557	304,557
WIOA Youth Activities	17.259	534027	599,902	599,902
Total Workforce Innovation and Opportunity Act Cluster			<u>\$ 1,375,666</u>	
Total Department of Labor			<u>\$ 1,375,666</u>	
Department of Education:				
Pass Through Payments:				
Virginia Department of Education:				
Adult Education - Basic Grants to States	84.002	APE42801	\$ 79,301	
Title I Grants to Local Educational Agencies	84.010	APE42901	2,609,332	
Special Education Cluster:				
Special Education Grants to States	84.027	APE43071	\$ 1,986,594	
COVID-19 Special Education Grants to States	84.027	APE40287	178,500	\$ 2,165,094
Special Education Preschool Grants	84.173	APE62521	21,913	
Total Special Education Cluster				2,187,007
Career and Technical Education Basic Grants to States	84.048	APE60031		178,202
School Safety National Activities	84.184	APE60050		70,553
English Language Acquisition State Grants	84.365	APE60512		19,124
Supporting Effective Instruction State Grant	84.367	APE61480		341,856
Rural Education	84.358	APE43481		214,144
Education Stabilization Fund:				
COVID-19 Elementary and Secondary Emergency Relief Fund	84.425C	APE70037	\$ 17,045	
COVID-19 Elementary and Secondary Emergency Relief Fund	84.425D	APE50185, APE50195, APE60171	5,933,522	
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) III Formula Fund	84.425U	APE50183, APE50193	3,542,595	9,493,162
Student Support and Academic Enrichment Program	84.424	APE60019		180,702
Total Department of Education				<u>\$ 15,373,383</u>
Federal Communications Commission:				
Direct payments:				
COVID-19 Emergency Connectivity Fund Program	32.009	Not applicable	\$ 53,339	
Institute of Museum and Library Services, National Foundation on the Arts and the Humanities:				
Pass Through Payments:				
Library of Virginia:				
COVID-19 Grants to States	45.310	0000118903	\$ 18,961	
Department of Homeland Security:				
Pass Through Payments:				
Virginia Department of Emergency Management:				
Hazard Mitigation Grant	97.039	4291DRVAP00000005	\$ 113,460	
Emergency Management Performance Grants	97.042	EMP-2021-EP-00004	11,401	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4411DRVAP00000001	1,179,610	
Total Department of Homeland Security			<u>\$ 1,304,471</u>	
Total Expenditures of Federal Awards			<u>\$ 28,963,862</u>	<u>\$ 1,375,666</u>

Notes to the Expenditures of Federal Awards

Note A -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Pittsylvania, Virginia and its discretely presented component unit - School Board under programs of the federal government for the year ended June 30, 2023. 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 the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Note B -- Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (3) The County did not elect an indirect cost rate because they only request direct costs for reimbursement.
- (4) The County did not have any outstanding loans at year end as described in 2 CFR section 200.502(b).
- (5) The County passed funds of \$1,375,666 to subrecipients as noted above.

Note C -- Food Donation

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, the Pittsylvania County School Board had food commodities totaling \$0 in inventory.

Note D -- Relationship to Financial Statements

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

Primary government:	
General Fund (Schedule 1)	\$ 6,198,605
Less: QCEB interest subsidy (Schedule 1)	(61,822)
Forfeited Assets Fund (Schedule 1)	105
Plus: Use of federal Forfeited Assets fund balance	64,060
Water and Sewer Fund (Exhibit 8)	111,515
Less: non-federal grants	<u>(7,350)</u>
Total primary government:	<u>\$ 6,305,113</u>
Component Unit School Board:	
School Operating Fund (Schedule 1)	<u>\$ 22,658,749</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 28,963,862</u></u>

County of Pittsylvania, Virginia
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2023

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:	Child Nutrition Cluster, Watershed Rehabilitation Program, COVID-19 Coronavirus State and Local Fiscal Recovery Funds, COVID-19 Education Stabilization Fund, and Disaster Grants - Public Assistance (Presidentially Declared Disasters)
Qualified:	WIOA Cluster

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No
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Identification of major programs:

Assistance Listing #	Name of Federal Program or Cluster
10.553/10.555/10.558/10.559	Child Nutrition Cluster
17.258/17.259/17.278	WIOA Cluster
10.916	Watershed Rehabilitation Program
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
84.425	COVID-19 Education Stabilization Fund
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs	\$868,916
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Auditee qualified as low-risk auditee?	Yes
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Section II - Financial Statement Findings

There are no financial statement findings to report.

County of Pittsylvania, Virginia
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

Section III - Federal Award Findings and Questioned Costs

2023-001 - WIOA Cluster (17.258/17.259/17.278)

Department of Labor funds as passed through to West Piedmont Workforce Development Board

Agency:	Department of Labor
Federal Award Number/Year:	534027 - 2020; 534027 - 2021
Program & ALN:	WIOA Cluster (17.258/17.259/17.278)
Pass-through Entities:	Virginia Community College Systems received by County and passed through to West Piedmont Workforce Development Board
Compliance Requirement:	Subrecipient Monitoring
Finding Type:	Noncompliance
Criteria:	The County is the grant recipient for the award and is required to perform subrecipient monitoring procedures to ensure proper compliance with Uniform Guidance.
Condition:	The Workforce Development Board has not had a current audit in accordance with Uniform Guidance.
Cause:	The Workforce Development Board did not timely engage an auditor to perform the required audit in accordance with Uniform Guidance despite numerous discussions and reminders from County staff.
Effect:	The County does not properly monitor the subrecipient of the grants to ensure proper use of funds. A stand-alone audit would aid County staff in identifying areas that need more oversight.
Recommendation:	We recommend the County ensure the Workforce Development Board obtain a current audit in accordance with Uniform Guidance in a timely fashion.
Views of Responsible Officials and Planned Corrective Action:	The County will work with the subrecipient to implement necessary controls to be in compliance.

County of Pittsylvania, Virginia
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

There were no prior audit findings.