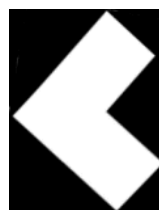


County of Henry, Virginia
Annual Comprehensive Financial Report
Year Ended June 30, 2024



***Creedle, Jones
& Associates, P.C.***
Certified Public Accountants

County of Henry, Virginia

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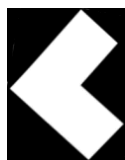
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FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
County of Henry, 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, and each major fund of the County of Henry, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County of Henry, Virginia'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, and each major fund of the County of Henry, Virginia, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 and specifications are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County of Henry, 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 1 to the financial statements, in 2024, the County adopted new accounting guidance, GASB Statement No. 99, Omnibus 2022 and No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62. Our opinion is 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 the County of Henry, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County of Henry, 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 the County of Henry, 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 on pages 1-8 and budgetary comparison information and schedules related to pension and OPEB on pages 102-110, 111-116, and 117-132 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.

Supplementary Information

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

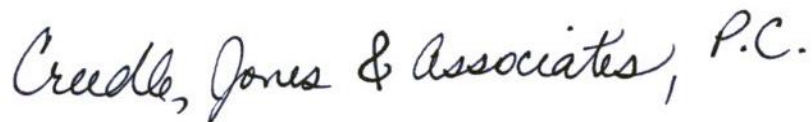
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2024, on our consideration of the County of Henry, 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 Henry, 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 the County of Henry, Virginia's internal control over financial reporting and compliance.



Creddie, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
December 11, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the County of Henry, Virginia presents the following discussion and analysis as an overview of the County of Henry, Virginia's financial activities for the fiscal year ending June 30, 2024. We encourage readers to read this discussion and analysis in conjunction with the County's basic financial statements.

Financial Highlights

At the close of the fiscal year, the assets and deferred outflows of resources of the County's governmental activities exceeded its liabilities and deferred inflows of resources by \$148,177,240. Of this amount, \$102,830,119 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. For the business-type activities, the assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources by \$1,218,154 with an unrestricted balance of \$197,810.

The County's total net position increased by \$24,504,369 during the current fiscal year. Of this amount, an increase of \$24,544,769 is related to governmental activities and a decrease of \$50,400 is attributed to business-type activities.

As of June 30, 2024, the County's Governmental Funds reported combined ending fund balances of \$97,407,017, a decrease of \$8,894,690 in comparison with the prior year. Approximately 45.34% of this amount is available for spending at the County's discretion (unassigned fund balance).

At the end of fiscal year 2024, the general fund's unassigned fund balance was \$44,168,078, or approximately 43.84% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The government-wide financial statements report information about the County as a whole using accounting methods similar to those found in the private sector. They also report the County's net position and how they have changed during the fiscal year.

Statement of Net Position: presents information on all of the County's assets and liabilities. The difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources can be used as one way to measure the County's financial health or financial condition. Over time, increases or decreases in the net position can be one indicator of whether the County's financial condition is improving or deteriorating. Other nonfinancial factors will also need to be considered, such as changes in the County's property tax base and the condition of County facilities.

Statement of Activities: presents information using the accrual basis accounting method and shows how the County's net position changed during the fiscal year. All of the current year's revenues and expenses are shown in the Statement of Activities, regardless of when cash is received or paid.

The government-wide financial statements distinguish governmental activities from business-type activities identified as the primary government. The governmental activities of the County include general government administration, judicial administration, public safety, public works, health and welfare, parks, recreation and cultural, community development, and education. Philpott Marina activities represent the business-type activities.

Furthermore, the government-wide financial statements include legally separate entities, the school board and the Industrial Development Authority, for which the County is financially accountable. The County is the fiscal agent for the Henry-Martinsville Social Services, which is supported by funds from the Federal government, Commonwealth of Virginia, County General Fund, and the City of Martinsville, Virginia. Financial information for component units is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The County uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the County's most significant funds rather than the County as a whole. Major funds are separately reported while all others are combined into a single aggregated presentation.

The County has three types of funds:

Governmental Funds - Most of the County's basic services are included in Governmental Funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year end that are available for spending. The Governmental Funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided with the fund's financial statements to explain the relationship (or differences). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Children's Services Act, E-911 Central Dispatch, Law Library, and Special Grant Projects Funds, all of which are considered to be major funds.

Proprietary Funds – The County uses an Enterprise Fund which operates in a manner similar to private business enterprises. Costs are recovered primarily through user charges. Proprietary Fund financial statements provide both long and short-term financial information. The County uses an Internal Service Fund to account for financing of goods and services provided by one department or agency to other departments or agencies of the County government.

Fiduciary Funds – The County is the trustee, or fiduciary, for the County's custodial funds. Custodial funds utilize the accrual basis of accounting described in the Governmental Fund presentation. Since by definition, these assets are being held for the benefit of a third party and cannot be used to support activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

Other

In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information such as budgetary comparison schedules.

Governmental accounting and reporting standards also require reporting certain information about the County's other postemployment benefits as required supplementary information. The County has elected to include this information within the notes to the basic financial statements.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

Summary of Net Position

As of June 30, 2024 and 2023

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Assets						
Current and other assets	\$ 123,812,422	\$ 123,439,602	\$ 301,511	\$ 282,007	\$ 124,113,933	\$ 123,721,609
Capital assets (net)	<u>129,622,252</u>	<u>121,776,014</u>	<u>1,020,344</u>	<u>1,090,640</u>	<u>130,642,596</u>	<u>122,866,654</u>
Total Assets	<u>253,434,674</u>	<u>245,215,616</u>	<u>1,321,855</u>	<u>1,372,647</u>	<u>254,756,529</u>	<u>246,588,263</u>
Deferred Outflows of Resources	<u>4,780,026</u>	<u>4,316,275</u>	<u>-</u>	<u>-</u>	<u>4,780,026</u>	<u>4,316,275</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 258,214,700</u>	<u>\$ 249,531,891</u>	<u>\$ 1,321,855</u>	<u>\$ 1,372,647</u>	<u>\$ 259,536,555</u>	<u>\$ 250,904,538</u>
Liabilities						
Current and other liabilities	\$ 11,707,202	\$ 4,919,426	\$ 103,701	\$ 104,093	\$ 11,810,903	\$ 5,023,519
Long-term liabilities	<u>94,969,737</u>	<u>115,494,982</u>	<u>-</u>	<u>-</u>	<u>94,969,737</u>	<u>115,494,982</u>
Total Liabilities	<u>106,676,939</u>	<u>120,414,408</u>	<u>103,701</u>	<u>104,093</u>	<u>106,780,640</u>	<u>120,518,501</u>
Deferred Inflows of Resources	<u>3,360,521</u>	<u>5,495,012</u>	<u>-</u>	<u>-</u>	<u>3,360,521</u>	<u>5,495,012</u>
Net Position						
Net investment in capital assets	<u>45,347,121</u>	<u>22,504,209</u>	<u>1,020,344</u>	<u>1,090,640</u>	<u>46,367,465</u>	<u>23,594,849</u>
Restricted	-	<u>6,799,498</u>	-	-	-	<u>6,799,498</u>
Unrestricted	<u>102,830,119</u>	<u>94,318,764</u>	<u>197,810</u>	<u>177,914</u>	<u>103,027,929</u>	<u>94,496,678</u>
Total Net Position	<u>148,177,240</u>	<u>123,622,471</u>	<u>1,218,154</u>	<u>1,268,554</u>	<u>149,395,394</u>	<u>124,891,025</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 258,214,700</u>	<u>\$ 249,531,891</u>	<u>\$ 1,321,855</u>	<u>\$ 1,372,647</u>	<u>\$ 259,536,555</u>	<u>\$ 250,904,538</u>

The County's combined net position at June 30, 2024 of \$149,395,394 represents an increase of \$24,504,369 from the combined net position at June 30, 2023. 31.04% of the County's net position is reflected in its net investment in capital assets. The County uses these assets to provide services to its citizens and, consequently, these assets are not available for future spending. The resources needed to repay the debt related to these capital assets must be provided from other sources. 68.96% of total net position is unrestricted and available for providing services to the citizens of the County and satisfying creditors.

Statement of Activities

The following table summarizes revenues and expenses for the primary government:

Summary of Changes in Net Position

For the Fiscal Years Ended June 30, 2024 and 2023

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenues						
Program Revenues						
Charges for services	\$ 1,084,470	\$ 731,221	\$ 236,410	\$ 208,705	\$ 1,320,880	\$ 939,926
Grants and contributions	20,973,537	36,911,613	-	-	20,973,537	36,911,613
General Revenues						
General property taxes, real and personal	34,065,389	31,419,465	-	-	34,065,389	31,419,465
Other taxes	24,523,844	24,235,316	-	-	24,523,844	24,235,316
Grants and contributions not restricted to specific programs	3,623,195	11,845,724	-	-	3,623,195	11,845,724
Unrestricted revenues from use of money and property	4,280,937	2,702,532	-	-	4,280,937	2,702,532
Miscellaneous	7,717,390	85,633	-	-	7,717,390	85,633
Total Revenues	96,268,762	107,931,504	236,410	208,705	96,505,172	108,140,209
Expenses						
General government administration	1,608,858	2,381,188	-	-	1,608,858	2,381,188
Judicial administration	3,667,452	3,288,201	-	-	3,667,452	3,288,201
Public safety	26,475,540	26,463,216	-	-	26,475,540	26,463,216
Public works	4,097,825	4,702,284	-	-	4,097,825	4,702,284
Health and welfare	6,395,138	5,662,337	-	-	6,395,138	5,662,337
Education	18,168,888	12,474,653	-	-	18,168,888	12,474,653
Parks, recreation, and cultural	2,823,176	2,295,922	286,810	262,749	3,109,986	2,558,671
Community development	5,043,995	5,636,216	-	-	5,043,995	5,636,216
Interest on long-term debt	3,433,121	3,687,396	-	-	3,433,121	3,687,396
Total Expenses	71,713,993	66,591,413	286,810	262,749	72,000,803	66,854,162
Change in Net Position Before Transfers	24,554,769	41,340,091	(50,400)	(54,044)	24,504,369	41,286,047
Transfers	-	(10,655)	-	10,655	-	-
Change in Net Position	24,554,769	41,329,436	(50,400)	(43,389)	24,504,369	41,286,047
Beginning Net Position	123,622,471	82,293,035	1,268,554	1,311,943	124,891,025	83,604,978
Ending Net Position	\$ 148,177,240	\$ 123,622,471	\$ 1,218,154	\$ 1,268,554	\$ 149,395,394	\$ 124,891,025

Governmental activities increased the County's net position by \$24,554,769 for fiscal year 2024. Revenues from governmental activities totaled \$96,268,762. General property taxes comprise the largest source of these revenues, totaling \$34,065,389 or 35.39% of all governmental activities revenue. Business-type activities revenues totaled \$236,410 and expenses totaled \$286,810, decreasing the net position by \$50,400.

The total cost of all governmental activities for this fiscal year was \$71,713,993. Public safety was the County's largest program with expenses totaling \$26,475,540. Education, which totals \$18,168,888, represents the second largest expense.

For the County's governmental activities, the net expense (total cost less fees generated by the activities and program-specific governmental aid) is illustrated in the following table:

Net Cost of Governmental Activities

For the Fiscal Years Ended June 30, 2024 and 2023

	<u>2024</u>		<u>2023</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government administration	\$ 1,608,858	\$ (715,801)	\$ 2,381,188	\$ (1,796,903)
Judicial administration	3,667,452	(2,016,834)	3,288,201	(1,772,207)
Public safety	26,475,540	(13,475,821)	26,463,216	4,466,929
Public works	4,097,825	(2,514,583)	4,702,284	(3,235,269)
Health and welfare	6,395,138	(2,636,632)	5,662,337	(2,817,507)
Parks, recreation, and cultural	2,823,176	(2,425,944)	2,295,922	(2,118,493)
Community development	5,043,995	(4,268,362)	5,636,216	(5,513,080)
Education	18,168,888	(18,168,888)	12,474,653	(12,474,653)
Interest on long-term debt	<u>3,433,121</u>	<u>(3,433,121)</u>	<u>3,687,396</u>	<u>(3,687,396)</u>
Total	<u>\$ 71,713,993</u>	<u>\$ (49,655,986)</u>	<u>\$ 66,591,413</u>	<u>\$ (28,948,579)</u>

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The County's governmental funds reported combined ending fund balances of \$97,407,017. The combined governmental fund balance decreased \$8,894,690 from the prior year.

The General Fund is the main operating fund of the County. At the end of the current fiscal year, the General Fund had an unassigned fund balance of \$44,168,078. The General Fund's liquidity can be measured by comparing unassigned fund balance to total fund expenditures. Unassigned fund balance represents 43.84% of total fund expenditures, while total fund balance represents 96.47% of that same amount.

The General Fund contributed operating funds to finance the component units as follows: \$20,288,105 School Board operations, \$2,014,167 to finance the Industrial Development Authority, and \$790,026 to the Social Services Board.

The Special Grant Projects Fund has a total fund balance of \$1,060,554, all of which is assigned for ongoing and future grant projects.

BUDGETARY HIGHLIGHTS

General Fund

The following table provides a comparison of original budget, final budget, and actual revenues and expenditures in the General Fund:

Budgetary Comparison

General Fund

For the Fiscal Years Ended June 30, 2024 and 2023

	<u>2024</u>			<u>2023</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues						
Taxes	\$ 30,698,708	\$ 30,698,708	\$ 33,220,362	\$ 30,113,162	\$ 29,691,310	\$ 31,296,370
Other	28,967,342	33,088,548	42,625,560	26,908,070	29,825,538	31,223,520
Intergovernmental	<u>17,118,981</u>	<u>22,459,385</u>	<u>18,917,322</u>	<u>15,076,198</u>	<u>43,516,530</u>	<u>44,107,252</u>
Total	76,785,031	86,246,641	94,763,244	72,097,430	103,033,378	106,627,142
Expenditures	<u>74,144,254</u>	<u>146,242,731</u>	<u>100,745,175</u>	<u>69,882,396</u>	<u>130,054,473</u>	<u>65,542,424</u>
Excess (Deficiency) of Revenues Over Expenditures	2,640,777	(59,996,090)	(5,981,931)	2,215,034	(27,021,095)	41,084,718
Other Financing Sources (Uses)						
Subscription liabilities issued	-	-	-	-	-	6,761
Transfers in (out)	<u>(2,640,777)</u>	<u>(3,183,699)</u>	<u>(2,902,609)</u>	<u>(2,215,034)</u>	<u>(2,821,873)</u>	<u>(2,300,131)</u>
Total	<u>(2,640,777)</u>	<u>(3,183,699)</u>	<u>(2,902,609)</u>	<u>(2,215,034)</u>	<u>(2,821,873)</u>	<u>(2,293,370)</u>
Net Change in Fund Balance Before Transfer from Surplus	-	(63,179,789)	(8,884,540)	-	(29,842,968)	38,791,348
Transfer from Surplus Funds	<u>-</u>	<u>63,179,789</u>	<u>-</u>	<u>-</u>	<u>29,842,968</u>	<u>-</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,884,540)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,791,348</u>

Final amended budget revenues exceeded the original budget by \$9,461,610.

The final amended budget appropriations for expenditures exceeded the original appropriation by \$72,098,477 primarily due to appropriations carried forward on encumbrances, open grants, incomplete capital projects and new grant funding.

Actual revenues were more than final budget amounts by \$8,516,603, or 9.87%, while actual expenditures were \$45,497,556, or 31.11% less than final budget amounts.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

As of June 30, 2024, the County's governmental activities net capital assets after allocation of net school buildings with outstanding debt total \$129,622,252, which represents a net increase of \$7,846,238 or 6.44% over the previous fiscal year-end balance. The business-type activities net capital assets total \$1,020,344, a decrease of \$70,296 or 6.45% over the previous fiscal year.

Change in Capital Assets

Primary Government

Governmental Activities

	<u>Balance July 1, 2023</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2024</u>
Land	\$ 3,370,814	\$ 984,983	\$ 4,355,797
Construction-in-progress	1,337,293	1,769,624	3,106,917
Land improvements	6,672,732	3,007,195	9,679,927
Buildings and improvements	93,557,828	4,655,456	98,213,284
Furniture, equipment, and vehicles	23,371,971	2,424,264	25,796,235
Total Capital Assets	128,310,638	12,841,522	141,152,160
Less: Accumulated depreciation and amortization	(37,604,724)	(3,861,636)	(41,466,360)
Total Capital Assets, Net Before Allocation of Schools	<u>\$ 90,705,914</u>	<u>\$ 8,979,886</u>	<u>99,685,800</u>
Allocation of net school buildings with outstanding debt			29,933,071
Total Capital Assets, Net			<u>\$ 129,618,871</u>
Lease assets	\$ 374,067	\$ -	\$ 374,067
Less: Accumulated amortization	(249,378)	(124,689)	(374,067)
Total Lease Assets, Net	<u>\$ 124,689</u>	<u>\$ (124,689)</u>	<u>\$ -</u>
SBITA assets	\$ 6,761	\$ -	\$ 6,761
Less: Accumulated amortization	1,690	1,690	3,380
Total SBITA Assets, Net	<u>\$ 5,071</u>	<u>\$ (1,690)</u>	<u>\$ 3,381</u>

Business-Type Activities

	<u>Balance July 1, 2023</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2024</u>
Land and land improvements	\$ 90,468	\$ -	\$ 90,468
Buildings and improvements	1,390,505	-	1,390,505
Furniture, equipment, and vehicles	201,534	-	201,534
Total Capital Assets	1,682,507	-	1,682,507
Less: Accumulated depreciation and amortization	(591,867)	(70,296)	(662,163)
Total Capital Assets, Net	<u>\$ 1,090,640</u>	<u>\$ (70,296)</u>	<u>\$ 1,020,344</u>

Long-Term Debt

As of June 30, 2024, the County's long-term obligations total \$87,639,334.

	Balance July 1, 2023	Net Additions and Deletions	Balance June 30, 2024
Governmental Activities			
General obligation bonds	\$ 16,870,448	\$ (1,687,195)	\$ 15,183,253
Moral obligation bonds	884,415	(122,449)	761,966
Lease Revenue Public Facility	66,195,000	(110,000)	66,085,000
Grant Revenue Anticipation Notes	19,515,000	(19,515,000)	-
Landfill obligation	297,689	(297,689)	-
Compensated absences	<u>3,186,617</u>	<u>180,964</u>	<u>3,367,581</u>
	106,949,169	(21,551,369)	85,397,800
Add: Premiums	3,064,344	(252,331)	2,812,013
Less: Discounts	<u>(592,143)</u>	<u>21,664</u>	<u>(570,479)</u>
Total Governmental Activities	<u>\$109,421,370</u>	<u>\$ (21,782,036)</u>	<u>\$ 87,639,334</u>

General obligation indebtedness must be approved by voter referendum prior to issuance except for debt incurred from the State Literary Fund or the Virginia Public School Authority.

More detailed information on the County's long-term obligations is presented in Note 11 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal-year 2025 budget.

The average unemployment rate for the County of Henry, Virginia in June 2024 was 3.7%, an increase of 0.2% from June 2023. This compares unfavorably to the state's rate of 2.7% and favorably to the national rate of 4.1%.

The latest estimate by University of Virginia Weldon Cooper Center for Public Service is a population of 48,568 a decrease of 4.8% from the 2020 U.S. Census.

These rates along with other indicators were taken into account when adopting the General Fund budget for 2025, which accounts for most of the County's operational costs. The fiscal year 2025 Adopted Budget anticipates General Fund revenues and expenditures to be \$84,414,449, a 9.94% increase over the fiscal year 2024 original budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to the County of Henry, Chief Financial Officer, P. O. Box 7, Collinsville, Virginia 24078-0007, telephone 276-634-4630, or visit the County's website at www.henrycountyva.gov.

BASIC FINANCIAL STATEMENTS



County of Henry, Virginia

Statement of Net Position

At June 30, 2024

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total Primary Government	School Board	Industrial Development Authority	Henry-Martinsville Social Services
Assets						
Current assets						
Cash	\$ 94,505,872	\$ 200	\$ 94,506,072	\$ 4,873,202	\$ 93,315	\$ 149,674
Cash - restricted	-	-	-	36,476	-	-
Investments	13,406,277	-	13,406,277	-	-	-
Receivables, net	8,477,804	765	8,478,569	210,152	367,304	2,482
Due from County of Henry, Virginia - primary government	-	-	-	5,743,409	1,692,638	-
Internal balances	(290,684)	290,684	-	-	-	-
Due from other governments/agencies	6,691,343	-	6,691,343	5,942,868	1,141,536	996,783
Lease receivables, current portion	198,482	-	198,482	-	11,550	-
Inventory	32,301	9,862	42,163	-	23,836,211	-
Investment in CCAT Leveraged Lender, LLC	-	-	-	-	3,753,639	-
Total Current Assets	123,021,395	301,511	123,322,906	16,806,107	30,896,193	1,148,939
Noncurrent Assets						
Lease receivable, noncurrent	508,535	-	508,535	-	4,950	-
Capital Assets						
Nondepreciable assets	7,462,714	-	7,462,714	16,758,238	-	-
Depreciable assets, net	122,156,157	1,020,344	123,176,501	36,063,902	-	99,295
Lease assets, net	-	-	-	-	-	-
Subscription assets, net	3,381	-	3,381	9,930	-	-
Capital Assets, Net	129,622,252	1,020,344	130,642,596	52,832,070	-	99,295
Total Noncurrent Assets	130,130,787	1,020,344	131,151,131	52,832,070	4,950	99,295
Other Assets						
Net OPEB asset	282,492	-	282,492	-	-	197,726
Net pension asset	-	-	-	-	-	-
Total Other Assets	282,492	-	282,492	-	-	197,726
Total Assets	253,434,674	1,321,855	254,756,529	69,638,177	30,901,143	1,445,960
Deferred Outflows of Resources						
OPEB	531,736	-	531,736	2,183,494	-	102,106
Pension	4,248,290	-	4,248,290	14,663,568	-	1,062,072
Total Deferred Outflows of Resources	4,780,026	-	4,780,026	16,847,062	-	1,164,178
Total Assets and Deferred Outflows of Resources	\$ 258,214,700	\$ 1,321,855	\$ 259,536,555	\$ 86,485,239	\$ 30,901,143	\$ 2,610,138
Liabilities						
Current Liabilities						
Accounts payable	\$ 2,205,842	\$ 7,055	\$ 2,212,897	\$ 3,270,661	\$ 681,369	\$ -
Accrued payroll and other liabilities	433,068	4,495	437,563	5,523,887	-	65,282
Accrued interest	733,183	-	733,183	-	-	-
Claims payable	1,225,563	-	1,225,563	-	-	-
Unearned rents	-	92,151	92,151	-	1,000	-
Unearned grants	757,156	-	757,156	3,715,087	415,558	-
Due to other governments/agencies	-	-	-	-	-	-
Due to component units	6,352,390	-	6,352,390	-	-	-
Due to County of Henry, Virginia - primary government	-	-	-	-	-	1,083,657
Total Current Liabilities	11,707,202	103,701	11,810,903	12,509,635	1,097,927	1,148,939
Long-Term Liabilities						
Due within one year						
Bonds, loans, other	2,576,446	-	2,576,446	94,347	-	60,819
Leases	-	-	-	-	-	-
Subscription	1,656	-	1,656	-	-	-
Due in more than one year						
Compensated absences	3,030,823	-	3,030,823	849,122	-	547,375
Net pension liability	6,338,502	-	6,338,502	46,272,542	-	1,584,625
Leases	-	-	-	-	-	-
Subscription	1,722	-	1,722	-	-	-
Net OPEB liability	988,523	-	988,523	9,590,989	-	247,130
Bonds, loans, other	82,032,065	-	82,032,065	-	-	-
Total Long-Term Liabilities	94,969,737	-	94,969,737	56,807,000	-	2,439,949
Total Liabilities	106,676,939	103,701	106,780,640	69,316,635	1,097,927	3,588,888
Deferred Inflows of Resources						
Held for scholarships	-	-	-	47,976	-	-
Leases	651,223	-	651,223	-	16,366	-
OPEB	421,093	-	421,093	1,738,508	-	82,276
Pension	2,288,205	-	2,288,205	5,648,683	-	572,051
Total Deferred Inflows of Resources	3,360,521	-	3,360,521	7,435,167	16,366	654,327
Net Position						
Net investment in capital assets	45,347,121	1,020,344	46,367,465	52,832,070	-	99,295
Restricted	-	-	-	-	-	-
Unrestricted (deficit)	102,830,119	197,810	103,027,929	(43,098,633)	29,786,850	(1,732,372)
Total Net Position (Deficit)	148,177,240	1,218,154	149,395,394	9,733,437	29,786,850	(1,633,077)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 258,214,700	\$ 1,321,855	\$ 259,536,555	\$ 86,485,239	\$ 30,901,143	\$ 2,610,138

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

County of Henry, Virginia
Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total	School Board	Component Units Industrial Development Authority	Henry-Martinsville Social Services
Primary Government										
Governmental Activities										
General government administration	\$ 1,608,858	\$ 107,017	\$ 786,040	\$ -	\$ (715,801)		\$ (715,801)			
Judicial administration	3,667,452	16,628	1,633,990	-	(2,016,834)		(2,016,834)			
Public safety	26,475,540	372,572	12,627,147	-	(13,475,821)		(13,475,821)			
Public works	4,097,825	222,434	1,360,808	-	(2,514,583)		(2,514,583)			
Health and welfare	6,395,138	-	3,758,506	-	(2,636,632)		(2,636,632)			
Parks, recreation, and cultural	2,823,176	365,819	31,413	-	(2,425,944)		(2,425,944)			
Community development	5,043,995	-	775,633	-	(4,268,362)		(4,268,362)			
Education - local school	18,106,474	-	-	-	(18,106,474)		(18,106,474)			
Education - community college	62,414	-	-	-	(62,414)		(62,414)			
Interest on long-term debt	3,433,121	-	-	-	(3,433,121)		(3,433,121)			
Total Governmental Activities	71,713,993	1,084,470	20,973,537	-	(49,655,986)		(49,655,986)			
Business-Type Activities										
Philpott Marina - Parks, Recreation, and Cultural	286,810	236,410	-	-		\$ (50,400)	(50,400)			
Total Business-Type Activities	286,810	236,410	-	-		(50,400)	(50,400)			
Total Primary Government	\$ 72,000,803	\$ 1,320,880	\$ 20,973,537	\$ -			(49,706,386)			
Component Units										
School Board										
Instruction	\$ 58,831,048	\$ 492,489	\$ 89,061,908	\$ -				\$ 30,723,349		
Administration, attendance, and health	3,797,142	-	-	-				(3,797,142)		
Pupil transportation	7,475,178	-	-	-				(7,475,178)		
Operation and maintenance	7,928,687	-	-	-				(7,928,687)		
School food service - cafeterias	6,634,404	481,095	6,193,707	-				40,398		
Special grants	8,706,544	-	-	-				(8,706,544)		
Facilities	5,798,566	-	-	-				(5,798,566)		
Technology	3,136,997	-	440,000	-				(2,696,997)		
Interest on long-term debt	2,175	-	-	-				(2,175)		
Total School Board	102,310,741	973,584	95,695,615	-				(5,641,542)		
Industrial Development Authority										
Economic development	4,186,705	-	7,025,290	-					\$ 2,838,585	
Interest	-	-	-	-					-	
Total Industrial Development Authority	4,186,705	-	7,025,290	-					2,838,585	
Henry-Martinsville Social Services										
Health and welfare	9,231,623	-	8,641,191	-						\$ (590,432)
Total - Component Units	\$ 115,729,069	\$ 973,584	\$ 111,362,096	\$ -						(3,393,389)
General Revenues (Unrestricted)										
General property taxes					34,065,389	-	34,065,389	-	-	-
Other local taxes					24,523,844	-	24,523,844	-	-	-
Payments - County of Henry, Virginia					-	-	-	18,106,474	2,014,167	790,026
Unrestricted revenues from use of money and property					4,280,937	-	4,280,937	113,511	41,663	-
Miscellaneous					7,717,390	-	7,717,390	2,378,292	500,000	14,294
Grants and contributions not restricted to specific programs					3,623,195	-	3,623,195	-	91,768	-
Transfers in (out)					-	-	-	-	-	-
Total General Revenues and Transfers					74,210,755	-	74,210,755	20,598,277	2,647,598	804,320
Change in Net Position					24,554,769	(50,400)	24,504,369	14,956,735	5,486,183	213,888
Net Position (Deficit) - Beginning of Year					123,622,471	1,268,554	124,891,025	(5,223,298)	24,300,667	(1,846,965)
Net Position (Deficit) - End of Year					\$ 148,177,240	\$ 1,218,154	\$ 149,395,394	\$ 9,733,437	\$ 29,786,850	\$ (1,633,077)

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

County of Henry, Virginia
Balance Sheet
Governmental Funds
At June 30, 2024

	General Fund	Children's Services Act Fund	E-911 Central Dispatch Fund	Law Library Fund	Special Grant Projects Fund	Total Governmental Funds
Assets						
Cash	\$ 85,000,670	\$ -	\$ -	\$ -	\$ -	\$ 85,000,670
Investments	13,406,277	-	-	-	-	13,406,277
Receivables - net						
Taxes	3,185,783	-	-	-	-	3,185,783
Licenses	12,115	-	-	-	-	12,115
Accounts	4,004,875	-	14	1,226	-	4,006,115
Due from other funds	1,217,877	-	-	53,034	-	1,270,911
Due from component units	1,083,657	-	-	-	-	1,083,657
Due from other governments/agencies	4,359,346	998,549	631,113	-	702,335	6,691,343
Lease receivable	707,019	-	-	-	-	707,019
Inventory	32,301	-	-	-	-	32,301
Total Assets	<u>\$ 113,009,920</u>	<u>\$ 998,549</u>	<u>\$ 631,127</u>	<u>\$ 54,260</u>	<u>\$ 702,335</u>	<u>\$ 115,396,191</u>
Liabilities						
Accounts payable	\$ 1,311,184	\$ 676,945	\$ 15,494	\$ 1,072	\$ 147,900	\$ 2,152,595
Accrued liabilities	397,081	-	35,987	-	-	433,068
Due to other funds	343,718	321,604	578,835	-	317,438	1,561,595
Due to component units	7,436,047	-	-	-	-	7,436,047
Unavailable revenue - unearned grants	682,121	-	811	-	74,224	757,156
Total Liabilities	<u>10,170,151</u>	<u>998,549</u>	<u>631,127</u>	<u>1,072</u>	<u>539,562</u>	<u>12,340,461</u>
Deferred Inflows of Resources						
Unavailable revenue - taxes and licenses	3,120,650	-	-	-	-	3,120,650
Unavailable revenue - opioid settlement	1,876,840	-	-	-	-	1,876,840
Leases	651,223	-	-	-	-	651,223
Total Deferred Inflows of Resources	<u>5,648,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,648,713</u>
Fund Balances						
Nonspendable						
Inventories	32,301	-	-	-	-	32,301
Leases	55,796	-	-	-	-	55,796
Restricted	18,286,847	-	-	53,188	-	18,340,035
Committed						
Education	1,678,833	-	-	-	-	1,678,833
Public safety	50,000	-	-	-	-	50,000
Capital projects	339,130	-	-	-	-	339,130
Revenue stabilization reserve	5,373,087	-	-	-	-	5,373,087
Assigned	27,206,984	-	-	-	162,773	27,369,757
Unassigned	44,168,078	-	-	-	-	44,168,078
Total Fund Balances	<u>97,191,056</u>	<u>-</u>	<u>-</u>	<u>53,188</u>	<u>162,773</u>	<u>97,407,017</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 113,009,920</u>	<u>\$ 998,549</u>	<u>\$ 631,127</u>	<u>\$ 54,260</u>	<u>\$ 702,335</u>	<u>\$ 115,396,191</u>

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

County of Henry, Virginia

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

At June 30, 2024

Total Fund Balances for Governmental Funds \$ 97,407,017

Total net position reported for governmental activities in the Statement of Net Position is different because:

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

Land and construction in progress	\$ 4,355,797	
Construction-in-progress	3,106,917	
School assets associated with debt held by County	29,933,071	
Land improvements	8,678,496	
Buildings and improvements, net	77,594,695	
Furniture, equipment, and vehicles, net	5,949,895	
Lease assets, net	-	
Subscription assets, net	<u>3,381</u>	
Total Capital Assets		129,622,252

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

Unavailable revenue - taxes and licenses	3,120,650	
Unavailable revenue - opioid settlement	<u>1,876,840</u>	
		4,997,490

Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	4,248,288	
Deferred inflows of resources related to pensions	(2,288,205)	
Deferred outflows of resources related to OPEB	531,736	
Deferred inflows of resources related to OPEB	<u>(421,093)</u>	
Total Deferred Outflows and Inflows of Resources		2,070,726

Internal service funds are used by the County to charge the cost of health insurance benefits to individual funds and the component units. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.

9,500,183

Liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.

Balances of long-term liabilities affecting net position are as follows:

Bonds, financed purchase obligations, and notes payable with related premiums	(84,271,753)	
Accrued interest payable	(733,183)	
OPEB (obligation) asset	(706,031)	
Net pension liability	(6,338,502)	
Lease liabilities	-	
Subscription liabilities	(3,378)	
Compensated absences	<u>(3,367,581)</u>	
Total		<u>(95,420,428)</u>

Total Net Position of Governmental Activities \$ 148,177,240

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

County of Henry, Virginia

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2024

	General Fund	Children's Services Act Fund	E-911 Central Dispatch Fund	Law Library Fund	Special Grant Projects Fund	Total Governmental Funds
Revenues						
General property taxes	\$ 33,220,362	\$ -	\$ -	\$ -	\$ -	\$ 33,220,362
Other local taxes	23,774,860	-	-	-	-	23,774,860
Permits, privilege fees, and regulatory licenses	95,669	-	-	-	-	95,669
Fines and forfeitures	190,270	-	-	-	-	190,270
Use of money and property	4,280,937	-	-	-	-	4,280,937
Charges for services	793,236	-	-	5,295	-	798,531
Miscellaneous	7,717,390	-	-	-	-	7,717,390
Recovered costs	5,773,198	-	576,508	2,593	361,151	6,713,450
Intergovernmental						
Revenue from the Commonwealth of Virginia	17,345,105	3,635,059	698,900	-	126,014	21,805,078
Revenue from the Federal Government	<u>1,572,217</u>	<u>123,447</u>	<u>-</u>	<u>-</u>	<u>1,095,990</u>	<u>2,791,654</u>
Total Revenues	94,763,244	3,758,506	1,275,408	7,888	1,583,155	101,388,201
Expenditures						
Current						
General government administration	4,206,971	-	-	-	-	4,206,971
Judicial administration	3,816,710	-	-	17,705	-	3,834,415
Public safety	27,455,573	-	2,229,165	-	-	29,684,738
Public works	4,833,321	-	-	-	-	4,833,321
Health and welfare - social services component unit	790,026	-	-	-	-	790,026
Health and welfare	1,042,740	5,461,467	-	-	-	6,504,207
Education	62,414	-	-	-	-	62,414
Education - school board component unit	20,288,105	-	-	-	-	20,288,105
Parks, recreation, and cultural	2,981,939	-	-	-	-	2,981,939
Community development - IDA component unit	2,014,167	-	-	-	-	2,014,167
Community development	2,753,225	-	-	-	1,697,292	4,450,517
Nondepartmental	53,415	-	-	-	-	53,415
Debt service						
Principal	19,626,592	-	129,269	-	-	19,755,861
Interest and other charges	2,918,094	-	2,818	-	-	2,920,912
Capital outlay	<u>7,901,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,901,883</u>
Total Expenditures	<u>100,745,175</u>	<u>5,461,467</u>	<u>2,361,252</u>	<u>17,705</u>	<u>1,697,292</u>	<u>110,282,891</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,981,931)	(1,702,961)	(1,085,844)	(9,817)	(114,137)	(8,894,690)
Other Financing Sources (Uses)						
Transfers in	-	1,702,961	1,085,844	-	113,804	2,902,609
Transfers out	<u>(2,902,609)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,902,609)</u>
Total Other Financing Sources (Uses)	<u>(2,902,609)</u>	<u>1,702,961</u>	<u>1,085,844</u>	<u>-</u>	<u>113,804</u>	<u>-</u>
Net Change in Fund Balances	(8,884,540)	-	-	(9,817)	(333)	(8,894,690)
Fund Balances - Beginning of Year	<u>106,075,596</u>	<u>-</u>	<u>-</u>	<u>63,005</u>	<u>163,106</u>	<u>106,301,707</u>
Fund Balances - End of Year	<u>\$ 97,191,056</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,188</u>	<u>\$ 162,773</u>	<u>\$ 97,407,017</u>

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

County of Henry, Virginia

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

Net Change in Fund Balances - Total Governmental Funds \$ (8,894,690)

**Amounts reported for governmental activities in the Statement of Activities
are different because:**

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 as depreciation expense.

Net capital outlays and dispositions of assets	\$ 13,262,585	
Depreciation expense	<u>(4,282,699)</u>	8,979,886

Lease and subscription asset capital outlay expenditures which were capitalized	-	
Amortization expense for intangible assets	<u>(126,379)</u>	(126,379)

Revenues in the Statement of Activities that do not provide current financial resources are deferred in the fund statements. This amount represents the difference in the amounts recorded as revenues in the fund statements versus the Statement of Activities on a year-to-year basis.

1,594,011

Bond and financed purchase obligations proceeds are reported as financing sources in Governmental Funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases the long-term liabilities and does not affect the Statement of Activities. Similarly, the repayment of principal is an expenditure in the Governmental Funds but reduces the liability in the Statement of Net Position.

Repayment of principal and adjustment to bond premiums and discounts	21,665,311	
Lease liabilities issued/paid, net	129,269	
Subscription liabilities issued/paid, net	1,592	
Change in accrued interest	<u>98,061</u>	
Net Adjustment		21,894,233

Change in allocation of school's capital assets (new school buildings) that have debt held and payable by the County associated with the buildings.

Change in net school assets allocated to County	<u>(1,007,269)</u>	(1,007,269)
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Internal service funds are used by the County to charge the cost of health insurance benefits. This is the net income from these funds.

831,538

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. Changes in the following accounts are as follows:

Net pension liability	(1,306,248)	
Deferred inflows - pension	1,779,055	
Deferred outflows - pension	429,107	
Deferred outflows - OPEB	34,642	
Deferred inflows - OPEB	141,523	
Other postemployment benefits	88,635	
Landfill obligation - closure monitoring	297,689	
Compensated absences	<u>(180,964)</u>	
Net Adjustment		<u>1,283,439</u>

Change in Net Position of Governmental Activities	<u>\$ 24,554,769</u>
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The accompanying notes to the financial statements are an integral part of this statement.

County of Henry, Virginia

Statement of Net Position

Proprietary Funds

At June 30, 2024

	Business-Type Activities - Enterprise Fund Philpott Marina Fund #51	Internal Service Fund Self-insurance Fund #58
Assets		
Current Assets		
Cash	\$ 200	\$ 9,505,202
Receivables, net	765	1,273,791
Inventory	9,862	-
Due from other funds	<u>290,684</u>	<u>-</u>
Total Current Assets	301,511	10,778,993
Noncurrent Assets		
Capital assets, net	<u>1,020,344</u>	<u>-</u>
Total Noncurrent Assets	<u>1,020,344</u>	<u>-</u>
Total Assets	<u>\$ 1,321,855</u>	<u>\$ 10,778,993</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 7,055	\$ 53,247
Accrued payroll and other liabilities	4,495	-
Claims payable	-	1,225,563
Unearned rents	<u>92,151</u>	<u>-</u>
Total Current Liabilities	<u>103,701</u>	<u>1,278,810</u>
Total Liabilities	103,701	1,278,810
Net Position		
Net investment in capital assets	1,020,344	-
Unrestricted	<u>197,810</u>	<u>9,500,183</u>
Total Net Position	<u>1,218,154</u>	<u>9,500,183</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 1,321,855</u>	<u>\$ 10,778,993</u>

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

County of Henry, Virginia

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

Year Ended June 30, 2024

	Business-Type Activities - <u>Enterprise Fund</u> <u>Philpott Marina</u> <u>Fund #51</u>	<u>Internal</u> <u>Service Fund</u> <u>Self-insurance</u> <u>Fund #58</u>
Operating Revenues		
Charges for services, premiums collected	\$ -	\$ 14,285,368
Charges for services, net - fuel and store sales	118,377	-
Charges for services, net - rentals	<u>118,033</u>	<u>-</u>
Total Operating Revenues	236,410	14,285,368
Operating Expenses		
Personal services	74,814	-
Fringe benefits	7,029	-
Repairs and maintenance	8,764	-
Food and store purchases for resale	27,863	-
Fuel purchases for resale	65,869	-
Utilities	16,187	-
Office expenses	6,074	-
Insurance	752	-
Other supplies and charges	705	-
Small construction and equipment purchases	8,457	-
Depreciation	70,296	-
Insurance claims paid and transaction fees	<u>-</u>	<u>13,849,791</u>
Total Operating Expenses	<u>286,810</u>	<u>13,849,791</u>
Operating Income (Loss)	(50,400)	435,577
Nonoperating Revenues (Expenses)		
Interest income	<u>-</u>	<u>395,961</u>
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>395,961</u>
Income (Loss) Before Transfers	(50,400)	831,538
Operating Transfers In	<u>-</u>	<u>-</u>
Net Operating Transfers	<u>-</u>	<u>-</u>
Change in Net Position	(50,400)	831,538
Total Net Position - Beginning of Year	<u>1,268,554</u>	<u>8,668,645</u>
Total Net Position - End of Year	<u>\$ 1,218,154</u>	<u>\$ 9,500,183</u>

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

County of Henry, Virginia

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2024

	Business-Type Activities - Enterprise Fund Philpott Marina Fund #51	Internal Service Fund Self-insurance Fund #58
Cash Flows from Operating Activities		
Receipts from customers	\$ 238,979	\$ 14,396,208
Payments for personnel and related costs	(83,953)	-
Payments to suppliers and other operating costs	<u>(132,222)</u>	<u>(13,782,169)</u>
Net Cash Provided by Operating Activities	22,804	614,039
Cash Flows from Noncapital Financing Activities		
Payments on Due to/Due from General Fund	(22,804)	-
Transfers from other funds	<u>-</u>	<u>-</u>
Net Cash Used in Noncapital Financing Activities	(22,804)	-
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	<u>-</u>	<u>-</u>
Net Cash Used in Capital and Related Financing Activities	-	-
Cash Flows from Investing Activities		
Interest income	<u>-</u>	<u>395,961</u>
Net Cash Provided by Investing Activities	<u>-</u>	<u>395,961</u>
Net Increase in Cash and Cash Equivalents	-	1,010,000
Cash and Cash Equivalents - Beginning of Year	<u>200</u>	<u>8,495,202</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 200</u></u>	<u><u>\$ 9,505,202</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating income (loss)	\$ (50,400)	\$ 435,577
<i>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities</i>		
Depreciation expense	70,296	-
<i>Changes in assets and liabilities</i>		
Receivables, net	(349)	110,840
Inventory	3,649	-
Accounts payable	(1,200)	67,622
Accrued expenses and payroll liabilities	(2,110)	-
Unearned rents	<u>2,918</u>	<u>-</u>
Net Cash Provided by Operating Activities	<u><u>\$ 22,804</u></u>	<u><u>\$ 614,039</u></u>

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

County of Henry, Virginia

Statement of Fiduciary Net Position

Fiduciary Funds

At June 30, 2024

	<u>OPEB Trust</u>	<u>Custodial Funds</u>
Assets		
Cash and cash equivalents	\$ 5,159,309	\$ 156,769
Total Assets	<u>\$ 5,159,309</u>	<u>\$ 156,769</u>
Liabilities		
Accounts payable and accrued liabilities	\$ -	\$ 100
Net Position		
Restricted for:		
Other postemployment benefits	5,159,309	-
Individuals, organizations, and other governments	<u>-</u>	<u>156,669</u>
Total Net Position	<u>5,159,309</u>	<u>156,669</u>
Total Liabilities and Fiduciary Net Position	<u>\$ 5,159,309</u>	<u>\$ 156,769</u>

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

County of Henry, Virginia

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2024

	<u>OPEB Trust</u>	<u>Custodial Funds</u>
Additions		
Contributions from employer	\$ 384,300	\$ -
Investment gains	416,669	-
Local grant funds and other donations	-	116,151
Housing fees	-	122,436
Canteen and telephone fees	-	442,179
Total additions	800,969	680,766
Deductions		
Program and administrative expenses	5,717	236,652
Housing fees remitted to County	-	138,736
Telephone fees	-	90,078
Canteen purchases	-	233,599
Total deductions	5,717	699,065
Net Increase (Decrease) in Fiduciary Net Position	795,252	(18,299)
Net Position - Beginning	4,364,057	174,968
Net Position - Ending	<u>\$ 5,159,309</u>	<u>\$ 156,669</u>

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

County of Henry, Virginia

Notes to the Financial Statements

Year Ended June 30, 2024

1 Summary of Significant Accounting Policies

Narrative Profile

The County of Henry, Virginia (the "County") has a population of approximately 50,000 living within an area of 382 square miles. The County is located in the foothills of the Blue Ridge Mountains, in the southern Piedmont region of Virginia. The borders are shared with Patrick County to the west, Franklin County to the north, Pittsylvania County to the east, and the North Carolina line to the south.

The County was named for Patrick Henry, who lived there from 1780 to 1784. They originally were part of Pittsylvania County, but then went on their own in 1777.

The County of Henry, Virginia (the "County") is governed under the County Administration-Board of Supervisors form of government. The County engages in a comprehensive range of municipal services, including general government administration, judicial administration, public safety, public works, health and welfare, parks, recreation, and cultural, community development, and education.

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

1-A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Henry, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

Individual Component Unit Disclosures

Discretely Presented Component Units

Henry County School Board

Henry County School Board (the "School Board") is organized as an independently governed school system for operating the public schools in the County. Citizens of the County elect school board members. The School Board is financially dependent on

appropriations by the County Board of Supervisors for current operations, with any surplus funds returned to the County annually. In addition, major capital improvements are financed by long-term debt issued by the County. In accordance with requirements of the Auditor of Public Accounts of the Commonwealth of Virginia, the School Board is considered to be a major component unit of the County. The government-wide statements are shown on the Statement of Net Position and the Statement of Activities, and the School Board governmental fund combining statements are shown in the Other Supplementary Information section.

Industrial Development Authority of Henry County, Virginia

The Industrial Development Authority of Henry County, Virginia (the “IDA”) operates as an enterprise activity by assisting local industry with bond financing. The IDA is a legally separate organization; however, the Board of Supervisors of the County appoints all of the IDA’s Board, and the County is legally obligated for the debts of the IDA. The IDA is presented as a discretely presented component unit for reporting purposes. The government-wide statements are shown on the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position and the governmental fund statements are shown in the Other Supplementary Information section.

Henry-Martinsville Social Services Board

The Henry-Martinsville Social Services Board (the “HMSS”) operates the Department of Social Services for both the County and the City. This joint entity was established June 1, 1997. Of the nine Board members, the County appoints six. The County is financially accountable for HMSS because it appoints a majority of the Board members and because the County is legally obligated to finance the deficits of and provide financial support to the Board. The County and the City have an agreement in which the City will reimburse the County for their share of administrative, operating, and maintenance costs that are unreimbursed by state or federal grants. The government-wide statements are shown on the Statement of Net Position and the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the governmental fund statements are shown in the Other Supplementary Information section. These entities are collectively included and referred to as the “County.”

Exclusions from the Reporting Entity

Related Organization

Henry County Public Service Authority

The primary function of Henry County Public Service Authority (the “HCPSA”) is to provide water and sewer services to areas of the County. The HCPSA Board of Directors approves its own budget and maintains oversight of all programs. Most of the funding for HCPSA comes from state and federal grants as well as from charges for services. The County provides some financial assistance, but HCPSA is not financially dependent on the County. The Board of Supervisors appoints a Board member to the HCPSA from each County district. While not a component unit of the County, HCPSA is considered to be a related organization since the County has determinable ongoing financial interests in or responsibilities for HCPSA.

1-B. Financial Reporting Model

The County’s Annual Comprehensive Financial Report includes management’s discussion and analysis, the basic financial statements, required and other supplementary information, described as follows:

Management's Discussion and Analysis – The basic financial statements are accompanied by a narrative introduction as well as an analytical overview of the County's financial activities.

Government-wide Financial Statements – The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report financial information for the County as a whole. The primary government and the component units are presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and the County's general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The fiduciary funds of the primary government are not included in the government-wide financial statements.

The Statement of Net Position presents the financial position of the governmental and business-type activities of the County and its discretely presented component units at year end.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and for each identifiable activity of the business-type activities of the County. Direct expenses are those that are specifically associated with a function and, therefore, clearly identifiable to that particular function. The County does not allocate indirect expenses to functions in the Statement of Activities.

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the County's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Other revenue sources not considered to be program revenues are reported as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the County.

Fund Financial Statements – During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. Fund financial statements are provided for governmental, proprietary, and fiduciary funds.

Major individual governmental and proprietary funds are reported in separate columns.

Reconciliation of Government-wide and Fund Financial Statements – Since the governmental funds financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a summary reconciliation of the difference between total fund balances as reflected on the governmental funds balance sheet and total governmental activities net position as shown on the government-wide Statement of Net Position is presented. In addition, a summary reconciliation of the difference between the total net change in fund balances as reflected on the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances, and the change in net position of governmental activities as shown on the government-wide Statement of Activities is presented.

Budgetary Comparison Schedules – Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. The County and many other governments revise their original budgets over the course of the year for a variety of reasons.

GASB-Required Supplementary Pension – GASB issued Statement No. 68–*Accounting and Financial Reporting for Pensions—an amendment of GASB No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions.

1-C. Financial Statement Presentation

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following is a brief description of the funds reported by the County in each of its fund types in the financial statements:

- **Governmental Funds** – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The County reports the difference between its governmental fund assets and deferred outflows of resources and its liabilities and deferred inflows of resources as fund balance. The following are the County's major governmental funds:

- **General Fund**

The General Fund is the primary operating fund of the County and accounts for all revenues and expenditures applicable to the general operations of the County which are not accounted for in other funds. Revenues are derived primarily from property and other local taxes, licenses, permits, charges for services, use of money and property, and intergovernmental grants. The General Fund is considered a major fund for financial reporting purposes. A significant part of the General Fund's revenue is transferred to other funds and component units, principally to finance the operations of the County's Public Schools.

- *Special Revenue Funds*

Special Revenue Funds account for the proceeds of specific revenue sources (other than those derived from special assessments, expendable trusts, or dedicated for major capital projects) requiring separate accounting due to legal or regulatory provisions or administrative action. Special Revenue Funds include the following:

- *Children's Services Act Fund*

The Children's Services Act Fund accounts for revenue derived from the Commonwealth of Virginia for the care of the localities' special needs children. This special revenue fund is considered a major governmental fund for reporting purposes.

- *E-911 Central Dispatch Fund*

The E-911 Central Dispatch Fund accounts for the financial transactions associated with the operation of the County's 911 Emergency Services Center. Revenues are primarily derived from reimbursements from the City of Martinsville, Virginia, County of Henry, Virginia, the State Compensation Board, and Virginia Wireless Board. This special revenue fund is considered a major governmental fund for reporting purposes.

- *Law Library Fund*

The Law Library Fund accounts for revenue received from other funds for the use of the library. This special revenue fund is considered a major governmental fund for reporting purposes.

- **Proprietary Funds** – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The County has one enterprise fund at this time, Philpott Marina Fund, which accounts for activities of the Marina for recreational use by the citizens of Henry County and the surrounding area. The Component Unit – IDA Fund is also accounted for as a proprietary fund.

- **Internal Service Funds** – Internal service funds account for financing of goods and services provided by one department or agency to other departments or agencies of the County government. Internal service funds consist of the following:

- *Self-Insurance*

This fund accounts for costs associated with providing health insurance benefits to employees of the County, School Board, and Social Services and with managing claims pertaining thereto.

- **Capital Projects Funds** – Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. Capital Projects Funds include the following:

- *Special Grant Projects Fund*

The Special Grant Projects Fund accounts for all financial resources used for recording activity for CDBG and related type grants. This fund is considered a major governmental fund for reporting purposes.

- ***Fiduciary Funds (Custodial Funds)*** – Fiduciary funds account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. Custodial funds utilize the accrual basis of accounting. Since by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. The County maintains the following fiduciary funds:
 - Special Welfare Fund – The Special Welfare Fund is used to reimburse the Children’s Service Act Fund, State Agencies, and others for expenses incurred on behalf of Henry-Martinsville Social Services welfare clients. Income is derived primarily from the Social Security Administration and other local organizations on behalf of the Social Services' clients.
 - Jail Inmate Fund – This fund is comprised of cash on inmates of the Henry County Jail at the time of their arrest or contributions to them from their family members. These funds can only be used for the health and welfare of specific County inmates.
 - OPEB Trust Fund – This fund is comprised of the money held in trust to fund post-retiree benefits of health insurance for the County, the School Board, and Henry-Martinsville Social Services.

Component Unit (Henry County School Board)

The Henry County School Board has the following funds:

School Fund – The School Fund accounts for the general operations and activities of the schools with the exception of the textbook purchases and cafeteria operations.

School Textbook Fund – The School Textbook Fund handles purchases of textbooks for the school system.

School Cafeteria Fund – The School Cafeteria Fund accounts for all school cafeteria operations including federal and state grants, meal charges, and food purchases.

School Activity Fund – The School Activity Fund accounts for funds used to support co-curricular and extracurricular student activities.

1-D. Measurement Focus and Basis of Accounting

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 government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of 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 (general government administration, judicial administration, public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property taxes, 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 (general government administration, judicial administration, 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. This is the manner in which these funds are normally budgeted. 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. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

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 within two months preceding receipt by the County.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

1-E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

1-E-1 Cash and Cash Equivalents

The County operates a cash and investment pool which most funds utilize. The County pools money from several funds to facilitate disbursement and investment and to maximize investment income.

1-E-2 Investments

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, State Treasurer's Local Government Investment Pool (LGIP), and the State Non-Arbitrage Program (SNAP).

1-E-3 Receivables and Payables

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

The County levies real estate taxes on all real property on a fiscal year basis, at a rate enacted by the County Board of Supervisors on the assessed value of property (except public utility property) as determined by the Commissioner of Revenue of Henry County. The Commonwealth of Virginia assesses public utility property. Neither the County nor the Commonwealth of Virginia imposes a limitation on the tax rate. All property is assessed at 100 percent of fair market value and real estate is reassessed every four years. The Commissioner of Revenue prorates billings for property incomplete as of January 1, but completed during the year. Any taxes paid after the due date is subject to a 10 percent penalty and an 8 percent interest charge.

Real estate taxes are billed annually and due by December 5. Liens are placed on the property on the date real estate taxes are delinquent, and interest at the rate of 10 percent per annum is added to the delinquent tax and penalty, and must be satisfied prior to the sale or transfer of the property. Any uncollected amounts from previous years' levies are incorporated in the taxes receivable balance.

Personal property tax assessments on tangible business property are based on a declining graduated percent of cost based on year of acquisition. All motor vehicles are based on 100 percent of loan value of the property as of January 1 of each year. Personal property taxes do not create a lien on property. Any taxes paid after the due date is subject to a 10 percent penalty and an 8 percent interest charge.

Property taxes receivable are included as unavailable revenue in the fund financial statements since these taxes are not considered to be available to liquidate liabilities of the current period.

Any uncollected amounts from prior year levies are incorporated in the taxes receivable balance. Under the provisions of the Personal Property Tax Relief Act of 1998 (PPTRA), the County receives taxpayers' payments in fiscal year 2021 from the State for its share of the local personal property tax payment (for personal use motor vehicles), with the remainder collected by the County.

1-E-4 Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable as this amount is not available for general appropriation.

1-E-5 Capital Assets

General capital assets are those capital assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The County reports these assets in the governmental activities column of the government-wide Statement of Net Position but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the enterprise funds' Statement of Net Position.

Capital outlays are recorded as expenditures of the General, Children's Services Act, E-911 Central Dispatch, Law Library, Fieldale Sanitary District, and Special Grant Projects funds and as assets in the government-wide financial statements to the extent the County's capitalization thresholds are met. The capitalization thresholds for capitalizing capital assets are \$5,000 and \$100,000 for building additions. All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated. Depreciation is recorded on general capital assets on a government-wide basis.

In the fund financial statements, maintenance, repairs, and minor equipment costs are charged to operations when incurred. Expenditures that meet the County's capitalization policy and materially change capacities or extend useful lives are capitalized in the government-wide financial statements. Upon sale or retirement of land, buildings, or equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts, and any resulting gain or loss is included in current year's operations.

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Description</u>	<u>Estimated Lives</u>
Buildings	15-40 years
Equipment	3-15 years

1-E-6 Leases

As lessee, the County recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements and recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County uses its estimated incremental borrowing rate as the discount rate for leases. The County's estimated incremental borrowing rate is based on historical market data and credit spread based on market data points compared to the lease commencement date.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

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

1-E-7 Subscription-Based IT Arrangements

The County has various subscription-based IT arrangements (SBITAs) requiring recognition. 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.

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.

Key estimates and judgments related to subscription-based IT arrangements include how the County determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The County uses the interest rate stated in the subscription contract. When the interest rate charged is not provided, the County uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

1-E-8 Deferred Outflows/Inflows of Resources

The Statement of Net Position includes a separate section for deferred outflows of resources. This represents the usage of net position applicable to future periods and will be recognized as expenditures in the future period to which it applies. This category also includes amounts related to pensions for certain actuarially determined differences between projected and actual investment earnings.

The Statement of Net Position also includes a separate section for deferred inflows of resources. This represents an acquisition of net position applicable to future periods and will be recognized as revenue in the future period to which it applies. Currently, this category includes revenues received in advance, amounts related to pensions for certain actuarially determined differences between projected and actual experience, and lease deferrals.

Deferred inflows of resources in the Governmental Funds Balance Sheet include unavailable revenue. Unavailable revenue consists primarily of special assessment, loans and notes receivable. The County considers revenues available if they are collected within 60 days of the end of the fiscal year.

1-E-9 Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the County will compensate the employees for the benefits through paid time off or some other means.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated absence liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level when paid.

1-E-10 Pensions

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. The Virginia Retirement System (VRS) Teacher Employee Retirement Plan is a multiple employer, cost-sharing plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources

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

1-E-11 Group Life Insurance Program

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program 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. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's 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.

1-E-12 Health Insurance Credit Program

The Political Subdivision Health Insurance Credit Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The Political Subdivision Health Insurance Credit Program 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. For purposes of measuring the net Political Subdivision Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Health Insurance Credit Program OPEB, and the Political Subdivision Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Political Subdivision Health Insurance Credit Program; and the additions to/deductions from the VRS Political Subdivision Health Insurance Credit Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1-E-13 Teacher Employee Health Insurance Credit Program

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

1-E-14 Other Postemployment Benefit Plans

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County of Henry, Virginia's OPEB Plan for Retiree's Health Insurance and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. See Notes to the financial statement for more information regarding the Plan.

1-E-15 Fund Equity

Fund equity at the governmental fund financial reporting level is classified as fund balance. Fund equity for all other reporting is classified as net position.

Governmental Fund Balances – Generally, governmental fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which resources can be spent. Fund balances are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – 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 of action to remove or change the constraint.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned – all amounts not classified as nonspendable, restricted, committed, or assigned.

Net Position – Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

Net Position Flow Assumptions – 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.

Fund Balance Flow Assumptions – Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental 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 fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

1-E-16 Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for Philpott Marina. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All other items that do not directly relate to the principal and usual activity of the fund are recorded as nonoperating revenues and expenses. These items include investment earnings and gains or losses on the disposition of capital assets.

1-E-17 Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds.

1-E-18 Long-Term Obligations

In the Government-wide financial statements and propriety fund types in the Fund financial statements, long-term debt and other 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, as well as insurance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premium or discount. Bond insurance costs are reported as deferred charges and amortized over the term of the related debt.

In the Fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

1-E-19 Encumbrances

Encumbrance accounting, the recording of purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is employed as an extension of formal budgetary integration in the General, Children's Services Act, E-911 Central Dispatch, Law Library, Fieldale Sanitary District, and Special Grant Projects funds.

1-E-20 Land and Building – Held for Sale

The IDA has land and building that are held for resale to potential industries in the County. The assets are recorded at cost. Periodically, incidental rent is received for the use of these facilities.

1-E-21 Unearned Revenues

This account includes amounts recognized as receivables but not revenues in governmental funds because the revenue recognition criteria have not been met.

1-E-22 Adoption of New GASB Statements

During the fiscal year ended June 30, 2024, the County adopted the following GASB statements:

In April 2022, GASB Issued Statement No. 99, Omnibus 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Certain requirements of this statement have been implemented as of June 30, 2022. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this statement are effective for the fiscal year ending June 30, 2024 for the County.

In June 2022, GASB Issued Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this statement are effective for the fiscal year ending June 30, 2024 for the Town.

1-F. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

2 Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

The Board of Supervisors annually adopts budgets for the various funds of the primary government and component units. All appropriations are legally controlled at the department level for the primary Government Funds. The School Board appropriation is determined by the Board of Supervisors and controlled in total by the primary government. Unexpended and unencumbered appropriations lapse at the end of each fiscal year except as allowed by the Appropriations Resolution.

Budgetary Data

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

1. Prior to April 18, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing July 1. The operating budget and capital budget includes proposed expenditures and the means of financing them.

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 fund, function, and departmental level. These appropriations for each fund, function, and department can be revised only by the Board of Supervisors.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for all major funds and component units.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Supplemental Appropriations are adopted if necessary during the fiscal year.
8. The County Administrator is authorized to transfer budgeted amounts within general government departments subject to limitations set in the Appropriations Resolution; however, the School Board and Henry-Martinsville Social Services are authorized to transfer budgeted amounts within each of their respective budget categories.

Expenditures in Excess of Appropriations

Expenditures did not exceed appropriations at the fund level.

Fund Deficits

There are no fund deficits.

3 Deposits and Investments

Deposits

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

Investments

Investment Policy

In accordance with state statutes, the current investment policy of the County authorizes investments in obligations of the United States and agencies thereof, Bankers' Acceptances, commercial paper, repurchase agreements, tax exempt and taxable Municipal Bonds, the Virginia State Non-Arbitrage Program (SNAP) or other authorized Arbitrage Investment Management programs, and the State Treasurer's Local Government Investment Pool (the Virginia LGIP, a 2a-7 like pool). Both SNAP and LGIP are not registered with the SEC but are overseen by the Treasurer of Virginia and the State Treasury Board. The fair value of the County's position in the pools is the same as the value of the pool shares.

The County's investments are subject to credit risk, concentration of credit risk, interest rate risk, and custodial risk as described below. The County's investments are not subject to foreign currency risk.

Credit Risk

As required by State statute, the policy requires that commercial paper have a short-term debt rating of no less than "A-1" or "P-1" or "F-1" (or its equivalent) from Moody's Investors Service or Standard & Poor's or Fitch. Municipal Bonds must have a rating of "AA" or higher by at least two of the following National Credit Rating Agencies: Moody's Investors Service, Standard & Poor's or Fitch.

Although state statute does not impose credit standards on repurchase agreement counterparties, bankers' acceptances, or money market mutual funds, the County has established stringent credit standards for these investments to minimize portfolio risk.

Concentration of Credit Risk

The Policy establishes limitations on portfolio composition by issuer in order to control concentration of credit risk. The Policy establishes limitations on the holdings as follows:

1. The portfolio will be diversified with no more than 5% of the value of the portfolio invested in the securities of any single issuer. This limitation shall not apply to the U.S. Government, or Agency thereof, or U.S. Government sponsored corporation securities and fully insured and/or collateralized certificates of deposit.
2. The maximum percentage of the Investment Portfolio in each eligible security type is limited as follows:

U.S. Treasury	100%
Agency Securities (no more than 35% in any one agency)	100%
Money Market Mutual Funds	100%
Repurchase Agreements	40%
Municipal Obligations (no more than 5%* in any one issuer)	25%
Bankers Acceptances (no more than 5%* in any one bank)	20%
Negotiable Certificates of Deposit (no more than 5%* in any one bank)	20%
Commercial Paper (no more than 5%* in any one issuing corporation)	20%
Corporate Notes (no more than 5% in any one issuing corporation)	10%
Virginia Local Government Investment Pool	100%
Virginia State Non-Arbitrage Program	100% of Bond Proceeds
<i>*or \$1 Million, whichever is greater</i>	

Interest Rate Risk

As a means of limiting exposure to fair value losses arising from rising interest rates, the Policy limits the investment of operating funds to investments with a stated maturity of no more than five years from the date of purchase.

Custodial Credit Risk

The Policy requires that all investment securities purchased by the County be held by a third-party custodial agent who may not otherwise be counterparty to the investment transaction. As of June 30, all of the County's investments are held in a custodian's trust department in the County's name.

The County's investments consist of the following:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Municipal bonds	\$ 1,950,585	2.30
U.S. Government bonds	9,915,386	2.10
Collateralized Money Market - Trustee	488,540	N/A
Certificates of deposit	<u>54,625,210</u>	1.75
	<u>\$ 66,979,721</u>	

County's investments by credit rating consist of the following:

	<u>Rating (Moody's or S&P)</u>	<u>Fair Value</u>
AA+ or higher		\$ 11,865,971
Unrated		<u>55,113,750</u>
		<u>\$ 66,979,721</u>

Cash and investments are reflected in the financial statements as follows:

	<u>Component Units</u>					
	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>School Board</u>	<u>Industrial Development Authority</u>	<u>Henry-Martinsville Social Services</u>	<u>Total</u>
Deposits and Investments						
Cash on hand	\$ 1,325	\$ -	\$ -	\$ -	\$ -	\$ 1,325
Demand deposits	41,419,843	156,769	4,909,678	93,315	149,674	46,729,279
Bonds	11,865,971	-	-	-	-	11,865,971
Certificates of deposit	54,625,210	-	-	-	-	54,625,210
OPEB Trust	-	5,159,309	-	-	-	5,159,309
	<u>\$ 107,912,349</u>	<u>\$ 5,316,078</u>	<u>\$ 4,909,678</u>	<u>\$ 93,315</u>	<u>\$ 149,674</u>	<u>\$ 118,381,094</u>

Statement of Net Position

Deposits and Investments

Cash and cash equivalents	\$ 107,912,349	\$ -	\$ 4,909,678	\$ 93,315	\$ 149,674	\$ 113,065,016
Fiduciary fund cash	-	5,316,078	-	-	-	5,316,078
	<u>\$ 107,912,349</u>	<u>\$ 5,316,078</u>	<u>\$ 4,909,678</u>	<u>\$ 93,315</u>	<u>\$ 149,674</u>	<u>\$ 118,381,094</u>

Fair Value

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The County has the following recurring fair value measurements as of June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments by Fair Value Level				
Municipal bonds	\$ -	\$ 1,950,585	\$ -	\$ 1,950,585
U.S. Government bonds	-	9,915,386	-	9,915,386
	<u>\$ -</u>	<u>\$ 11,865,971</u>	<u>\$ -</u>	<u>\$ 11,865,971</u>

The Component Unit – IDA owns 42.80% of CCAT Leveraged Lender, LLC. The capital account balance per the Schedule K-1 as of June 30, 2024 is \$3,753,639.

4 Receivables

Receivables at June 30, 2024 consist of the following:

	<u>Primary Government</u>			<u>Component Units</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>School Board</u>	<u>Industrial Development Authority</u>	<u>Henry-Martinsville Social Services</u>	<u>Custodial Funds</u>
Accounts Receivable						
Property taxes	\$ 4,897,175	\$ -	\$ -	\$ -	\$ -	\$ -
Business licenses	12,115	-	-	-	-	-
Meals taxes	123,282	-	-	-	-	-
Other miscellaneous	5,156,624	765	210,152	367,304	2,482	-
Total	10,189,196	765	210,152	367,304	2,482	-
Allowance for uncollectibles	(1,711,392)	-	-	-	-	-
Net Accounts Receivable	\$ 8,477,804	\$ 765	\$ 210,152	\$ 367,304	\$ 2,482	\$ -

Note: The Self-Insurance Fund receivable of \$1,273,791 is in Governmental Activities per GASB 34 for Exhibit 1.

5 Interfund Transfers

Interfund transfers for the year ended June 30, 2024 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
County of Henry, Virginia		
General Fund		
From General Fund to Central Dispatch Fund	\$ -	\$ 1,085,844
From General Fund to Special Construction	-	113,804
From General Fund to Children's Services Act Fund	-	1,702,961
Children's Services Act Fund		
From General Fund to Children's Services Act Fund	1,702,961	-
Special Construction Fund		
From General Fund to Special Construction Fund	113,804	-
Central Dispatch Fund		
From General Fund to Central Dispatch Fund	1,085,844	-
Total Governmental Funds	2,902,609	2,902,609
Total	\$ 2,902,609	\$ 2,902,609

Transfers between major governmental funds were primarily to support operations of the funds.

6 Transfer to Component Units/Transfer from Primary Government

Details of the primary government due to component units as of June 30, 2024 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
County of Henry, Virginia to Component Units		
Primary Government - County of Henry, Virginia		
To Component Unit - Social Services	\$ -	\$ 790,026
To Component Unit - Industrial Development Authority	-	2,014,167
To Component Unit - School Board	-	20,288,105
Component Unit - Social Services		
From Primary Government - County of Henry, Virginia	790,026	-
Component Unit - Industrial Development Authority		
From Primary Government - County of Henry, Virginia	2,014,167	-
Component Unit - School Board		
From Primary Government - County of Henry, Virginia	<u>20,288,105</u>	<u>-</u>
	<u><u>\$23,092,298</u></u>	<u><u>\$23,092,298</u></u>
Component Unit - School Board - Transfers		
School Fund		
From School to School Textbook Fund	\$ -	\$ 683,568
From School to School Cafeteria Fund	-	106,722
School Textbook Fund		
From School to School Textbook Fund	683,568	-
School Cafeteria Fund		
From School to School Cafeteria Fund	<u>106,722</u>	<u>-</u>
	<u><u>\$ 790,290</u></u>	<u><u>\$ 790,290</u></u>

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7 Due from/to Other Funds

Details of the primary government interfund receivables and payables as of June 30, 2024 are as follows:

	<u>Due From</u>	<u>Due To</u>
County of Henry, Virginia		
Governmental Funds		
General Fund to Philpott Marina	\$ -	\$ 290,684
Children's Services Act Fund to General Fund	321,604	321,604
E-911 Central Dispatch Fund to General Fund	578,835	578,835
Law Library Fund from General Fund	53,034	53,034
Special Grant Projects Fund from General Fund	<u>317,438</u>	<u>317,438</u>
	1,270,911	1,561,595
Proprietary Funds		
Philpott Marina from General Fund	<u>290,684</u>	-
Totals	<u>\$ 1,561,595</u>	<u>\$ 1,561,595</u>
Primary Government and Component Units - Interfund Accounts		
Primary Government		
Due to Industrial Development Authority from County	\$ -	\$ 1,636,222
Due to Industrial Site Project from County	-	56,416
Due to School Cafeteria Fund from County	-	4,895
Due to School Fund from County	-	5,738,514
Due from Social Services to County	<u>1,083,657</u>	-
Total	<u>1,083,657</u>	7,436,047
Net Due from Component Units to Primary Government	(6,352,390)	
Component Unit - Industrial Development Authority		
Due to Industrial Development Authority from County	1,636,222	-
Due to Industrial Site Project from County	<u>56,416</u>	-
Total	<u>1,692,638</u>	-
Net Due from Primary Government to Component Unit IDA	1,692,638	
Component Unit - Social Services		
Due from Social Services to County	-	<u>1,083,657</u>
Total	-	<u>1,083,657</u>
Net Due to Primary Government from Component Unit Social Services		1,083,657
Component Unit - School Board		
Due to School Cafeteria Fund from County	4,895	-
Due to School Fund from County	5,738,514	-
Due from Textbook Fund to County	<u>-</u>	-
Total	5,743,409	-
Net Due to Primary Government from Component Unit School Board		<u>(5,743,409)</u>
Total Net Due from/to Primary Government and Component Units	<u>\$ (4,659,752)</u>	<u>\$ (4,659,752)</u>

8 Due from Other Governmental Units

Details of the County's receivables from other governmental units, as of June 30, 2024, are as follows:

	<u>Governmental Activities</u>	<u>School Board</u>	<u>Henry- Martinsville Social Services</u>	<u>IDA</u>
Commonwealth of Virginia				
State and local sales taxes	\$ 2,084,738	\$ 1,509,488	\$ -	\$ -
Communications tax	238,149	-	-	-
Auto rental tax	5,428	-	-	-
Compensation Board	1,062,641	-	-	-
Children's services	998,549	-	-	-
911 funds	57,272	-	-	-
Community development grants	5,594	-	-	-
Victim witness	6,516	-	-	-
Hazard mitigation	77,563	-	-	-
Mobile home titling tax	45,272	-	-	-
Other reimbursements	24,807	1,364	-	1,116,555
Public assistance	-	-	250,902	-
	<u>4,606,529</u>	<u>1,510,852</u>	<u>250,902</u>	<u>1,116,555</u>
Federal Government				
Title VIB Flow-Through	-	700,815	-	-
Title VI Rural and Low Income	-	70,721	-	-
Preschool Handicapped	-	19,804	-	-
Title I	-	1,101,691	-	-
Title II	-	51,611	-	-
Title III	-	39,346	-	-
Title IV	-	109,953	-	-
School food program	-	229,905	-	-
CTE federal payments - Carl Perkins	-	62,592	-	-
ESSER/GEER	-	1,890,027	-	-
Law enforcement	67,414	-	-	-
Community development grants	696,741	-	-	-
Victim witness	13,694	-	-	-
Hazard mitigation	698,069	-	-	-
Public assistance	-	-	413,908	-
Other reimbursements	<u>35,055</u>	<u>155,551</u>	<u>-</u>	<u>24,981</u>
	<u>1,510,973</u>	<u>4,432,016</u>	<u>413,908</u>	<u>24,981</u>
Other Governmental Entities				
City of Martinsville, VA	<u>573,841</u>	<u>-</u>	<u>331,973</u>	<u>-</u>
	<u>\$ 6,691,343</u>	<u>\$ 5,942,868</u>	<u>\$ 996,783</u>	<u>\$ 1,141,536</u>

9 Capital Assets

The following is a summary of changes in capital assets:

Governmental Activities

	Balance July 1, 2023	Increases	Decreases	Transfers	Balance June 30, 2024
Capital Assets Not Being Depreciated					
Land	\$ 3,370,814	\$ 984,983	\$ -	\$ -	\$ 4,355,797
Construction-in-progress	<u>1,337,293</u>	<u>2,166,920</u>	<u>397,296</u>	<u>-</u>	<u>3,106,917</u>
Total Capital Assets Not Being Depreciated	4,708,107	3,151,903	397,296	-	7,462,714
Capital Assets, Depreciable					
Land improvements	6,672,732	3,007,195	-	-	9,679,927
Buildings and improvements	93,557,828	4,677,022	21,566	-	98,213,284
Furniture, equipment, and vehicles	<u>23,371,971</u>	<u>2,905,976</u>	<u>481,712</u>	<u>-</u>	<u>25,796,235</u>
Total Capital Assets - Depreciable	123,602,531	10,590,193	503,278	-	133,689,446
Less: Accumulated depreciation for					
Land improvements	783,571	217,860	-	-	1,001,431
Buildings and improvements	18,170,968	2,449,596	1,975	-	20,618,589
Furniture, equipment, and vehicles	<u>18,650,185</u>	<u>1,615,243</u>	<u>419,088</u>	<u>-</u>	<u>19,846,340</u>
Total Accumulated Depreciation	<u>37,604,724</u>	<u>4,282,699</u>	<u>421,063</u>	<u>-</u>	<u>41,466,360</u>
Other Capital Assets, Net	<u>85,997,807</u>	<u>6,307,494</u>	<u>82,215</u>	<u>-</u>	<u>92,223,086</u>
Net Capital Assets before Allocation from School	<u>\$90,705,914</u>	<u>\$ 9,459,397</u>	<u>\$ 479,511</u>	<u>\$ -</u>	<u>99,685,800</u>
Add: Net school buildings allocated to County with outstanding debt					<u>29,933,071</u>
Net Capital Assets					<u>\$ 129,618,871</u>

Depreciation expense was allocated as follows:

General government administration	\$ 297,602
Judicial administration	269,932
Public safety	3,023,596
Public works	126,163
Health and welfare	33,006
Parks, recreation, and cultural	<u>532,400</u>
Total Depreciation Expense	<u>\$ 4,282,699</u>

Governmental Activities

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Lease Assets				
Equipment	\$ 374,067	\$ -	\$ -	\$ 374,067
Less: accumulated amortization for				
Equipment	<u>249,378</u>	<u>124,689</u>	<u>-</u>	<u>374,067</u>
Lease Assets, Net	<u>\$ 124,689</u>	<u>\$ (124,689)</u>	<u>\$ -</u>	<u>\$ -</u>

**Amortization
Expense**

Public safety	<u>\$ 124,689</u>
Total	<u>\$ 124,689</u>

Governmental Activities

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
SBITA Assets				
Software arrangements	\$ 6,761	\$ -	\$ -	\$ 6,761
Less: accumulated amortization for				
Software arrangements	<u>1,690</u>	<u>1,690</u>	<u>-</u>	<u>3,380</u>
SBITA Assets, Net	<u>\$ 5,071</u>	<u>\$ (1,690)</u>	<u>\$ -</u>	<u>\$ 3,381</u>

**Amortization
Expense**

Public works	<u>\$ 1,690</u>
Total	<u>\$ 1,690</u>

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Business-Type Activities

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Capital Assets Not Being Depreciated				
Land	\$ -	\$ -	\$ -	\$ -
Total Capital Assets Not Being Depreciated	-	-	-	-
Capital Assets, Depreciable				
Land improvements	90,468	-	-	90,468
Buildings and improvements	1,390,505	-	-	1,390,505
Furniture, equipment, and vehicles	201,534	-	-	201,534
Total Capital Assets - Depreciable	1,682,507	-	-	1,682,507
Less: Accumulated depreciation for				
Land improvements	29,967	5,589	-	35,556
Buildings and improvements	395,971	49,126	-	445,097
Furniture, equipment, and vehicles	165,929	15,581	-	181,510
Total Accumulated Depreciation	591,867	70,296	-	662,163
Other Capital Assets, Net	1,090,640	(70,296)	-	1,020,344
Net Capital Assets	\$ 1,090,640	\$ (70,296)	\$ -	\$ 1,020,344
Depreciation expense was allocated as follows:				
Marina expenses	\$ 70,296			
Total Depreciation Expense	\$ 70,296			

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Component Unit - School Board

	Balance July 1, 2023	Increases	Decreases	Transfers	Balance June 30, 2024
Capital Assets Not Being Depreciated					
Land	\$ 1,062,127	\$ -	\$ -	\$ -	\$ 1,062,127
Construction in progress - school renovations	<u>6,138,248</u>	<u>9,557,863</u>	<u>-</u>	<u>-</u>	<u>15,696,111</u>
Total Capital Assets Not Being Depreciated	7,200,375	9,557,863	-	-	16,758,238
Capital Assets, Depreciable					
Land improvements	315,500	-	-	-	315,500
Buildings and improvements	115,766,303	412,075	-	-	116,178,378
Furniture, equipment, and vehicles	<u>16,601,552</u>	<u>1,854,260</u>	<u>-</u>	<u>-</u>	<u>18,455,812</u>
Total Capital Assets, Depreciable	132,683,355	2,266,335	-	-	134,949,690
Less: Accumulated depreciation for					
Land improvements	34,663	6,833	-	-	41,496
Buildings and improvements	52,526,291	2,562,646	-	-	55,088,937
Furniture, equipment, and vehicles	<u>12,821,590</u>	<u>1,000,694</u>	<u>-</u>	<u>-</u>	<u>13,822,284</u>
Total Accumulated Depreciation	<u>65,382,544</u>	<u>3,570,173</u>	<u>-</u>	<u>-</u>	<u>68,952,717</u>
Other Capital Assets, Net	<u>67,300,811</u>	<u>(1,303,838)</u>	<u>-</u>	<u>-</u>	<u>65,996,973</u>
Net Capital Assets before Allocation to County	<u>\$ 74,501,186</u>	<u>\$ 8,254,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>82,755,211</u>
Less: Net school buildings allocated to County with outstanding debt					<u>(29,933,071)</u>
Net Capital Assets					<u>\$ 52,822,140</u>

School Board Component Unit

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
SBITA Assets				
Software arrangements	\$ 195,741	\$ -	\$ -	\$ 195,741
Less: accumulated amortization for				
Software arrangements	<u>92,205</u>	<u>93,606</u>	<u>-</u>	<u>185,811</u>
SBITA Assets, Net	<u>\$ 103,536</u>	<u>\$ (93,606)</u>	<u>\$ -</u>	<u>\$ 9,930</u>
	<u>Amortization Expense</u>			
Education	<u>\$ 93,606</u>			
Total	<u>\$ 93,606</u>			

Component Unit - IDA

	Balance July 1, 2023	Increases	Transfer to Henry County/ Decreases	Balance June 30, 2024
Capital Assets - Depreciable				
Equipment	\$ 6,305	\$ -	\$ -	\$ 6,305
Total Capital Assets - Depreciable	6,305	-	-	6,305
Less: Accumulated depreciation for				
Equipment	6,305	-	-	6,305
Total Accumulated Depreciation	6,305	-	-	6,305
Net Capital Assets	\$ -	\$ -	\$ -	\$ -

Component Unit - Henry-Martinsville Social Services

	Balance July 1, 2023	Increases	Transfer to Henry County/ Decreases	Balance June 30, 2024
Other Capital Assets				
Machinery and equipment	\$ 410,925	\$ 31,338	\$ 17,912	\$ 424,351
Total Other Capital Assets	410,925	31,338	17,912	424,351
Less: Accumulated depreciation for				
Machinery and equipment	306,004	36,964	17,912	325,056
Total Accumulated Depreciation	306,004	36,964	17,912	325,056
Other Capital Assets, Net	104,921	(5,626)	-	99,295
Net Capital Assets	\$ 104,921	\$ (5,626)	\$ -	\$ 99,295

10 Compensated Absences

County employees earn vacation based on length of service and sick leave at the rate of one day per month. Twenty-five percent of the amount for unused sick leave is paid for upon termination. All accumulated unused vacation is paid upon termination.

11 Long-Term Debt

A. Long-term Debt Payable

The schedule below represents long-term debt payable at June 30, 2024:

Primary Government

Description	Original Issue	Next Annual Amount	Interest Rate %	Maturity	Outstanding June 30, 2024
Va. Public School Authority Bonds - 2007B	\$ 2,711,471	\$ 157,636	5.10	2028	\$ 659,481
Va. Public School Authority Bonds - 2006	6,009,728	352,236	4.60-5.10	2027	1,083,388
Va. Public School Authority Bonds - 2005	2,342,487	144,191	4.60-5.10	2026	292,285
VML/VACO Moral Obligation Refunding Bond - 2021	1,120,500	120,530	1.75	2030	761,966
VPSA QSCB Recovery Act Bonds - 2011	3,400,000	279,367	0.00	2027	838,099
Va. Public School Authority Bonds - 2021A	14,625,000	825,000	2.05-5.05	2036	12,310,000
Lease Revenue Bonds - 2018	60,615,000	-	3.62-5.00	2051	60,615,000
Lease Revenue Bonds - 2019A	5,785,000	110,000	3.00-5.00	2051	5,470,000
Grant Revenue Anticipation Notes - 2019B	19,515,000	-	2.00	2024	-
					\$ 82,030,219

B. Governmental Obligation

The following table is a summary of the changes in long-term liabilities that are recorded in the Statement of Net Position for the year ended June 30, 2024:

Primary Government

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
Lease Revenue bonds	\$ 66,195,000	\$ -	\$ 110,000	\$ 66,085,000	\$ 110,000
Grant Revenue Anticipation notes	19,515,000	-	19,515,000	-	-
Subtotal - County	85,710,000	-	19,625,000	66,085,000	110,000
General obligation bonds	16,870,448	-	1,687,195	15,183,253	1,758,430
Moral obligation bonds	884,415	-	122,449	761,966	120,530
Subtotal - School-related debt	17,754,863	-	1,809,644	15,945,219	1,878,960
Subtotal - County and school	103,464,863	-	21,434,644	82,030,219	1,988,960
Add: Bond premiums	3,064,344	-	252,331	2,812,013	229,064
Less: Bond discounts	(592,143)	-	(21,664)	(570,479)	21,664
Subtotal after premiums and discounts	105,937,064	-	21,665,311	84,271,753	2,239,688
Landfill closure monitoring	297,689	-	297,689	-	-
Compensated absences	3,186,617	2,317,578	2,136,614	3,367,581	336,758
	<u>\$ 109,421,370</u>	<u>\$ 2,317,578</u>	<u>\$ 24,099,614</u>	<u>\$ 87,639,334</u>	<u>\$ 2,576,446</u>

Compensated absences expenses are allocated by department and by fund. The change in compensated absences for the Statement of Activities is charged to general government.

Debt service on the preceding long-term debt in future years is as follows:

Primary Government

<u>Fiscal Year Ending June 30,</u>	<u>Grant Anticipation Notes/ Lease Revenue Bonds County</u>		<u>General Obligation Bonds School Board</u>		<u>Moral Obligation Bonds School Board</u>		<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 110,000	\$ 2,668,231	\$ 1,758,430	\$ 585,061	\$ 120,530	\$ 13,334	\$ 1,988,960	\$ 3,266,626
2026	115,000	2,663,731	1,830,672	510,766	123,578	11,225	2,069,250	3,185,722
2027	355,000	2,653,156	1,666,796	438,459	126,084	9,063	2,147,880	3,100,678
2028	635,000	2,629,631	1,067,355	377,224	128,440	6,856	1,830,795	3,013,711
2029	845,000	2,593,256	935,000	326,621	130,643	4,608	1,910,643	2,924,485
2030-2034	5,515,000	12,262,631	5,450,000	881,527	132,691	2,322	11,097,691	13,146,480
2035-2039	11,290,000	10,746,569	2,475,000	57,196	-	-	13,765,000	10,803,765
2040-2044	16,990,000	7,802,106	-	-	-	-	16,990,000	7,802,106
2045-2049	20,705,000	4,086,700	-	-	-	-	20,705,000	4,086,700
2050-2051	9,525,000	390,122	-	-	-	-	9,525,000	390,122
	<u>\$ 66,085,000</u>	<u>\$ 48,496,133</u>	<u>\$ 15,183,253</u>	<u>\$ 3,176,854</u>	<u>\$ 761,966</u>	<u>\$ 47,408</u>	<u>\$ 82,030,219</u>	<u>\$ 51,720,395</u>

C. Component Units

Following is a summary of the changes in long-term liabilities that are recorded in the component units for the year ended June 30, 2024:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
School Board					
Compensated absences	\$ 861,428	\$ 602,999	\$ 520,958	\$ 943,469	\$ 94,347
Total	\$ 861,428	\$ 602,999	\$ 520,958	\$ 943,469	\$ 94,347
Henry-Martinsville Social Services					
Compensated absences	\$ 567,007	\$ 327,118	\$ 285,931	\$ 608,194	\$ 60,819
Total	\$ 567,007	\$ 327,118	\$ 285,931	\$ 608,194	\$ 60,819

12 Leases

County as Lessor

The County has entered into an agreement as lessor for various cellular towers. The lease agreements are summarized as follows:

<u>Property Description</u>	<u>Original Date</u>	<u>Renewal Payment Terms</u>	<u>Next Payment Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2024</u>
6445 Fairystone Park Highway (AT&T)	7/1/12	5 years	\$ 32,507	4.00%	\$ 94,460
6445 Fairystone Park Highway (US Cellular)	9/1/10	38 months	32,672	4.00%	37,181
Route 781, Chestnut Knob (American Towers)	5/1/94	142 months	17,302	4.00%	140,470
Chestnut Knob (GSC Electronics and Communications)	8/1/00	37 months	9,332	4.00%	9,877
Chestnut Knob (US Cellular)	4/1/96	45 months	6,058	4.00%	10,222
1450 Axton School Road (Verizon)	7/1/08	5 years	32,247	4.00%	124,296
6445 Fairystone Park Highway (Verizon)	4/1/08	5 years	31,041	4.00%	112,220
1024 Dupont Road (PRCJTA)	8/29/06	20 years	63,012	4.00%	178,291
Totals					\$ 707,017

Remaining amounts to be received associated with these leases are as follows:

<u>Fiscal Year</u>	<u>Receivable Received</u>	<u>Interest Income</u>	<u>Total</u>
2025	\$ 198,482	\$ 25,689	\$ 224,171
2026	172,858	18,152	191,010
2027	173,060	11,428	184,488
2028	72,734	5,055	77,789
2029	13,960	3,341	17,301
2030-2034	75,923	7,702	83,625
	<u>\$ 707,017</u>	<u>\$ 71,367</u>	<u>\$ 778,384</u>

Lease-Related Revenue **Year Ending
June 30, 2024**

Lease revenue	\$ 186,401
Interest revenue	<u>32,793</u>

Total \$ 219,194

Component Unit – IDA as Lessor

The IDA has entered into an agreement as lessor for 2 acres of land. The lease agreement is summarized as follows:

<u>Property Description</u>	<u>Original Date</u>	<u>Renewal Payment Terms</u>	<u>Next Payment Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2024</u>
2 acres land at CCBC	12/1/2023	2 years	\$ 12,000	4.00%	\$ <u>16,500</u>
Totals					\$ <u>16,500</u>

Remaining amounts to be received associated with the lease are as follows:

<u>Fiscal Year</u>	<u>Receivable Received</u>	<u>Interest Income</u>	<u>Total</u>
2025	\$ 11,550	\$ 450	\$ 12,000
2026	<u>4,950</u>	<u>50</u>	<u>5,000</u>
	<u>\$ 16,500</u>	<u>\$ 500</u>	<u>\$ 17,000</u>

Lease-Related Revenue **Year Ending
June 30, 2024**

Lease revenue	\$ 6,604
Interest revenue	<u>396</u>

Total \$ 7,000

County as Lessee

Lease agreements resulting in lease liabilities are summarized as follows:

<u>Description</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2024</u>
E911 Console System - GCS Electronics & Communications	7/1/2018	72 months	\$ 11,007	4.00%	\$ -
					\$ -
	<u>Balance July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
Lease Liabilities	\$ 129,269	\$ -	\$ 129,269	\$ -	\$ -

<u>Lease Expense</u>	<u>Year Ending June 30, 2024</u>
Amortization expense by class of underlying asset	
Equipment	\$ 124,689
Interest on lease liabilities	2,818
Total	<u>\$ 127,507</u>

Remaining principal and interest payments on leases are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

13 Subscription-Based Information Technology Arrangements

Subscription-Based Information Technology Arrangements (SBITA) liabilities for the County are summarized as follows:

Governmental Activities

<u>Description</u>	<u>Date</u>	<u>Subscription Terms</u>	<u>Next Annual Payment Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2024</u>
Coencorp Fuel Software	7/1/2022	4 years	\$1,791	4.00%	\$ 3,378

Future subscription payments under SBITA agreements are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Subscriptions Interest</u>	<u>Total</u>
2025	\$ 1,656	\$ 135	\$ 1,791
2026	<u>1,722</u>	<u>69</u>	<u>1,791</u>
	<u>\$ 3,378</u>	<u>\$ 204</u>	<u>\$ 3,582</u>

Amortization expense by class of underlying asset is as follows:

	<u>Year Ending June 30, 2024</u>
Software	<u>\$ 1,690</u>
Total	<u>\$ 1,690</u>

Summary of changes in SBITA agreements is as follows:

	<u>Balance July 1, 2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
Subscriptions	\$ 4,970	\$ -	\$ 1,592	\$ 3,378	\$ 1,656

Subscription-Based Information Technology Arrangements (SBITA) liabilities for the Component Unit – School Board are summarized as follows:

Component Unit School Board

<u>Description</u>	<u>Date</u>	<u>Subscription Terms</u>	<u>Next Annual Payment Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2024</u>
IXL	8/16/2021	3 years	-	4.00%	\$ -
					<u>\$ -</u>

Future subscription payments under SBITA agreements are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Subscriptions Interest</u>	<u>Total</u>
2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Amortization expense by class of underlying asset is as follows:

	<u>Year Ending June 30, 2024</u>
Software	<u>\$ 93,606</u>
Total	<u>\$ 93,606</u>

Summary of changes in SBITA agreements is as follows:

	<u>Balance July 1, 2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
Subscriptions	\$ 54,373	\$ -	\$ 54,373	\$ -	\$ -

14 Net Investment in Capital Assets

The "net investment in capital assets" amount reported on the government-wide Statement of Net Position as of June 30, 2024 is determined as follows:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>School Board</u>	<u>Industrial Development Authority</u>	<u>Social Services</u>
Net Investment in Capital Assets					
Capital Assets					
Cost of capital assets	\$ 171,085,231	\$ 1,682,507	\$ 121,774,857	\$ 6,305	\$ 424,351
Less: Accumulated depreciation	<u>(41,466,360)</u>	<u>(662,163)</u>	<u>(68,952,717)</u>	<u>(6,305)</u>	<u>(325,056)</u>
Book value	129,618,871	1,020,344	52,822,140	-	99,295
Lease Assets					
Cost of lease assets	374,067	-	-	-	-
Less: Accumulated amortization	<u>(374,067)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Book value	-	-	-	-	-
SBITA Assets					
Cost of SBITA assets	6,761	-	195,741	-	-
Less: Accumulated amortization	<u>(3,380)</u>	<u>-</u>	<u>(185,811)</u>	<u>-</u>	<u>-</u>
Book value	3,381	-	9,930	-	-
Less: Capital related debt	(82,030,219)	-	-	-	-
Less: Lease liabilities	-	-	-	-	-
Less: Subscription liabilities	(3,378)	-	-	-	-
Less: Bond premiums	(2,812,013)	-	-	-	-
Add: Bond discounts	<u>570,479</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Investment in Capital Assets	<u>\$ 45,347,121</u>	<u>\$ 1,020,344</u>	<u>\$ 52,832,070</u>	<u>\$ -</u>	<u>\$ 99,295</u>

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15 Deferred Inflows of Resources

Deferred inflows of resources from unavailable property taxes and other local taxes and licenses are comprised of the following:

Governmental Funds	
Delinquent taxes not collected within 60 days	\$ 2,889,284
Lease receivables	651,223
Opioid settlement	1,876,840
Other liabilities	95,969
Delinquent business licenses	12,115
Delinquent meals taxes	<u>123,282</u>
Total Deferred Inflows of Resources - Governmental Funds	<u>\$ 5,648,713</u>
Governmental Activities - Primary Government	
Deferred inflows for OPEB	\$ 421,093
Deferred inflows for pension liability	2,288,205
Deferred inflows for leases	<u>651,223</u>
Total Deferred Inflows of Resources - Governmental Activities	<u>\$ 3,360,521</u>
School Board - Fund Basis	
Held for scholarships	\$ 47,976
	<u>\$ 47,976</u>
School Board - Component Unit - Governmental Activities	
Held for scholarships	\$ 47,976
Deferred inflows for OPEB	1,738,508
Deferred inflows for pension liability	<u>5,648,683</u>
	<u>\$ 7,435,167</u>
Henry-Martinsville Social Services	
Deferred inflows for OPEB	\$ 82,276
Deferred inflows for pension liability	<u>572,051</u>
	<u>\$ 654,327</u>
IDA - Component Unit	
Lease receivables	<u>\$ 16,366</u>

16 Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County joined together with other local governments in Virginia to form the Virginia Risk Sharing Association and Virginia Association of Counties Group Self-Insurance Risk Pool, both public entity risk pools currently operating as a common risk management and insurance program for participating local governments. In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of loss, including employee dishonesty and employee health and accident insurance. The component units carry commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Surety Bond coverage is as follows:

Treasurer	\$ 750,000
Commissioner of Revenue	3,000
Clerk of Circuit Court	124,000
Sheriff	30,000
Employees of above officers - blanket bond	1,000,000
County Administrator	1,000,000
Employees of County and Board members - blanket bond	1,000,000
Clerk of the School Board	10,000
Director of Public Welfare	100,000
Employees of Social Services - blanket bond	100,000

17 Commitments and Contingencies

Federal programs in which the County and all discretely presented component units participate were audited 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). Pursuant to the requirements of the Uniform Guidance, all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by the 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 disallowance of current grant program expenditures, if any, would be immaterial.

18 Litigation

At June 30, 2024, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decisions or pending matters not be favorable to such entities.

19 Performance Agreements

The County has signed performance agreements with various companies that have located within the County. As part of many of these agreements, the County has agreed to pay cash incentives to the companies. As of June 30, 2024, the County had a commitment of \$1,000,000 from County funds to a local company contingent on the company meeting certain capital investment and new job creation amounts.

20 Legal Compliance

The Virginia Public Finance Act contains state law for issuance of long-term and short-term debt. The Act states, in part, that no municipality may issue bonds or other interest-bearing obligations, including existing indebtedness, which will at any time exceed ten percent of the assessed valuation on real estate as shown by the last preceding assessment for taxes. Short-term revenue anticipation bonds/notes, general obligation bonds approved in a referendum, revenue bonds, and contract obligations for publically owned or regional projects should not be included in the debt limitation.

Computation of Legal Debt Margin

Total Assessed Value of Taxed Real Property	<u>\$ 3,028,313,514</u>
Debt Limits per Constitution of Virginia - 10% Assessed Value	\$ 302,831,351
<i>Amount of Debt Applicable to Debt Limit</i>	
Gross Debt	<u>82,030,219</u>
Legal Debt Margin - June 30, 2024	<u>\$ 220,801,132</u>

Note: Includes all long-term general obligation bonded debt and Literary Fund Loans. Excludes capital leases, landfill closure, and compensated absences.

21 Appropriation to School from General Fund

Following is a summary of adjustments made to the local school appropriation when converting from fund financial statements to government-wide financial statements:

	<u>School Board</u>
Appropriation from General Fund	\$ 20,288,105
Net fixed asset and depreciation adjustment on the school buildings still owned by the County until the debt is paid off	1,007,269
Adjustment for the net allocation of internal service self-insurance fund services and costs	(538,319)
Adjustment for long-term debt paid by School on buildings owned by the County until the debt is paid off	<u>(2,650,581)</u>
Appropriation to School Fund per Government-Wide Statements	<u>\$ 18,106,474</u>

22 Pension Plan

Plan Description

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

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

RETIREMENT PLAN PROVISIONS

PLAN 1

About Plan 1

Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.

Eligible Members

Members are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.

Hybrid Opt-In Election

VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.

PLAN 2

About Plan 2

Same as Plan 1.

Eligible Members

Members are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
Teachers: Members are in Plan 2 if their membership date is from July 1, 2010, to December 31, 2013, and they have not taken a refund. Members are covered under Plan 2 if they have a membership date prior to July 1, 2010, and they were not vested before January 1, 2013.

Hybrid Opt-In Election

Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.

HYBRID RETIREMENT PLAN

About the Hybrid Retirement Plan

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.

- The defined benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.

- The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

- In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

Eligible Members

Members are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- Political subdivision employees*
- School division employees
- Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 - April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

**Non-Eligible Members*

Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

PLAN 1

Retirement Contributions

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

Service Credit

Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Vesting

Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

PLAN 2

Retirement Contributions

Same as Plan 1.

Service Credit

Same as Plan 1.

Vesting

Same as Plan 1.

HYBRID RETIREMENT PLAN

Retirement Contributions

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

Service Credit

Defined Benefit Component:

Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contributions Component:

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

Vesting

Defined Benefit Component:

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

Defined Contributions Component:

Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

PLAN 1

Calculating the Benefit

The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

Average Final Compensation

A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

Service Retirement Multiplier

VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.

Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.

Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.

PLAN 2

Calculating the Benefit

See definition under Plan 1.

Average Final Compensation

A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

Service Retirement Multiplier

VRS: Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased, or granted on or after January 1, 2013.

Sheriffs and regional jail superintendents: Same as Plan 1.

Political subdivision hazardous duty employees: Same as Plan 1.

HYBRID RETIREMENT PLAN

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

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

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

Calculating the Benefit

Defined Benefit Component:

See definition under Plan 1.

Defined Contribution Component:

The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

Average Final Compensation

Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

Service Retirement Multiplier

Defined Benefit Component:

VRS: The retirement multiplier for the defined benefit component is 1.00%.

For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Sheriffs and regional jail superintendents: Not applicable.

Political subdivision hazardous duty employees: Not applicable.

Defined Contribution Component

Not applicable.

<u>PLAN 1</u> <i>Normal Retirement Age</i> VRS: Age 65.	<u>PLAN 2</u> <i>Normal Retirement Age</i> VRS: Normal Social Security retirement age.	<u>HYBRID RETIREMENT PLAN</u> <i>Normal Retirement Age</i> Defined Benefit Component: VRS: Same as Plan 2.
Political subdivisions hazardous duty employees: Age 60.	Political subdivisions hazardous duty employees: Same as Plan 1.	Political subdivisions hazardous duty employees: Not applicable.
<i>Earliest Unreduced Retirement Eligibility</i> VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.	<i>Earliest Unreduced Retirement Eligibility</i> VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equal 90.	<i>Earliest Unreduced Retirement Eligibility</i> Defined Benefit Component: VRS: Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90.
Political subdivisions hazardous duty employees: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.	Political subdivisions hazardous duty employees: Same as Plan 1.	Political subdivisions hazardous duty employees: Not applicable.
<i>Earliest Reduced Retirement Eligibility</i> VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.	<i>Earliest Reduced Retirement Eligibility</i> VRS: Age 60 with at least five years (60 months) of service credit.	<i>Earliest Reduced Retirement Eligibility</i> Defined Benefit Component: VRS: Age 60 with at least five years (60 months) of service credit.
Political subdivisions hazardous duty employees: Age 50 with at least five years of service credit.	Political subdivisions hazardous duty employees: Same as Plan 1.	Political subdivisions hazardous duty employees: Not applicable.
<i>Cost-of-Living Adjustment (COLA) in Retirement</i> The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.	<i>Cost-of-Living Adjustment (COLA) in Retirement</i> The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.	<i>Cost-of-Living Adjustment (COLA) in Retirement</i> Defined Benefit Component: Same as Plan 2
Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	Eligibility: Same as Plan 1	Eligibility: Same as Plan 1 and Plan 2

PLAN 1

Exceptions to COLA Effective Dates:

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

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

Disability Coverage

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted.

Purchase of Prior Service

Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts towards vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.

PLAN 2

Exceptions to COLA Effective Dates:

Same as Plan 1

Disability Coverage

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased, or granted.

Purchase of Prior Service

Same as Plan 1

HYBRID RETIREMENT PLAN

Exceptions to COLA Effective Dates:

Same as Plan 1 and Plan 2

Disability Coverage

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

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

Purchase of Prior Service

Defined Benefit Component:

Same as Plan 1, with the following exceptions:

- Hybrid Retirement Plan members are ineligible for ported service.

Defined Contribution Component:

Not applicable

Employees Covered by Benefit Terms

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

	Primary Government - County	School Board - General Employees
	<u>Number</u>	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	346	228
Inactive members:		
Vested inactive members	74	21
Non-vested inactive members	125	45
LTD	0	0
Inactive members active elsewhere in VRS	<u>149</u>	<u>51</u>
Total inactive members	348	117
Active members	<u>479</u>	<u>162</u>
Total covered employees	<u>1173</u>	<u>507</u>

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 and school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

If the employer used the certified rate: The County of Henry, Virginia's political subdivision contractually required contribution rate for the year ended June 30, 2024 was 13.01% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The County of Henry, Virginia school board – general employees' contribution rate was 8.10%.

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 of Henry, Virginia for the County employees were \$3,262,596 and \$3,048,566 for the years ended June 30, 2024 and June 30, 2023, respectively.

For the County of Henry, Virginia school board – general employees, employer contributions were \$280,768 and \$274,308 for the years ended June 30, 2024 and June 30, 2023, respectively.

Each school divisions - teachers contractually required contribution rate for the year ended June 30, 2024 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, which 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 of Henry, Virginia school division - teachers were \$7,446,326 and \$7,145,095 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$147.5 million to the VRS Teacher Employee Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a nonemployer contribution. The County of Henry, Virginia school division - teachers proportionate share is reflected in the fringe benefits line item of our financial statements.

Net Pension Liability

The net pension liability (NPL) 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. For County of Henry, Virginia, the net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022 rolled forward to the measurement date of June 30, 2023.

Net Pension Liability – Teacher Employee Retirement Plan

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

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

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

Actuarial Assumptions – General Employees and School Division - Teachers

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

	<u>General Employees</u>	<u>Teachers</u>
Inflation	2.50%	2.50%
Salary increases, including inflation	3.50% - 5.35%	3.50% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation	6.75%, net of pension plan investment expenses, including inflation

Political Subdivisions

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount rate	No change

School Divisions

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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

Long-Term Expected Rate of Return

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

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate 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, 2022, actuarial valuations, whichever was greater. Through the fiscal year ending June 30, 2023, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 112% of the actuarially determined contribution rate. From July 1, 2023 on, participating employers and school divisions are assumed to continue to contribute 100% and 112% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

Primary Government - County

(Includes Component Unit - Henry-Martinsville Social Services)

		Increase (Decrease)	
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2022	\$ 103,108,307	\$ 96,817,989	\$ 6,290,318
Changes for the Year			
Service cost	3,034,189	-	3,034,189
Interest	6,967,286	-	6,967,286
Benefit changes	-	-	-
Assumption changes	-	-	-
Differences between expected and actual experience	2,031,719	-	2,031,719
Contributions - employer	-	3,048,441	(3,048,441)
Contributions - employee	-	1,159,243	(1,159,243)
Net investment income	-	6,252,393	(6,252,393)
Benefit payments, including refunds of employee contributions	(5,846,893)	(5,846,893)	-
Administrative expenses	-	(62,202)	62,202
Other changes	-	2,510	(2,510)
Net Changes	6,186,301	4,553,492	1,632,809
Balances at June 30, 2023	\$ 109,294,608	\$ 101,371,481	\$ 7,923,127

NOTE: This Net Pension Liability is allocated between the Primary Government Henry County and the Component Unit Henry - Martinsville Social Services.

**Component Unit School Board -
General Employees**

		<u>Total Pension Liability (a)</u>	<u>Increase (Decrease) Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balances at June 30, 2022	\$	20,067,954	\$ 19,500,889	\$ 567,065
Changes for the Year				
Service cost		320,930	-	320,930
Interest		1,327,052	-	1,327,052
Benefit changes		-	-	-
Assumptions changes		-	-	-
Differences between expected and actual experience		(202,480)	-	(202,480)
Contributions - employer		-	166,012	(166,012)
Contributions - employee		-	145,050	(145,050)
Net investment income		-	1,216,737	(1,216,737)
Benefit payments, including refunds of employee contributions		(1,457,709)	(1,457,709)	-
Administrative expenses		-	(12,728)	12,728
Other changes		-	484	(484)
Net Changes		<u>(12,207)</u>	<u>57,846</u>	<u>(70,053)</u>
Balances at June 30, 2023	\$	<u>20,055,747</u>	\$ <u>19,558,735</u>	\$ <u>497,012</u>

***Sensitivity of the County of Henry, Virginia's and County of Henry, Virginia School Division's
– Teacher Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the County of Henry, Virginia and County of Henry, Virginia school division - teachers proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the County of Henry, Virginia and County of Henry, Virginia school division - teachers 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>1.00% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1.00% Increase (7.75%)</u>
Primary Government - County (includes Component Unit - Henry-Martinsville Social Services)			
Political subdivision's Net Pension Liability	<u>\$ 22,451,969</u>	<u>\$ 7,923,127</u>	<u>\$ (3,847,597)</u>
Component Unit School Board - General Employees			
	<u>\$ 2,394,803</u>	<u>\$ 497,012</u>	<u>\$ (1,156,593)</u>
School Division's Proportionate Share of the VRS Teacher Employee Retirement Plan			
Net Pension Liability	<u>\$ 81,143,689</u>	<u>\$ 45,775,530</u>	<u>\$ 16,699,995</u>

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

For the year ended June 30, 2024, the County of Henry, Virginia recognized pension expense of \$2,135,075.

For the year ended June 30, 2024, the County of Henry, Virginia school board - general employees recognized pension expense of \$(332,107).

At June 30, 2024, the County of Henry, Virginia school division - teachers reported a liability of \$45,775,530 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The County of Henry, Virginia school division - teachers' proportion of the Net Pension Liability was based on the County of Henry, Virginia school division - teachers actuarially determined employer contributions to the pension plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division - teachers' proportion was 0.45290% as compared to 0.44179% at June 30, 2022.

For the year ended June 30, 2024, the County of Henry, Virginia school division - teachers recognized pension expense of \$4,515,862. 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, 2023 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2024, the County of Henry, Virginia, County of Henry, Virginia school division – general employees and County of Henry, Virginia school division - teachers reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Primary Government - County (Includes Component Unit - Henry-Martinsville Social Services)		
Differences between expected and actual experience	\$ 1,509,426	\$ 1,332,772
Change in assumptions	538,340	-
Net difference between projected and actual earnings on pension plan investments	-	1,527,484
Employer contributions subsequent to the measurement date	<u>3,262,596</u>	<u>-</u>
Total - County and Social Services	<u>\$ 5,310,362</u>	<u>\$ 2,860,256</u>

Note: Amounts allocated between the Primary Government and the Component Unit – Henry- Martinsville Social Services.

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Component Unit School Board - General Employees		
Differences between expected and actual experience	\$ -	\$ 88,085
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	361,612
Employer contributions subsequent to the measurement date	<u>280,768</u>	<u>-</u>
Total	<u>\$ 280,768</u>	<u>\$ 449,697</u>

Component Unit School Board - Teachers

Differences between expected and actual experience	\$ 3,932,157	\$ 1,786,357
Change in assumptions	2,075,165	-
Net difference between projected and actual earnings on pension plan investments	-	2,976,333
Changes in proportion and differences between Employer contributions and proportionate share of contributions	929,152	436,296
Employer contributions subsequent to the measurement date	<u>7,446,326</u>	<u>-</u>
Total	<u>\$ 14,382,800</u>	<u>\$ 5,198,986</u>

\$3,262,596 for the County, \$280,768 for School Board General Employees and \$7,446,326 for the Teachers reported as deferred outflows of resources related to pensions resulting from the County of Henry, Virginia and the County of Henry, Virginia school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended
June 30,

**Primary Government -
County (Includes Component Unit -
Henry-Martinsville Social Services)**

2025	\$ (965,555)
2026	(1,743,083)
2027	1,851,053
2028	45,095
2029	-
Thereafter	-

**Year Ended
June 30,**

**Component Unit School Board -
General Employees**

2025	\$ (331,994)
2026	(411,560)
2027	281,765
2028	12,092
2029	-
Thereafter	-

**Component Unit School Board -
Teachers**

2025	\$ (779,529)
2026	(2,457,959)
2027	3,898,042
2028	1,076,934
2029	-
Thereafter	-

Pension Plan Fiduciary Net Position

Detailed information about the VRS Political Subdivision's and Teacher Retirement Plans' Fiduciary Net Position is available in the separately issued VRS 2023 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Payables to the Pension Plan

The political subdivision, school board general employees, and teachers recognize \$381,164, \$28,352, and \$930,692, respectively of payables to a pension plan outstanding at the end of the reporting period. This amount represents June 2024 legally required contributions to the pension plan due by July 10 per VRS reporting requirements.

Aggregate Pension Information

	Primary Government					Component Unit School Board				
	Deferred Outflows	Deferred Inflows	Net Pension Liability	Net Pension (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability	Net Pension (Asset)	Pension Expense
VRS Pension Plans										
Primary Government	\$ 5,310,362	\$ 2,860,256	\$ 7,923,127	\$ -	\$ 2,135,075	\$ -	\$ -	\$ -	\$ -	\$ -
School Board - General Employees	-	-	-	-	-	280,768	449,697	497,012	-	(332,107)
School Board - Teachers	-	-	-	-	-	14,382,800	5,198,986	45,775,530	-	4,515,862
Totals	<u>\$ 5,310,362</u>	<u>\$ 2,860,256</u>	<u>\$ 7,923,127</u>	<u>\$ -</u>	<u>\$ 2,135,075</u>	<u>\$ 14,663,568</u>	<u>\$ 5,648,683</u>	<u>\$ 46,272,542</u>	<u>\$ -</u>	<u>\$ 4,183,755</u>

23 Other Post-Employment Benefits - Group Life Insurance Program

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is 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 Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
Eligible Employees The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City Schools Board Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.
Benefit Amounts The benefits payable under the Group Life Insurance Program have several components. • <i>Natural Death Benefit:</i> The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • <i>Accidental Death Benefit:</i> The accidental death benefit is double the natural death benefit. • <i>Other Benefit Provisions:</i> In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: - Accidental dismemberment benefit - Safety belt benefit - Repatriation benefit - Felonious assault benefit - Accelerated death benefit option
Reduction in Benefit Amounts The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,254 as of June 30, 2024.

Contributions

The contribution requirements for the Group Life Insurance Program 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 Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee

component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the Group Life Insurance Program from the County were \$141,239 and \$131,046 for the years ended June 30, 2024 and June 30, 2023, respectively.

For the component unit school board – general employees, contributions to the Group Life Insurance Program were \$21,260 and \$20,807 for the years ended June 30, 2024 and June 30, 2023, respectively.

For the component unit school board – teacher, contributions to the Group Life Insurance Program were \$253,426 and \$242,574 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. Our proportionate share is reflected in the fringe benefits line item of our financial statements.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2024, the participating employer reported a liability of \$1,235,653 for the political subdivision, \$196,208 for the component unit school board – general employees, and \$2,287,211 for the component unit school board – teacher for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was .10303% for the political subdivision, .01636% for the school board – general employees, and .19071% for the school board – teacher as compared to .09417% for the political subdivision, .01632% for the component unit school board – general employees, and .18852% for the component unit school board – teacher at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expenses of \$93,799 for the political subdivision, \$4,069 for the component unit school board – general employees, and \$89,117 for component unit school board – teacher. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

Political Subdivision

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 123,411	\$ 37,508
Net difference between projected and actual earnings on GLI OPEB program investments	-	49,656
Change in assumptions	26,413	85,611
Changes in proportionate share	162,762	2,875
Employer contributions subsequent to the measurement date	141,239	-
Total	<u>\$ 453,825</u>	<u>\$ 175,650</u>

**Component Unit School Board
General Employees**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 19,596	\$ 5,956
Net difference between projected and actual earnings on GLI OPEB program investments	-	7,885
Change in assumptions	4,194	13,594
Changes in proportionate share	1,306	20,413
Employer contributions subsequent to the measurement date	<u>21,260</u>	<u>-</u>
Total	<u>\$ 46,356</u>	<u>\$ 47,848</u>

Component Unit School Board Teacher

Differences between expected and actual experience	\$ 228,436	\$ 69,429
Net difference between projected and actual earnings on GLI OPEB program investments	-	91,913
Change in assumptions	48,890	158,467
Changes in proportionate share	23,770	30,211
Employer contributions subsequent to the measurement date	<u>253,426</u>	<u>-</u>
Total	<u>\$ 554,522</u>	<u>\$ 350,020</u>

\$141,239 for the political subdivision, \$21,260 for school board – general employees, and \$253,426 for school board – teacher reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Political Subdivision

**Year Ended
June 30,**

2025	\$ 28,485
2026	(15,734)
2027	55,884
2028	37,646
2029	30,655
Thereafter	-

**Component Unit School Board
General Employees**

**Year Ended
June 30,**

2025	\$ (7,268)
2026	(12,716)
2027	(1,026)
2028	(3,761)
2029	2,019
Thereafter	-

**Component Unit School Board
Teacher**

**Year Ended
June 30,**

2025	\$ (25,810)
2026	(96,691)
2027	39,310
2028	7,132
2029	27,135
Thereafter	-

Actuarial Assumptions

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

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 year age and service 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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 3,907,052
Plan Fiduciary Net Position	<u>2,707,739</u>
GLI Net OPEB Liability (Asset)	<u>\$ 1,199,313</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	69.30%

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

Long-Term Expected Rate of Return

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

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

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

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

Discount Rate

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

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

The following presents the 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:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
State Agency's Proportionate Share of the Group Life Insurance Plan			
Net OPEB Liability - Political Subdivision	\$ 1,831,623	\$ 1,235,653	\$ 753,806
Net OPEB Liability - School Division	290,841	196,208	119,696
Net OPEB Liability - Teacher	3,390,361	2,287,211	1,395,307

Group Life Insurance Program Fiduciary Net Position

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

Payables to the VRS Group Life Insurance OPEB Plan

The political subdivision, school board general employees, and teachers recognize \$29,742, \$9,802, and \$60,953, respectively of payables to a group life insurance OPEB plan outstanding at the end of the reporting period. This amount represents June 2024 legally required contributions to the OPEB plan due by July 10 per VRS reporting requirements.

24 Other Post-Employment Benefits - Health Insurance Credit Program

Plan Description

All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision Health Insurance Credit Program upon employment. This plan is 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 health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the Political Subdivision Health Insurance Credit Program OPEB, including eligibility, coverage and benefits is set out in the table below:

POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS	
Eligible Employees	The Political Subdivision Retiree Health Insurance Credit Program was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.
Benefit Amounts	The political subdivision's Retiree Health Insurance Credit Program provides the following benefits for eligible employees: <i>At Retirement:</i> 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. <i>Disability Retirement:</i> 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.
Health Insurance Credit Program Notes:	- The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. - No health insurance credit for premiums paid and qualified under LODA, however, the employee may receive the credit for the 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 health insurance credit as a retiree.

Employees Covered by Benefit Terms

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

	Primary Government - County	School Board - General Employees
	<u>Number</u>	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	96	48
Inactive members:		
Vested inactive members	8	6
Non-vested inactive members	0	0
LTD	0	0
Inactive members active elsewhere in VRS	<u>58</u>	<u>53</u>
Total inactive members	66	59
Active members	<u>131</u>	<u>160</u>
Total covered employees	<u>293</u>	<u>267</u>

Contributions

The contribution requirement 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 of Henry, Virginia's contractually required employer contribution rate for the year ended June 30, 2024 was 0% of covered employee compensation and 1.29% for the component unit school board-general employees. 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 of Henry, Virginia to the Political Subdivision Health Insurance Credit Program were \$-0- and \$-0- for the years ended June 30, 2024 and June 30, 2023, respectively.

For the component unit school board – general employees, contributions to the Health Insurance Credit Program were \$50,725 and \$49,450 for the years ended June 30, 2024 and 2023, respectively.

Net HIC OPEB Liability

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

Actuarial Assumptions

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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-2021 Improvement Scale that is 75% of the MP-2020 rates

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 lognormal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

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

Discount Rate

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

Changes in Net HIC OPEB Liability:

Primary Government - County

(Includes Component Unit - Henry-Martinsville Social Services)

	<u>Increase (Decrease)</u>		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 336,851	\$ 365,342	\$ (28,491)
Changes for the Year			
Service cost	4,239	-	4,239
Interest	22,290	-	22,290
Benefit changes	-	-	-
Assumption changes	-	-	-
Differences between expected and actual experience	14,586	-	14,586
Contributions - employer	-	-	-
Net investment income	-	20,093	(20,093)
Benefit payments	(21,721)	(21,721)	-
Administrative expenses	-	(445)	445
Other changes	-	1,244	(1,244)
Net Changes	19,394	(829)	20,223
Balances at June 30, 2023	<u>\$ 356,245</u>	<u>\$ 364,513</u>	<u>\$ (8,268)</u>

**Component Unit School Board -
General Employees**

		<u>Total HIC OPEB Liability (a)</u>	<u>Increase (Decrease) Plan Fiduciary Net Position (b)</u>	<u>Net HIC OPEB Liability (Asset) (a) - (b)</u>
Balances at June 30, 2022	\$	577,441	\$ 52,462	\$ 524,979
Changes for the Year				
Service cost		3,361	-	3,361
Interest		38,447	-	38,447
Benefit changes		-	-	-
Assumption changes		-	-	-
Differences between expected and actual experience		(252,040)	-	(252,040)
Contributions - employer		-	48,753	(48,753)
Net investment income		-	4,350	(4,350)
Benefit payments		(22,431)	(22,431)	-
Administrative expenses		-	(112)	112
Other changes		-	16	(16)
Net Changes		<u>(232,663)</u>	<u>30,576</u>	<u>(263,239)</u>
Balances at June 30, 2023	\$	<u>344,778</u>	\$ <u>83,038</u>	\$ <u>261,740</u>

Sensitivity of the Political Subdivision Health Insurance Credit Net OPEB Liability to Changes in the Discount Rate

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

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Primary Government - County (includes Component Unit - Henry- Martinsville Social Services)			
Public Subdivision			
Net HIC OPEB Liability (Asset)	\$ 29,737	\$ (8,268)	\$ (40,405)
Component Unit School Board - General Employees			
Net HIC OPEB Liability (Asset)	\$ 293,442	\$ 261,740	\$ 234,429

Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Program OPEB

For the year ended June 30, 2024, the County of Henry, Virginia recognized Health Insurance Credit Program OPEB expense \$14,310 for the political subdivision and \$(30,847) for the component unit school board – general employees. At June 30, 2024, the County of Henry, Virginia reported deferred outflows of resources and deferred inflows of resources related to the County of Henry, Virginia's Health Insurance Credit Program from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Primary Government - County (Includes Component Unit - Henry-Martinsville Social Services)		
Differences between expected and actual experience	\$ 18,503	\$ 7,263
Change in assumptions	54,442	-
Net difference between projected and actual earnings on HIC OPEB program investments	-	3,127
Employer contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 72,945</u>	<u>\$ 10,390</u>
Component Unit School Board - General Employees		
Differences between expected and actual experience	\$ 1	\$ 176,463
Change in assumptions	27,701	-
Net difference between projected and actual earnings on HIC OPEB program investments	645	-
Employer contributions subsequent to the measurement date	<u>50,725</u>	<u>-</u>
Total	<u>\$ 79,072</u>	<u>\$ 176,463</u>

\$-0- for the political subdivision and \$50,725 for the component unit school board – general employees reported as deferred outflows of resources related to the HIC OPEB resulting from the County of Henry, Virginia’s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

**Year Ended
June 30,**

**Primary
Government -
County (Includes
Component Unit -
Henry-Martinsville
Social Services)**

2025	\$ 13,610
2026	10,889
2027	20,728
2028	12,296
2029	5,032
Thereafter	-

**Year Ended
June 30,**

**Component Unit
School Board -
General Employees**

2025	\$	(69,913)
2026		(78,933)
2027		714
2028		16
2029		-
Thereafter		-

Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2023 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Political Subdivision Health Insurance Credit Program OPEB Plan

The political subdivision and school board-general employees recognize \$-0- and \$13,149, respectively of payables to a health insurance credit program OPEB plan outstanding at the end of the reporting period. This amount represents the June 2024 legally required contributions to the OPEB plan due by July 10 per VRS reporting requirements.

25 Other Post-Employment Benefits - Teacher Employee Health Insurance Credit Program

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit Program. This plan is 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 health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information for the Teacher Health Insurance Credit Program OPEB, including eligibility, coverage, and benefits is set out in the table below:

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS

Eligible Employees

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

Eligible employees are enrolled automatically upon employment. They include:

- Full-time permanent (professional) salaried employees of public school divisions covered under VRS.

Benefit Amounts

The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:

- *At Retirement:* 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.
- *Disability Retirement:* 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.

Health Insurance Credit Program Notes:

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

Contributions

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2024 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County of Henry, Virginia school division to the VRS Teacher Employee Health Insurance Credit Program were \$567,826 and \$543,512 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$4.0 million to the VRS Teacher Health Insurance Credit Program. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution. The County of Henry, Virginia school division's proportionate share is reflected in the fringe benefits line items of our financial statements.

Teacher Employee Health Insurance Credit Program OPEB Liabilities, Teacher Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Teacher Employee Health Insurance Credit Program OPEB

At June 30, 2024, the County of Henry, Virginia's school division reported a liability of \$5,457,314 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2023 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The County of Henry, Virginia school

division's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the County of Henry, Virginia school division's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the County of Henry, Virginia school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was 0.45049% as compared to 0.43987% at June 30, 2022.

For the year ended June 30, 2024, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of \$406,868. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

At June 30, 2024, the County of Henry, Virginia school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 240,204
Change in assumptions	127,037	5,499
Net difference between projected and actual earnings on Teacher HIC OPEB program investments	2,739	-
Changes in proportionate share and differences between actual and expected contributions	115,064	102,128
Employer contributions subsequent to the measurement date	<u>567,826</u>	<u>-</u>
Total	<u>\$ 812,666</u>	<u>\$ 347,831</u>

\$567,826 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

**Year Ended
June 30,**

2025	\$ (40,188)
2026	(34,251)
2027	(5,039)
2028	(16,245)
2029	(12,398)
Thereafter	5,130

Actuarial Assumptions

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

Inflation	2.50%
Salary increases, including inflation Teacher Employees	3.50% - 5.95%
Investment rate of return	6.75%, net of plan 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

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

Mortality Rates (Pre-retirement, post- retirement healthy, and disabled)	Update to PUB2010 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 Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2023, NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

**Teacher
Employee
HIC OPEB
Plan**

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

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

Long-Term Expected Rate of Return

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

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

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

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2023, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2023 on, all agencies are assumed to 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 County of Henry, Virginia School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the County of Henry, Virginia school division's proportionate share of the VRS Teacher Employee Health Insurance Credit Program net HIC OPEB liability using the discount rate of 6.75%, as well as what the County of Henry, Virginia 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:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 6,172,832	\$ 5,457,314	\$ 4,850,975

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee Health Insurance Credit Program's Fiduciary Net Position is available in the separately issued VRS 2023 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2023 annual-report.pdf](http://varetire.org/pdf/publications/2023%20annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Teacher Health Insurance Credit Program OPEB Plan

The school division – teacher recognize \$55,039 of payables to a teacher health insurance program OPEB plan outstanding at the end of the reporting period. This amount represents the June 2024 legally required contributions to the OPEB plan due by July 10 per VRS reporting requirements.

26 Other Postemployment Benefits (OPEB)–Healthcare

General Information About the OPEB Plan

Summary of Plan Provisions

The following is our understanding of the plan provisions for retiree coverage. Where the following differs from the official plan rules, the valuation should be revised.

Eligibility Conditions

A retiring employee participating in the Employer's medical program with at least 15 years of County service, and retires under the VRS plan is eligible to elect post-retirement coverage.

Eligibility for VRS Retirement

Early Retirement – Plan 1

- The employee must have 10 years of service and 50 years of age; or,
- The employee must have 5 years of service and 55 years of age.

Full Retirement – Plan 1

- The employee must have 65 years of age and vested in VRS; or,
- The employee must have 30 years of service and 50 years of age.

Early Retirement – Plan 2&Hybrid

- The employee must have 5 years of service and 60 years of age.

Full Retirement – Plan 2&Hybrid

- The employee must have reached Normal Social Security retirement age with at least 5 years of service; or,
- Age and service must equal 90.

Covered Employees

All full time employees (must be covered by the active plan at the time of retirement). Coverage ceases at age 65 for new retirees.

Type of Coverage	Employee	Spouse
Life Insurance	No post-retirement life insurance is valued.	Not Applicable
Dental Coverage	Post-retirement dental coverage is provided on an Access only basis, retirees pay the active rate.	Same as Employee
Vision Coverage	Post-retirement vision coverage is provided on an Access only basis (COBRA – 18 months). Retirees pay retiree rate.	Same as Employee
Medical Coverage ➤ Employee Cost Sharing ➤ Coverage Ceases	Active employees and retirees charged the same rate. Retiree pays 100% of this blended premium. Coverage ceases upon the earlier of death or attainment of Medicare eligibility.	Employee pays 100% of blended spousal premium Spouse coverage ceases upon earlier of retiree death or Medicare eligibility.
Disability Coverage	No post-retirement disability insurance is valued.	Not Applicable
Long Term Care Coverage	No post-retirement long term care insurance is valued.	Not Applicable

Amendments

The Employer reserves the right to amend the Plan at any time subject to Board action.

Commonwealth of Virginia

The Commonwealth of Virginia reimburses County retirees' an amount equal to \$1.50 times their years of service up to 30 years. The Commonwealth of Virginia reimburses retired School administrators and teachers an amount equal to \$4.00 times their years of service up to 30 years. This credit has no effect on the Employer's medical contribution or OPEB obligation.

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

County	<u>Count</u>	<u>Total OPEB Liability</u>
Inactive employees or beneficiaries currently receiving benefits	5	\$ 115,843
Active employees	<u>372</u>	<u>781,388</u>
Total	<u>377</u>	<u>\$ 897,231</u>
Henry-Martinsville Social Services		
Inactive employees or beneficiaries currently receiving benefits	0	\$ -
Active employees	<u>92</u>	<u>144,044</u>
Total	<u>92</u>	<u>\$ 144,044</u>
School Board		
Inactive employees or beneficiaries currently receiving benefits	42	\$ 665,095
Active employees	<u>973</u>	<u>3,283,490</u>
Total	<u>1015</u>	<u>\$ 3,948,585</u>

Employer Contributions

For the County, the funding policy of the plan sponsor is to make a regular contribution of \$34,300.

For the School Board and Social Services, the funding policy of the plan sponsor is to contribute annually an amount sufficient to satisfy benefit payment requirements to participants.

Employee Contributions

Retirees must pay the cost sharing portion of the premium in order to receive coverage.

Net OPEB Liability

The employer's net OPEB liability is reported herein as of June 30, 2024 for the employer fiscal year and reporting period of July 1, 2023 to June 30, 2024. The values shown for this fiscal year and reporting period are based on a measurement date of July 1, 2023 and the corresponding measurement period of July 1, 2022 to July 1, 2023 for GASB 75 and a measurement date of June 30, 2024 and corresponding measurement period of July 1, 2023 to June 30, 2024 for GASB 74. The measurement of the total OPEB liability is based on a valuation date of July 1, 2022.

Actuarial Assumptions and Actuarial Methods

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

Discount Rate	7.50% for GASB 75 7.50% for GASB 74
Salary Scale	2.50%
Healthcare Cost Trend Rates	0.00% for fiscal year end 2023 (to reflect actual experience), then 6.50% for fiscal year 2024, decreasing 0.25% per year to an ultimate rate of 5.00%
Mortality	RP-2014 Mortality Table, fully generational, with base year 2006, projected using two-dimensional mortality improvement scale MP-2021
Actuarial Cost Method	Entry Age Actuarial Cost Method

Expected Return on Assets

7.50%

Discount Rate

- The discount rate for GASB 75 has been set equal to 7.50% which is the rate of return on assets.
- The discount rate for GASB 74 has been set equal to 7.50% which is the rate of return on assets.

Changes in the Net OPEB Liability

	<u>Increase (Decrease)</u>		
	<u>Total</u>	<u>Plan</u>	<u>Net</u>
	<u>OPEB Retiree HI</u>	<u>Fiduciary</u>	<u>OPEB Retiree HI</u>
	<u>Liability</u>	<u>Net Position</u>	<u>Liability (Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
County			
Balances at July 1, 2023	\$ 1,016,587	\$ 1,100,549	\$ (83,962)
Changes for the Year			
Service cost	17,264	-	17,264
Interest	67,912	-	67,912
Difference between expected and actual experience	(42,029)	-	(42,029)
Contributions - employer*	-	90,707	(90,707)
Contributions - employee	-	-	-
Net investment income	-	88,013	(88,013)
Benefit payments**	(56,407)	(56,407)	-
Changes of benefit terms	-	-	-
Administrative expenses	-	(1,684)	1,684
Other changes	(56,373)	-	(56,373)
Net Changes	(69,633)	120,629	(190,262)
Balances at June 30, 2024***	<u>\$ 946,954</u>	<u>\$ 1,221,178</u>	<u>\$ (274,224)</u>
Henry-Martinsville Social Services			
Balances at July 1, 2023	\$ 162,916	\$ 299,736	\$ (136,820)
Changes for the Year			
Service cost	4,058	-	4,058
Interest	11,271	-	11,271
Difference between expected and actual experience	(15,324)	-	(15,324)
Contributions - employer*	-	30,000	(30,000)
Contributions - employee	-	-	-
Net investment income	-	22,927	(22,927)
Benefit payments**	-	-	-
Changes of benefit terms	-	-	-
Administrative expenses	-	(843)	843
Other changes	(8,827)	-	(8,827)
Net Changes	(8,822)	52,084	(60,906)
Balances at June 30, 2024***	<u>\$ 154,094</u>	<u>\$ 351,820</u>	<u>\$ (197,726)</u>
School Board			
Balances at July 1, 2023	\$ 4,475,383	\$ 2,317,259	\$ 2,158,124
Changes for the Year			
Service cost	121,611	-	121,611
Interest	300,484	-	300,484
Differences between expected and actual experience	(164,902)	-	(164,902)
Contributions - employer*	-	595,593	(595,593)
Contributions - employee	-	-	-
Net investment income	-	176,706	(176,706)
Benefit payments**	(295,593)	(295,593)	-
Changes of benefit terms	-	-	-
Administrative expenses	-	(2,906)	2,906
Other changes	(257,408)	-	(257,408)
Net Changes	(295,808)	473,800	(769,608)
Balances at June 30, 2024***	<u>\$ 4,179,575</u>	<u>\$ 2,791,059</u>	<u>\$ 1,388,516</u>

* This is contribution plus "pay-as-you-go" cost

**This is the "pay-as-you-go" cost

*** Measurement date is July 1, 2023

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

The following presents the Net OPEB liability (asset) of the employer as of the measurement date calculated using the discount rate, as well as what the employer's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1.00%</u> <u>Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1.00%</u> <u>Increase</u>
County			
Employer's Net OPEB Retiree Health Insurance Liability (Asset)	\$ (197,994)	\$ (274,224)	\$ (342,517)
Henry-Martinsville			
Social Services			
Employer's Net OPEB Retiree Health Insurance Liability (Asset)	\$ (185,802)	\$ (197,726)	\$ (208,488)
School Board			
Employer's Net OPEB Retiree Health Insurance Liability (Asset)	\$1,735,904	\$ 1,388,516	\$1,073,271

Sensitivity of the Net OPEB Liability to Changes in the Trend Rate

The following presents the Net OPEB liability (asset) of the employer as of the measurement date calculated using the trend rate, as well as what the employer's net OPEB liability would be if it were calculated using a trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1.00%</u> <u>Decrease</u>	<u>Current</u> <u>Trend Rate</u>	<u>1.00%</u> <u>Increase</u>
County			
Employer's Net OPEB Retiree Health Insurance Liability (Asset)	\$ (355,663)	\$ (274,224)	\$ (182,355)
Henry-Martinsville			
Social Services			
Employer's Net OPEB Retiree Health Insurance Liability (Asset)	\$ (210,845)	\$ (197,726)	\$ (182,938)
School Board			
Employer's Net OPEB Retiree Health Insurance Liability (Asset)	\$ 984,177	\$ 1,388,516	\$1,851,511

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

For the year ended June 30, 2024, under GASB 75 the employer OPEB expense is \$(143,148) for the County, \$(23,860) for Henry-Martinsville Social Services, and \$(153,958) for the School Board. The deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2024 from various sources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
County		
Differences between expected and actual experience	\$ 938	\$ 185,935
Changes of assumptions	29,255	84,249
Net difference between projected and actual earnings on OPEB plan investments	31,238	-
Employer contributions after measurement date but prior to fiscal year end	<u>34,300</u>	<u>-</u>
Total	<u>\$ 95,731</u>	<u>\$ 270,184</u>
Henry-Martinsville Social Services		
Differences between expected and actual experience	\$ -	\$ 32,485
Changes of assumptions	2,361	14,660
Net difference between projected and actual earnings on OPEB plan investments	8,980	-
Employer contributions after measurement date but prior to fiscal year end	<u>-</u>	<u>-</u>
Total	<u>\$ 11,341</u>	<u>\$ 47,145</u>
School Board		
Differences between expected and actual experience	\$ 133,458	\$ 575,566
Changes of assumptions	136,638	240,780
Net difference between projected and actual earnings on OPEB plan investments	70,782	-
Employer contributions after measurement date but prior to fiscal year end	<u>350,000</u>	<u>-</u>
Total	<u>\$ 690,878</u>	<u>\$ 816,346</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year Ended
June 30,**

County

2025	\$ (107,249)
2026	(105,457)
2027	15,222
2028	(11,269)
2029	-

**Henry-Martinsville
Social Services**

2025	\$ (19,117)
2026	(17,993)
2027	4,476
2028	(3,170)
2029	-

School Board

2025	\$ (53,261)
2026	(148,671)
2027	(106,650)
2028	(66,461)
2029	(64,377)
Thereafter	(36,048)

27 Aggregate OPEB Information

	Primary Government					Component Unit School Board				
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	Net OPEB (Asset)	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	Net OPEB (Asset)	OPEB Expense
VRS OPEB Plans										
<i>Group Life Insurance</i>										
Primary Government	\$ 453,825	\$ 175,650	\$ 1,235,653	\$ -	\$ 93,799	\$ -	\$ -	\$ -	\$ -	\$ -
School Board - General Employees	-	-	-	-	-	46,356	47,848	196,208	-	4,069
School Board - Teachers	-	-	-	-	-	554,522	350,020	2,287,211	-	89,117
<i>Health Insurance Credit</i>										
Primary Government	72,945	10,390	-	(8,268)	14,310	-	-	-	-	-
School Board - General Employees	-	-	-	-	-	79,072	176,463	261,740	-	(30,847)
School Board - Teachers	-	-	-	-	-	812,666	347,831	5,457,314	-	406,868
Retiree Health Insurance										
County and Social Services	107,072	317,329	-	(471,950)	(167,008)	-	-	-	-	-
School Board	-	-	-	-	-	690,878	816,346	1,388,516	-	(153,958)
Totals	\$ 633,842	\$ 503,369	\$ 1,235,653	\$ (480,218)	\$ (58,899)	\$ 2,183,494	\$ 1,738,508	\$ 9,590,989	\$ -	\$ 315,249

28 Fund Balances – Governmental Funds

As of June 30, 2024, fund balances are composed of the following:

		<u>Primary Government</u>			
	<u>General Fund</u>	<u>E-911 Central Dispatch Fund</u>	<u>Law Library Fund</u>	<u>Special Grant Projects Fund</u>	<u>Total Governmental Funds</u>
Nonspendable - inventory and leases	\$ 88,097	\$ -	\$ -	\$ -	\$ 88,097
Restricted for specific use	18,286,847	-	53,188	-	18,340,035
Committed to special projects	2,067,963	-	-	-	2,067,963
Committed fund balance -					
revenue stabilization reserve	5,373,087	-	-	-	5,373,087
Assigned for specific projects	27,206,984	-	-	162,773	27,369,757
Unassigned	44,168,078	-	-	-	44,168,078
	<u>\$ 97,191,056</u>	<u>\$ -</u>	<u>\$ 53,188</u>	<u>\$ 162,773</u>	<u>\$ 97,407,017</u>

29 Landfill Post-Closure Care Cost

The County maintains a landfill, which was closed in 1993. In accordance with state and federal laws and regulations, the County placed a final cover on this site and was required to perform certain maintenance and monitoring functions at the site for a minimum of ten years after closure. DEQ has determined that post-closure care monitoring and maintenance be discontinued at Henry County Closed Sanitary Landfill, Permit No. 320 based on the certification and evaluation provided, review of DEQ records, and DEQ's site inspection conducted on January 24, 2024.

30 Revenue Sharing Agreements

The County of Henry, Virginia and the Henry County Industrial Development Authority have entered into four revenue sharing agreements with the City of Martinsville, Virginia.

Two of the agreements, one dated April 30, 2002 and one dated August 31, 2009, are related to the Patriot Centre Industrial Park. A third dated September 25, 2007 related to the Commonwealth Crossing Business Centre Industrial Park and land currently being referred to as the Bryant Property, which is located adjacent to the Patriot Centre Industrial Park, was amended December 19, 2023 to create two agreements, one for each of the properties.

All these agreements state that the County agrees when a business locates on one of the designated sites in these industrial parks, it will pay the City one-third of all revenues generated from real estate, personal property, machinery & tools, and consumer utility taxes. No revenues will be shared until such time the County has recovered the cumulative costs of developing and maintaining the parks.

Based on the businesses currently located on revenue sharing lots in the Patriot Centre Industrial Park, it is estimated it will be within five years before the County recovers its costs in order to share revenues. Based on the businesses currently located on revenue sharing lots at the Commonwealth Crossing Business Centre Industrial Park, it is estimated it will be within five years before the County recovers its costs in order to share revenues. The Bryant Property is currently not developed and has no businesses located there so there is currently no timeframe for this property.

31 Enterprise Zone Incentive Program

The County has two Enterprise Zones as established by the Commonwealth of Virginia which provides existing and new companies locating in these zones both state and local incentives for meeting applicable investment and employment criteria.

Under the local program, the County provides funding to the Industrial Development Authority to provide refunds of local property taxes for qualified companies making investments for modernization, plant expansion or new operations. In addition, the County will waive building permit fees for the companies making the minimum required investments for the purpose of creating or retaining jobs.

Investments by applicable companies must be made in one or more of three categories: Real Estate, Machinery & Tools, or Furniture, Fixtures & Equipment. To qualify, the business must make investments in one or more of these categories with an assessed value of at least \$50,000. The tax refunds are calculated on the County's assessment and taxes on the company's new investments, it is verified the company paid all taxes, and the company's employment levels are equal to or greater than when the application for refund was submitted.

The qualifying companies are refunded 100% of the local taxes applicable to the new investments in year one. In years two through five, the companies are refunded 50% of the local taxes applicable to the new investments. All refunds are made through the Industrial Development Authority which is funded by the County.

During the year ended June 30, 2024, the Industrial Development Authority provided Enterprise Zone Incentive Program tax refunds of \$801,410 to thirteen qualifying companies.

32 Industrial Development Authority Investment

In an effort by the County to further develop the Commonwealth Crossing Business Centre industrial park by constructing an industrial training facility, a water storage tank, water lines and a sewer lift station, the County, through the Industrial Development Authority, in partnership with the Martinsville-Henry County Economic Development Corporation, entered into a Federal New Markets Tax Credit transaction on December 7, 2017. This transaction allowed the County with its local funding partners to leverage existing commitments to this project of approximately \$9.1 million to obtain additional funding of approximately \$2.7 million. As a part of this transaction, an investor invested funds into the project in exchange for the federal tax credits. As a part of structuring this transaction to comply with Internal Revenue Service regulations, the Industrial Development Authority made an initial investment of \$3,741,200 for a 42.8% interest in CCAT Leveraged Lender, LLC with the Martinsville-Henry County Economic Development Corporation having the other 57.2% interest. At the closing of this transaction, the County General Fund transferred \$2,772,070 to the Industrial Development Authority and the Henry County Public Service Authority transferred assets valued at \$1,111,279 to the Industrial Development Authority, both of which were used as the source of the investment. As a part of the structure of this transaction an entity named CCAT, Inc. constructed and owns these assets. This investment had a carrying value at June 30, 2024 of \$3,753,639 based on the capital account for the Industrial Development Authority on Form 1065 K-1 of the tax return of CCAT Leveraged Lender, LLC.

33 Upcoming Announcements

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102, *Certain Risk Disclosures* – The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

34 Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2024 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2024. Management has performed their analysis through December 11, 2024.

REQUIRED SUPPLEMENTARY INFORMATION



County of Henry, Virginia
Budgetary Comparison Schedule
Year Ended June 30, 2024
General Fund

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
General Property Taxes				
Property taxes - all years	\$ 30,213,708	\$ 30,213,708	\$ 32,659,867	\$ 2,446,159
Penalties - all tax years	300,000	300,000	392,254	92,254
Interest - all tax years	185,000	185,000	168,241	(16,759)
Total General Property Taxes	30,698,708	30,698,708	33,220,362	2,521,654
Other Local Taxes				
Local sales and use taxes	6,440,000	6,440,000	6,703,884	263,884
Local sales and use taxes - School	5,152,000	5,152,000	5,457,710	305,710
Consumer utility tax	2,782,000	2,782,000	2,947,351	165,351
Business license taxes	1,805,000	1,805,000	1,920,782	115,782
Motor vehicle licenses	1,000,000	1,000,000	919,701	(80,299)
Bank franchise taxes	343,000	343,000	416,814	73,814
Transient occupancy taxes	155,000	233,693	281,850	48,157
Taxes on recordation and wills	368,000	368,000	411,354	43,354
Restaurant food taxes	4,325,000	4,325,000	4,715,414	390,414
Total Other Local Taxes	22,370,000	22,448,693	23,774,860	1,326,167
Permits, Privilege Fees, and Regulatory Licenses				
Animal licenses	2,000	2,000	7,961	5,961
Building and related permits	55,000	55,000	77,812	22,812
Other permits, licenses, and fees	8,500	8,500	9,896	1,396
Total Permits, Privilege Fees, and Regulatory Licenses	65,500	65,500	95,669	30,169
Fines and Forfeitures				
Court fines and forfeitures	99,000	99,000	190,270	91,270
Revenue from Use of Money and Property				
Revenue from use of money	1,629,000	1,663,033	3,069,362	1,406,329
Investment gain/(loss)	100,000	100,000	551,954	451,954
Revenue from use of property	596,500	596,500	659,621	63,121
Total Revenue from Use of Money and Property	2,325,500	2,359,533	4,280,937	1,921,404
Charges for Services				
Sheriff fees	30,454	30,454	29,274	(1,180)
Commonwealth's attorney	3,800	3,800	11,333	7,533
County and hired attorneys	112,000	112,000	101,581	(10,419)
Law enforcement and traffic control	-	-	53,109	53,109
Sanitation and waste removal	79,800	79,800	81,639	1,839
Treasurer's administrative collection fees	1,500	1,500	964	(536)
Parks and recreation fees	30,000	259,235	265,593	6,358
Parks and recreation - special events	-	100,226	100,226	-
Utility bill collection	15,000	15,000	14,628	(372)
Demolition fees	-	125,000	126,167	1,167
Jail monitoring	14,000	14,000	4,250	(9,750)
Miscellaneous other charges for services	2,000	2,000	4,472	2,472
Total Charges for Services	288,554	743,015	793,236	50,221

Variance
With
Final Budget
Positive
(Negative)

Recovered Costs

	Original Budget	Final Budget	Actual	
Jail costs - Commonwealth of Virginia	493,000	493,000	382,587	(110,413)
Inmate housing fees	150,000	150,000	122,436	(27,564)
House other inmates	220,000	220,000	161,910	(58,090)
House federal and alien prisoners	-	-	374,859	374,859
Salary - court secretary	45,000	45,000	63,481	18,481
City share of extension services	7,756	7,756	7,756	-
School share of school resource officer	332,024	332,024	332,024	-
EMS fees for service	1,000,000	1,000,000	1,278,628	278,628
M/HC Economic Development Corporation	1,004,664	1,004,664	1,042,557	37,893
Local and special grants	-	2,144,134	623,382	(1,520,752)
Transport prisoners	-	-	62,889	62,889
Transportation grants	60,344	77,463	59,777	(17,686)
Other recovered costs	14,000	14,000	38,707	24,707
Insurance recoveries	-	136,430	152,269	15,839
Legal settlements	-	10,000	509,554	499,554
Miscellaneous refunds	412,000	595,766	560,382	(35,384)
Total Recovered Costs	3,738,788	6,230,237	5,773,198	(457,039)

Miscellaneous

Contributed property and equipment	-	-	6,549,350	6,549,350
Solar facility siting fees	-	1,026,000	1,026,000	-
Other miscellaneous	80,000	116,570	142,040	25,470
Total Miscellaneous	80,000	1,142,570	7,717,390	6,574,820

Intergovernmental

Revenue from the Commonwealth of Virginia

Noncategorical Aid

Rolling stock taxes - motor vehicle carriers tax	39,000	39,000	42,528	3,528
Mobile home titling tax	80,000	80,000	105,210	25,210
Auto rental sales tax	60,000	60,000	51,818	(8,182)
Personal Property Tax Relief Act funds	1,771,828	1,771,828	1,771,828	-
Para mutual tax	150,000	150,000	137,795	(12,205)
Communication tax	1,600,000	1,600,000	1,514,016	(85,984)
Total Noncategorical Aid	3,700,828	3,700,828	3,623,195	(77,633)

Categorical Aid

Shared Expenses

Commonwealth's Attorney	807,740	819,433	847,019	27,586
Sheriff	11,128,867	11,128,867	11,004,834	(124,033)
Commissioner of the Revenue	235,790	235,790	257,820	22,030
Treasurer	214,013	214,013	239,237	25,224
Electoral Board and General Registrar	91,000	91,000	129,631	38,631
Clerk of Circuit Court	619,363	619,363	629,790	10,427
Total Categorical Aid	13,096,773	13,108,466	13,108,331	(135)

Other Categorical Aid

Fire programs fund	-	226,005	226,005	-
Victim witness program	42,302	42,302	50,699	8,397
Transportation grant funds	28,438	28,438	28,438	-
Litter control program	30,855	30,855	40,343	9,488
EMS 4 for life	-	54,280	54,280	-
DMV dog tag license program	-	1,045	1,045	-
Library of Virginia grant	-	71,280	31,413	(39,867)
Law enforcement grants	-	14,806	10,881	(3,925)
Hazard mitigation grant	-	716,763	77,564	(639,199)
Virginia Outdoor Foundation Grant	-	25,000	921	(24,079)
Housing grant	-	20,000	-	(20,000)
Asset forfeiture funds	-	244,421	91,990	(152,431)
Total Other Categorical Aid	101,595	1,475,195	613,579	(861,616)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Total Revenue from the Commonwealth of Virginia	16,899,196	18,284,489	17,345,105	(939,384)
Revenue from the Federal Government				
Payments in lieu of taxes	3,500	3,500	4,426	926
Hazard mitigation grant	-	3,046,175	698,069	(2,348,106)
Emergency services	26,164	26,164	26,164	-
Other federal grants	-	240,000	154,926	(85,074)
Law enforcement grants	-	548,009	461,637	(86,372)
Victim witness program	126,908	126,908	106,482	(20,426)
Asset forfeiture funds	-	41,033	10,147	(30,886)
Transportation grants	63,213	143,107	110,366	(32,741)
Total Revenue from the Federal Government	219,785	4,174,896	1,572,217	(2,602,679)
Total Intergovernmental Revenue	17,118,981	22,459,385	18,917,322	(3,542,063)
Total Revenues	76,785,031	86,246,641	94,763,244	8,516,603
Expenditures				
Current				
<i>General Government Administration</i>				
Board of Supervisors	277,517	246,280	197,903	48,377
County Administrator	486,906	507,212	500,421	6,791
Independent auditor	64,250	64,250	41,120	23,130
Human resources/training	103,634	115,470	110,590	4,880
County Attorney	215,803	215,803	213,820	1,983
Commissioner of Revenue	642,661	653,398	649,086	4,312
Assessors	160,768	160,768	153,690	7,078
Treasurer	689,496	690,106	646,636	43,470
Finance	499,687	541,838	535,684	6,154
Information services	413,244	415,941	405,843	10,098
Central purchasing	264,675	274,408	269,616	4,792
Board of Elections - registrar	445,851	460,851	482,562	(21,711)
Total General Government Administration	4,264,492	4,346,325	4,206,971	139,354
<i>Judicial Administration</i>				
Circuit Court	187,053	189,222	161,903	27,319
General District Court	22,970	22,970	8,062	14,908
Magistrate	3,760	3,760	3,256	504
Juvenile and Domestic Relations	5,790	5,790	4,127	1,663
Clerk of the Circuit Court	940,094	1,038,976	953,196	85,780
Sheriff Civil and Court Security	1,234,412	1,235,633	1,210,960	24,673
Victim/Witness Assist	181,320	187,516	184,686	2,830
Commonwealth's Attorney	1,279,696	1,316,653	1,290,520	26,133
Total Judicial Administration	3,855,095	4,000,520	3,816,710	183,810

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<i>Public Safety</i>				
Law enforcement and traffic control	7,364,017	8,183,994	7,903,591	280,403
Law enforcement and traffic control - grants	-	523,909	453,368	70,541
School resource officer	332,024	332,024	332,024	-
Fire and rescue services	772,434	1,316,206	1,019,590	296,616
Emergency services training	253,237	263,000	256,932	6,068
Emergency services operations	2,555,713	3,069,579	2,798,980	270,599
Fire prevention	230,936	241,263	235,630	5,633
Correction and detention	12,334,391	12,374,694	11,309,186	1,065,508
Correction and detention - grants	-	38,905	19,150	19,755
Probation	382,725	382,725	328,004	54,721
Code enforcement	393,568	859,550	422,579	436,971
Public safety	226,215	234,756	226,720	8,036
Public safety - grants	-	3,762,938	775,633	2,987,305
Radio Communication System	-	906,838	872,317	34,521
Animal control	304,141	317,808	289,158	28,650
Asset forfeiture	-	285,454	201,044	84,410
SPCA	11,667	11,667	11,667	-
Total Public Safety	25,161,068	33,105,310	27,455,573	5,649,737
<i>Public Works</i>				
Maintenance of highways, streets, bridges, sidewalks	9,000	20,000	16,001	3,999
Refuse collection	2,016,364	2,621,714	1,967,904	653,810
Refuse disposal - closure maintenance	10,500	10,500	4,539	5,961
<i>Maintenance of buildings and grounds</i>				
General engineering	331,920	322,534	284,163	38,371
Communication equipment	86,969	86,969	83,393	3,576
Administrative building	683,334	988,680	744,617	244,063
Courthouse	472,506	458,805	432,680	26,125
Sheriff's office	72,400	64,500	49,702	14,798
Former jail	1,800	46,102	44,636	1,466
Adult detention center	740,960	709,899	678,934	30,965
Other	327,917	442,800	349,470	93,330
Social services and health department	83,329	103,656	100,989	2,667
Dupont property	141,018	141,018	76,293	64,725
Total Maintenance of Buildings and Grounds	2,942,153	3,364,963	2,844,877	520,086
Total Public Works	4,978,017	6,017,177	4,833,321	1,183,856
<i>Health and Welfare</i>				
Henry-Martinsville Social Services	1,136,070	1,136,070	790,026	346,044
Health Department	190,000	190,000	190,000	-
Mental health and retardation	190,000	190,000	190,000	-
Transportation grants	176,995	285,414	199,756	85,658
Property tax relief	140,000	140,000	152,720	(12,720)
Group home services	81,566	81,566	81,566	-
Rental assistance grant	-	132,000	132,000	-
Other welfare and social services	95,698	105,698	96,698	9,000
Total Health and Welfare	2,010,329	2,260,748	1,832,766	427,982

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<i>Education</i>				
Contributions to community colleges	62,414	62,414	62,414	-
Contributions to component unit - school board	19,351,186	34,314,415	20,288,105	14,026,310
School capital - sales tax	<u>5,152,000</u>	<u>11,281,864</u>	<u>-</u>	<u>11,281,864</u>
Total Education	24,565,600	45,658,693	20,350,519	25,308,174
<i>Parks, Recreation, and Cultural</i>				
Parks and recreation	1,514,989	1,849,421	1,560,173	289,248
Parks and recreation grants	-	180,000	-	180,000
Smith River Sports Complex	-	630,677	561,223	69,454
Cultural enrichment	85,575	85,575	85,575	-
Library	<u>774,968</u>	<u>774,968</u>	<u>774,968</u>	<u>-</u>
Total Parks, Recreation, and Cultural	2,375,532	3,520,641	2,981,939	538,702
<i>Community Development</i>				
Planning and community development	620,067	636,531	392,409	244,122
Community beautification	88,052	89,029	90,525	(1,496)
Engineering and mapping	360,109	369,910	351,300	18,610
M/HC Economic Development Corporation - payroll related	1,004,664	1,004,664	1,042,557	(37,893)
M/HC Economic Development Corporation	500,000	500,000	500,000	-
Cooperative extension program	77,552	77,552	77,360	192
Henry County Industrial Development Authority	1,721,484	3,568,095	2,014,167	1,553,928
Other community and economic development	<u>142,600</u>	<u>652,561</u>	<u>299,074</u>	<u>353,487</u>
Total Community Development	4,514,528	6,898,342	4,767,392	2,130,950
<i>Nondepartmental</i>				
Employee benefits, pooled vehicles, mobile command	121,020	166,397	53,415	112,982
Contingency reserve	<u>200,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total Nondepartmental	321,020	216,397	53,415	162,982
<i>Capital Projects</i>				
Broadband project	-	1,623,293	264,416	1,358,877
Other miscellaneous capital projects	<u>-</u>	<u>8,431,399</u>	<u>7,637,467</u>	<u>793,932</u>
Total Capital Projects	-	10,054,692	7,901,883	2,152,809
<i>Debt Service</i>				
Principal	110,000	19,625,000	19,626,592	(1,592)
Interest and other costs	<u>1,988,573</u>	<u>10,538,886</u>	<u>2,918,094</u>	<u>7,620,792</u>
Total Debt Service	<u>2,098,573</u>	<u>30,163,886</u>	<u>22,544,686</u>	<u>7,619,200</u>
Total Expenditures	<u>74,144,254</u>	<u>146,242,731</u>	<u>100,745,175</u>	<u>45,497,556</u>
Excess (Deficiency) of Revenues Over Expenditures	2,640,777	(59,996,090)	(5,981,931)	54,014,159
Other Financing Sources (Uses)				
Transfers to other funds	<u>(2,640,777)</u>	<u>(3,183,699)</u>	<u>(2,902,609)</u>	<u>281,090</u>
Total Other Financing Sources (Uses)	<u>(2,640,777)</u>	<u>(3,183,699)</u>	<u>(2,902,609)</u>	<u>281,090</u>

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Net Change in Fund Balance Before Transfer from Surplus	-	(63,179,789)	(8,884,540)	54,295,249
Transfer from Surplus Funds	<u>-</u>	<u>63,179,789</u>	<u>-</u>	<u>(63,179,789)</u>
Net Change in Fund Balance After Transfer from Surplus	<u>\$ -</u>	<u>\$ -</u>	(8,884,540)	<u>\$ (8,884,540)</u>
Fund Balance - Beginning of Year			<u>106,075,596</u>	
Fund Balance - End of Year			<u>\$ 97,191,056</u>	

Children's Services Act Fund

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental				
Revenue from the Commonwealth of Virginia	\$ 3,483,664	\$ 3,483,664	\$ 3,635,059	\$ 151,395
Revenue from the Federal Government	<u>118,306</u>	<u>118,306</u>	<u>123,447</u>	<u>5,141</u>
Total Intergovernmental Revenue	<u>3,601,970</u>	<u>3,601,970</u>	<u>3,758,506</u>	<u>156,536</u>
Total Revenues	3,601,970	3,601,970	3,758,506	156,536
Expenditures				
Current				
<i>Health and Welfare</i>				
Welfare and social services	<u>5,120,196</u>	<u>5,300,196</u>	<u>5,461,467</u>	<u>(161,271)</u>
Total Expenditures	<u>5,120,196</u>	<u>5,300,196</u>	<u>5,461,467</u>	<u>(161,271)</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,518,226)	(1,698,226)	(1,702,961)	(4,735)
Other Financing Sources (Uses)				
Transfers in	<u>1,518,226</u>	<u>1,698,226</u>	<u>1,702,961</u>	<u>4,735</u>
Total Other Financing Sources (Uses)	<u>1,518,226</u>	<u>1,698,226</u>	<u>1,702,961</u>	<u>4,735</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			<u>\$ -</u>	

E-911 Central Dispatch Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Local Revenues				
Recovered costs	\$ 578,263	\$ 593,780	\$ 576,508	\$ (17,272)
Total Local Revenues	578,263	593,780	576,508	(17,272)
Intergovernmental				
Revenue from the Commonwealth of Virginia	576,758	772,408	698,900	(73,508)
Total Intergovernmental Revenues	576,758	772,408	698,900	(73,508)
Total Revenues	1,155,021	1,366,188	1,275,408	(90,780)
Expenditures				
Current				
Public safety	2,277,572	2,523,227	2,229,165	294,062
<i>Debt service</i>				
Principal	-	-	129,269	(129,269)
Interest and other costs	-	-	2,818	(2,818)
Total Debt Service	-	-	132,087	(132,087)
Total Expenditures	2,277,572	2,523,227	2,361,252	161,975
Excess (Deficiency) of Revenues Over Expenditures	(1,122,551)	(1,157,039)	(1,085,844)	71,195
Other Financing Sources (Uses)				
Transfer from other funds	1,122,551	1,157,039	1,085,844	(71,195)
Total Other Financing Sources (Uses)	1,122,551	1,157,039	1,085,844	(71,195)
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			\$ -	

Law Library Fund

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Charges for services	\$ 4,800	\$ 4,800	\$ 5,295	\$ 495
Recovered costs	<u>2,000</u>	<u>2,000</u>	<u>2,593</u>	<u>593</u>
Total Revenues	6,800	6,800	7,888	1,088
Expenditures				
Current				
Judicial administration	<u>19,600</u>	<u>19,600</u>	<u>17,705</u>	<u>1,895</u>
Total Expenditures	<u>19,600</u>	<u>19,600</u>	<u>17,705</u>	<u>1,895</u>
Net Change in Fund Balance Before Transfer from Surplus	(12,800)	(12,800)	(9,817)	2,983
Transfer from Surplus Funds	<u>12,800</u>	<u>12,800</u>	-	<u>(12,800)</u>
Net Change in Fund Balance After Transfer from Surplus	<u>\$ -</u>	<u>\$ -</u>	(9,817)	<u>\$ (9,817)</u>
Fund Balance - Beginning of Year			<u>63,005</u>	
Fund Balance - End of Year			<u>\$ 53,188</u>	

County of Henry, Virginia

Schedule of Changes in the Political Subdivision's Net Pension Liability
and Related Ratios

For the Plan Years Ended June 30 (in thousands)

	Primary Government (Includes Component Unit - <u>Henry-Martinsville Social Services</u>)									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability										
Service cost	\$ 3,034,189	\$ 2,112,181	\$ 2,071,498	\$ 2,054,182	\$ 1,896,600	\$ 1,827,871	\$ 1,867,788	\$ 1,817,186	\$ 1,825,934	\$ 1,744,503
Interest	6,967,286	6,877,496	6,275,021	5,945,514	5,718,525	5,418,613	5,173,014	4,978,356	4,793,088	4,595,301
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	2,031,719	(3,122,374)	(138,565)	1,620,832	529,829	1,212,431	610,936	(201,848)	(139,048)	-
Changes of assumptions	-	-	3,644,147	-	2,553,947	-	(118,473)	-	-	-
Benefit payments	(5,846,893)	(5,071,286)	(5,006,157)	(4,471,745)	(4,149,107)	(4,199,801)	(3,849,611)	(3,776,137)	(3,890,440)	(3,138,102)
Net change in total pension liability	6,186,301	796,017	6,845,944	5,148,783	6,549,794	4,259,114	3,683,654	2,817,557	2,589,534	3,201,702
Total pension liability - beginning	103,108,307	102,312,290	95,466,346	90,317,563	83,767,769	79,508,655	75,825,001	73,007,444	70,417,910	67,216,208
Total pension liability - ending (a)	\$ 109,294,608	\$ 103,108,307	\$ 102,312,290	\$ 95,466,346	\$ 90,317,563	\$ 83,767,769	\$ 79,508,655	\$ 75,825,001	\$ 73,007,444	\$ 70,417,910
Plan fiduciary net position										
Contributions - employer	\$ 3,048,441	\$ 2,483,140	\$ 2,192,899	\$ 1,889,554	\$ 1,822,437	\$ 1,664,088	\$ 1,610,625	\$ 1,942,274	\$ 1,860,929	\$ 1,851,310
Contributions - employee	1,159,243	981,410	866,079	870,505	835,537	859,762	779,350	798,388	736,140	720,333
Net investment income	6,252,393	(106,926)	21,493,149	1,509,567	5,023,320	5,309,806	7,954,439	1,131,498	2,906,849	8,808,287
Benefit payments	(5,846,893)	(5,071,286)	(5,006,157)	(4,471,745)	(4,149,107)	(4,199,801)	(3,849,611)	(3,776,137)	(3,890,440)	(3,138,102)
Refunds of contributions	-	-	-	-	-	-	-	-	-	-
Administrator charges	(62,202)	(61,239)	(53,891)	(51,706)	(49,928)	(46,279)	(46,404)	(40,955)	(40,480)	(47,504)
Other	2,510	2,275	2,023	(1,783)	(3,167)	(4,709)	(7,065)	(482)	(613)	464
Net change in plan fiduciary net position	4,553,492	(1,772,626)	19,494,102	(255,608)	3,479,092	3,582,867	6,441,334	54,586	1,572,385	8,194,788
Plan fiduciary net position - beginning	96,817,989	98,590,615	79,096,513	79,352,121	75,873,029	72,290,162	65,848,828	65,794,242	64,221,857	56,027,069
Plan fiduciary net position - ending (b)	\$ 101,371,481	\$ 96,817,989	\$ 98,590,615	\$ 79,096,513	\$ 79,352,121	\$ 75,873,029	\$ 72,290,162	\$ 65,848,828	\$ 65,794,242	\$ 64,221,857
Political subdivision's net pension liability - ending (a-b)	\$ 7,923,127	\$ 6,290,318	\$ 3,721,675	\$ 16,369,833	\$ 10,965,442	\$ 7,894,740	\$ 7,218,493	\$ 9,976,173	\$ 7,213,202	\$ 6,196,053
Plan fiduciary net position as a percentage of the total Pension liability	92.75%	93.90%	96.36%	82.85%	87.86%	90.58%	90.92%	86.84%	90.12%	91.20%
Covered payroll	\$ 24,267,792	\$ 20,472,476	\$ 18,047,721	\$ 17,999,517	\$ 17,224,148	\$ 16,559,903	\$ 15,948,049	\$ 15,541,311	\$ 14,834,279	\$ 14,700,626
Political subdivision's net pension liability as a percentage of covered payroll	32.65%	30.73%	20.62%	90.95%	63.66%	47.67%	45.26%	64.19%	48.63%	42.15%

NOTE: Primary Government figures include the Component Unit - Henry-Martinsville Social Services.

County of Henry, Virginia

Schedule of Changes in the Political Subdivision's Net Pension Liability
and Related Ratios

For the Plan Years Ended June 30 (in thousands)

School Board General Employees

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability										
Service cost	\$ 320,930	\$ 294,270	\$ 351,001	\$ 340,829	\$ 345,967	\$ 363,460	\$ 336,697	\$ 360,509	\$ 369,148	\$ 381,575
Interest	1,327,052	1,349,770	1,274,828	1,245,800	1,241,141	1,245,437	1,245,505	1,222,004	1,209,211	1,183,231
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(202,480)	(587,856)	(40,633)	242,413	85,406	(334,521)	(169,947)	63,285	(128,520)	-
Changes of assumptions	-	-	623,300	-	423,690	-	(103,590)	-	-	-
Benefit payments	(1,457,709)	(1,381,102)	(1,403,931)	(1,394,050)	(1,346,947)	(1,324,555)	(1,294,717)	(1,325,410)	(1,208,758)	(1,178,562)
Net change in total pension liability	(12,207)	(324,918)	804,565	434,992	749,257	(50,179)	13,948	320,388	241,081	386,244
Total pension liability - beginning	20,067,954	20,392,872	19,588,307	19,153,315	18,404,058	18,454,237	18,440,289	18,119,901	17,878,820	17,492,576
Total pension liability - ending (a)	\$ 20,055,747	\$ 20,067,954	\$ 20,392,872	\$ 19,588,307	\$ 19,153,315	\$ 18,404,058	\$ 18,454,237	\$ 18,440,289	\$ 18,119,901	\$ 17,878,820
Plan fiduciary net position										
Contributions - employer	\$ 166,012	\$ (40,540)	\$ 294,164	\$ 269,568	\$ 260,364	\$ 295,722	\$ 290,144	\$ 350,270	\$ 359,989	\$ 374,408
Contributions - employee	145,050	38,897	171,235	172,060	165,284	168,635	165,877	155,088	160,477	164,972
Net investment income	1,216,737	14,101	4,597,901	335,023	1,139,282	1,252,339	1,921,468	269,906	747,117	2,319,132
Benefit payments	(1,457,709)	(1,381,102)	(1,403,931)	(1,394,050)	(1,346,947)	(1,324,555)	(1,294,717)	(1,325,410)	(1,208,758)	(1,178,562)
Refunds of contributions	-	-	-	-	-	-	-	-	-	-
Administrator charges	(12,728)	(13,367)	(12,018)	(11,992)	(12,002)	(11,309)	(11,663)	(10,720)	(10,754)	(12,938)
Other	484	458	428	(389)	(713)	(1,096)	(1,689)	(119)	(157)	123
Net change in plan fiduciary net position	57,846	(1,381,553)	3,647,779	(629,780)	205,268	379,736	1,069,420	(560,985)	47,914	1,667,135
Plan fiduciary net position - beginning	19,500,889	20,882,442	17,234,663	17,864,443	17,659,175	17,279,439	16,210,019	16,771,004	16,723,090	15,055,955
Plan fiduciary net position - ending (b)	\$ 19,558,735	\$ 19,500,889	\$ 20,882,442	\$ 17,234,663	\$ 17,864,443	\$ 17,659,175	\$ 17,279,439	\$ 16,210,019	\$ 16,771,004	\$ 16,723,090
Political subdivision's net pension liability - ending (a-b)	\$ 497,012	\$ 567,065	\$ (489,570)	\$ 2,353,644	\$ 1,288,872	\$ 744,883	\$ 1,174,798	\$ 2,230,270	\$ 1,348,897	\$ 1,155,730
Plan fiduciary net position as a percentage of the total Pension liability	97.52%	97.17%	102.40%	87.98%	93.27%	95.95%	93.63%	87.91%	92.56%	93.54%
Covered payroll	\$ 3,833,317	\$ 3,514,489	\$ 3,732,896	\$ 3,733,471	\$ 3,530,570	\$ 3,565,956	\$ 3,454,267	\$ 3,179,921	\$ 3,254,767	\$ 3,304,105
Political subdivision's net pension liability as a percentage of covered payroll	12.97%	16.14%	-13.12%	63.04%	36.51%	20.89%	34.01%	70.14%	41.44%	34.98%

County of Henry, Virginia

Schedule of Employer's Share of Net Pension Liability
VRS Teacher Employee Retirement Plan

For the Measurement Dates of June 30, 2014 through 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.45290%	0.44179%	0.44391%	0.44702%	0.44809%	0.45652%	0.46139%	0.46050%	0.46490%	0.47694%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$45,775,530	\$42,061,053	\$34,461,165	\$65,053,150	\$58,971,190	\$53,687,000	\$56,742,000	\$64,535,000	\$58,514,000	\$57,636,000
Employer's Covered Payroll	\$44,906,955	\$40,996,925	\$39,131,295	\$39,091,570	\$37,401,883	\$36,740,737	\$36,294,838	\$35,114,607	\$34,564,083	\$34,824,957
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its covered payroll	101.934%	102.596%	88.065%	166.412%	157.669%	146.124%	156.336%	183.784%	169.291%	165.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.45%	82.61%	85.46%	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

For Reference Only: The Plan Fiduciary Net Position as a Percentage of the Total Pension Liability for the VRS Teacher Retirement Plan for each year is presented on pages 118 and 119 of the VRS 2023 Annual Report.

County of Henry, Virginia

Schedule of Employer Contributions VRS Political Subdivisions Retirement Plan and Teacher Retirement Plan

For the Years Ended June 30, 2015 through 2024

Date	Contractually Required Contribution (1)*	Contribution 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 -					
County (Includes Component Unit - Henry-Martinsville Social Services)					
2024	\$ 3,397,555	\$ 3,397,555	\$ -	\$ 26,114,948	13.01%
2023	3,157,241	3,157,241	-	24,267,792	13.01%
2022	2,563,154	2,563,154	-	20,472,476	12.52%
2021	2,259,575	2,259,575	-	18,047,721	12.52%
2020	1,943,948	1,943,948	-	17,999,517	10.80%
2019	1,860,232	1,860,232	-	17,224,148	10.80%
2018	1,697,648	1,697,648	-	16,559,903	10.25%
2017	1,634,651	1,634,651	-	15,948,049	10.25%
2016	1,955,098	1,955,098	-	15,541,311	12.58%
2015	1,866,106	1,866,106	-	14,834,279	12.58%
Component Unit School Board -					
General Employees					
2024	\$ 318,503	\$ 318,503	\$ -	\$ 3,932,140	8.10%
2023	310,499	310,499	-	3,833,317	8.10%
2022	303,652	303,652	-	3,514,489	8.64%
2021	322,522	322,522	-	3,732,896	8.64%
2020	293,078	293,078	-	3,733,471	7.85%
2019	277,139	277,139	-	3,530,570	7.85%
2018	309,883	309,883	-	3,565,956	8.69%
2017	300,176	300,176	-	3,454,267	8.69%
2016	353,928	353,928	-	3,179,921	11.13%
2015	361,881	361,881	-	3,254,767	11.12%
Teachers					
2024	\$ 7,799,396	\$ 7,799,396	\$ -	\$ 46,927,771	16.62%
2023	7,463,600	7,463,600	-	44,906,955	16.62%
2022	6,813,639	6,813,639	-	40,996,925	16.62%
2021	6,503,621	6,503,621	-	39,131,295	16.62%
2020	6,129,558	6,129,558	-	39,091,570	15.68%
2019	5,864,690	5,864,690	-	37,401,883	15.68%
2018	5,996,053	5,996,053	-	36,740,737	16.32%
2017	5,320,822	5,320,822	-	36,294,838	14.66%
2016	4,937,114	4,937,114	-	35,114,607	14.06%
2015	5,015,024	5,015,024	-	34,564,083	14.51%

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

Note: This schedule includes defined contribution plan contribution amounts

For Reference Only:

Column 1 – Employer contribution rate multiplied by the employer's covered payroll

Column 2 – Employer contributions as referenced in Covered Payroll & Contributions report on VRS website

Column 4 – Employer's covered payroll amount for the fiscal year

County of Henry, Virginia

Notes to Required Supplementary Information

For the Year Ended June 30, 2024

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

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 year age and service 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 PUB2010 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	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

Teacher:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

County of Henry, Virginia

Schedule of Employer's Share of Net OPEB Liability
Group Life Insurance Program
For the Measurement Dates of June 30, 2017 through 2023

Political Subdivision	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employer's Proportion of the Net GLI OPEB Liability (Asset)	0.10303%	0.09417%	0.08743%	0.08748%	0.08788%	0.08709%	0.08652%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	\$ 1,235,653	\$ 1,133,898	\$ 1,017,922	\$ 1,459,898	\$ 1,430,041	\$ 1,323,000	\$ 1,302,000
Employer's Covered Payroll	\$ 24,267,792	\$ 20,483,435	\$ 18,051,832	\$ 18,003,036	\$ 17,227,713	\$ 16,559,903	\$ 15,959,043
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	5.09%	5.54%	5.64%	8.11%	8.30%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

*Schedule is intended to show information for 10 years.
Since 2023 is the seventh year of presentation, only seven years of data is available. However, additional years will be included as they become available.*

For Reference Only: The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on pages 130 and 131 of the VRS 2023 Annual Report.

County of Henry, Virginia

Schedule of Employer's Share of Net OPEB Liability
Group Life Insurance Program
For the Measurement Dates of June 30, 2017 through 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School Board							
Employer's Proportion of the Net GLI OPEB Liability (Asset)	0.01636%	0.01632%	0.01816%	0.01823%	0.01807%	0.01883%	0.01880%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	\$ 196,208	\$ 196,509	\$ 211,432	\$ 304,229	\$ 294,047	\$ 286,000	\$ 283,000
Employer's Covered Payroll	\$ 3,853,228	\$ 3,549,019	\$ 3,749,553	\$ 3,752,866	\$ 3,541,574	\$ 3,580,333	\$ 3,468,337
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	5.09%	5.54%	5.64%	8.11%	8.30%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

*Schedule is intended to show information for 10 years.
Since 2023 is the seventh year of presentation, only seven years of data is available. However, additional years will be included as they become available.*

For Reference Only: The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on pages 130 and 131 of the VRS 2023 Annual Report.

County of Henry, Virginia

Schedule of Employer's Share of Net OPEB Liability
Group Life Insurance Program
For the Measurement Dates of June 30, 2017 through 2023

Teacher	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employer's Proportion of the Net GLI OPEB Liability (Asset)	0.19071%	0.18852%	0.18960%	0.19004%	0.19094%	0.19325%	0.19689%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	\$ 2,287,211	\$ 2,269,963	\$ 2,207,459	\$ 3,171,456	\$ 3,107,102	\$ 2,935,000	\$ 2,963,000
Employer's Covered Payroll	\$ 44,921,105	\$ 41,007,155	\$ 39,144,684	\$ 39,109,996	\$ 37,431,994	\$ 36,746,868	\$ 36,317,135
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	5.09%	5.54%	5.64%	8.11%	8.30%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

*Schedule is intended to show information for 10 years.
Since 2023 is the seventh year of presentation, only seven years of data is available. However, additional years will be included as they become available.*

For Reference Only: The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on pages 130 and 131 of the VRS 2023 Annual Report.

County of Henry, Virginia

Schedule of Employer Contributions

Group Life Insurance OPEB Program

For the Years Ended June 30, 2015 through 2024

Date	Contractually Required Contribution (1)	Contribution in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Political Subdivision					
2024	\$ 141,239	\$ 141,239	\$ -	\$ 26,155,386	0.54%
2023	131,046	131,046	-	24,267,792	0.54%
2022	110,611	110,611	-	20,483,435	0.54%
2021	97,480	97,480	-	18,051,832	0.54%
2020	93,616	93,616	-	18,003,036	0.52%
2019	89,584	89,584	-	17,227,713	0.52%
2018	86,111	86,111	-	16,559,903	0.52%
2017	82,987	82,987	-	15,959,043	0.52%
2016	74,685	74,685	-	15,559,369	0.48%
2015	71,272	71,272	-	14,848,401	0.48%
School Board					
2024	\$ 21,260	\$ 21,260	\$ -	\$ 3,937,054	0.54%
2023	20,807	20,807	-	3,853,228	0.54%
2022	19,165	19,165	-	3,549,019	0.54%
2021	20,248	20,248	-	3,749,553	0.54%
2020	19,515	19,515	-	3,752,866	0.52%
2019	18,416	18,416	-	3,541,574	0.52%
2018	18,613	18,613	-	3,580,333	0.52%
2017	18,035	18,035	-	3,468,337	0.52%
2016	15,475	15,475	-	3,223,926	0.48%
2015	15,830	15,830	-	3,297,791	0.48%
Teacher					
2024	\$ 253,426	\$ 253,426	\$ -	\$ 46,930,704	0.54%
2023	242,574	242,574	-	44,921,105	0.54%
2022	221,439	221,439	-	41,007,155	0.54%
2021	211,381	211,381	-	39,144,684	0.54%
2020	203,372	203,372	-	39,109,996	0.52%
2019	194,646	194,646	-	37,431,994	0.52%
2018	191,083	191,083	-	36,746,868	0.52%
2017	188,849	188,849	-	36,317,135	0.52%
2016	168,678	168,678	-	35,159,930	0.48%
2015	165,913	165,913	-	34,565,133	0.48%

For Reference Only:

Column 1 – Employer contribution rate multiplied by the employer's covered payroll

Column 2 – Employer contributions as referenced in Covered Payroll & Contributions report on VRS website

Column 4 – Employer's covered payroll amount for the fiscal year

County of Henry, Virginia

Notes to Required Supplementary Information – GLI OPEB

For the Year Ended June 30, 2024

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

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

Teachers

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 PUB2010 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 PUB2010 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 Henry, Virginia

Schedule of Changes in the Political Subdivision's Net HIC OPEB Liability
and Related Ratios

For the Measurement Dates of June 30, 2023, 2022, 2021, 2020, 2019, 2018 and 2017

Political Subdivision	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total HIC OPEB liability							
Service cost	\$ 4,239	\$ 5,258	\$ 5,553	\$ 5,652	\$ 5,029	\$ 5,068	\$ 5,750
Interest	22,290	18,149	17,124	17,500	17,135	17,673	17,681
Changes in benefit terms	-	-	-	-	-	-	-
Other changes	-	72,287	5,002	-	6,716	-	(9,433)
Difference between expected and actual experience	14,586	(8,041)	10,577	(1,091)	7,981	(11,363)	-
Benefit payments	<u>(21,721)</u>	<u>(28,827)</u>	<u>(27,844)</u>	<u>(27,404)</u>	<u>(17,372)</u>	<u>(20,768)</u>	<u>(7,457)</u>
Net change in total HIC OPEB liability	19,394	58,826	10,412	(5,343)	19,489	(9,390)	6,541
Total HIC OPEB liability - beginning	336,851	278,025	267,613	272,956	253,467	262,857	256,316
Total HIC OPEB liability - ending (a)	<u>356,245</u>	<u>336,851</u>	<u>278,025</u>	<u>267,613</u>	<u>272,956</u>	<u>253,467</u>	<u>262,857</u>
 Plan fiduciary net position							
Contributions - employer	\$ -	\$ 3,770	\$ 3,679	\$ 2,427	\$ 2,294	\$ 3,940	\$ 3,853
Net investment income	20,093	979	78,892	6,495	20,410	22,604	33,654
Benefit payments	(21,721)	(28,827)	(27,844)	(27,404)	(17,372)	(20,768)	(7,457)
Administrator charges	(445)	(619)	(871)	(595)	(440)	(516)	(542)
Other	<u>1,244</u>	<u>23,251</u>	<u>-</u>	<u>(3)</u>	<u>(24)</u>	<u>(1,718)</u>	<u>1,718</u>
Net change in plan fiduciary net position	(829)	(1,446)	53,856	(19,080)	4,868	3,542	31,226
Plan fiduciary net position - beginning	365,342	366,788	312,932	332,012	327,144	323,602	292,376
Plan fiduciary net position - ending (b)	<u>364,513</u>	<u>365,342</u>	<u>366,788</u>	<u>312,932</u>	<u>332,012</u>	<u>327,144</u>	<u>323,602</u>
 Political subdivision's net HIC OPEB liability (asset) - ending (a) - (b)	<u>\$ (8,268)</u>	<u>\$ (28,491)</u>	<u>\$ (88,763)</u>	<u>\$ (45,319)</u>	<u>\$ (59,056)</u>	<u>\$ (73,677)</u>	<u>\$ (60,745)</u>
 Plan fiduciary net position as a percentage of the total HIC OPEB liability	102.32%	108.46%	131.93%	116.93%	121.64%	129.07%	123.11%
 Covered payroll	\$ 6,845,662	\$ 6,281,358	\$ 6,131,872	\$ 6,066,432	\$ 5,735,599	\$ 5,626,721	\$ 5,503,431
 Political subdivision's net HIC OPEB liability as a percentage of covered payroll	-0.1208%	-0.4536%	-1.4476%	-0.7470%	-1.0296%	-1.3094%	-1.1038%

County of Henry, Virginia

Schedule of Changes in the Political Subdivision's Net HIC OPEB Liability
and Related Ratios

For the Measurement Dates of June 30, 2023, 2022, 2021, 2020, 2019, 2018 and 2017

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School Board - General Employees							
Total HIC OPEB liability							
Service cost	\$ 3,361	\$ 4,078	\$ 5,398	\$ -	\$ -	\$ -	\$ -
Interest	38,447	34,522	31,577	-	-	-	-
Changes in benefit terms	-	-	-	467,860	-	-	-
Changes of assumptions	-	69,098	13,555	-	-	-	-
Difference between expected and actual experience	(252,040)	(26,716)	1	-	-	-	-
Benefit payments	<u>(22,431)</u>	<u>(21,812)</u>	<u>(120)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in total HIC OPEB liability	(232,663)	59,170	50,411	467,860	-	-	-
Total HIC OPEB liability - beginning	577,441	518,271	467,860	-	-	-	-
Total HIC OPEB liability - ending (a)	\$ 344,778	\$ 577,441	\$ 518,271	\$ 467,860	\$ -	\$ -	\$ -
Plan fiduciary net position							
Contributions - employer	\$ 48,753	\$ 31,497	\$ 38,081	\$ -	\$ -	\$ -	\$ -
Net investment income	4,350	(262)	5,050	-	-	-	-
Benefit payments	(22,431)	(21,812)	(120)	-	-	-	-
Administrator charges	(112)	(85)	(168)	-	-	-	-
Other	<u>16</u>	<u>281</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	30,576	9,619	42,843	-	-	-	-
Plan fiduciary net position - beginning	52,462	42,843	-	-	-	-	-
Plan fiduciary net position - ending (b)	\$ 83,038	\$ 52,462	\$ 42,843	\$ -	\$ -	\$ -	\$ -
Political subdivision's net HIC OPEB liability - ending (a) - (b)	\$ 261,740	\$ 524,979	\$ 475,428	\$ 467,860	\$ -	\$ -	\$ -
Plan fiduciary net position as a percentage of the total HIC OPEB liability	24.08%	9.09%	8.27%	0.00%	N/A	N/A	N/A
Covered payroll	\$ 3,833,317	3,514,489	3,732,896	N/A	N/A	N/A	N/A
Political subdivision's net HIC OPEB liability as a percentage of covered payroll	6.8280%	14.9376%	12.7362%	0.0000%	N/A	N/A	N/A

County of Henry, Virginia

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employer's Proportion of the Net HIC OPEB Liability (Asset)	0.45049%	0.43987%	0.44246%	0.44591%	0.44613%	0.45430%	0.45989%
Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	\$ 5,457,314	\$ 5,494,181	\$ 5,679,280	\$ 5,816,970	\$ 5,840,725	\$ 5,768,000	\$ 5,834,000
Employer's Covered Payroll	\$ 44,918,372	\$ 40,996,625	\$ 39,131,295	\$ 39,091,570	\$ 37,419,544	\$ 36,740,962	\$ 36,294,838
Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of its Covered Payroll	12.15%	13.40%	14.51%	14.88%	15.61%	15.70%	16.07%
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	17.90%	15.08%	13.15%	9.95%	8.97%	8.08%	7.04%

*Schedule is intended to show information for 10 years.
Since 2023 is the seventh year of presentation, only seven years of data is available. However, additional years will be included as they become available.*

For Reference Only: The Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability for the Health Insurance Credit (HIC) for each year is presented on pages 142 and 143 of the VRS 2023 Annual Report.

County of Henry, Virginia

Schedule of Employer Contributions HIC OPEB

Health Insurance Credit - Political Subdivisions and Teacher

For the Years Ended June 30, 2015 through 2024

Date	Contractually Required Contribution (1)	Contribution in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Political Subdivision					
2024	\$ -	\$ -	\$ -	\$ 7,757,130	0.00%
2023	-	-	-	6,845,662	0.00%
2022	3,769	3,769	-	6,281,358	0.06%
2021	3,679	3,679	-	6,131,872	0.06%
2020	2,427	2,427	-	6,066,432	0.04%
2019	2,294	2,294	-	5,735,599	0.04%
2018	3,940	3,940	-	5,626,721	0.07%
2017	3,852	3,852	-	5,503,431	0.07%
2016	3,237	3,237	-	5,395,282	0.06%
2015	3,082	3,082	-	5,136,640	0.06%
School Board					
2024	\$ 50,725	\$ 50,725	\$ -	\$ 3,932,140	1.29%
2023	49,450	49,450	-	3,833,317	1.29%
2022	35,848	35,848	-	3,514,489	1.02%
2021	38,076	38,076	-	3,732,896	1.02%
2020	N/A	N/A	N/A	N/A	N/A
2019	N/A	N/A	N/A	N/A	N/A
2018	N/A	N/A	N/A	N/A	N/A
2017	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A
Teacher					
2024	\$ 567,826	\$ 567,826	\$ -	\$ 46,927,771	1.21%
2023	543,512	543,512	-	44,918,372	1.21%
2022	496,059	496,059	-	40,996,625	1.21%
2021	473,489	473,489	-	39,131,295	1.21%
2020	469,099	469,099	-	39,091,570	1.20%
2019	449,032	449,032	-	37,419,544	1.20%
2018	451,908	451,908	-	36,740,962	1.23%
2017	402,873	402,873	-	36,294,838	1.11%
2016	372,176	372,176	-	35,110,957	1.06%
2015	366,390	366,390	-	34,565,133	1.06%

For Reference Only:

Column 1 – Employer contribution rate multiplied by the employer's covered payroll

Column 2 – Employer contributions as referenced in Covered Payroll & Contributions report on VRS website

Column 4 – Employer's covered payroll amount for the fiscal year

County of Henry, Virginia

Notes to Required Supplementary Information – HIC OPEB

For the Year Ended June 30, 2024

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

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

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 PUB2010 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

Teacher

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 Henry, Virginia

Schedule of Changes in the Political Subdivision's
Net OPEB Liability - Retiree Health Insurance
and Related Ratios

Last 10 Fiscal Years (as information becomes available)

County	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability							
Service cost	\$ 17,264	\$ 31,557	\$ 31,637	\$ 25,782	\$ 22,286	\$ 69,463	\$ 67,769
Interest	67,912	88,598	84,938	84,627	86,758	68,918	68,051
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(42,029)	(268,371)	(38,492)	(21,683)	11,833	(133,891)	-
Other changes	(56,373)	(84,973)	47,989	761	77,822	(610,581)	-
Benefit payments, including refunds of employee contributions	(56,407)	(61,469)	(81,718)	(99,478)	(110,619)	(141,848)	(84,969)
Net change in total OPEB liability	(69,633)	(294,658)	44,354	(9,991)	88,080	(747,939)	50,851
Total OPEB liability - beginning	1,016,587	1,311,245	1,266,891	1,276,882	1,188,802	1,936,741	1,885,890
Total OPEB liability - ending (a)	\$ 946,954	\$ 1,016,587	\$ 1,311,245	\$ 1,266,891	\$ 1,276,882	\$ 1,188,802	\$ 1,936,741
Plan fiduciary net position							
Contributions - employer	\$ 90,707	\$ 95,569	\$ 115,818	\$ 133,478	\$ 144,619	\$ 175,848	\$ 122,969
Contributions - employee	-	-	-	-	-	-	-
Net investment income	88,013	(112,236)	267,798	24,025	36,707	62,634	73,904
Benefit payments, including refunds of employee contributions	(56,407)	(61,469)	(81,718)	(99,478)	(110,619)	(141,848)	(84,969)
Administrative expense	(1,684)	(1,776)	(1,503)	(1,426)	(1,328)	(1,246)	(1,173)
Net change in plan fiduciary net position	120,629	(79,912)	300,395	56,599	69,379	95,388	110,731
Plan fiduciary net position - beginning	1,100,549	1,180,461	880,066	823,467	754,088	658,700	547,969
Plan fiduciary net position - ending (b)	\$ 1,221,178	\$ 1,100,549	\$ 1,180,461	\$ 880,066	\$ 823,467	\$ 754,088	\$ 658,700
Political subdivision's net OPEB liability (asset) - ending (a) - (b)	\$ (274,224)	\$ (83,962)	\$ 130,784	\$ 386,825	\$ 453,415	\$ 434,714	\$ 1,278,041
Plan fiduciary net position as a percentage of the total OPEB liability	128.96%	108.26%	90.03%	69.47%	64.49%	63.43%	34.01%
Covered employee-payroll	\$ 19,200,587	\$ 19,200,587	\$ 13,547,052	\$ 13,547,052	\$ 12,965,430	\$ 12,965,430	\$ 12,670,439
Employer's net OPEB liability (asset) as a percentage of covered employee payroll	-1.43%	-0.44%	0.97%	2.86%	3.50%	3.35%	10.09%

County of Henry, Virginia

Schedule of Changes in the Political Subdivision's
Net OPEB Liability - Retiree Health Insurance
and Related Ratios

Last 10 Fiscal Years (as information becomes available)

Henry-Martinsville Social Services

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability							
Service cost	\$ 4,058	\$ 6,479	\$ 6,488	\$ 6,003	\$ 5,262	\$ 12,893	\$ 12,579
Interest	11,271	13,222	12,395	12,540	12,531	9,305	8,745
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(15,324)	(30,382)	(11,388)	(15,233)	(3,883)	(16,309)	-
Other changes	(8,827)	(15,806)	6,976	122	11,666	(84,156)	-
Benefit payments, including refunds of employee contributions	-	-	(4,339)	(7,741)	(7,493)	(9,367)	(2,493)
Net change in total OPEB liability	(8,822)	(26,487)	10,132	(4,309)	18,083	(87,634)	18,831
Total OPEB liability - beginning	162,916	189,403	179,271	183,580	165,497	253,131	234,300
Total OPEB liability - ending (a)	\$ 154,094	\$ 162,916	\$ 189,403	\$ 179,271	\$ 183,580	\$ 165,497	\$ 253,131
Plan fiduciary net position							
Contributions - employer	\$ 30,000	\$ 20,000	\$ 4,339	\$ 37,741	\$ 7,493	\$ 9,367	\$ 12,493
Contributions - employee	-	-	-	-	-	-	-
Net investment income	22,927	(28,446)	71,537	6,438	8,914	17,025	19,212
Benefit payments, including refunds of employee contributions	-	-	(4,339)	(7,741)	(7,493)	(9,367)	(2,493)
Administrative expense	(843)	(832)	(765)	(733)	(711)	(697)	(679)
Net change in plan fiduciary net position	52,084	(9,278)	70,772	35,705	8,203	16,328	28,533
Plan fiduciary net position - beginning	299,736	309,014	238,242	202,537	194,334	178,006	149,473
Plan fiduciary net position - ending (b)	\$ 351,820	\$ 299,736	\$ 309,014	\$ 238,242	\$ 202,537	\$ 194,334	\$ 178,006
Political subdivision's net OPEB liability (asset) - ending (a) - (b)	\$ (197,726)	\$ (136,820)	\$ (119,611)	\$ (58,971)	\$ (18,957)	\$ (28,837)	\$ 75,125
Plan fiduciary net position as a percentage of the total OPEB liability	228.32%	183.98%	163.15%	132.89%	110.33%	117.42%	70.32%
Covered employee-payroll	\$ 4,101,684	\$ 4,101,684	\$ 3,101,896	\$ 3,101,896	\$ 3,047,207	\$ 3,047,207	\$ 2,193,651
Employer's net OPEB liability (asset) as a percentage of covered payroll	-4.82%	-3.34%	-3.86%	-1.90%	-0.62%	-0.95%	3.42%

County of Henry, Virginia

Schedule of Changes in the Political Subdivision's
Net OPEB Liability - Retiree Health Insurance
and Related Ratios

Last 10 Fiscal Years (as information becomes available)

School Board	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability							
Service cost	\$ 121,611	\$ 159,053	\$ 159,420	\$ 136,479	\$ 118,245	\$ 297,521	\$ 290,264
Interest	300,484	335,860	323,282	301,911	309,360	240,768	238,371
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(164,902)	(631,257)	(116,680)	315,346	197,064	22,005	-
Changes of assumptions	-	(37,735)	182,657	3,876	286,182	(2,381,368)	-
Benefit payments, including refunds of employee contributions	(295,593)	(328,993)	(393,900)	(531,754)	(627,833)	(653,793)	(286,548)
Other changes	(257,408)	-	-	-	-	-	-
Net change in total OPEB liability	(295,808)	(503,072)	154,779	225,858	283,018	(2,474,867)	242,087
Total OPEB liability - beginning	<u>4,475,383</u>	<u>4,978,455</u>	<u>4,823,676</u>	<u>4,597,818</u>	<u>4,314,800</u>	<u>6,789,667</u>	<u>6,547,580</u>
Total OPEB liability - ending (a)	<u>\$ 4,179,575</u>	<u>\$ 4,475,383</u>	<u>\$ 4,978,455</u>	<u>\$ 4,823,676</u>	<u>\$ 4,597,818</u>	<u>\$ 4,314,800</u>	<u>\$ 6,789,667</u>
Plan fiduciary net position							
Contributions - employer	\$ 595,593	\$ 328,993	\$ 393,900	\$ 531,754	\$ 777,833	\$ 653,793	\$ 286,548
Contributions - employee	-	-	-	-	-	-	-
Net investment income	176,706	(235,752)	591,362	58,436	77,524	147,530	176,032
Benefit payments, including refunds of employee contributions	(295,593)	(328,993)	(393,900)	(531,754)	(627,833)	(653,793)	(286,548)
Administrative expense	(2,906)	(3,245)	(2,729)	(2,589)	(2,332)	(2,229)	(2,134)
Net change in plan fiduciary net position	473,800	(238,997)	588,633	55,847	225,192	145,301	173,898
Plan fiduciary net position - beginning	<u>2,317,259</u>	<u>2,556,256</u>	<u>1,967,623</u>	<u>1,911,776</u>	<u>1,686,584</u>	<u>1,541,283</u>	<u>1,367,385</u>
Plan fiduciary net position - ending (b)	<u>\$ 2,791,059</u>	<u>\$ 2,317,259</u>	<u>\$ 2,556,256</u>	<u>\$ 1,967,623</u>	<u>\$ 1,911,776</u>	<u>\$ 1,686,584</u>	<u>\$ 1,541,283</u>
Political subdivision's net OPEB liability (asset) - ending (a) - (b)	<u>\$ 1,388,516</u>	<u>\$ 2,158,124</u>	<u>\$ 2,422,199</u>	<u>\$ 2,856,053</u>	<u>\$ 2,686,042</u>	<u>\$ 2,628,216</u>	<u>\$ 5,248,384</u>
Plan fiduciary net position as a percentage of the total OPEB liability	66.78%	51.78%	51.35%	40.79%	41.58%	39.09%	22.70%
Covered employee-payroll	\$41,787,357	\$41,787,357	\$39,837,988	\$39,837,988	\$37,925,106	\$37,925,106	\$35,775,226
Employer's net OPEB liability (asset) as a percentage of covered payroll	3.32%	5.16%	6.08%	7.17%	7.08%	6.93%	14.67%

County of Henry, Virginia

Schedule of Employer Contributions - OPEB Retiree Health Insurance

Last 10 Fiscal Years (as information becomes available)

Date	Actuarially Determined Contribution (1)	Contributions in Relation to Actuarially Determined Contribution (2)	Contribution Deficiency (Excess) (3)	Expected Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
County					
2024	\$ 56,407	\$ 90,707	\$ (34,300)	\$ 19,200,587	0.47%
2023	61,469	95,569	(34,100)	19,200,587	0.50%
2022	81,718	115,818	(34,100)	13,547,052	0.85%
2021	99,478	133,478	(34,000)	13,547,052	0.99%
2020	110,619	144,619	(34,000)	12,965,430	1.12%
2019	141,848	175,848	(34,000)	12,965,430	1.36%
2018	84,969	84,969	-	12,670,439	0.67%
2017	n/a	n/a	n/a	n/a	n/a
2016	n/a	n/a	n/a	n/a	n/a
2015	n/a	n/a	n/a	n/a	n/a
Henry-Martinsville Social Services					
2024	\$ -	\$ -	\$ -	\$ 4,101,684	0.00%
2023	-	30,000	(30,000)	4,101,684	0.73%
2022	4,339	24,339	(20,000)	3,101,896	0.78%
2021	7,741	37,741	(30,000)	3,101,896	1.22%
2020	7,493	7,493	-	3,047,207	0.25%
2019	9,367	9,367	-	3,047,207	0.31%
2018	2,493	2,493	-	2,193,651	0.11%
2017	n/a	n/a	n/a	n/a	n/a
2016	n/a	n/a	n/a	n/a	n/a
2015	n/a	n/a	n/a	n/a	n/a
School Board					
2024	\$ 295,593	\$ 645,593	\$ (350,000)	\$ 41,787,357	1.54%
2023	328,993	628,993	(300,000)	41,787,357	1.51%
2022	393,900	393,900	-	39,837,988	0.99%
2021	531,754	531,754	-	39,837,988	1.33%
2020	627,833	777,833	(150,000)	37,925,106	2.05%
2019	653,793	653,793	-	37,925,106	1.72%
2018	286,548	286,548	-	35,775,226	0.80%
2017	n/a	n/a	n/a	n/a	n/a
2016	n/a	n/a	n/a	n/a	n/a
2015	n/a	n/a	n/a	n/a	n/a

Notes to Schedule:

The expected benefit payments are actuarially determined to reflect the age difference between the overall covered group and the retiree group.

Actuarially determined contributions, which are based on the 'pay-as-you-go" cost, and actual contributions are from the measurement periods ending June 30 of the year prior to the year-end of the reporting periods shown.

OTHER SUPPLEMENTARY INFORMATION



County of Henry, Virginia

Capital Projects Fund

June 30, 2024

Special Grant Projects Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Recovered costs	\$ -	\$ 476,324	\$ 361,151	\$ (115,173)
Intergovernmental				
Revenue from the Commonwealth of Virginia	-	126,014	126,014	-
Revenue from the Federal Government	-	<u>3,227,522</u>	<u>1,095,990</u>	<u>(2,131,532)</u>
Total Intergovernmental	-	<u>3,353,536</u>	<u>1,222,004</u>	<u>(2,131,532)</u>
Total Revenues	-	3,829,860	1,583,155	(2,246,705)
Expenditures				
Current				
Community development	-	<u>4,136,264</u>	<u>1,697,292</u>	<u>2,438,972</u>
Total Expenditures	-	<u>4,136,264</u>	<u>1,697,292</u>	<u>2,438,972</u>
Net Change in Fund Balance Before Transfers	-	(306,404)	(114,137)	192,267
Transfer from Other Funds	-	<u>323,247</u>	<u>113,804</u>	<u>(209,443)</u>
Net Change in Fund Balance Before Transfer from Surplus	-	16,843	(333)	(17,176)
Transfer from Surplus Funds	-	<u>(16,843)</u>	-	<u>16,843</u>
Net Change in Fund Balance After Transfer from Surplus	<u>\$ -</u>	<u>\$ -</u>	(333)	<u>\$ (333)</u>
Fund Balance - Beginning of Year			<u>163,106</u>	
			-	
Fund Balance - End of Year			<u>\$ 162,773</u>	

County of Henry, Virginia
Combining Balance Sheet
Component Unit - School Board
Year Ended June 30, 2024

	School Fund	School Textbook Fund	School Cafeteria Fund	School Activity Fund	Total Public Schools
Assets					
Cash	\$ 255,657	\$ 2,334,595	\$ 1,344,575	\$ 938,375	\$ 4,873,202
Cash - restricted	36,476	-	-	-	36,476
Receivables - net	203,151	-	7,001	-	210,152
Due from primary government	5,738,514	-	4,895	-	5,743,409
Due from other funds	61,004	-	-	-	61,004
Due from other governments	5,712,963	-	229,905	-	5,942,868
Total Assets	<u>\$ 12,007,765</u>	<u>\$ 2,334,595</u>	<u>\$ 1,586,376</u>	<u>\$ 938,375</u>	<u>\$ 16,867,111</u>
Liabilities					
Accounts payable	\$ 2,945,627	\$ 18,963	\$ 301,010	\$ 5,061	\$ 3,270,661
Accrued salaries and benefits	5,299,075	-	224,812	-	5,523,887
Due to other funds	-	61,004	-	-	61,004
Unearned grants	3,715,087	-	-	-	3,715,087
Total Liabilities	11,959,789	79,967	525,822	5,061	12,570,639
Deferred Inflows of Resources					
Held for scholarships	47,976	-	-	-	47,976
Fund Balances					
Restricted	-	-	1,060,554	-	1,060,554
Assigned	-	2,254,628	-	933,314	3,187,942
Unassigned	-	-	-	-	-
Total Fund Balances	-	2,254,628	1,060,554	933,314	4,248,496
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,007,765</u>	<u>\$ 2,334,595</u>	<u>\$ 1,586,376</u>	<u>\$ 938,375</u>	<u>\$ 16,867,111</u>
Fund Balances - per above					\$ 4,248,496
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					52,832,070
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.					
Deferred outflows related to pensions					14,663,568
Deferred inflows related to pensions					(5,648,683)
Deferred outflows related to OPEBs					2,183,494
Deferred inflows related to OPEBs					(1,738,508)
The net VRS pension liability is a long-term liability related to pensions that is applicable to future periods and, therefore, is not reported in the funds.					(46,272,542)
Liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Balances of long-term liabilities affecting net position are as follows:					
Subscription liabilities					-
Other post employment benefits obligation					(9,590,989)
Compensated absences					(943,469)
Net Position of Governmental Activities					<u>\$ 9,733,437</u>

County of Henry, Virginia

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Component Unit - School Board

Year Ended June 30, 2024

	<u>School Fund</u>	<u>School Textbook Fund</u>	<u>School Cafeteria Fund</u>	<u>School Activity Fund</u>	<u>Total Public Schools</u>
Revenues					
Revenue from use of money and property	\$ 11,142	\$ 85,483	\$ 16,683	\$ 203	\$ 113,511
Charges for services	492,489	-	481,095	-	973,584
Recovered costs	385,254	-	-	-	385,254
Miscellaneous	586,785	-	-	1,646,802	2,233,587
Intergovernmental					
County of Henry, Virginia	20,288,105	-	-	-	20,288,105
Commonwealth of Virginia	73,714,923	-	101,657	-	73,816,580
Federal	15,786,985	-	6,092,050	-	21,879,035
QSCB federal loan interest subsidy	144,705	-	-	-	144,705
Total Revenues	111,410,388	85,483	6,691,485	1,647,005	119,834,361
Expenditures					
Current					
Instruction	62,999,818	123,256	-	1,552,297	64,675,371
Administration, attendance, and health	4,024,372	-	-	-	4,024,372
Pupil transportation	7,583,062	-	-	-	7,583,062
Operation and maintenance	8,051,496	-	-	-	8,051,496
Cafeteria - school food service	-	-	7,088,660	-	7,088,660
Facilities	3,215,654	-	-	-	3,215,654
Special grants	18,902,373	-	-	-	18,902,373
Technology	3,136,194	-	-	-	3,136,194
Debt Service					
Principal	1,864,017	-	-	-	1,864,017
Interest and other charges	843,112	-	-	-	843,112
Total Expenditures	110,620,098	123,256	7,088,660	1,552,297	119,384,311
Excess (Deficiency) of Expenditures Over Revenues	790,290	(37,773)	(397,175)	94,708	450,050
Other Financing Sources (Uses)					
Transfers in	-	683,568	106,722	-	790,290
Transfers out	(790,290)	-	-	-	(790,290)
Total Other Financing Sources (Uses)	(790,290)	683,568	106,722	-	-
Net Change in Fund Balances	-	645,795	(290,453)	94,708	450,050
Fund Balances - Beginning of Year	-	1,608,833	1,351,007	838,606	3,798,446
Fund Balances - End of Year	\$ -	\$ 2,254,628	\$ 1,060,554	\$ 933,314	\$ 4,248,496

County of Henry, Virginia

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Component Unit - School Board

Year Ended June 30, 2024

Net Change in Fund Balances - per above \$ 450,050

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and disposition was less than capital outlays. 8,160,419

Construction related to renovation of school buildings is part of the County Primary Government since the debt is in the County name. However, the school building belongs to the County until such time the debt is paid off. All debt payments paid by the School Board are adjusted and shown as being paid by the County. 1,007,269

Bond and financed purchase obligations proceeds are reported as financing sources in Governmental Funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases the long-term liabilities and does not affect the Statement of Activities. Similarly, the repayment of principal is an expenditure in the Governmental Funds but reduces the liability in the Statement of Net Position.

Subscription liabilities issued/paid, net	\$ 54,373	
Repayments on financed purchase obligations	<u>-</u>	
Net Adjustment		54,373

Governmental funds use the modified accrual basis of accounting whereas the Statement of Activities for the Governmental-Type statements use the full accrual method in reporting expenses and liabilities. Therefore, the following adjustment reflects the net changes in the following accounts:

Compensated absences	(82,041)
Net pension liability/(asset)	(3,644,424)
Deferred inflows - pension	4,527,817
Deferred outflows - pension	3,223,622
Deferred outflows - OPEB	(14,377)
Deferred inflows - OPEB	221,260
Other postemployment benefits	<u>1,052,767</u>
Change in Net Position of Governmental Activities	<u>\$ 14,956,735</u>

Henry County School Board
School Fund

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

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Revenue from the use of money and property	\$ 25,000	\$ 25,000	\$ 11,142	\$ (13,858)
Charges for services	45,500	524,560	492,489	(32,071)
Recovered costs	374,000	456,388	385,254	(71,134)
Miscellaneous				
Other miscellaneous	350,000	350,000	586,785	236,785
Payment from Primary Government - Henry County	19,351,186	34,314,415	20,288,105	(14,026,310)
Intergovernmental				
Revenue from the Commonwealth of Virginia	71,072,726	77,161,249	73,274,923	(3,886,326)
Educational Technology - Commonwealth of Virginia	466,000	466,000	440,000	(26,000)
Revenue from the Federal Government	11,000,000	24,234,656	15,786,985	(8,447,671)
QSCB federal loan interest subsidy	-	-	144,705	144,705
Total Intergovernmental Revenues	82,538,726	101,861,905	89,646,613	(12,215,292)
Total Revenues	102,684,412	137,532,268	111,410,388	(26,121,880)
Expenditures				
Instruction	63,651,603	67,100,667	62,999,818	4,100,849
Administration, attendance, and health	4,470,073	4,198,254	4,024,372	173,882
Pupil transportation	7,988,827	9,242,806	7,583,062	1,659,744
Operation and maintenance	7,990,886	8,912,670	8,051,496	861,174
Facilities	535,000	10,325,396	3,215,654	7,109,742
Special grants	11,000,000	30,949,264	18,902,373	12,046,891
Technology	3,651,010	3,299,475	3,136,194	163,281
Contingency reserve	50,000	50,000	-	50,000
Debt Service				
Principal	1,809,644	1,809,644	1,864,017	(54,373)
Interest and other charges	858,013	858,013	843,112	14,901
Total Expenditures	102,005,056	136,746,189	110,620,098	26,126,091
Excess (Deficiency) of Revenues Over Expenditures	679,356	786,079	790,290	4,211
Other Financing Sources (Uses)				
Transfers in (out)	(679,356)	(786,079)	(790,290)	(4,211)
Total Other Financing Sources (Uses)	(679,356)	(786,079)	(790,290)	(4,211)
Net Change in Fund Balance Before Transfer from Surplus	-	-	-	-
Transfer from Surplus Funds	-	-	-	-
Net Change in Fund Balance After Transfer from Surplus	\$ -	\$ -	-	\$ -
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			\$ -	

Henry County School Board
School Textbook Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Revenue from the use of money and property	\$ -	\$ -	\$ 85,483	\$ 85,483
Total Revenues	-	-	85,483	85,483
Expenditures				
Textbooks	<u>920,000</u>	<u>920,000</u>	<u>123,256</u>	<u>796,744</u>
Total Expenditures	<u>920,000</u>	<u>920,000</u>	<u>123,256</u>	<u>796,744</u>
Excess (Deficiency) of Revenues Over Expenditures	(920,000)	(920,000)	(37,773)	882,227
Other Financing Sources (Uses)				
Transfers in (out)	<u>679,356</u>	<u>679,356</u>	<u>683,568</u>	<u>4,212</u>
Total Other Financing Sources (Uses)	<u>679,356</u>	<u>679,356</u>	<u>683,568</u>	<u>4,212</u>
Net Change in Fund Balance	(240,644)	(240,644)	645,795	886,439
Transfer from Surplus Funds	<u>240,644</u>	<u>240,644</u>	-	<u>(240,644)</u>
Net Change after Reserve	<u>\$ -</u>	<u>\$ -</u>	645,795	<u>\$ 645,795</u>
Fund Balance - Beginning of Year			<u>1,608,833</u>	
Fund Balance - End of Year			<u>\$ 2,254,628</u>	

Henry County School Board
School Cafeteria Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Revenue from the use of money and property	\$ 1,200	\$ 1,200	\$ 16,683	\$ 15,483
Charges for services	485,366	485,366	481,095	(4,271)
Intergovernmental				
Revenue from the Commonwealth of Virginia	-	-	101,657	101,657
Revenue from the Federal Government	<u>6,333,683</u>	<u>6,824,958</u>	<u>6,092,050</u>	<u>(732,908)</u>
Total Intergovernmental Revenues	<u>6,333,683</u>	<u>6,824,958</u>	<u>6,193,707</u>	<u>(631,251)</u>
Total Revenues	6,820,249	7,311,524	6,691,485	(620,039)
Expenditures				
Cafeteria	<u>6,820,249</u>	<u>7,443,066</u>	<u>7,088,660</u>	<u>354,406</u>
Total Expenditures	<u>6,820,249</u>	<u>7,443,066</u>	<u>7,088,660</u>	<u>354,406</u>
Excess (Deficiency) of Revenues Over Expenditures	-	(131,542)	(397,175)	(265,633)
Other Financing Sources (Uses)				
Transfers in (out)	<u>-</u>	<u>106,722</u>	<u>106,722</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>106,722</u>	<u>106,722</u>	<u>-</u>
Net Change in Fund Balance	-	(24,820)	(290,453)	(265,633)
Transfer from Surplus Funds	<u>-</u>	<u>24,820</u>	<u>-</u>	<u>(24,820)</u>
Net Change after Reserve	<u>\$ -</u>	<u>\$ -</u>	(290,453)	<u>\$ (290,453)</u>
Fund Balance - Beginning of Year			<u>1,351,007</u>	
Fund Balance - End of Year			<u>\$ 1,060,554</u>	

Henry County School Board
School Activity Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Revenue from the use of money and property	\$ -	\$ -	\$ 203	\$ 203
Miscellaneous	<u>-</u>	<u>-</u>	<u>1,646,802</u>	<u>1,646,802</u>
Total Revenues	-	-	1,647,005	1,647,005
Expenditures				
Instruction	<u>-</u>	<u>-</u>	<u>1,552,297</u>	<u>(1,552,297)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>1,552,297</u>	<u>(1,552,297)</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	94,708	94,708
Other Financing Sources (Uses)				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	94,708	94,708
Transfer from Surplus Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change after Reserve	<u>\$ -</u>	<u>\$ -</u>	94,708	<u>\$ 94,708</u>
Fund Balance - Beginning of Year			<u>838,606</u>	
Fund Balance - End of Year			<u>\$ 933,314</u>	

County of Henry, Virginia

Statement of Net Position

Component Unit - Industrial Development Authority

At June 30, 2024

	Industrial Site Project Fund #37	Main Operating Fund #45	Total Industrial Development Authority
Assets			
Current Assets			
Cash	\$ -	\$ 93,315	\$ 93,315
Accounts receivable	367,304	-	367,304
Due from other governments	1,141,536	-	1,141,536
Due from primary government - Henry County, VA	56,416	1,636,222	1,692,638
Lease receivables, current portion	-	11,550	11,550
Inventory	13,495,082	10,341,129	23,836,211
Total Current Assets	15,060,338	12,082,216	27,142,554
Noncurrent Assets			
Investment CCAT Leveraged Lender, LLC	-	3,753,639	3,753,639
Lease receivable, noncurrent	-	4,950	4,950
Total Noncurrent Assets	-	3,758,589	3,758,589
Total Assets	<u>\$ 15,060,338</u>	<u>\$ 15,840,805</u>	<u>\$ 30,901,143</u>
Liabilities			
Current Liabilities			
Accounts payable	\$ 669,695	\$ 11,674	\$ 681,369
Unearned rents	-	1,000	1,000
Unearned grants	15,558	400,000	415,558
Total Current Liabilities	685,253	412,674	1,097,927
Long-Term Liabilities			
	-	-	-
Total Liabilities	685,253	412,674	1,097,927
Deferred Inflows of Resources			
Leases	-	16,366	16,366
Total Deferred Inflows of Resources	-	16,366	16,366
Net Position			
Unrestricted	14,375,085	15,411,765	29,786,850
Total Net Position	<u>14,375,085</u>	<u>15,411,765</u>	<u>29,786,850</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 15,060,338</u>	<u>\$ 15,840,805</u>	<u>\$ 30,901,143</u>

County of Henry, Virginia

Statement of Revenues, Expenses, and Changes in Net Position

Component Unit - Industrial Development Authority

Year Ended June 30, 2024

	Industrial Site Project Fund #37	Main Operating Fund #45	Total Industrial Development Authority
Operating Revenues			
Payment from primary government	\$ -	\$ 2,014,167	\$ 2,014,167
Virginia Department of Transportation - Federal	101,181	-	101,181
Virginia Economic Development Partnership Authority	1,545,055	-	1,545,055
Harvest Foundation	3,367,304	2,000,000	5,367,304
EDC share of costs	11,750	-	11,750
Miscellaneous refunds and revenues	85,029	6,739	91,768
Commonwealth Opportunity fund	-	500,000	500,000
Total Operating Revenues	5,110,319	4,520,906	9,631,225
Operating Expenses			
Economic development	116,428	4,070,277	4,186,705
Total Operating Expenses	116,428	4,070,277	4,186,705
Operating Income	4,993,891	450,629	5,444,520
Nonoperating Revenues (Expenses)			
Interest and investment income	-	41,663	41,663
Total Nonoperating Revenues (Expenses)	-	41,663	41,663
Change in Net Position	4,993,891	492,292	5,486,183
Total Net Position - Beginning of Year	9,381,194	14,919,473	24,300,667
Total Net Position - End of Year	\$ 14,375,085	\$ 15,411,765	\$ 29,786,850

County of Henry, Virginia

Statement of Cash Flows

Component Unit - Industrial Development Authority

Year Ended June 30, 2024

	Industrial Site Project Fund #37	Main Operating Fund #45	Total Industrial Development Authority
Cash Flows from Operating Activities			
Receipts from primary government	\$ -	\$ 2,014,167	\$ 2,014,167
Federal grants	86,059	-	86,059
Other grants	671,500	-	671,500
Harvest Foundation	3,000,000	2,000,000	5,000,000
Miscellaneous revenues	85,029	7,605	92,634
Purchase of inventory for resale	(4,343,336)	(453,986)	(4,797,322)
Cash paid for economic development	(116,428)	(4,063,731)	(4,180,159)
Net Cash Used in Operating Activities	(617,176)	(495,945)	(1,113,121)
Cash Flows from Noncapital Financing Activities			
Payments on Due to / Due from accounts from primary government	617,176	(1,222,000)	(604,824)
Net Cash Provided by (Used in) Noncapital Financing Activities	617,176	(1,222,000)	(604,824)
Cash Flows from Capital and Related Financing Activities			
Principal payments on long-term debt	-	-	-
Interest payments on long-term debt	-	-	-
Net Cash Used in Capital and Related Financing Activities	-	-	-
Cash Flows from Investing Activities			
Interest and investment income	-	41,663	41,663
Net Cash Provided by Investing Activities	-	41,663	41,663
Net Increase (Decrease) in Cash and Cash Equivalents	-	(1,676,282)	(1,676,282)
Cash and Cash Equivalents - Beginning of Year	-	1,769,597	1,769,597
Cash and Cash Equivalents - End of Year	\$ -	\$ 93,315	\$ 93,315
Reconciliation of Operating Income to Net Cash Used in Operating Activities			
Operating income	\$ 4,993,891	\$ 450,629	\$ 5,444,520
<i>Adjustments to Reconcile Operating Income to Net Cash Used in Operating Activities</i>			
Depreciation	-	-	-
<i>Changes in Assets and Liabilities</i>			
Receivables	(367,304)	-	(367,304)
Due from other governments	(888,678)	-	(888,678)
Inventory	(4,912,358)	(453,986)	(5,366,344)
Lease receivables	-	(16,500)	(16,500)
Unearned rents	-	1,000	1,000
Unearned grants	(11,749)	(500,000)	(511,749)
Deferred inflows - leases	-	16,366	16,366
Accounts payable	569,022	6,546	575,568
Net Cash Used in Operating Activities	\$ (617,176)	\$ (495,945)	\$ (1,113,121)

County of Henry, Virginia

Balance Sheet

Component Unit - Henry-Martinsville Social Services

At June 30, 2024

Assets

Cash	\$ 149,674
Accounts receivable, net	2,482
Due from other governments	<u>996,783</u>
Total Assets	<u>\$ 1,148,939</u>

Liabilities and Fund Balance**Liabilities**

Accounts payable	\$ -
Accrued liabilities	65,282
Due to County of Henry, Virginia	<u>1,083,657</u>
Total Liabilities	1,148,939

Fund Balance

Total Liabilities and Fund Balance	<u>\$ 1,148,939</u>
------------------------------------	---------------------

Fund Balance - per above	\$ -
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	99,295
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The net prepaid OPEB liability is a long-term asset and is not a financial resource and, therefore, is not reported in the funds.	197,726
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Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows related to pensions	1,062,072
Deferred inflows related to pensions	(572,051)
Deferred outflows of resources related to OPEB	102,106
Deferred inflows of resources related to OPEB	(82,276)

Liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.

Balances of long-term liabilities affecting net position are as follows:

Net pension liability	(1,584,625)
OPEB obligations	(247,130)
Compensated absences	<u>(608,194)</u>

Net Position (Deficit) of Governmental Activities	<u>\$ (1,633,077)</u>
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County of Henry, Virginia

Statement of Revenues, Expenditures, and Changes in Fund Balances

Component Unit - Henry-Martinsville Social Services

Year Ended June 30, 2024

Revenues

Payments from County of Henry, Virginia	\$ 790,026
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Payments from City of Martinsville, Virginia	427,399
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Miscellaneous refunds and revenues	14,294
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Intergovernmental

Revenue from the Commonwealth of Virginia	3,000,433
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Revenue from the Federal Government	<u>5,213,359</u>
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Total Intergovernmental	<u>8,213,792</u>
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Total Revenues	9,445,511
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Expenditures

Health and welfare	<u>9,445,511</u>
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Net Change in Fund Balance	-
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Fund Balance - Beginning of Year	<u>-</u>
----------------------------------	----------

Fund Balance - End of Year	<u><u>\$ -</u></u>
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Net Change in Fund Balance - per above	\$ -
--	------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation. (5,626)

Governmental funds use the modified accrual basis of accounting whereas the Statement of Activities for the Governmental-Type statements use the full accrual method in reporting expenses and liabilities. Therefore, the following adjustment reflects the net changes in the following accounts:

Compensated absences	(41,187)
Net pension liability	(326,561)
Deferred inflows - pension	444,764
Deferred outflows - pension	107,277
Deferred outflows - OPEB	(15,530)
Deferred inflows - OPEB	10,196
Other postemployment benefits	<u>40,555</u>

Change in Net Position of Governmental Activities	<u><u>\$ 213,888</u></u>
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County of Henry, Virginia

Combining Statement of Fiduciary Net Position

At June 30, 2024

	<u>Custodial Funds</u>		
	<u>Special Welfare</u>	<u>Jail Inmate</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 986	\$ 155,783	\$ 156,769
Total Assets	<u>\$ 986</u>	<u>\$ 155,783</u>	<u>\$ 156,769</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 100	\$ -	\$ 100
Net Position			
Restricted for:			
Individuals, organizations, and other governments	<u>886</u>	<u>155,783</u>	<u>156,669</u>
Total Net Position	<u>886</u>	<u>155,783</u>	<u>156,669</u>
Total Liabilities and Fiduciary Net Position	<u>\$ 986</u>	<u>\$ 155,783</u>	<u>\$ 156,769</u>

County of Henry, Virginia

Combining Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2024

	<u>Special Welfare</u>	<u>Jail Inmate</u>	<u>Total Custodial Funds</u>
Additions			
Local grant funds and other donations	\$ 116,151	\$ -	\$ 116,151
Housing fees	-	122,436	122,436
Canteen and telephone fees	-	442,179	442,179
Total additions	116,151	564,615	680,766
Deductions			
Program and administrative expenses	119,405	117,247	236,652
Housing fees remitted to County	-	138,736	138,736
Telephone fees	-	90,078	90,078
Canteen purchases	-	233,599	233,599
Total deductions	119,405	579,660	699,065
Net Increase (Decrease) in Fiduciary Net Position	(3,254)	(15,045)	(18,299)
Net Position - Beginning	4,140	170,828	174,968
Net Position - Ending	\$ 886	\$ 155,783	\$ 156,669

OTHER INFORMATION SECTION



Table 1

County of Henry, Virginia

General Governmental Revenues by Source⁽¹⁾⁽²⁾

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Property Taxes</u>	<u>Other Local Taxes</u>	<u>Permits, Privilege Fees, and Regulatory Licenses</u>	<u>Fines and Forfeitures</u>	<u>Use of Money and Property</u>	<u>Charges for Services</u>	<u>Miscellaneous</u>	<u>Recovered Costs</u>	<u>Inter-Governmental</u>	<u>Total</u>
2015	\$23,871,330	\$12,004,009	\$ 61,302	\$ 191,984	\$ 863,945	\$ 1,744,070	\$ 994,556	\$ 3,547,875	\$ 75,295,664	\$118,574,735
2016	24,025,389	12,219,982	64,192	171,390	909,608	1,613,667	853,693	3,774,357	76,880,284	120,512,562
2017	24,344,550	12,323,201	63,792	214,626	669,873	1,552,687	873,104	3,547,175	79,495,294	123,084,302
2018	26,741,835	12,571,940	55,553	193,569	701,617	1,312,840	1,028,429	4,415,222	84,189,168	131,210,173
2019	28,230,794	13,397,099	77,110	165,674	2,300,453	1,295,214	998,268	4,921,665	86,049,792	137,436,069
2020	27,893,373	13,826,354	49,950	140,504	2,438,681	1,172,752	1,028,686	5,071,780	90,105,162	141,727,242
2021	29,167,772	15,742,493	108,497	133,296	1,253,635	978,310	1,473,633	4,212,401	100,001,726	153,071,763
2022	29,890,472	20,894,156	83,547	123,616	455,806	1,138,875	2,908,492	4,134,652	104,677,626	164,307,242
2023	31,296,370	23,107,460	189,573	126,817	2,762,077	1,347,470	2,243,850	5,728,398	152,382,948	219,184,963
2024	33,220,362	23,774,860	95,669	190,270	4,394,448	1,772,115	9,965,271	7,098,704	129,078,243	209,589,942

⁽¹⁾ Includes General and Special Revenue Funds of the Primary Government and Component Units - School Board and Social Services.

⁽²⁾ Payments from County of Henry, Virginia to the Component Units - School Board and Social Services are excluded from intergovernmental revenues.

County of Henry, Virginia

General Governmental Expenditures by Function⁽¹⁾⁽²⁾

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Gov. Administration</u>	<u>Judicial Administration</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health and Welfare</u>	<u>Education</u>	<u>Parks, Recreation, and Cultural</u>	<u>Community Development</u>	<u>Non-Departmental</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
2015	\$ 3,237,857	\$ 2,815,603	\$ 15,040,016	\$ 3,504,274	\$ 7,862,544	\$ 73,673,586	\$ 1,805,145	\$ 3,377,000	\$ 83,661	\$ 2,850,907	\$ 1,164,019	\$ 115,414,612
2016	3,138,381	2,895,916	15,432,462	3,473,137	7,755,323	77,873,789	1,832,590	3,793,880	93,018	2,140,166	1,474,742	119,903,404
2017	3,201,410	2,883,408	15,711,987	3,441,711	8,025,248	92,668,525	1,871,240	4,737,410	53,096	2,639,617	797,651	136,031,303
2018	3,257,287	2,989,787	16,738,307	3,504,916	8,385,686	89,772,125	1,927,417	4,881,862	50,809	3,345,873	4,618,167	139,472,236
2019	3,303,587	2,937,463	16,700,369	3,401,291	9,503,796	83,042,119	1,950,922	5,083,973	83,998	8,514,330	3,968,066	138,489,914
2020	3,398,733	3,038,494	17,778,343	3,587,910	10,341,838	84,597,469	1,933,218	4,958,890	60,252	5,895,158	21,101,800	156,692,105
2021	3,872,355	3,218,018	20,025,682	3,938,613	11,833,671	89,070,406	1,979,981	4,938,011	61,022	25,139,618	36,433,801	200,511,178
2022	3,782,013	3,361,244	23,558,124	3,805,486	13,387,616	96,444,934	2,157,991	6,731,224	78,571	6,321,202	16,017,654	175,646,059
2023	3,763,293	3,694,862	26,353,340	4,790,376	14,637,557	110,281,068	2,348,764	6,926,017	46,478	6,305,522	939,962	180,087,239
2024	4,206,971	3,834,415	29,684,738	4,833,321	15,949,718	116,739,596	2,981,939	6,464,684	53,415	25,383,902	7,901,883	218,034,582

⁽¹⁾ Includes General and Special Revenue Funds of the Primary Government and Component Units - School Board and Social Services.⁽²⁾ Payments from County of Henry, Virginia to the Component Units - School Board and Social Services are excluded from the respective function.

County of Henry, Virginia

Assessed Value of Taxable Property

Last Ten Fiscal Years

<u>Fiscal Year</u>		<u>Real Estate</u>		<u>Personal Property</u>		<u>Mobile Homes</u>		<u>Machinery and Tools</u>		<u>Public Service</u>		<u>Total</u>
2015	\$	2,865,947,336	\$	386,921,487	\$	24,055,943	\$	293,438,784	\$	160,532,186	\$	3,730,895,736
2016		2,874,491,189		394,241,419		24,105,123		301,949,527		168,148,943		3,762,936,201
2017		2,901,351,025		417,528,311		23,906,148		311,400,946		175,152,449		3,829,338,879
2018		2,872,989,189		419,610,064		21,786,667		343,462,516		177,404,798		3,835,253,234
2019		2,883,174,054		416,199,483		22,417,477		355,931,097		188,873,635		3,866,595,746
2020		2,889,190,270		435,083,807		22,561,261		338,166,323		196,172,192		3,881,173,853
2021		2,913,938,919		459,886,258		23,010,270		343,004,774		212,735,950		3,952,576,171
2022		2,955,483,423		491,826,968		21,744,505		378,517,161		276,296,477		4,123,868,534
2023		2,957,569,009		591,066,000		19,501,081		393,098,000		239,318,078		4,200,552,168
2024		3,028,313,514		614,346,323		19,859,640		462,337,419		238,620,891		4,363,477,787

Property Tax Rates - Last Ten Fiscal Years

Tax Rates per Hundred Dollars of Assessed Valuation

<u>Fiscal Year</u>		<u>Real Estate</u>		<u>Personal Property</u>		<u>Mobile Homes</u>		<u>Machinery and Tools</u>
2015	\$	0.488	\$	1.48	\$	0.488	\$	1.48
2016		0.488		1.48		0.488		1.48
2017		0.488		1.48		0.488		1.48
2018		0.555		1.55		0.555		1.55
2019		0.555		1.55		0.555		1.55
2020		0.555		1.55		0.555		1.55
2021		0.555		1.55		0.555		1.55
2022		0.555		1.55		0.555		1.55
2023		0.555		1.55		0.555		1.55
2024		0.555		1.55		0.555		1.55

Table 4

County of Henry, Virginia

Property Tax Levies and Collections

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
2015	\$ 24,957,730	\$ 24,023,981	96.26%	\$1,143,857	\$ 25,167,838	100.84%	\$ 3,018,626	12.09%
2016	25,272,038	24,321,388	96.24%	1,014,013	25,335,401	100.25%	2,776,267	10.99%
2017	25,919,711	24,778,117	95.60%	903,931	25,682,048	99.08%	3,061,326	11.81%
2018	28,879,412	27,380,868	94.81%	640,293	28,021,161	97.03%	3,647,745	12.63%
2019	29,143,275	27,934,344	95.85%	1,493,101	29,427,445	100.98%	3,588,601	12.31%
2020	29,235,764	27,981,597	95.71%	1,197,819	29,179,416	99.81%	3,740,443	12.79%
2021	29,926,875	28,907,795	96.59%	1,424,836	30,332,631	101.36%	3,352,413	11.20%
2022	31,548,851	30,247,595	95.88%	973,847	31,221,442	98.96%	3,925,918	12.44%
2023	33,106,673	31,199,981	94.24%	1,388,217	32,588,198	98.43%	4,137,525	12.50%
2024	34,931,809	32,886,462	94.14%	1,545,233	34,431,695	98.57%	4,897,175	14.02%

County of Henry, Virginia

Ratio of Net General Obligation Bonded Debt
to Assessed Taxable Value and Net General Obligation Bonded Debt Per Capita

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u> ⁽¹⁾	<u>Assessed Value</u> ⁽²⁾	<u>Net Bonded Debt</u> ⁽³⁾	<u>Ratio on Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2015	51,936	\$3,730,895,736	\$ 14,139,516	0.38%	\$ 272
2016	51,604	3,762,936,201	22,678,828	0.60%	439
2017	51,227	3,829,338,879	31,223,019	0.82%	610
2018	51,975	3,835,253,234	30,529,456	0.80%	587
2019	51,438	3,866,595,746	88,338,347	2.28%	1,717
2020	51,019	3,881,173,853	111,778,461	2.88%	2,191
2021	51,450	3,952,576,171	107,240,547	2.71%	2,084
2022	50,000	4,123,868,534	105,311,323	2.55%	2,106
2023	48,835	4,200,552,168	103,464,863	2.46%	2,119
2024	48,568	4,363,477,787	82,030,219	1.88%	1,689

⁽¹⁾ Weldon Cooper Center, University of Virginia, Latest Census Records.

⁽²⁾ From Table 3.

⁽³⁾ Includes all long-term general obligation bonded debt, bond anticipation notes, Literary Fund loans, and Recovery Zone bonds. Excludes compensated absences, capital leases, and landfill closure monitoring liability.

Table 6

County of Henry, Virginia

Ratio of Annual Debt Service Expenditures for General Bonded Debt
to Total General Governmental Expenditures⁽¹⁾⁽²⁾⁽³⁾

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Debt Service to General Government Expenditures</u>
2015	\$2,199,904	\$ 651,003	\$2,850,907	\$ 115,414,612	2.47%
2016	1,460,688	679,478	2,140,166	119,903,404	1.78%
2017	1,734,013	905,604	2,639,617	136,031,303	1.94%
2018	2,123,512	1,222,361	3,345,873	139,472,236	2.40%
2019	5,114,455	3,399,875	8,514,330	138,489,914	6.15%
2020	2,473,315	3,421,843	5,895,158	156,692,105	3.76%
2021	20,804,870	4,334,748	25,139,618	200,511,178	12.54%
2022	2,297,653	3,891,462	6,189,115	175,646,059	3.52%
2023	2,061,695	3,968,581	6,030,276	180,087,239	3.35%
2024	21,434,644	3,761,206	25,195,850	218,034,582	11.56%

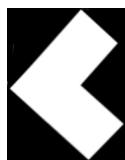
⁽¹⁾ Excludes debt service payments on short-term notes payable.

⁽²⁾ Excludes Component Unit - Industrial Development Authority debt.

⁽³⁾ Includes FY21 debt refunding of \$19,350,000.

COMPLIANCE SECTION





INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Supervisors
County of Henry, 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 *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, and each major fund of County of Henry, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise County of Henry, Virginia's basic financial statements, and have issued our report thereon dated December 11, 2024.

Report on Internal Control Over Financial Reporting

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

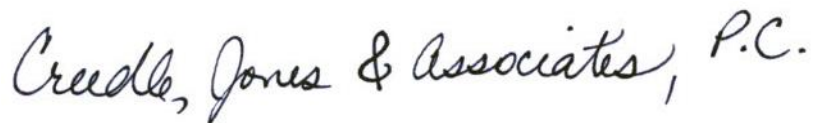
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

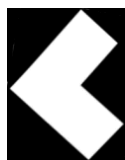
Purpose of this Report

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 black ink that reads "Creedle, Jones & Associates, P.C." in a cursive script.

Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
December 11, 2024



INDEPENDENT AUDITOR'S 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 Henry, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Henry, Virginia's compliance with the types of compliance requirements identified as subject to and in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Henry, Virginia's major federal programs for the year ended June 30, 2024. County of Henry, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, County of Henry, Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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); and *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, the Uniform Guidance, and specifications are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of County of Henry, Virginia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of County of Henry, Virginia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to County of Henry, Virginia's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on County of Henry, 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 Henry, 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 Henry, 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 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 Henry, 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

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

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

A handwritten signature in cursive script that reads "Creedle, Jones & Associates, P.C.".

Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
December 11, 2024



REPORT ON COMPLIANCE WITH COMMONWEALTH OF VIRGINIA'S LAWS, REGULATIONS, CONTRACTS, AND GRANTS

To the Board of Supervisors
County of Henry, Virginia

We have audited the financial statements of the County of Henry, Virginia, as of and for the year ended June 30, 2024, and have issued our report thereon dated December 11, 2024.

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 *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with Commonwealth of Virginia's laws, regulations, contracts, and grants applicable to the County of Henry, Virginia, is the responsibility of the County of Henry, Virginia's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the County of Henry, Virginia's compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts, and grants. However, the objective of our audit of the basic financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The following is a summary of the Commonwealth of Virginia's laws, regulations, contracts, and grants for which we performed tests of compliance:

Code of Virginia

- Budget and Appropriation Laws
- Cash and Investments
- Conflicts of Interest
- Retirement Systems
- Debt Provisions
- Procurement
- Unclaimed Property
- Personal Property Tax Relief Act

State Agency Requirements

- Social Services
- Education
- Children's Services Act Funds
- Economic Development Opportunity Fund

The results of our tests disclosed no instances of noncompliance with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the County of Henry, Virginia had not complied, in all material respects, with those provisions.

This report is intended solely for the information of the Board of Supervisors, County of Henry, Virginia's management, Auditor of Public Accounts of the Commonwealth of Virginia, and applicable state agencies, and is not intended to be, and should not be, used by anyone other than these specified parties.

Creedle, Jones & Associates, P.C.

Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
December 11, 2024

County of Henry, Virginia
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
PRIMARY GOVERNMENT			
U. S. Department of the Treasury			
Direct Payments			
Local Assistance and Tribal Consistency Fund	21.032	N/A	\$ 100,000
Pass-Through Payments			
<i>Department of Criminal Justice Services</i>			
ARPA-American Rescue Plan, Coronavirus State and Local Recovery Funding - VA DCJS Equipment Grant	21.027	140	359,509
<i>Department of Commerce and Trade</i>			
ARPA-American Rescue Plan, Coronavirus State and Local Recovery Funding - VA Tourism Corporation	21.027	320	49,753
Subtotal - U. S. Department of the Treasury			509,262
U. S. Department of Interior			
Direct Payments			
Payments in Lieu of Taxes	15.226	N/A	4,426
Outdoor Recreation Acquisition, Development and Planning	15.916	N/A	431,915
Subtotal - U. S. Department of Interior			436,341
U. S. Department of Transportation			
Pass-Through Payments			
<i>Department of Transportation</i>			
Highway Planning and Construction	20.205	501	183,267
<i>Department of Motor Vehicles</i>			
Alcohol Open Container Requirements	20.607	530	4,699
<i>Highway Safety Cluster</i>			
State and Community Highway Safety	20.600	530	20,883
Total Highway Safety Cluster			20,883
Subtotal - U. S. Department of Transportation			208,849
Appalachian Regional Commission			
Direct Payments			
Appalachian Area Development	23.002	N/A	431,915
U. S. Department of Health and Human Services			
Pass-Through Payments			
<i>Aging Cluster</i>			
<i>Southern Area Agency on Aging</i>			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	N/A	60,411
Special Programs for the Aging - Title III, Part B (ARPA)	93.044	N/A	15,000
Special Programs for the Aging - Title III, Part C (ARPA)	93.044	N/A	34,955
Total Aging Cluster			110,366
Subtotal - U. S. Department of Health and Human Services			110,366
U. S. Department of Justice			
Direct Payments			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	32,219
Bulletproof Vest Partnership Program	16.607	N/A	25,177
State Criminal Alien Assistance Program	16.606	N/A	19,151
Equitable Sharing Program - Asset Forfeiture	16.922	N/A	10,147
Pass-Through Payments			
<i>Department of Criminal Justice Services</i>			
Crime Victim Assistance	16.575	140	106,482
Subtotal - U. S. Department of Justice			193,176
U. S. Department of Housing and Urban Development			
Pass-Through Payments			
<i>Department of Housing and Community Development</i>			
Community Development Block Grant - States Program	14.228	165	48,893
Subtotal - U. S. Department of Housing and Urban Development			48,893
U. S. Department of Homeland Security			
Pass-Through Payments			
<i>Department of Emergency Management</i>			
Emergency Management Performance Grants	97.042	127	26,164
Disaster Grants - Public Assistance	97.036	127	5,172
Hazard Mitigation Grant Program	97.039	127	698,069
Subtotal - U. S. Department of Homeland Security			729,405
U. S. Department of Health and Human Services			
Pass-Through Payments			
<i>Department of Social Services</i>			
Social services block grant	93.667	765	123,447
Total - Primary Government			2,791,654

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
HENRY-MARTINSVILLE SOCIAL SERVICES			
U. S. Department of Agriculture			
Pass-Through Payments			
<i>Department of Social Services</i>			
SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	765	1,172,995
Total SNAP Cluster			1,172,995
Subtotal - U. S. Department of Agriculture			1,172,995
U. S. Department of Health and Human Services			
Pass-Through Payments			
<i>Department of Social Services</i>			
<i>CCDF Cluster</i>			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	765	156,467
Total CCDF Cluster			156,467
Coronavirus State and Local Fiscal Recovery Funds	21.027	765	107,760
Guardianship Assistance	93.090	765	929
Title IV-E Prevention Program	93.472	765	22,314
Promoting Safe and Stable Families	93.556	765	51,659
Refugee and Entrant Assistance - State Administered Programs	93.566	765	3,313
Low-Income Home Energy Assistance	93.568	765	169,481
Chafee Education and Training Vouchers Program (ETV)	93.599	765	320
Stephanie Tubbs Jones Child Welfare Services Program	93.645	765	619
Foster care - Title IV-E	93.658	765	515,587
Adoption Assistance	93.659	765	647,646
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	765	11,266
Children's Health Insurance Program	93.767	765	13,057
Social Services Block Grant	93.667	765	635,805
Temporary Assistance for Needy Families	93.558	765	709,458
<i>Medicaid Cluster</i>			
Medical Assistance Program (Medicaid; Title XIX)	93.778	765	994,683
Total Medicaid Cluster			994,683
Subtotal - U. S. Department of Health and Human Services			4,040,364
Total - Henry-Martinsville Social Services			5,213,359
INDUSTRIAL DEVELOPMENT AUTHORITY			
U. S. Department of Transportation			
Pass-Through Payments			
<i>Department of Transportation</i>			
Highway Planning and Construction	20.205	501	101,181
Total - Industrial Development Authority			101,181

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
SCHOOL BOARD			
U. S. Department of Agriculture			
Pass-Through Payments			
<i>Child Nutrition Cluster</i>			
<i>State Department of Agriculture and Consumer Services</i>			
National School Lunch Program (NSLP) -			
Food distribution - donated commodities	10.555	301	294,972
Summer Food Service Program for Children (SFSPC)			
Food distribution - donated commodities	10.559	301	2,288
<i>Department of Education</i>			
Summer Food Service Program for Children (SFSPC)	10.559	197	468,218
School Breakfast Program (SBP)	10.553	197	1,448,836
Fresh Fruit and Vegetable Program (FFVP)	10.582	197	238,015
National School Lunch Program (NSLP)	10.555	197	3,721,199
Total Child Nutrition Cluster			6,173,528
National School Lunch Program - Child and Adult Care Food Program	10.558	197	178,000
Child Nutrition Discretionary Grants	10.579	197	31,602
Food and Nutrition - Pandemic EBT Admin Costs	10.649	197	6,180
Subtotal - U. S. Department of Agriculture			6,389,310
U. S. Department of Education			
Pass-Through Payments			
<i>Department of Education</i>			
<i>Special Education Cluster (IDEA)</i>			
Special Education - Grants to States (IDEA, Part B)	84.027	197	2,168,573
Special Education - Preschool Grants (IDEA)	84.173	197	88,759
Total Special Education Cluster (IDEA)			2,257,332
Coronavirus State and Local Fiscal Recovery Funds	21.027	197	1,383,153
Elementary and Secondary School Emergency Relief (ESSER I and II) Fund	84.425D	197	8,670,439
Title I Grants to Local Educational Agencies	84.010	197	2,688,560
Adult Education - Basic Grants to States	84.002	197	69,311
Career and Technical Education - Basic Grants to States	84.048	197	192,252
School Safety National Activities	84.184	197	96,483
English Language Acquisition State Grants	84.365	197	43,901
Student Support and Academic Enrichment Program	84.424	197	120,905
Rural Education	84.358	197	170,746
Supporting Effective Instruction State Grants	84.367	197	90,022
Subtotal - U. S. Department of Education			15,783,104
U. S. Department of Health and Human Services			
Pass-Through Payments			
<i>Department of Education</i>			
Public Health Crisis Response - COVID-19	93.354	197	3,881
Subtotal - U. S. Department of Health and Human Services			3,881
Subtotal - School Board			22,176,295
Grand Totals			\$ 30,282,489

See accompanying notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

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

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

County of Henry, Virginia has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

4. Nonmonetary Assistance

In addition to amounts reported on the Schedule of Expenditures of Federal Awards, the County consumed nonmonetary assistance in the form of food commodities. Commodities with a fair value of \$297,260 at the time received were consumed during the year ended June 30, 2024. These commodities were included in the determination of federal awards expended during the year ended June 30, 2024.

5. Subrecipients

No awards passed through to subrecipients.

County of Henry, Virginia

Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

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 federal programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

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

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559, 10.582	Child Nutrition Cluster
84.027, 84.173	Special Education Cluster
84.425D	Elementary and Secondary School Emergency Relief (ESSER I and II) Fund
93.778	Medicaid Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds
10.561	SNAP Cluster
84.010	Title I

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None