

COUNTY OF BATH, VIRGINIA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2023

COUNTY OF BATH, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023

Prepared by

Michael Bender, County Administrator

County of Bath, Virginia

COUNTY OF BATH, VIRGINIA

Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023

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INTRODUCTORY SECTION

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County Administrator
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Bath County Courthouse
P.O. Box 309
Warm Springs, Virginia 24484
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December 28, 2023

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

Commonwealth of Virginia law requires that every general-purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2023.

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

Robinson, Farmer, Cox Associates, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the County of Bath’s financial statements for the year ended June 30, 2023. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and evaluating the overall financial statement presentation. This examination was conducted using guidelines set forth by Government Auditing Standards and the Specification for Audits of Counties, Cities and Towns, issued by the Auditor of Public Accounts. The independent auditor’s report is located at the front of the financial section of this document.

In addition to meeting requirements set forth by state statutes, the independent audit was also designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance) to meet the special needs of federal grantor agencies. As a part of the County's single audit, tests are made to determine the adequacy of the system of internal control, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2023 provided no instances of material weaknesses in the system of internal control and no violations of applicable laws and regulations. The auditors’ report related specifically to the single audit is included in the Compliance Section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a management discussion and analysis (MD&A). The MD&A complements the letter of transmittal and should be read in conjunction with it. The County of Bath MD&A immediately follows the independent auditor’s report.

Mission Statement

It is our mission to enrich the quality of life for Bath County citizens and businesses alike. In meeting this commitment, the Board of Supervisors pledges to work in partnership with the citizens of Bath County to achieve the following:

- Provide for the health, safety and welfare of the citizens;
- Foster pride in our community;

- Develop a vibrant and diversified local economy;
- Plan for the County's future;
- Preserve our rural character and heritage;
- Preserve our natural environment; and,
- Be good stewards of the public treasury today as well as tomorrow.

Governance

Bath County is a political subdivision of the Commonwealth of Virginia that is governed by a five-member Board of Supervisors. Board members are residents of and elected from designated magisterial districts: Cedar Creek, Millboro, Warm Springs, Williamsville, and Valley Springs. Policy-making and legislative authority is vested in the governing body (Board). The Board of Supervisors appoints the County Administrator who oversees the County's operations.

Bath County is also served by five Constitutional Officers: Sheriff, Commonwealth Attorney, Treasurer, Commissioner of the Revenue, and Circuit Court Clerk.

The County seat is located in Warm Springs.

Core Government Services

The County provides a wide range of services to its residents: law enforcement, E-911, emergency management, judicial services, sanitation and waste disposal, parks and recreation, tourism, community and economic development, animal control and animal shelter, buildings and grounds maintenance, and general and financial administration.

Utility services (water and sewer) are provided by the Bath County Service Authority.

The Bath County Economic Development Authority assists with the attraction of new businesses and the expansion of existing businesses to help improve the local economy.

Public Education

The Bath County Public School System (BCPS) is fully accredited by the Virginia Department of Education and provides education to approximately 475 students in grades K-12. The County has three schools: two elementary schools (Pre-Kindergarten – Grade 7), one high school (Grades 8 – 12), and a career and technical center.

Higher Education

Bath County is located within an hour's drive of several higher education institutions. These include Washington and Lee University and Virginia Military Institute in Lexington; Southern Virginia University in Buena Vista; and Mountain Gateway Community College in Clifton Forge.

History

Bath County was formed from parts of Augusta, Botetourt, and Greenbrier counties in December 1790. Named for the English resort city of Bath, Bath County was, similarly, to become a resort area of national reputation because of its soothing mineral waters.

At one time, Bath County had 22 commercial springs operating within its boundaries. These mineral waters were used for healing purposes and attracted patrons to the inns and hotels located at Hot Springs, Warm Springs, Bolar Springs, Millboro Springs, Healing Springs, and Bath-Alum Springs. The construction of the resort hotel, The Homestead, turned the community of Hot Springs into a nationally recognized resort center. Tourism continues to be the main industry in Bath County.

Geography

Bath County encompasses 540 square miles and lies within the Allegheny Mountains and is part of the Valley and Ridge Physiographic Province. The County is characterized by high, narrow, mountain ridges that run northeast to southwest and that form relatively narrow river valleys. Most of the level areas are found on the terraces adjacent to streams and rivers.

The Jackson, Bullpasture, and Cowpasture rivers and other streams lie within Bath County and are subject to moderate to severe flooding during periods of heavy rains or rapid thawing. Soils in the County are primarily mountain soils derived from the weathering of acidic sandstone, shale, quartz, and granite parent material. These soils are often shallow, rocky, and excessively drained. Soils in the valleys range from carbonate soils to alluvial soils along rivers and streams. Colluvial soils resulting from the weathering of the sandstone and shale mountains are also found in the valleys. The predominant geological structure underlying the area is a complex formation of sandstone, limestone, shale, and dolomite.

Demographics

According to the figures from the Census Bureau, the County has 4,209 residents as of April 1, 2020. Median household income was \$55,481. The poverty level was 11.2%. The educational attainment was 90.3% with a high school degree or higher and 15.9% with a Bachelor's degree or higher. For more demographic information, visit the Central Shenandoah Planning District Commission website at cspdc.org.

Healthcare

Bath Community Hospital, located in Hot Springs, is a full-service medical facility offering 24-hour emergency care. The Lewis Gale Hospital Alleghany, located in nearby Alleghany County, offers full-service, acute and emergency medical care. The Springs Nursing Center is a 90-bed facility providing skilled nursing care in private and shared accommodations.

Culture and Recreation

The cultural blend of the community is comprised of families who have lived in the County for generations and residents from around the country and world who have chosen to live in Bath County.

The County operates three playing fields, two tennis courts, a skatepark, two swimming pools and offers a variety of public recreational programs.

The Bath area offers a wide range of recreation and leisure activities that appeal to both the outdoorsman and those who wish to experience the ultimate in relaxation. Abundant opportunities exist to enjoy camping, hunting, fly and trout fishing, biking and hiking trails, and resorts and spas.

The nationally known Omni Homestead is located on 3,000 acres in Hot Springs. The Omni Homestead includes two championship golf courses, horseback riding, hiking, fishing, tennis, swimming, skeet and trap shooting, falconry, skiing, snowboarding and ice skating.

The Dominion Back Creek recreational area is located adjacent to the world's most powerful pumped storage generating station, a Dominion Resources owned property that is a major taxpayer in the County and provides electricity for millions of homes across six different states. This 325-acre public recreational area contains two lakes that are open on a seasonal basis located just downstream from the lower dam. This area is a popular destination for fishing, non-power boating, picnicking, swimming, hiking and camping.

As a traditional family park for more than 70 years, Douthat State Park is listed on the National Register of Historic Places because its design influenced the development of parks nationwide. Located amid some of Virginia's most breathtaking mountain scenery, visitors enjoy miles of stream fishing, a 50-acre recreation lake stocked with trout, a sandy swimming beach, boat and bicycle rentals, a camp store, miles of hiking, biking, horseback riding trails, cabins, campgrounds and picnic areas.

Lake Moomaw and the Bolar Mountain recreational areas are among the most popular developed recreational areas in the George Washington National Forest and provide an endless array of activities including boating, fishing, hiking, biking and camping. The Grouse Point Overlook and the Islands Overlook are also two popular vista locations in the Bolar Mountain region which offer a scenic panoramic view of Lake Moomaw. Approved by Congress in 1947 the Gathright Dam and most of the recreation facilities were constructed by the Army Corps of Engineers between 1965 and 1979. Gathright Dam and Lake Moomaw provide flood and water quality control along the Jackson and the James Rivers. Adjacent to the dam is 13,428 acres known as the T.M. Gathright Wildlife Management Area which is managed by the Virginia Department of Wildlife Resources. The area is devoted to the enhancement and management of wildlife, especially wild turkey.

Economic Development

The Bath County Economic Development Authority is prepared to assist qualified businesses and industries to expand or locate in the County. The Authority is comprised of a seven-member Board comprised of one member from each Magisterial District and two at-large members appointed by the Board of Supervisors. The County is committed to free enterprise and maintaining a business-friendly environment.

The County is accessible to Interstate 81 and Interstate 64 via U.S. Route 220 which provides the main routes of transportation to and from Bath County. General aviation service is available through the Ingalls Field Airport located in Hot Springs. Domestic flights are accessible within 66 miles of the County via the Shenandoah Valley Regional Airport and within 73 miles via the Greenbrier Valley Airport in Lewisburg, West Virginia.

The Bath County Board of Supervisors and the Economic Development Authority Board of Directors has adopted an Economic Development Strategic Plan. The primary objective of the Bath County Economic Development Strategic Plan is to present a range of implementable action steps that capitalize on the County's existing strengths and opportunities to increase the level of economic activity within the County. The Strategic Plan is available for public review and is on the County's website www.bathcountyva.gov.

Taxes

The property tax rate is \$0.60 per \$100 in assessed valuation. The personal property tax rate is \$0.55 per \$100 in assessed valuation.

The sales tax rate is 1%.

The meals tax rate is 4%.

The lodging tax rate is 4%. The General Fund receives 2% of the taxes and the Lodging Tax Fund receives 2%.

Relevant Financial Policies

The County Administrator works with constitutional officers and department heads to prepare line-item budgets to fund the needs of each department. Once the budget is approved and appropriated by the Board of Supervisors, it is the county's policy that constitutional officers and department heads shall seek approval from the Board of Supervisors before transferring funds or requesting supplemental appropriations, to avoid overspending.

The Bath County Fund Balance Policy includes the goal to maintain a fund balance for cash liquidity purposes. At the close of each fiscal year, the County's unassigned General Fund balance should be equal to at least 20% of the County's total General Fund expenditures. If the County does not meet its target, it will develop a plan during the annual budget adoption process to replenish the unassigned fund balance to the 20% target level over a period of not more than three to five fiscal years. The County's unassigned General Fund balance is 40.06% for the fiscal year ending June 30, 2023.

Major Initiatives

The County has instituted an additional lodging tax of 5% on specific historic lodging establishments for the purpose of providing economic incentive grants to said historic lodging establishments. The County has entered into a 30-year agreement with The Homestead, L.C. and the EDA to incentivize significant capital improvements to the Omni Homestead resort, Bath County's largest employer and a major taxpayer.

Bath County, along with neighboring Highland County, expect to have full broadband coverage by mid-2024 as a result of major state grant funding provided by the Virginia Telecommunications Initiative and federal funds provided by the American Recovery Plan Act. Access to broadband will help Bath County meet the technology needs of existing and future businesses, education, and healthcare.

Bath County is also working to address the availability of market rate housing and meeting the child-care needs of working parents.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officer's Association of the United States and Canada (GFOA) awards Certificate of Achievement for Excellence in Financial Reporting to governmental units that exemplify excellence in financial reporting and conform to stringent reporting requirements promulgated by that Association and various authoritative bodies.

To earn a Certificate of Achievement, the County has to publish an easily readable and efficiently organized Annual Report that satisfies both generally accepted accounting principles and applicable program requirements.

Bath County is proud to receive its fifth Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ending June 30, 2022.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe our current Annual Report meets the Program's requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate.

Conclusion

I want to thank the dedicated staff of the County Administrator's Office and the Office of the County Treasurer for their hard work in helping prepare this report. Additionally, all Constitutional officers and departments heads should be commended for making the most efficient use of their budgets. Finally, credit is due to the Board of Supervisors for their strong commitment to maintaining sound fiscal policy. My office looks forward to continuing to work with the Board of Supervisors and all County departments in ensuring the health, safety, and welfare of our citizens.

Respectfully Submitted,



Michael J. Bender, Jr.
County Administrator
County of Bath, Virginia



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Bath County
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

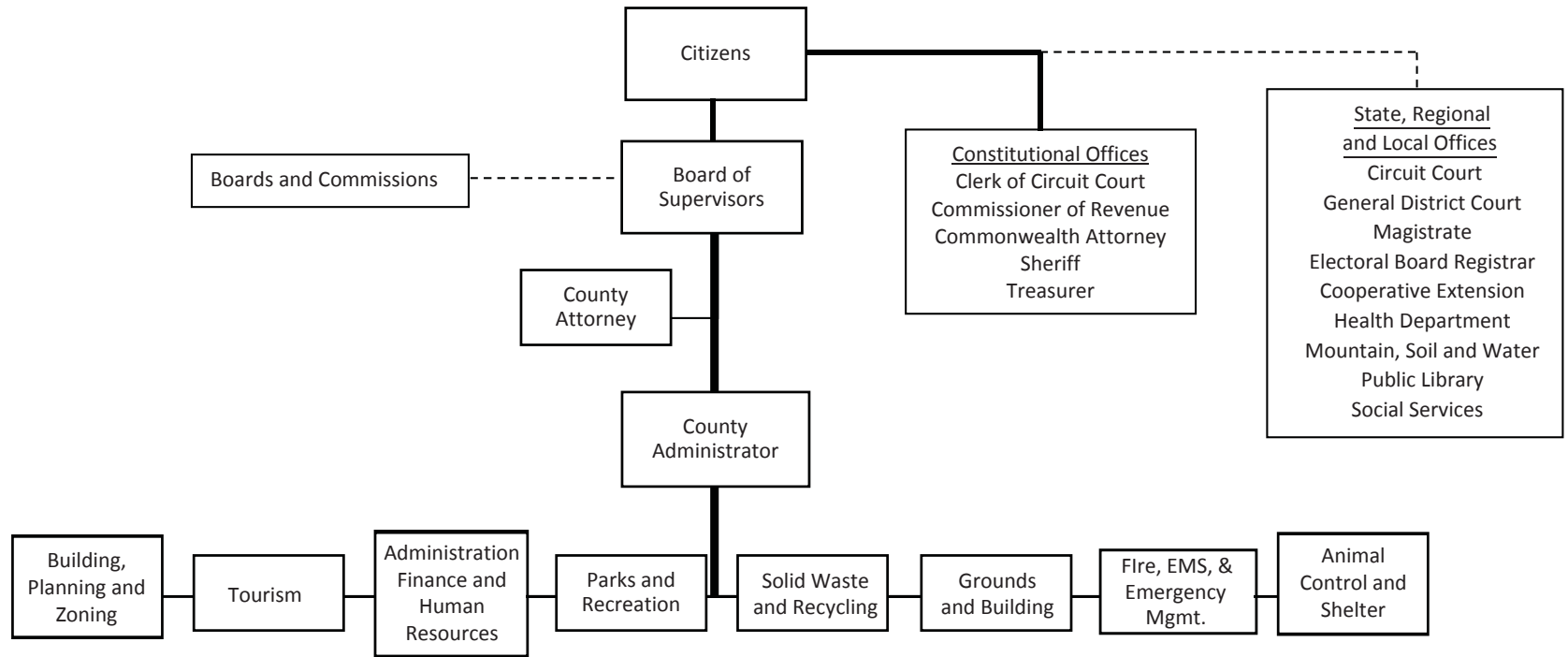
June 30, 2022

Christopher P. Morill

Executive Director/CEO



County of Bath Organizational Chart



COUNTY OF BATH, VIRGINIA

BOARD OF SUPERVISORS

Roy Burns, Chairman

Shelton Burns, Vice-Chairman
Ron Shifflett

Lee Fry
Edward T. Hicklin

COUNTY SCHOOL BOARD

James Hooker, Chairman

Jeff Grimm
Zach Burns

Karen Hise, Vice-Chairman
Clara Tennant

DEPARTMENT OF SOCIAL SERVICES BOARD

Perlista Henry, Chairman

Thomas Burns

Mary M. King, Vice-Chairman

PUBLIC SERVICE AUTHORITY

Bartlett Ailstock, Chairman

Greg Tunning, Vice-Chairman
Reggie Cross

David Lindsay, Secretary/Treasurer
Stephen Hiner

OTHER OFFICIALS

Judge of the Circuit Court Edward K. Stein
Clerk of the Circuit Court..... Annette T. Loan
Judge of the General District Court..... J. Gregory Mooney
Judge of the Juvenile & Domestic Relations Court..... Laura L. Dascher
Commonwealth's Attorney John C. Singleton
Commissioner of the Revenue..... Angel M. Grimm
Treasurer Pamela H. Webb
Sheriff..... Robert W. Plecker
Superintendent of Schools..... Dr. Rick Bolling
Director of Social Services..... Jason Miller
County Administrator Michael Bender
Public Service Authority Administrator Bart Perdue

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

**TO THE HONORABLE MEMBERS
OF THE BOARD OF SUPERVISORS
COUNTY OF BATH, VIRGINIA**

Report on the Audit of the Financial Statements

Opinions

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

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

We did not audit the financial statements of the County of Bath, Virginia School Activity Funds, which represent 45%, 90%, and 3%, respectively, of the assets, fund balances and revenues of the Component Unit School Board as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the County of Bath, Virginia School Activity Funds, is based solely on the report of other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County of Bath, 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.

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 Bath, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Bath, Virginia's basic financial statements. The accompanying combining and individual fund financial statements and schedules 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 by us and other auditors. In our opinion, based on our audit and the report of other auditors, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023, on our consideration of County of Bath, 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 Bath, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Bath, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 15, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a narrative overview and analysis of the financial activities of the County of Bath, Virginia for the fiscal year ended June 30, 2023.

Financial Highlights

Government-Wide Financial Statements

The assets and deferred outflows of the primary government of County of Bath, Virginia exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$10,306,797. Of this amount, \$6,663,564 was unrestricted (an increase of \$454,033 from the previous fiscal year) and may be used to meet the government's ongoing obligations to creditors and citizens. Of the net position, there is \$2,993,821 invested in capital assets, net of related debt (a decrease of \$126,307 from the previous fiscal year), and \$649,412 restricted (a decrease of \$908,312 from the previous fiscal year). The School Board's net position was \$6,526,817 of which there was an unrestricted deficit in the amount of (\$6,037,871). The Service Authority's net position was \$5,886,299, of which there was an unrestricted deficit of (\$399,539). The Economic Development Authority's net position was \$460,188, of which there was an unrestricted net position of \$287,255. Exhibit 1 contains the Statement of Net Position for the Primary Government and the Component Units. Visit Bath County is being first reported as a component unit for the year ended June 30, 2023, and its net position was \$130,250.

The Primary Government's overall net position decreased by \$580,586. The School Board's net position increased by \$1,092,914, Visit Bath County's net position increased by \$130,250, the Economic Development Authority's net position increased by \$25,276, and the Service Authority's net position decreased by \$449,284. (See Exhibit 2.)

Fund Financial Statements

At the end of the current fiscal year, the unassigned fund balance for the general fund was \$6,938,075. (See Exhibit 3.) This amount includes taxes and other accounts receivable collected within 60 days of the fiscal year end reflected in the fiscal year 2022-23 budget. At the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$9,467,693 of which \$6,938,075 is available for spending at the government's discretion (unassigned fund balance). (See Exhibit 3.)

Overview of the Financial Statements

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

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

Government-Wide Financial Statements

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

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

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

Both government-wide financial statements separate government activities and business-type activities of the County. The primary sources of funding for government activities are taxes and intergovernmental revenues. Government activities include general government administration, judicial administration, public safety, public works, health and welfare, education, parks, recreation, cultural, and community development. Business-type activities recover all or a significant portion of their costs through user fees and charges. The County currently presents the Bath County Public Service Authority as a component unit that is classified as a business-type activity.

The government-wide financial statements include, in addition to the primary government or County, three component units: 1) the Bath County School Board, 2) Visit Bath County, 3) the Bath County Economic Development Authority, and 4) the Bath County Public Service Authority. Although the component units are legally separate entities, the County is accountable or financially accountable for them. A primary government is accountable for an organization if the primary government appoints a majority of the organization's governing body. A primary government is financially accountable if the government is able to impose its will on the organization or the organization is capable of imposing specific financial burdens on the primary government. For example, the primary government may approve debt issuances, rate structures and/or provide significant operational funding of the component unit.

Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds

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

Fiduciary Funds

Fiduciary funds account for assets held by the government as a trustee or agent for another organization or individual. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide financial statements because the funds are not available to support the County's own activities.

Notes to the financial statements

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

Government-Wide Financial Analysis

As previously noted, net position may serve as a useful indicator of a government's financial position. For the County of Bath, assets and deferred outflows exceeded liabilities and deferred inflows by \$10,306,797 at the end of the fiscal year.

The County's net position is divided into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Net Position		
June 30, 2023 and 2022		
	Governmental Activities	
	2023	2022
Current and other assets	\$ 11,641,088	\$ 11,552,369
Capital assets	3,117,478	3,149,708
Total assets	<u>\$ 14,758,566</u>	<u>\$ 14,702,077</u>
Deferred Outflows of Resources	<u>\$ 781,258</u>	<u>\$ 1,036,567</u>
Long-term liabilities	\$ 2,509,866	\$ 1,620,647
Other liabilities	1,784,265	1,024,249
Total liabilities	<u>\$ 4,294,131</u>	<u>\$ 2,644,896</u>
Deferred Inflows of Resources	<u>\$ 938,896</u>	<u>\$ 2,206,365</u>
Net investment in capital assets	\$ 2,993,821	\$ 3,120,128
Restricted	649,412	1,557,724
Unrestricted	6,663,564	6,209,531
Total net position	<u>\$ 10,306,797</u>	<u>\$ 10,887,383</u>

For the County, investment in capital assets (i.e., land, buildings, and machinery and equipment), net of related debt used to acquire those assets that is still outstanding, represents 29.05% of total net position. The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position of \$649,412, representing 6.30% of total net position is subject to external restrictions and must be used for economic development, opioid abatement, or employee pension and OPEB plans.

The remaining balance of unrestricted net position, which is \$6,663,564 or 64.65% percent of total net position, may be used to meet government's ongoing obligations to citizens and creditors.

The government's net position decreased by \$580,586 during the current fiscal year, compared to an increase of \$1,748,782 in FY 2022.

Governmental Activities

Governmental activities decreased the County's net position by \$580,586. Key elements of this decrease are as follows:

Statement of Activities		
June 30, 2023 and 2022		
	Governmental Activities	
	2023	2022
Revenues:		
Program revenues:		
Charges for services	\$ 307,206	\$ 281,436
Operating grants and contributions	3,090,403	2,022,606
Capital grants and contributions	52,204	59,103
General revenues:		
General property taxes	12,088,452	12,199,771
Other local taxes	3,315,708	3,797,647
Use of money and property	161,615	29,494
Miscellaneous	154,222	145,639
Grants and contributions not restricted to specific programs	505,587	584,779
Total revenues	<u>\$ 19,675,397</u>	<u>\$ 19,120,475</u>
Expenses:		
General government	\$ 1,482,661	\$ 1,316,574
Judicial administration	535,620	498,534
Public safety	3,161,868	3,222,736
Public works	1,409,177	1,299,694
Health and welfare	1,204,821	1,167,089
Education	8,112,402	8,632,878
Parks, recreation, and cultural	618,303	561,003
Community development	3,589,030	514,812
Nondepartmental	130,985	132,495
Interest on long-term debt	11,116	25,878
Total expenses	<u>\$ 20,255,983</u>	<u>\$ 17,371,693</u>
Increase (decrease) in net position	\$ (580,586)	\$ 1,748,782
Beginning net position	10,887,383	9,138,601
Ending net position	<u>\$ 10,306,797</u>	<u>\$ 10,887,383</u>

Total revenues increased by \$554,922 from fiscal year 2022 to 2023. This change is primarily attributable to

- An increase in operating grants and contributions of \$1,067,797, mostly due to reporting \$968,395 in revenue of Coronavirus state and local fiscal recovery funds received under the American Rescue Plan Act (ARPA) in 2023 compared to \$22,607 in 2022. There was an overall increase across all state Compensation Board funding categories of \$60,479 from 2022 to 2023. There was an increase in Children's Services Act Program operating grant revenue of \$4,046 when comparing 2022 to 2023. There was an increase in Virginia Public Assistance combined state and federal funding of \$2,036 from 2022 to 2023. There was state timber sales revenue of \$43,069 in 2022 vs \$0 in 2023, and there was \$48,726 more in federal Homeland Security Grant proceeds in 2023 as compared to 2022.
- A decrease in general property taxes of \$326,204 due primarily to a decrease in real and personal public service corporation tax revenue of \$803,941, partially offset by increases in real property tax revenue of \$330,787 and personal property tax revenue of \$153,447 from 2022 to 2023.

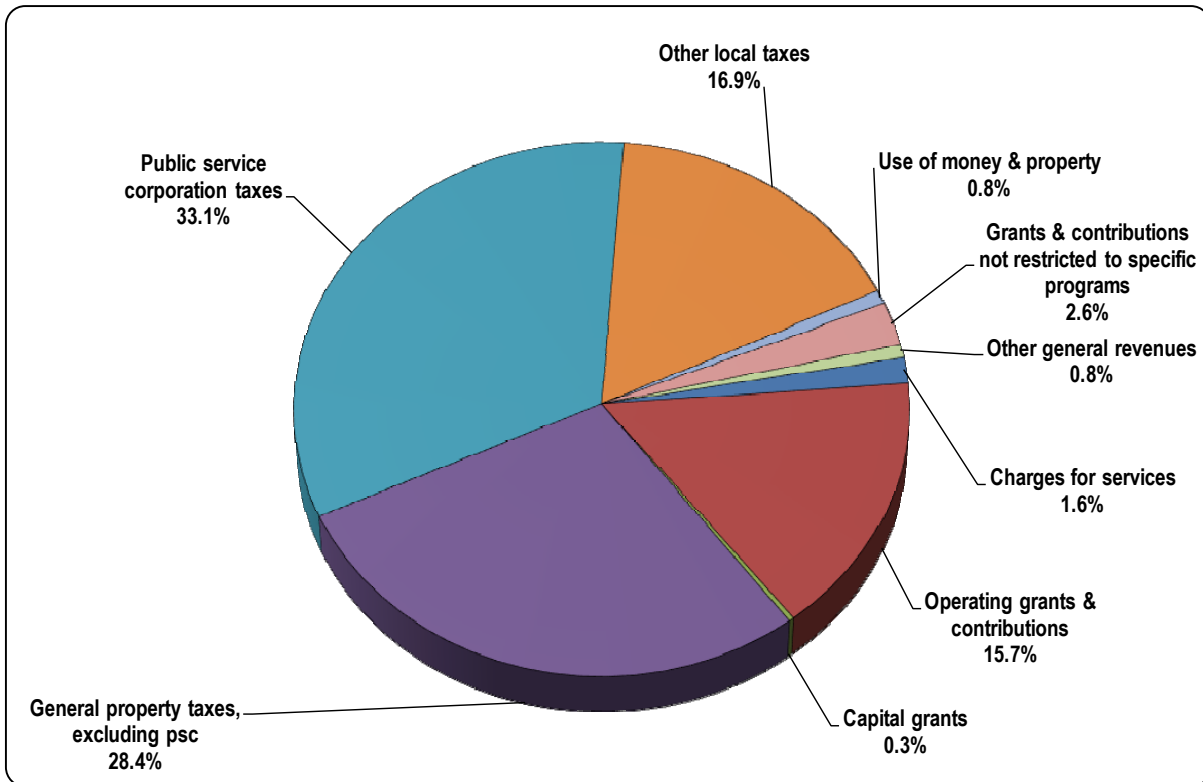
- a net decrease in other local taxes of \$481,939, primarily due to a decrease in regular hotel and motel room taxes of \$129,467, a decrease in historic lodging establishment transient occupancy tax of \$247,856, and a decrease in restaurant food taxes of \$68,939.
- An increase in revenue from the use of money and property of \$132,121, due to significantly increased investment returns, and
- An increase in charges for services revenue of \$25,770, mainly due to an increase in building permits of \$15,839 and an increase in construction waste permits of \$19,749 over the prior year.

Total expenses increased by \$2,884,290 from fiscal year 2022 to 2023. Some of the significant factors affecting this net decrease are:

- an increase in general government expenses of \$166,087, due primarily to adjustments for recognizing pension and other post employment benefit changes in liabilities and deferred items and depreciation expense.
- an increase in judicial administration expenses of \$37,086, mainly due to increases in salary and benefit costs, including adjustments for pension and OPEB, as compared to prior year.
- a decrease in public safety expenses of \$60,868, due in part to increased contributions to the volunteer fire and rescue squad departments of \$78,028. There was a decreased cost of participating in the Regional Jail of \$32,091, and there were normal fluctuations in salary and benefit costs. The adjustments for pension and OPEB liabilities and deferred items resulted in a reduction of expenditures of \$43,224, as compared to prior year. However, there was an increase in depreciation expense in the public safety function of \$112,800.
- an increase in public works expenses of \$109,483, mainly attributable to increases in sanitation and waste removal service costs, which increased by \$135,079 for the year.
- an increase in health and welfare expenses of \$37,732, attributable primarily to an increase in expense related to other post-employment benefit liability and related deferred items as compared to the previous year. There was also an increase in support of the local health department of \$8,452 and an increase in tax relief for the elderly of \$6,509.
- a decrease in education expense of \$520,476. This decrease is attributable to a reduction in funding of School operations as compared to the prior year when there were two significant capital projects funded in addition to regular operations: a baseball field renovation with a cost of \$723,444 and replacement of fuel tanks at a cost of \$108,234.
- an increase in parks, recreation, and cultural expense of \$57,300, mainly associated with an increase in salaries and benefits of \$51,201 and an increase in the Wings & Wheels program of \$23,497, partially offset by reductions in expenses related to change in retirement and other post-employment benefit liabilities and deferred items, as compared to the prior year.
- an increase in community development expense of \$3,074,218. This increase is partly attributable to contributions to the Central Shenandoah Planning District Commission of \$805,506 in ARPA funds and \$45,100 in Childcare Program Funds. There were also \$46,990 of outstanding CDBG Program notes receivable forgiven at the direction of the federal government. There was a combined \$635,390 contributed direct to or on behalf of Visit Bath County from the Lodging Marketing Fund and the Lodging Capital Fund, whereas in the previous year only \$206,112 was expended from these funds. The most significant increase was attributable to the EDA Economic Incentive Grant Program where accumulated historic lodging establishment transient occupancy tax was passed through to the EDA in 2023 in the amount of \$1,699,959.

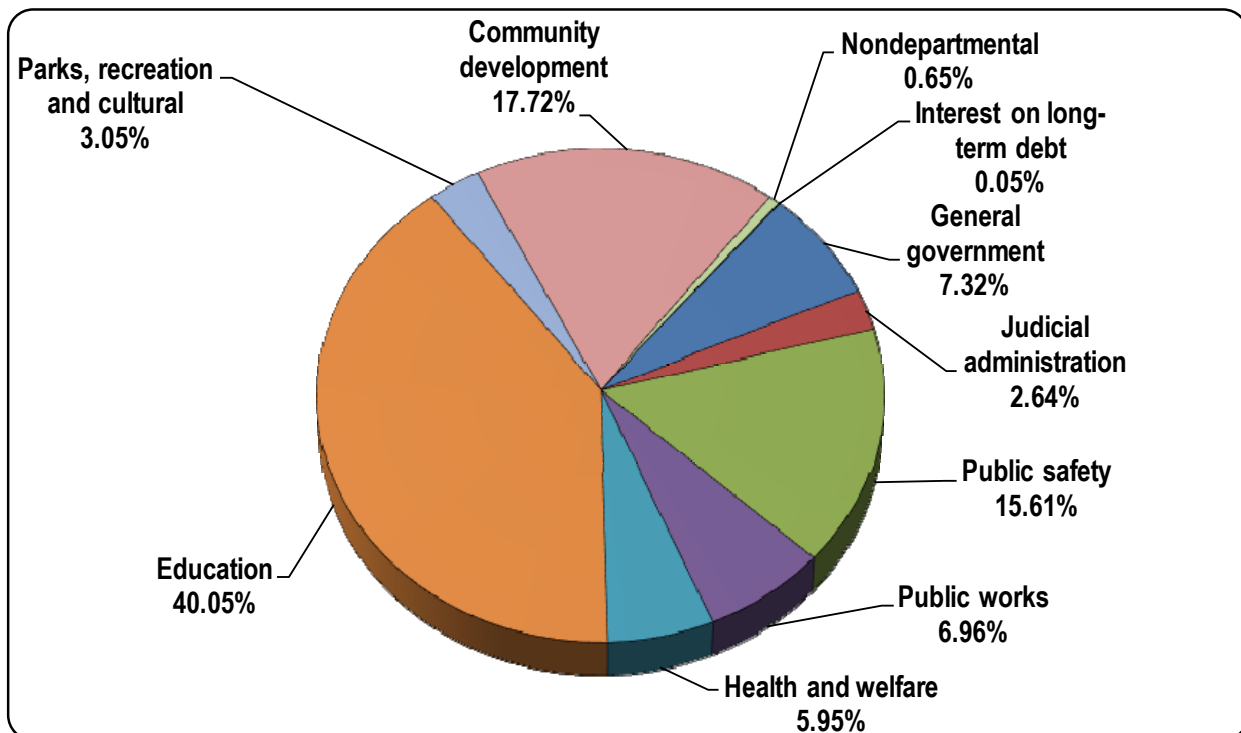
The chart below provides a visual analysis of the sources of revenue by percentage for the County for the year ended June 30, 2023.

Sources of Revenue of Governmental Activities for Fiscal Year 2023



Similarly, the following chart provides an analysis of the expenses of the Governmental Activities by major functional category for the year ended June 30, 2023:

Total Functional Expenses of Governmental Activities for Fiscal Year 2023



Financial Analysis of the Government's Funds

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

At the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$9,467,693, a decrease of \$779,795 from the prior year. Approximately, 73.28 percent of this total amount constitutes the unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it is earmarked.

The general fund is the chief operating fund of the County. As of June 30, 2023, total fund balance of the general fund was \$7,461,082 of which \$6,938,075 was unassigned. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total general fund expenditures. The unassigned fund balance represents 40.06 percent of total general fund expenditures, which includes transfers to the School Board component unit of \$8,106,402. Total general fund balance represents 43.08 percent of total general fund expenditures.

The fund balance of the County's general fund increased by \$240,065 during the current fiscal year as compared to a decrease of \$939,582 in fiscal 2022.

Fiscal 2023 expenditures unrelated to debt service increased \$466,969 from fiscal 2022. Departmental fluctuations in expenditures as compared to the prior year are as follows:

- \$5,300 decrease in General Government Administration
- \$53,494 increase in Judicial Administration
- \$6,441 increase in Public Safety
- \$154,796 increase in Public Works
- \$17,363 increase in Health and Welfare
- \$494,842 increase in Education
- \$56,771 increase in Parks, Recreation, and Cultural
- \$917,344 increase in Community Development
- \$1,510 decrease in Nondepartmental
- \$1,227,272 decrease in Capital Projects

Most of the fluctuations in fund expenditures correlate to the details noted above in the government-wide analysis of expenses by function.

Total general fund revenues in fiscal year 2023 increased by \$500,709 as compared to fiscal year 2022, or a 2.94% increase. Comparisons to prior year by major revenue category are as follows:

- \$326,204 decrease in General Property Taxes
- \$214,071 decrease in Other Local Taxes
- \$36,473 increase in Permits, Privilege Fees, and Licenses
- \$4,843 increase in Fines and Forfeitures
- \$132,121 increase in Revenue from the Use of Money and Property
- \$15,546 decrease in Charges for Services
- \$5,979 increase in Miscellaneous Revenue
- \$50,844 decrease in Recovered Costs
- \$54,163 increase in State Funding
- \$873,795 increase in Federal Funding

Details of these fluctuations correlate to the increases in revenues on the government-wide basis as noted above.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, only in more detail. Total net position of the component unit, Bath County Public Service Authority, at the end of the fiscal year was \$5,886,299. Additional financial information for the Bath County Public Service Authority for the year ended June 30, 2023, can be found in Exhibits 40-42 of the accompanying financial statements.

General Fund Budgetary Highlights

The general fund's original budgeted appropriations amounted to \$18,209,167, the final amended general fund budget was \$19,052,072 representing an increase of \$842,905, or 4.63 percent of the original general fund budget. Notable amendments to the budget are as follows:

- Increase in County Administrator budget of \$16,935, attributable to increases in salaries, fringe benefits, professional services, and travel and conference budgets.
- Increase in Assessors budget of \$20,374 due to increase in compensation and professional services.
- Increase in Treasurer's budget of \$22,147 due to increase in deputy compensation and professional services.
- Increase in Data Processing budget of \$9,000 attributable to capital outlay.
- Increase in Sheriff budget of \$108,597 mainly attributable to increased staff salary of \$34,905, courthouse security fees expenditure of \$52,206, maintenance costs of \$3,434, K-9 program, crime prevention and special programs costs of \$43,152, and a net reduction in budget for capital outlay of \$25,105.
- Decrease in County/City operated institutions (regional jail) budget of \$6,000.
- Increase in Emergency communications budget of \$53,900, due to an increase in costs of radios and repairs thereof.
- Increase in Emergency management budget of \$62,475, due to increase in lease of generator.
- Decrease in Buildings and Grounds of \$150,000, attributable to reduction in capital outlay budget.
- Increase in Transfer Station of \$15,000 for increased costs of solid waste disposal.
- Decrease in Parks and Recreation budget of \$23,758 attributable to reduction in capital outlay budget of \$58,000 and offsetting increase in maintenance and special programs and events.
- Increase in Planning, Building, Zoning budget of \$2,374 due to increased maintenance and GIS costs.
- Increase in Community Development budget of \$399,614 due to increase in planned expenditure of American Rescue Plan Act grant funds.
- Decrease in Miscellaneous Expenditure budget of \$79,405 attributable to original contingencies budgeted amount being redistributed to other departments based on need throughout the year.
- Increase in Capital Projects budget of \$383,612, due to appropriation for the following additional projects:
 - BCHS Baseball Field, \$9,887
 - Capital improvement Projects \$252,000
 - Other Capital Projects, \$114,681

Overall, total General Fund actual expenses amounted to \$17,321,041, which were below both the adopted and amended budgets in total.

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental activities as of June 30, 2023 is \$3,117,478 (net of accumulated depreciation) and is an decrease of \$32,230 from the previous fiscal year. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and construction in progress. The most significant asset additions for fiscal year 2023 were purchases of a generator and radio console equipment.

Summary of Capital Assets for Governmental Activities (net of depreciation)

As of June 30, 2023 and 2022

	Governmental Activities	
	2023	2022
Land	\$ 634,478	\$ 634,478
Buildings and improvements	1,884,113	1,990,128
Machinery and equipment	482,545	403,645
Construction in progress	26,000	91,970
Lease assets	90,342	29,487
Total	<u>\$ 3,117,478</u>	<u>\$ 3,149,708</u>

Additional information on the County's capital assets can be found at Note 7 of the notes to the financial statements.

Long-term debt

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

Summary of Outstanding Debt For the Year Ended June 30, 2023 and 2022

	Governmental Activities	
	2023	2022
Financed purchases	\$ 28,548	\$ -
Net OPEB liabilities (Notes 10-16)*	384,144	429,043
Lease liabilities	95,109	29,580
Compensated absences	184,237	150,111
Net pension liability	1,817,828	1,011,913
Total	<u>\$ 2,509,866</u>	<u>\$ 1,620,647</u>

All bonded debt reported by the Discretely Presented Component Unit - School Board, has been assumed by the Primary Government as required by Section 15.2-1800.1, Code of Virginia, 1950, as amended. The most significant change in debt activity for the current fiscal year was the increase in net pension liability of \$805,915 as compared to prior year and based on actuarial calculations provided by the Virginia Retirement System.

The Other Post Employment Benefit liability is an indebtedness pursuant to GASB Statement No.75 as discussed in detail in Notes 10-16. On June 30, 2023, the County's net pension liability and OPEB obligation represent 72.43% and 15.31% of the County's total outstanding debt, respectively.

Much more detail on the Pension Plan of the County can be found in Note 9 of these financial statements. Additional information on the County's long-term debt can be found in Note 8 of the notes to the financial statements.

The lease liabilities are reported as long-term debt pursuant to GASB 87. Additional information on the lease liabilities can also be found in Note 8.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the County as of June 30, 2023 was 2.4 percent, which was a decrease from the prior year rate of 2.6 percent. This compares favorably to both the state's average unemployment rate of 2.7 percent and the national average rate of 3.6 percent for the same fiscal period (data from U.S. Bureau of Labor Statistics). The decrease in unemployment rates compared to the prior year reflect the toll the Coronavirus Pandemic continued to take on the tourism industry in Bath County in FY23.

Sales tax, meals tax and transient occupancy taxes have made a remarkable comeback as government restrictions became less restrictive and tourism and travel continued to pick up as the impact of the Coronavirus Pandemic receded.

Real property taxes on public service corporations have long been the single highest source of revenue for the County. A major drop in the revenue source after the general property reassessment has required a greater use of reserves and the consideration of budget cuts and/or future tax increases in 2024 to balance the upcoming FY2025 budget.

Omni Resorts completed the two-year, \$150 million property wide renovation of the iconic Omni Homestead resort in October 2023. The Omni Homestead renovations coupled with the \$4.6 million reconstruction of the historic Warm Springs Pools in December 2022, is a testament to Omni's commitment to the tourism industry in Bath County for years to come.

The Bath-Highland Network Authority 2022 Universal Broadband Project began in June 2022 and continues through June 2024. The \$10,995,506 project budget is sourced from \$7,876,800 in Virginia Telecommunication Initiative funding (managed by the Department of Housing and Community Development). Remaining project funding is \$2,013,200 from MGW Communications, Inc. and \$1,105,506 in local dollars (Bath and Highland funds received via the federal American Rescue Plan Act). Through November 2023, MGW Communications, Inc. has completed 193,750 linear feet of broadband fiber/coax in the region. This resulted in 769 serviceable passings and 88 subscribers. Access to broadband will help Bath County meet the technological needs of existing and future businesses, education, and healthcare.

During fiscal year 2023, the unassigned fund balance in the general fund increased by \$496,412 (from \$6,441,663 to \$6,938,075). Nonspendable, committed, and assigned fund balances decreased by \$256,347 (from \$779,354 to \$523,007).

Requests for Information

This financial report is designed to provide readers with a general overview of the County of Bath's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed the Office of the County Administrator, County of Bath, Post Office Box 309, Warm Springs, Virginia 24484.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2023

	Primary Government		Component Units		
	Governmental Activities	School Board	Visit Bath County	Economic Development Authority	Service Authority
ASSETS					
Cash and cash equivalents	\$ 10,336,905	\$ 1,038,256	\$ 209,588	\$ 287,255	\$ 3,551,112
Investments	-	681,039	-	-	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	417,041	-	-	-	-
Accounts receivable	380,125	-	-	-	98,846
Due from other funds	-	930,824	-	-	-
Due from other governmental units	478,097	216,373	-	-	-
Inventories	-	13,207	-	-	-
Prepaid items	28,295	75,793	3,152	-	-
Restricted assets:					
Cash and cash equivalents	-	-	-	-	44,623
Net pension asset	-	175,982	-	-	-
Net OPEB asset	625	655	-	-	81
Capital assets (net of accumulated depreciation):					
Land and land improvements	634,478	238,282	-	42,799	116,187
Buildings and improvements	1,884,113	11,647,635	-	130,134	-
Machinery and equipment	482,545	1,892,334	2,298	-	147,607
Utility plant in service	-	-	-	-	6,259,794
Construction in progress	26,000	-	-	-	56,888
Lease assets - equipment	90,342	17,760	-	-	-
Total assets	\$ 14,758,566	\$ 16,928,140	\$ 215,038	\$ 460,188	\$ 10,275,138
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 661,526	\$ 1,270,401	\$ -	\$ -	\$ 78,075
OPEB related items	119,732	278,548	-	-	5,263
Total deferred outflows of resources	\$ 781,258	\$ 1,548,949	\$ -	\$ -	\$ 83,338
LIABILITIES					
Accounts payable	\$ 172,658	\$ -	\$ 75,911	\$ -	\$ 82,506
Accrued payroll	-	775,108	7,324	-	-
Customers' deposits	-	-	-	-	42,483
Accrued interest payable	2,242	20	-	-	-
Due to component unit	930,824	-	-	-	-
Unearned revenue	678,541	1,172,273	-	-	3,689,910
Long-term liabilities:					
Due within one year	127,661	147,280	1,553	-	25,338
Due in more than one year	2,382,205	7,561,059	-	-	546,131
Total liabilities	\$ 4,294,131	\$ 9,655,740	\$ 84,788	\$ -	\$ 4,386,368
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 20,934	\$ -	\$ -	\$ -	\$ -
Pension related items	527,705	1,617,776	-	-	81,259
OPEB related items	390,257	676,756	-	-	4,550
Total deferred inflows of resources	\$ 938,896	\$ 2,294,532	\$ -	\$ -	\$ 85,809
NET POSITION					
Net investment in capital assets	\$ 2,993,821	\$ 12,388,051	\$ 2,298	\$ 172,933	\$ 6,283,617
Restricted -					
Economic development	603,552	-	-	-	-
Opioid abatement	45,235	-	-	-	-
Employee pension and OPEB plans	625	176,637	-	-	81
Tourism	-	-	127,952	-	-
Debt service reserve fund	-	-	-	-	2,140
Unrestricted (deficit)	6,663,564	(6,037,871)	-	287,255	(399,539)
Total net position	\$ 10,306,797	\$ 6,526,817	\$ 130,250	\$ 460,188	\$ 5,886,299

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

County of Bath, Virginia

Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,482,661	\$ 23,870	\$ 239,691	\$ -
Judicial administration	535,620	47,715	309,443	-
Public safety	3,161,868	228,520	694,077	52,204
Public works	1,409,177	1,900	11,000	-
Health and welfare	1,204,821	-	717,305	-
Education	8,112,402	-	-	-
Parks, recreation, and cultural	618,303	5,201	-	-
Community development	3,589,030	-	1,118,887	-
Nondepartmental	130,985	-	-	-
Interest on long-term debt	11,116	-	-	-
Total governmental activities	<u>\$ 20,255,983</u>	<u>\$ 307,206</u>	<u>\$ 3,090,403</u>	<u>\$ 52,204</u>
COMPONENT UNITS:				
School Board	\$ 11,739,379	\$ 26,721	\$ 4,331,722	\$ -
Visit Bath County	372,773	-	500,000	-
Economic Development Authority	1,718,880	-	1,699,959	-
Service Authority	2,177,076	1,434,094	207,520	-
Total component units	<u>\$ 16,008,108</u>	<u>\$ 1,460,815</u>	<u>\$ 6,739,201</u>	<u>\$ -</u>

General revenues:

- General property taxes
- Other local taxes
 - Local sales and use taxes
 - Restaurant food tax
 - Motor vehicle licenses taxes
 - Taxes on recordation and wills
 - Bank stock taxes
 - Hotel and motel room taxes
 - Other local taxes
- Unrestricted revenues from use of money and property
- Miscellaneous
- Grants and contributions not restricted to specific programs
- Total general revenues
- Change in net position
- Net position - beginning
- Net position - ending

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government	Component Units			
Governmental Activities	School Board	Visit Bath County	Economic Development Authority	Service Authority
\$ (1,219,100)	\$ -	\$ -	\$ -	\$ -
(178,462)	-	-	-	-
(2,187,067)	-	-	-	-
(1,396,277)	-	-	-	-
(487,516)	-	-	-	-
(8,112,402)	-	-	-	-
(613,102)	-	-	-	-
(2,470,143)	-	-	-	-
(130,985)	-	-	-	-
(11,116)	-	-	-	-
<u>\$ (16,806,170)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (7,380,936)	\$ -	\$ -	\$ -
-	-	127,227	-	-
-	-	-	(18,921)	-
-	-	-	-	(535,462)
<u>\$ -</u>	<u>\$ (7,380,936)</u>	<u>\$ 127,227</u>	<u>\$ (18,921)</u>	<u>\$ (535,462)</u>
\$ 12,088,452	\$ -	\$ -	\$ -	\$ -
934,323	-	-	-	-
616,809	-	-	-	-
57,942	-	-	-	-
55,995	-	-	-	-
60,041	-	-	-	-
1,566,756	-	-	-	-
23,842	-	-	-	-
161,615	-	2,743	44,197	86,178
154,222	367,448	280	-	-
505,587	8,106,402	-	-	-
<u>\$ 16,225,584</u>	<u>\$ 8,473,850</u>	<u>\$ 3,023</u>	<u>\$ 44,197</u>	<u>\$ 86,178</u>
\$ (580,586)	\$ 1,092,914	\$ 130,250	\$ 25,276	\$ (449,284)
10,887,383	5,433,903	-	434,912	6,335,583
<u>\$ 10,306,797</u>	<u>\$ 6,526,817</u>	<u>\$ 130,250</u>	<u>\$ 460,188</u>	<u>\$ 5,886,299</u>

FUND FINANCIAL STATEMENTS

Balance Sheet
Governmental Funds
June 30, 2023

	General	Lodging Tax Marketing/ Capital Fund	Special Lodging Tax Fund	Other Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 8,444,566	\$ 1,397,731	\$ 494,608	\$ -	\$ 10,336,905
Receivables (net of allowance for uncollectibles):					
Taxes receivable	417,041	-	-	-	417,041
Accounts receivable	220,549	50,632	108,944	-	380,125
Due from other funds	55,601	-	-	12,851	68,452
Due from other governmental units	392,807	-	-	85,290	478,097
Prepaid items	28,295	-	-	-	28,295
Total assets	<u>\$ 9,558,859</u>	<u>\$ 1,448,363</u>	<u>\$ 603,552</u>	<u>\$ 98,141</u>	<u>\$ 11,708,915</u>
LIABILITIES					
Accounts payable	\$ 115,337	\$ 14,781	\$ -	\$ 42,540	\$ 172,658
Due to other funds	12,851	-	-	55,601	68,452
Due to component unit	930,824	-	-	-	930,824
Unearned revenue	648,018	30,523	-	-	678,541
Total liabilities	<u>\$ 1,707,030</u>	<u>\$ 45,304</u>	<u>\$ -</u>	<u>\$ 98,141</u>	<u>\$ 1,850,475</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	\$ 356,541	\$ -	\$ -	\$ -	\$ 356,541
Unavailable revenue - opioid settlement	34,206	-	-	-	34,206
Total deferred inflows of resources	<u>\$ 390,747</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 390,747</u>
Fund balances:					
Nonspendable:					
Prepaid items	\$ 28,295	\$ -	\$ -	\$ -	\$ 28,295
Advances to other funds	55,601	-	-	-	55,601
Restricted for:					
Economic development	-	-	603,552	-	603,552
Opioid abatement	11,029	-	-	-	11,029
Committed:					
Special revenue funds	-	1,403,059	-	-	1,403,059
Assigned:					
Sheriff's office special programs	11,000	-	-	-	11,000
Debt service	32,000	-	-	-	32,000
Capital projects	385,082	-	-	-	385,082
Unassigned	6,938,075	-	-	-	6,938,075
Total fund balances	<u>\$ 7,461,082</u>	<u>\$ 1,403,059</u>	<u>\$ 603,552</u>	<u>\$ -</u>	<u>\$ 9,467,693</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,558,859</u>	<u>\$ 1,448,363</u>	<u>\$ 603,552</u>	<u>\$ 98,141</u>	<u>\$ 11,708,915</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	9,467,693	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land and land improvements	\$	634,478	
Buildings and improvements		1,884,113	
Machinery and equipment		482,545	
Construction in progress		26,000	
Lease assets		<u>90,342</u>	
			3,117,478
Net OPEB asset is not an available resource and, therefore, is not reported in the funds.			
Net OPEB asset	\$	<u>625</u>	
			625
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.			
Unavailable revenue - property taxes	\$	335,607	
Unavailable revenue - opioid settlement		<u>34,206</u>	
			369,813
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items	\$	661,526	
OPEB related items		<u>119,732</u>	
			781,258
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Net OPEB liabilities	\$	(384,144)	
Net pension liability		(1,817,828)	
Financed purchase		(28,548)	
Compensated absences		(184,237)	
Lease liabilities		(95,109)	
Accrued interest payable		<u>(2,242)</u>	
			(2,512,108)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(527,705)	
OPEB related items		<u>(390,257)</u>	
			<u>(917,962)</u>
Net position of governmental activities	\$		<u><u>10,306,797</u></u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2023

	General	Lodging Tax Marketing/ Capital Fund	Special Lodging Tax Fund	Other Governmental Funds	Total
REVENUES					
General property taxes	\$ 11,964,823	\$ -	\$ -	\$ -	11,964,823
Other local taxes	2,082,074	440,506	793,128	-	3,315,708
Permits, privilege fees, and regulatory licenses	220,864	-	-	-	220,864
Fines and forfeitures	6,216	-	-	-	6,216
Revenue from the use of money and property	161,615	-	-	-	161,615
Charges for services	80,126	-	-	-	80,126
Miscellaneous	149,666	12,110	-	50	161,826
Recovered costs	43,560	-	-	-	43,560
Intergovernmental:					
Commonwealth	1,576,507	-	-	296,038	1,872,545
Federal	1,264,906	89,476	-	421,267	1,775,649
Total revenues	\$ 17,550,357	\$ 542,092	\$ 793,128	\$ 717,355	\$ 19,602,932
EXPENDITURES					
Current:					
General government administration	\$ 1,348,626	\$ -	\$ -	\$ -	1,348,626
Judicial administration	558,596	-	-	-	558,596
Public safety	3,233,757	-	-	-	3,233,757
Public works	1,460,135	-	-	-	1,460,135
Health and welfare	310,646	-	-	926,994	1,237,640
Education	8,112,402	-	-	-	8,112,402
Parks, recreation, and cultural	610,544	-	-	-	610,544
Community development	1,226,044	651,921	1,703,159	-	3,581,124
Nondepartmental	130,985	-	-	-	130,985
Capital projects	194,102	-	-	-	194,102
Debt service:					
Principal retirement	126,311	-	-	-	126,311
Interest and other fiscal charges	8,893	-	-	-	8,893
Total expenditures	\$ 17,321,041	\$ 651,921	\$ 1,703,159	\$ 926,994	\$ 20,603,115
Excess (deficiency) of revenues over (under) expenditures	\$ 229,316	\$ (109,829)	\$ (910,031)	\$ (209,639)	\$ (1,000,183)
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ -	\$ -	\$ 209,639	\$ 209,639
Transfers out	(209,639)	-	-	-	(209,639)
Issuance of notes payable	106,548	-	-	-	106,548
Leases (as lessee)	113,840	-	-	-	113,840
Total other financing sources (uses)	\$ 10,749	\$ -	\$ -	\$ 209,639	\$ 220,388
Net change in fund balances	\$ 240,065	\$ (109,829)	\$ (910,031)	\$ -	\$ (779,795)
Fund balances - beginning	7,221,017	1,512,888	1,513,583	-	10,247,488
Fund balances - ending	\$ 7,461,082	\$ 1,403,059	\$ 603,552	\$ -	\$ 9,467,693

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

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

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

Net change in fund balances - total governmental funds \$ (779,795)

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

Capital outlays	\$ 287,162	
Depreciation /amortization expense	(319,392)	
		(32,230)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents unavailable revenue.

Property taxes	\$ 123,629	
Opioid settlement	<u>(7,604)</u>	
		116,025

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

Principal repayments - financed purchase	\$ 78,000	
Principal repayments - leases	48,311	
Issuance of note payable	(106,548)	
Issuance of leases	(113,840)	
Accrued interest	<u>(2,224)</u>	
		(96,301)

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

Change in compensated absences	\$ (34,126)	
Pension expense	61,882	
OPEB expense	<u>183,959</u>	
		<u>211,715</u>

Change in net position of governmental activities \$ (580,586)

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

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Financial Reporting Entity

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

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County's discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the County.

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

The Bath County Service Authority has been determined to be a component unit of Bath. The Authority is a legally separate organization whose Board members are appointed by the Bath County Board of Supervisors. Since the Board of Supervisors is able to impose its will on the Authority, the Authority is a component unit of Bath County. The Bath County Service Authority does not prepare separate financial statements.

The Economic Development Authority of Bath County, Virginia has been determined to be a component unit of Bath County because the Authority's primary use of funds is to provide for economic development of the County, thereby benefiting the County even though it does not provide services directly to the County. The Economic Development Authority of Bath County, Virginia does prepare separate financial statements. Complete financial statements for the Authority may be obtained by contacting Patrick Haynes at the Authority's administrative office at PO Box 13 Warm Springs, VA 24484.

Visit Bath County has been determined to be a component unit of Bath County because the Organization is funded entirely by appropriation of funding from the County, representing a benefit, burden relationship. Additionally, the Organization's primary use of funds is to provide tourism services to the County. Visit Bath County does prepare separate financial statements. Complete financial statements for the Organization may be obtained by contacting Mark Shore at the administrative office of Visit Bath County at 2696 Main Street, Suite 6, Hot Springs, VA 24445.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

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

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

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

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

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

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

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

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

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

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

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for and reported in another fund. The general fund includes the activities of the crime prevention, sheriff's carryover, sheriff's forfeited, and recycling funds.

The *special revenue fund* accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Special revenue funds consist of the Lodging Tax – Marketing/Capital Fund and the Special Lodging Tax Fund.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

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

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

Additionally, the government reports the following fund types:

Special Revenue funds account for and report the proceeds of the specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Comprehensive Services Act (CSA) and Virginia Public Assistance funds are nonmajor special revenue funds of the County.

Fiduciary funds (trust and custodial funds) account for assets held by the government in a trustee capacity or custodian for individuals, private organizations, other governmental units, or other funds. There are no fiduciary funds at June 30, 2023.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority enterprise fund are charges to customers for sales and services. The Authority also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

1. Cash and cash equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

External investment pools are measured at amortized cost. All other investments are reported at fair value. The State Treasurer's Local Government Investment Pool operates in accordance with appropriate state laws and regulations.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

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

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

2. *Receivables and payables*

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

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. *Inventory*

Inventory, consisting of cafeteria food items and supplies are stated at cost (first-in, first-out method). Inventory is expensed as it is consumed.

4. *Property Taxes*

Real estate and personal property is assessed at its value on July 1 at which time taxes attach as an enforceable lien. Real estate taxes are payable in two installments on June 5th and December 5th. Personal property taxes are due and collectible annually on December 5th. The County bills and collects its own property taxes.

5. *Allowance for Uncollectible Accounts*

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$21,649 at June 30, 2022 and is comprised of uncollectible local taxes of the primary government in the amount of \$6,518 and uncollectible water and sewer accounts receivable of the component unit – Service Authority in the amount of \$15,131.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

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

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

6. Use of Estimates

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

7. Restricted assets

Certain resources are classified as restricted assets on the balance sheet and are maintained in separate bank accounts. At June 30, 2023, \$2,140 was set aside for the repayment of the component unit – Service Authority’s enterprise fund revenue bonds and their use is limited by applicable bond covenants. In addition, the component unit – Service Authority had \$42,483 in a bank account restricted for customer deposits.

8. Capital assets

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	30-50
Machinery and equipment	5-15
Utility plant	40
Lease equipment	5

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

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

9. *Compensated Absences*

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the Statement of Net Position. No expenditure is reported for these amounts. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The County accrues salary-related payments associated with the payment of compensated absences.

10. *Leases*

The County leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee

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

Key estimates and judgements

Lease accounting includes estimates and judgements for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

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

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

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

11. Long-term obligations

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

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

12. Fund balance

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

- Nonspendable fund balance – amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance – amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation;
- Assigned fund balance – amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assessment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund type is reported as unassigned.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

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

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

12. Fund balance (continued)

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

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

In the general fund, the County's policy is to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 20% of the actual GAAP basis expenditures and other financing sources and uses. If the unassigned fund balance falls below the established 20% of GAAP basis expenditures minimum, during the annual budget adoption process, a plan to replenish the unassigned fund balance to the target level over a period of not more than three to five fiscal years.

13. Net Position

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

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

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

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

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

14. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The County has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on this item, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Primary Government has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, the opioid settlement, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

15. *Pensions*

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

16. *Other Postemployment Benefits (OPEB)*

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

Medical, Dental, and Prescription Insurance – Pay as You Go Program

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined based on an actuarial valuation. Benefit payments are recognized when due and payable in accordance with the benefit terms.

COUNTY OF BATH, VIRGINIA

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

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary Information

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

1. Prior to April 1, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following Funds have legally adopted budgets: General Fund, Virginia Public Assistance Fund, Lodging Tax Marketing and Capital Fund, School Operating Fund, and School Cafeteria Fund.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts between general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds (except the School fund). The School Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. All budgetary data presented in the accompanying financial statements is the revised budget as of June 30.

B. Excess of expenditures over appropriations

For the year ended June 30, 2023, the following fund incurred expenditures exceeding appropriations:

<u>Fund</u>	<u>Function</u>	<u>Excess of Expenditures over Appropriations</u>
General	Judicial administration	\$ 17,012
General	Health and Welfare	3,204
General	Debt Service	135,204
Total General Fund		<u>\$ 155,420</u>
School Activity Funds	School Activities	\$ 353,149
Total All Other Funds		<u>\$ 353,149</u>

C. Deficit fund equity

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

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

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the County's investing activities are managed under the custody of the County Treasurer. Investing is performed in accordance with investment policies adopted by the County Board of Supervisors complying with state statutes. In accordance with the County's investment policy, County funds may be invested in:

1. Certificates of deposits or other deposits of national banks located within the Commonwealth and state- chartered banks under Commonwealth supervision provided such deposits are insured or collateralized as provided by the Virginia Security for Public Deposits Act.
2. U.S. Treasury Bills (T-Bills).
3. Local Government Investment Pool (LGIP) administered by the Virginia Treasury Board.

The County's rated debt investments as of June 30, 2023 were rated by Standard & Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

County's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ <u><u>1,719,400</u></u>

External Investment Pool

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

COUNTY OF BATH, VIRGINIA

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

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Interest Rate Risk

All County investments must be in securities maturing within five years. Maturities of the County's investments are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Maturity</u>
		<u>Less than 1 year</u>
Local Government Investment Pool	\$ 1,719,400	\$ 1,719,400

School Activity Fund Investments

In October 2018, the School Activity Funds received donations from the Estate of Louise C. Welcher as follows:

Bath County High School	\$ 388,286
Millboro Elementary School	194,143
Valley Elementary School	194,143
Total	<u>\$ 776,572</u>

These funds are restricted to be used for the purchase and/or rental of band instruments, uniforms, and other band expenses.

In February 2020, these funds were moved into two brokerage accounts. Currently there are no formally adopted investment policies regarding types of investments allowed and the related risks. Investments are reported at cost basis due to these financial statements being presented on the basis of cash receipts and cash disbursements.

Investments were as of June 30, 2023 were as follows:

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Cash and money market	\$ 19,472	\$ 19,472	\$ -
Fixed income	381,505	317,683	(63,822)
Equities	256,940	330,994	74,054
Exchange traded funds	23,122	21,820	(1,302)
Total	<u>\$ 681,039</u>	<u>\$ 689,969</u>	<u>\$ 8,930</u>

Credit Risk: The fixed income investments were in five corporate bonds with Moody's ratings of A1 to A3 and S&P ratings of A to BBB+.

Concentration of Credit Risk: Individual securities representing more than five percent of total investments were as follows:

- Bond—13%
- Bond—10%
- Bond—13%
- Bond—9%
- Stock—5%

Interest Rate Risk: Interest rate risk is the risk that interest rate variations may adversely affect the fair value of an investment. The bonds held have the following maturity/callable dates:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Callable Date</u>
Bond 1	2.00%	12/22/2026	12/22/2023
Bond 2	2.80%	8/15/2029	5/15/2029
Bond 3	2.65%	6/26/2030	3/26/2030
Bond 4	1.25%	10/15/2030	7/15/2030
Bond 5	2.00%	9/16/2031	9/16/2023

COUNTY OF BATH, VIRGINIA

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

NOTE 4—DUE FROM OTHER GOVERNMENTAL UNITS:

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 104,216
Local sales taxes	201,403	-
Communications Tax	12,717	-
Rolling Stock	58	-
Public assistance and welfare administration	18,533	-
Comprehensive Services Act funds	29,689	-
E-911 wireless	8,523	-
Shared expenses	135,490	-
Other	7,189	-
Federal Government:		
Public assistance and welfare administration	37,068	-
Coronavirus State and Local Fiscal Recovery	27,427	61,440
School cafeteria	-	50,717
Total	<u>\$ 478,097</u>	<u>\$ 216,373</u>

NOTE 5—INTERFUND COMPONENT-UNIT OBLIGATIONS:

The following balances represent amounts due between funds at June 30, 2023:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Due to Primary Government/ Component Unit</u>	<u>Due from Primary Government/ Component Unit</u>
Primary Government:				
General Fund	\$ 55,601	\$ 12,851	\$ 930,824	\$ -
CSA Fund	12,851	-	-	-
VPA Fund	-	55,601	-	-
Total	<u>\$ 68,452</u>	<u>\$ 68,452</u>	<u>\$ 930,824</u>	<u>\$ -</u>
Component Unit-School Board:				
School Fund	\$ -	\$ -	\$ -	\$ 930,824
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 930,824</u>

The purpose of interfund obligations is to report the balance of local appropriations unspent at year-end due back to the respective funds.

COUNTY OF BATH, VIRGINIA

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

NOTE 6—INTERFUND TRANSFERS:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 209,639
Virginia Public Assistance Fund	107,776	-
CSA Fund	101,863	-
Total	<u>\$ 209,639</u>	<u>\$ 209,639</u>

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

NOTE 7—CAPITAL ASSETS:

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

Primary Government Governmental Activities:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital assets not being depreciated:				
Land	\$ 634,478	\$ -	\$ -	\$ 634,478
Construction in progress	91,970	136,676	(202,646)	26,000
Total capital assets not being depreciated	<u>\$ 726,448</u>	<u>\$ 136,676</u>	<u>\$ (202,646)</u>	<u>\$ 660,478</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 4,610,665	\$ -	\$ -	\$ 4,610,665
Machinery and equipment	2,373,056	239,292	-	2,612,348
Total capital assets being depreciated	<u>\$ 6,983,721</u>	<u>\$ 239,292</u>	<u>\$ -</u>	<u>\$ 7,223,013</u>
Accumulated depreciation:				
Buildings and improvements	\$ (2,620,537)	\$ (106,015)	\$ -	\$ (2,726,552)
Machinery and equipment	(1,969,411)	(160,392)	-	(2,129,803)
Total accumulated depreciation	<u>\$ (4,589,948)</u>	<u>\$ (266,407)</u>	<u>\$ -</u>	<u>\$ (4,856,355)</u>
Right-to-use lease assets being amortized:				
Lease assets:				
Equipment	\$ 58,975	\$ 113,840	\$ (58,975)	\$ 113,840
Accumulated amortization:				
Equipment	\$ (29,488)	\$ (52,985)	\$ 58,975	\$ (23,498)
Net right-to-use lease assets	<u>\$ 29,487</u>	<u>\$ 60,855</u>	<u>\$ -</u>	<u>\$ 90,342</u>
Capital assets being depreciated, net	<u>\$ 2,423,260</u>	<u>\$ 33,740</u>	<u>\$ -</u>	<u>\$ 2,457,000</u>
Net capital assets	<u>\$ 3,149,708</u>	<u>\$ 170,416</u>	<u>\$ (202,646)</u>	<u>\$ 3,117,478</u>

COUNTY OF BATH, VIRGINIA

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

NOTE 7—CAPITAL ASSETS: (CONTINUED)

Primary Government Governmental Activities: (Continued)

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

Governmental activities:		
General government administration	\$	124,061
Judicial administration		2,518
Public safety		163,041
Public works		10,933
Parks, recreation, cultural		18,839
Total depreciation expense - governmental activities	\$	<u>319,392</u>

Discretely Presented Component Units:

School Board:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital assets not being depreciated:				
Land and land improvements	\$ 238,282	\$ -	\$ -	\$ 238,282
Construction in progress	803,134	81,027	(884,161)	-
Total capital assets not being depreciated	\$ 1,041,416	\$ 81,027	\$ (884,161)	\$ 238,282
Capital assets being depreciated:				
Buildings and improvements	\$ 24,982,889	\$ 870,472	\$ -	\$ 25,853,361
Machinery and equipment	4,561,706	743,423	(332,042)	4,973,087
Total capital assets being depreciated	\$ 29,544,595	\$ 1,613,895	\$ (332,042)	\$ 30,826,448
Accumulated depreciation:				
Buildings and improvements	\$ (13,692,660)	\$ (513,066)	\$ -	\$ (14,205,726)
Machinery and equipment	(3,006,100)	(406,695)	332,042	(3,080,753)
Total accumulated depreciation	\$ (16,698,760)	\$ (919,761)	\$ 332,042	\$ (17,286,479)
Lease assets being amortized:				
Equipment	\$ 31,080	\$ -	\$ -	\$ 31,080
Accumulated amortization:				
Equipment	\$ (6,660)	\$ (6,660)	\$ -	\$ (13,320)
Net right-to-use lease assets	\$ 24,420	\$ (6,660)	\$ -	\$ 17,760
Capital assets being depreciated, net	\$ 12,870,255	\$ 687,474	\$ -	\$ 13,557,729
Net capital assets	\$ <u>13,911,671</u>	\$ <u>768,501</u>	\$ <u>(884,161)</u>	\$ <u>13,796,011</u>

Depreciation expense allocated to education \$ 926,421

COUNTY OF BATH, VIRGINIA

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

NOTE 7—CAPITAL ASSETS: (CONTINUED)

Discretely Presented Component Units: (continued)

Service Authority:

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

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital assets not being depreciated:				
Land	\$ 116,187	\$ -	\$ -	\$ 116,187
Construction in progress	56,888	-	-	56,888
Total capital assets not being depreciated	<u>\$ 173,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,075</u>
Capital assets being depreciated:				
Water System	\$ 10,878,125	\$ 4,672	\$ -	\$ 10,882,797
Sewer System	11,109,728	26,747	-	11,136,475
Machinery and equipment	533,124	108,278	-	641,402
Total capital assets being depreciated	<u>\$ 22,520,977</u>	<u>\$ 139,697</u>	<u>\$ -</u>	<u>\$ 22,660,674</u>
Accumulated depreciation:				
Water System	\$ (6,669,983)	\$ (266,908)	\$ -	\$ (6,936,891)
Sewer System	(8,641,253)	(181,334)	-	(8,822,587)
Machinery and equipment	(466,119)	(27,676)	-	(493,795)
Total accumulated depreciation	<u>\$ (15,777,355)</u>	<u>\$ (475,918)</u>	<u>\$ -</u>	<u>\$ (16,253,273)</u>
Capital assets being depreciated, net	<u>\$ 6,743,622</u>	<u>\$ (336,221)</u>	<u>\$ -</u>	<u>\$ 6,407,401</u>
Net capital assets	<u>\$ 6,916,697</u>	<u>\$ (336,221)</u>	<u>\$ -</u>	<u>\$ 6,580,476</u>

Depreciation expense for the Service Authority amounted to \$475,918.

Visit Bath County:

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

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital assets being depreciated:				
Machinery and equipment	\$ -	\$ 2,704	\$ -	\$ 2,704
Total capital assets being depreciated	<u>\$ -</u>	<u>\$ 2,704</u>	<u>\$ -</u>	<u>\$ 2,704</u>
Accumulated depreciation:				
Machinery and equipment	\$ -	\$ (406)	\$ -	\$ (406)
Total accumulated depreciation	<u>\$ -</u>	<u>\$ (406)</u>	<u>\$ -</u>	<u>\$ (406)</u>
Capital assets being depreciated, net	<u>\$ -</u>	<u>\$ 2,298</u>	<u>\$ -</u>	<u>\$ 2,298</u>
Net capital assets	<u>\$ -</u>	<u>\$ 2,298</u>	<u>\$ -</u>	<u>\$ 2,298</u>

Depreciation expense for Visit Bath County amounted to \$406.

COUNTY OF BATH, VIRGINIA

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

NOTE 8—LONG-TERM OBLIGATIONS:

Primary Government-Governmental Activities:

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

	Balance July 1, 2022	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2023
Financed purchase	\$ -	\$ 106,548	\$ 78,000	\$ 28,548
Other long-term obligations:				
Lease liabilities	\$ 29,580	\$ 113,840	\$ 48,311	\$ 95,109
Compensated absences	150,111	146,709	112,583	184,237
Net pension liability	1,011,913	1,368,515	562,600	1,817,828
Net OPEB liabilities	429,043	162,272	207,171	384,144
Total other long-term obligations	<u>\$ 1,620,647</u>	<u>\$ 1,791,336</u>	<u>\$ 930,665</u>	<u>\$ 2,481,318</u>
Total Long-Term Obligations	<u>\$ 1,620,647</u>	<u>\$ 1,897,884</u>	<u>\$ 1,008,665</u>	<u>\$ 2,509,866</u>

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

Year Ending June 30,	Governmental Activities		Governmental Activities	
	Financed Purchase		Lease liabilities	
	Principal	Interest	Principal	Interest
2024	\$ 28,548	\$ 1,656	\$ 53,054	\$ 5,127
2023	-	-	14,117	3,344
2024	-	-	13,394	2,097
2025	-	-	14,544	769
Total	<u>\$ 28,548</u>	<u>\$ 1,656</u>	<u>\$ 95,109</u>	<u>\$ 11,337</u>

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COUNTY OF BATH, VIRGINIA

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

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Governmental Activities: (continued)

Details of long-term obligations:

Type/Project	Issue Date/Term	Amount of Original Issue	Interest Rates	Amount of Principal Installments	Final Maturity Date	Balance	Amount Due Within One Year
Governmental activities:							
Financed purchase:							
Note payable to US Bank issued to finance the purchase of radio equipment	7/19/2022	\$ 106,548	5.65%	\$78000 - \$28,548 A	8/12/2023	\$ 28,548	\$ 28,548
Total financed purchase						\$ 28,548	\$ 28,548
Lease liabilities:							
VIN#137106	7/1/2022	\$ 30,539	9.62%	\$ 638.01 M	6/1/2027	25,340	5,456
VIN#137108	7/1/2022	\$ 30,544	9.62%	\$ 638.01 M	6/1/2027	25,342	5,457
2022 RAM 2500 VIN#251613	7/1/2022	\$ 46,428	9.39%	\$ 836.98 M	6/1/2027	40,097	40,097
Kyocera TA-3551ci- Sheriff	7/1/2022	\$ 6,329	3.06%	\$ 179.00 M	7/20/2025	4,330	2,044
Total lease liabilities						\$ 95,109	\$ 53,054
Other obligations:							
Net pension liability						\$ 1,817,828	\$ -
Net OPEB liability						384,144	-
Compensated absences						184,237	46,059
Total other obligations						\$ 2,386,209	\$ 46,059
governmental activities						\$ 2,509,866	\$ 127,661

A = annual installments M = monthly installments SA= Semi-annual installments

The general fund is the primary governmental fund typically used in prior years to liquidate pension and OPEB liabilities.

Discretely Presented Component Unit-Service Authority:

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

	Balance July 1, 2022	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2023
Direct borrowings and placements:				
Revenue bonds	\$ 317,332	\$ -	\$ 20,473	\$ 296,859
Other long-term obligations:				
Compensated absences	16,895	15,235	12,671	19,459
Net OPEB liabilities	20,103	11,269	11,630	19,742
Net pension liability	141,324	176,046	81,961	235,409
Total long-term obligations	\$ 495,654	\$ 202,550	\$ 126,735	\$ 571,469

The Service Authority's outstanding revenue bonds from direct borrowings and direct placements of \$296,859 contain a provision that in the event of default the entire unpaid principal and interest become immediately due and payable. The Service Authority has pledged to secure the payment and performance of the Authority's obligations under the bonds with the Authority's right, title, and interest to the revenues and receipts received by the Authority.

COUNTY OF BATH, VIRGINIA

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

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Discretely Presented Component Unit-Service Authority: (continued)

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

Fiscal Year	Direct borrowings and placements:	
	Revenue Bonds	
	Principal	Interest
2024	\$ 20,473	\$ -
2025	20,473	-
2026	20,473	-
2027	20,473	-
2028	20,473	-
2029-2033	102,365	-
2034-2038	92,129	-
Total	\$ <u>296,859</u>	\$ <u>-</u>

Details of long-term obligations:

Type/Project	Issue Date/Term	Amount of Original Issue	Interest Rates	Amount of Principal Installments	Final Maturity Date	Balance	Amount Due Within One Year
Business-type activities:							
Direct borrowings and direct placements:							
Virginia Resources Authority Revenue Bonds	4/5/2007	\$ 634,057	0.00%	\$ 10,236 SA	10/1/2037	\$ 296,859	\$ 20,473
Total direct borrowings and direct placements						\$ 296,859	\$ 20,473
Other obligations:							
Net pension liability						\$ 235,409	\$ -
Net OPEB liability						19,742	-
Compensated absences						19,459	4,865
Total other obligations						\$ 274,610	\$ 4,865
Total Long-term obligations from governmental activities						\$ 571,469	\$ 25,338

A = annual installments M = monthly installments SA= Semi-annual installments

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COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Discretely Presented Component Unit-School Board:

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

	Balance July 1, 2022	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2023
Direct borrowings and placements:				
Note payable	\$ 1,464,990	\$ -	\$ 75,008	\$ 1,389,982
Financed Purchase:				
Loan payable	\$ 34,308	\$ -	\$ 34,308	\$ -
Lease liabilities	\$ 24,556	\$ -	\$ 6,578	\$ 17,978
Other long-term obligations:				
Compensated absences	\$ 249,807	\$ 190,844	\$ 187,355	\$ 253,296
Net OPEB liabilities	1,356,055	437,889	456,701	1,337,243
Net pension liability	3,993,337	3,804,174	3,087,671	4,709,840
Total other long-term obligations	\$ 5,599,199	\$ 4,432,907	\$ 3,731,727	\$ 6,300,379
Total Long-Term Obligations	\$ 7,123,053	\$ 4,432,907	\$ 3,847,621	\$ 7,708,339

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

Fiscal Year	Direct Borrowings and Placements:			
	Note Payable		Lease Liabilities	
	Principal	Interest	Principal	Interest
2024	\$ 77,290	\$ 40,718	\$ 6,666	\$ 200
2025	79,641	38,367	6,756	110
2026	82,064	35,945	4,556	23
2027	84,560	33,449	-	-
2028	87,132	30,877	-	-
2029-2033	477,060	112,980	-	-
2034-2038	502,235	36,125	-	-
Total	\$ 1,389,982	\$ 328,461	\$ 17,978	\$ 333

The School Board's outstanding note payable from direct borrowings and direct placements of \$1,389,982 contains a provision that in the event of default the entire unpaid principal and interest become immediately due and payable. The School Board has pledged collateral consisting of all property, improvements, fixtures, and equipment installed at Bath County High School, Millboro Elementary School, and Valley Elementary School by Reliable Energy LLC to secure the payment and performance of the obligation under the note payable.

COUNTY OF BATH, VIRGINIA

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

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Discretely Presented Component Unit-School Board: (continued)

Details of long-term obligations:

Type/Project	Issue Date/Term	Amount of Original Issue	Interest Rates	Amount of Principal Installments	Final Maturity Date	Balance	Amount Due Within One Year
Governmental activities:							
Direct borrowings and direct placements:							
Note payable to Reliabel Energy, LLC	3/31/2018	\$ 1,773,180	3.00% M	\$ 9,834 M	1/28/2038	\$ 1,389,982	\$ 77,290
Total direct borrowings and direct placements						\$ 1,389,982	\$ 77,290
Lease liabilities:							
Copier leases (5)		\$ 34,349	1.335% M	\$ 492 M	2/28/2026	\$ 17,978	\$ 6,666
Total lease liabilities						\$ 17,978	\$ 6,666
Other obligations:							
Net pension liability						\$ 4,709,840	\$ -
Net OPEB liability						1,337,243	-
Compensated absences						253,296	63,324
Total other obligations						\$ 6,300,379	\$ 63,324
Total Long-term obligations from governmental activities						\$ 7,708,339	\$ 147,280

A = annual installments M = monthly installments SA= Semi-annual installments

Discretely Presented Component Unit – Visit Bath County

	Balance July 1, 2022	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2023
Other long-term obligations:				
Compensated absences	\$ -	\$ 10,582	\$ 9,029	\$ 1,553
Total other long-term obligations	\$ 5,599,199	\$ 10,582	\$ 9,029	\$ 1,553
Total Long-Term Obligations	\$ 7,123,053	\$ 10,582	\$ 9,029	\$ 1,553

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COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 9—PENSION PLANS:

Plan Description

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

Benefit Structures

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

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

COUNTY OF BATH, VIRGINIA

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

NOTE 9—PENSION PLANS: (CONTINUED)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	52	28
Inactive members:		
Vested inactive members	8	4
Non-vested inactive members	16	9
Inactive members active elsewhere in VRS	15	6
Total inactive members	39	19
Active members	69	26
Total covered employees	160	73

COUNTY OF BATH, VIRGINIA

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

NOTE 9—PENSION PLANS: (CONTINUED)

Contributions

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

The County contractually required employer contribution rate for the year ended June 30, 2023 was 13.26% of covered employee compensation for the County and Component Unit Public Service Authority. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$377,893 and \$384,829 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions to the pension plan from the Component Unit Public Service Authority were \$38,006 and \$49,836 for the years ended June 30, 2023 and June 30, 2022, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2023 was 3.74% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$16,697 and \$25,287 for the years ended June 30, 2023 and June 30, 2022, respectively.

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. The County's, Component Unit Public Service Authority's, and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2022. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022.

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COUNTY OF BATH, VIRGINIA

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

NOTE 9—PENSION PLANS: (CONTINUED)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the County’s and Component Unit School Board’s (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

Mortality rates:

- All Others (Non-10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related
- Pre-Retirement:
 - Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years
- Post-Retirement:
 - Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years
- Post-Disablement:
 - Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years
- Beneficiaries and Survivors:
 - Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years
- Mortality Improvement:
 - Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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COUNTY OF BATH, VIRGINIA

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

NOTE 9—PENSION PLANS: (CONTINUED)

Actuarial Assumptions – General Employees (continued)

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

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

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

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County’s Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

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COUNTY OF BATH, VIRGINIA

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

NOTE 9—PENSION PLANS: (CONTINUED)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits (continued)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 9—PENSION PLANS: (CONTINUED)

Long-Term Expected Rate of Return

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

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

* The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.5%.

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

COUNTY OF BATH, VIRGINIA

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

NOTE 9—PENSION PLANS: (CONTINUED)

Discount Rate

The discount rate used to measure total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed the System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2022, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 15,178,709	\$ 14,166,796	\$ 1,011,913
Changes for the year:			
Service cost	\$ 303,443	\$ -	\$ 303,443
Interest	1,031,651	-	1,031,651
Differences between expected and actual experience	(44,962)	-	(44,962)
Impact of change in proportion	136,539	127,437	9,102
Contributions - employer	-	384,551	(384,551)
Contributions - employee	-	132,755	(132,755)
Net investment income	-	(15,440)	15,440
Benefit payments, including refunds	(669,942)	(669,942)	-
Administrative expenses	-	(8,879)	8,879
Other changes	-	332	(332)
Net changes	\$ 756,729	\$ (49,186)	\$ 805,915
Balances at June 30, 2022	\$ 15,935,438	\$ 14,117,610	\$ 1,817,828

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 9—PENSION PLANS: (CONTINUED)

Changes in Net Pension Liability (Asset) (continued)

	Component Unit Public Service Authority		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 2,119,870	\$ 1,978,546	\$ 141,324
Changes for the year:			
Service cost	\$ 39,296	\$ -	\$ 39,296
Interest	133,599	-	133,599
Differences between expected and actual experience	(5,823)	-	(5,823)
Impact of change in proportion	(136,539)	(127,437)	(9,102)
Contributions - employer	-	49,800	(49,800)
Contributions - employee	-	17,192	(17,192)
Net investment income	-	(2,000)	2,000
Benefit payments, including refunds	(86,758)	(86,758)	-
Administrative expenses	-	(1,150)	1,150
Other changes	-	43	(43)
Net changes	\$ (56,225)	\$ (150,310)	\$ 94,085
Balances at June 30, 2022	\$ 2,063,645	\$ 1,828,236	\$ 235,409
	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 4,467,823	\$ 4,974,273	\$ (506,450)
Changes for the year:			
Service cost	\$ 51,315	\$ -	\$ 51,315
Interest	296,898	-	296,898
Differences between expected and actual experience	30,030	-	30,030
Contributions - employer	-	24,833	(24,833)
Contributions - employee	-	28,714	(28,714)
Net investment income	-	(2,750)	2,750
Benefit payments, including refunds	(241,306)	(241,306)	-
Administrative expenses	-	(3,134)	3,134
Other changes	-	112	(112)
Net changes	\$ 136,937	\$ (193,531)	\$ 330,468
Balances at June 30, 2022	\$ 4,604,760	\$ 4,780,742	\$ (175,982)

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 9—PENSION PLANS: (CONTINUED)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (6.75%)
County			
Net Pension Liability	\$ 3,944,550	\$ 1,817,828	\$ 82,540
Component Unit Public Service Authority			
Net Pension Liability	\$ 510,821	\$ 235,409	\$ 10,689
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ (350,261)	\$ (175,982)	\$ (613,013)

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

For the year ended June 30, 2023, the County, Component Unit Public Service Authority, and Component Unit School Board (nonprofessional) recognized pension expense of \$315,735, \$28,847, and (\$75,631), respectively. At June 30, 2023, the County, Component Unit Public Service Authority, and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit Public Service Authority	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 65,925	\$ 133,509	\$ 9,231	\$ 18,312
Change in assumptions	217,708	-	30,405	-
Net difference between projected and actual earnings on pension plan investments	-	393,763	-	62,947
Impact of change in proportional allocation	-	433	433	-
Employer contributions subsequent to the measurement date	377,893	-	38,006	-
Total	\$ 661,526	\$ 527,705	\$ 78,075	\$ 81,259

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 9—PENSION PLANS: (CONTINUED)

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

	Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,305	\$ 36,325
Change in assumptions	26,314	-
Net difference between projected and actual earnings on pension plan investments	-	147,170
Employer contributions subsequent to the measurement date	16,697	-
Total	<u>\$ 60,316</u>	<u>\$ 183,495</u>

\$377,893, \$38,006, and \$16,697 reported as deferred outflows of resources related to pensions resulting from the County’s, Component Unit Service Authority’s, and Component Unit School Board’s (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30,	Primary Government	Component Unit Public Service Authority	Component Unit School Board (nonprofessional)
2024	\$ (37,827)	\$ (1,233)	\$ (53,166)
2025	(124,254)	(22,040)	(54,555)
2026	(276,959)	(43,168)	(98,569)
2027	194,968	25,251	66,414
2028	-	-	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 9—PENSION PLANS: (CONTINUED)

Component Unit School Board (Professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$765,925 and \$734,928 for the years ended June 30, 2023 and June 30, 2022, respectively.

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

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

At June 30, 2023, the school division reported a liability of \$4,709,840 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion was .04947% as compared to .05144% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized pension expense of (\$1,858). Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 (CONTINUED)

NOTE 9—PENSION PLANS: (CONTINUED)

Component Unit School Board (Professional) (continued)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 324,762
Change in assumptions	444,043	-
Net difference between projected and actual earnings on pension plan investments	-	614,065
Changes in proportion and differences between employer contributions and proportionate share of contributions	117	495,454
Employer contributions subsequent to the measurement date	<u>765,925</u>	-
Total	<u>\$ 1,210,085</u>	<u>\$ 1,434,281</u>

\$765,925 reported as deferred outflows of resources related to pensions resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2024	\$ (362,940)
2025	(360,907)
2026	(500,559)
2027	234,285
2028	-

COUNTY OF BATH, VIRGINIA

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

NOTE 9—PENSION PLANS: (CONTINUED)

Component Unit School Board (Professional) (continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

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

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 (CONTINUED)

NOTE 9—PENSION PLANS: (CONTINUED)

Component Unit School Board (Professional) (continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB Statement No. 67, less that system’s fiduciary net position. As of June 30, 2022, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

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

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

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 8,412,135	\$ 4,709,840	\$ 1,695,358

COUNTY OF BATH, VIRGINIA

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

NOTE 9—PENSION PLANS: (CONTINUED)

Pension Plan Fiduciary Net Position

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

Aggregate Pension Information

	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:				
Primary Government	\$ 661,526	\$ 527,705	\$ 1,817,828	\$ 315,735
School Board Nonprofessional	\$ 60,316	\$ 183,495	\$ (175,982)	\$ (75,631)
School Board Professional	1,210,085	1,434,281	4,709,840	(1,858)
Total School Board	<u>\$ 1,270,401</u>	<u>\$ 1,617,776</u>	<u>\$ 4,533,858</u>	<u>\$ (77,489)</u>
Public Service Authority	<u>\$ 78,075</u>	<u>\$ 81,259</u>	<u>\$ 235,409</u>	<u>\$ 28,847</u>

NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

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

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

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

Eligible Employees

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Benefit Amounts

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

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Primary Government contributions to the GLI Plan were \$16,089 and \$14,786 for the years ended June 30, 2023 and June 30, 2022, respectively. Component Unit Public Service Authority contributions to the GLI Plan were \$1,618 and \$1,926 for the years ended June 30, 2023 and June 30, 2022, respectively. School Board contributions to the GLI Plan for nonprofessional employees were \$4,035 and \$3,505, for the years ended June 30, 2023 and June 30, 2022, respectively. School Board contributions to the GLI Plan for professional employees were \$26,510 and \$25,025, for the years ended June 30, 2023 and June 30, 2022 respectively.

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 (CONTINUED)

NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

At June 30, 2023, the Primary Government and Public Service Authority reported liabilities of \$152,444 and \$19,742 for their respective proportionate shares of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer’s proportion of the Net GLI OPEB Liability was based on the covered employer’s actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer’s proportion for the Primary Government was .0127% as compared to 0.0124% at June 30, 2021. At June 30, 2022, the participating employer’s proportion for the Public Service Authority was .00164% as compared to .00173% at June 30, 2021.

At June 30, 2023, the School Board reported liability of \$35,882 for nonprofessional employees and \$256,473 for professional employees for its proportionate share of the Net GLI OPEB Liability. At June 30, 2022 the participating employer’s proportion for nonprofessional employees was 0.00300% as compared to 0.00310% at June 30, 2021. At June 30, 2022, the participating employer’s proportion for School Board professional employees was 0.02130% as compared to 0.02210% at June 30, 2021.

For the year ended June 30, 2023, the Primary Government recognized GLI OPEB expense of \$3,260, while the Public Service Authority recognized GLI OPEB expense of \$422. The School Board recognized GLI OPEB expense of (\$1,803), and (\$839) for nonprofessional and professional employees, respectively. 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, 2023, the Primary Government and Component Unit Public Service Authority reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component Unit Public Service Authority	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,072	\$ 6,116	\$ 1,563	\$ 792
Net difference between projected and actual earnings on GLI OPEB program investments	-	9,525	-	1,234
Change in assumptions	5,686	14,849	736	1,923
Changes in proportion	4,255	3,061	551	396
Employer contributions subsequent to the measurement date	16,089	-	1,618	-
Total	\$ 38,102	\$ 33,551	\$ 4,468	\$ 4,345

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Plan OPEB (continued)

\$16,089 and \$1,618 for the Primary Government and Public Service Authority, respectively were reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Primary Government		Component Unit	
		Public Service Authority	
Year Ended June 30,		Year Ended June 30,	
2024	\$ (3,076)	2024	\$ (398)
2025	(1,710)	2025	(222)
2026	(7,319)	2026	(948)
2027	1,274	2027	165
2028	(707)	2028	(92)
Thereafter	-	Thereafter	-

At June 30, 2023, the Component Unit School Board reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Component Unit School Board			
	Nonprofessional Employees		Professional Employees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,841	\$ 1,440	\$ 20,309	\$ 10,289
Net difference between projected and actual earnings on GLI OPEB program investments	-	2,242	-	16,026
Change in assumptions	1,338	3,495	9,566	24,981
Changes in proportion	2	4,806	-	28,660
Employer contributions subsequent to the measurement date	4,035	-	26,510	-
Total	\$ 8,216	\$ 11,983	\$ 56,385	\$ 79,956

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 (CONTINUED)

NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Plan OPEB (continued)

\$4,035 and \$26,510 for the School Board nonprofessional and professional employees, respectively were reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Component Unit School Board					
Nonprofessional Employees			Professional Employees		
Year Ended June 30,			Year Ended June 30,		
2024	\$	(2,614)	2024	\$	(14,118)
2025		(2,023)	2025		(12,196)
2026		(2,522)	2026		(18,605)
2027		(191)	2027		(1,395)
2028		(452)	2028		(3,767)
Thereafter		-	Thereafter		-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (continued)

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

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

COUNTY OF BATH, VIRGINIA

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

NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (continued)

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF BATH, VIRGINIA

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

NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

NET GLI OPEB Liability

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

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

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

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COUNTY OF BATH, VIRGINIA

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

NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

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

COUNTY OF BATH, VIRGINIA

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

NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Discount Rate

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

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

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

Proportionate Share of the GLI Plan Net OPEB Liability	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (6.75%)
Primary Government	\$ 221,824	\$ 152,444	\$ 96,375
Public Service Authority	\$ 28,726	\$ 19,742	\$ 12,481
School Board Nonprofessional employees	\$ 52,213	\$ 35,882	\$ 22,685
School Board Professional employees	\$ 373,198	\$ 256,473	\$ 162,143

GLI Program Fiduciary Net Position

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

COUNTY OF BATH, VIRGINIA

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

NOTE 11—VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN):

Plan Description

Political subdivisions are required by Title 51.1 of the Code of Virginia, as amended, to provide short-term and long-term disability benefits for their hybrid plan employees either through a local plan or through the Virginia Local Disability Program (VLDP). This is a multiple-employer, cost-sharing plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia.

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

Eligible Employees

The Political Subdivision VLDP was implemented January 1, 2014 to provide benefits for non-work-related and work-related disabilities for employees with hybrid plan retirement benefits. All full-time, salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision VLDP.

Benefit Amounts

The VLDP provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer. During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability. Once the eligibility period is satisfied, employees are eligible for higher income replacement levels.

The VLDP provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week. Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

VLDP Notes

Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible. VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 11—VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN): (CONTINUED)

Contributions

The contribution requirements for active hybrid plan employees is governed by §51.1-1178(C) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2023 was 0.85% of covered employee compensation for employees in the VRS Political Subdivision VDLP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the VRS Political Subdivision VDLP were \$6,446 and \$4,133 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions from the Public Service Authority to the VRS Political Subdivision Employee VLDP were \$648 and \$535 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions from the Component Unit School Board for nonprofessional employees to the VRS Political Subdivision Employee VLDP were \$3,984 and \$2,794 for the years ended June 30, 2023 and June 30, 2022, respectively.

VLDP OPEB Liabilities, VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to VLDP OPEB

At June 30, 2023, the Primary Government reported an asset of (\$625) for its proportionate share of the VLDP Net OPEB Liability. The Net VLDP OPEB Liability was measured as of June 30, 2022 and the total VLDP OPEB liability used to calculate the Net VLDP OPEB Liability was determined by an actuarial valuation as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The Primary Government's proportion of the Net VLDP OPEB Asset was based on the County's actuarially determined employer contributions to the VLDP OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the Primary Government's proportion of the VLDP was .10624% as compared to .09294% at June 30, 2021.

At June 30, 2023, the Public Service Authority reported an asset of (\$81) for its proportionate share of the VLDP Net OPEB Liability. The Net VLDP OPEB Liability was measured as of June 30, 2022 and the total VLDP OPEB liability used to calculate the Net VLDP OPEB Liability was determined by an actuarial valuation as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The Public Service Authority's proportion of the Net VLDP OPEB Liability was based on the County's actuarially determined employer contributions to the VLDP OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the Public Service Authority's proportion of the VLDP was .01376% as compared to .01139% at June 30, 2021.

At June 30, 2023, the School Board reported an asset of (\$422) for its proportionate share of the VLDP Net OPEB Liability for nonprofessional employees. The Net VLDP OPEB Liability was measured as of June 30, 2022 and the total VLDP OPEB liability used to calculate the Net VLDP OPEB Liability was determined by an actuarial valuation as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The School Board's proportion of the Net VLDP OPEB Liability for nonprofessional employees was based on the School Board's actuarially determined employer contributions to the VLDP OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the School Board's proportion of the VLDP was .07180% as compared to .07780% at June 30, 2021.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 (CONTINUED)

NOTE 11—VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN): (CONTINUED)

VLDP OPEB Liabilities, VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to VLDP OPEB (continued)

For the year ended June 30, 2023, the Primary Government, Public Service Authority, and School Board (for nonprofessional employees) recognized VLDP OPEB expense of \$3,475, \$450, and \$2,271 respectively. Since there was a change in proportionate share between measurement dates a portion of the VLDP Net OPEB expense was related to deferred amounts from changes in proportion.

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

	Primary Government		Component Unit Service Authority	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 878	\$ 1,337	\$ 114	\$ 173
Net difference between projected and actual earnings on VLDP OPEB plan investments	-	3	-	-
Change in assumptions	24	224	3	29
Changes in proportion	230	21	30	3
Employer contributions subsequent to the measurement date	\$ 6,446	\$ -	\$ 648	\$ -
Total	\$ 7,578	\$ 1,585	\$ 795	\$ 205

	Component Unit School Board Nonprofessional Employees	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 594	\$ 904
Net difference between projected and actual earnings on VLDP OPEB plan investments	-	2
Change in assumptions	16	152
Changes in proportion	6	170
Employer contributions subsequent to the measurement date	3,984	-
Total	\$ 4,600	\$ 1,228

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 (CONTINUED)

NOTE 11—VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN): (CONTINUED)

VLDP OPEB Liabilities, VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to VLDP OPEB (continued)

\$6,446, \$648, and \$3,984 reported as deferred outflows of resources related to the VLDP OPEB resulting from the Primary Government, Public Service Authority, and School Board’s respective contributions subsequent to the measurement date will be recognized as a reduction of the Net VLDP OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB will be recognized in the VLDP OPEB expense in future reporting periods as follows:

Primary Government		Component Unit Service Authority		Component Unit School Board - Nonprofessional	
Year Ended June 30,		Year Ended June 30,		Year Ended June 30,	
2024	\$ 12	2024	\$ 2	2024	\$ (70)
2025	2	2025	-	2025	(78)
2026	(251)	2026	(32)	2026	(240)
2027	59	2027	8	2027	3
2028	(20)	2028	(3)	2028	(43)
Thereafter	(255)	Thereafter	(33)	Thereafter	(184)

Actuarial Assumptions

The total VLDP OPEB liability for the VLDP was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

COUNTY OF BATH, VIRGINIA

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

NOTE 11—VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (continued)

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

Pre-Retirement:

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

Post-Retirement:

Pub-2010 Amount Weighted General 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 General 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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF BATH, VIRGINIA

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

NOTE 11—VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN): (CONTINUED)

Net VLDP OPEB Liability

The net OPEB liability (NOL) for the Political Subdivision Employee VLDP 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, 2022, NOL amounts for the VRS Political Subdivision Employee VLDP is as follows (amounts expressed in thousands):

	Political Subdivision VLDP OPEB Plan
Total Political Subdivision VLDP OPEB Liability	\$ 7,360
Plan Fiduciary Net Position	7,948
Political Subdivision net VLDP OPEB Liability (Asset)	\$ <u>(588)</u>
Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision VLDP OPEB Liability	107.99%

The total Political Subdivision VLDP 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 Political Subdivision VLDP OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

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COUNTY OF BATH, VIRGINIA

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

NOTE 11—VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN): (CONTINUED)

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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strate	6.00%	3.73%	0.22%
PIP - Private Investment Partner	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>7.83%</u>

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

** On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.5%.

COUNTY OF BATH, VIRGINIA

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

NOTE 11—VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN): (CONTINUED)

Discount Rate

The discount rate used to measure the total VLDP 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 at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, the rate contributed by the County for the VLDP was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VLDP 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 VLDP OPEB liability.

Sensitivity of the County’s Proportionate Share of the VLDP Net OPEB Liability to Changes in the Discount Rate

The following presents the County’s proportionate share of the net VLDP OPEB liability using the discount rate of 6.75%, as well as what the County’s proportionate share of the net VLDP 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:

Proportionate Share of Net VLDP OPEB Liability	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Primary Government	\$ 66	\$ (625)	\$ (1,225)
Public Service Authority	\$ 9	\$ (81)	\$ (159)
School Board - Nonprofessional	\$ 45	\$ (422)	\$ (828)

Political Subdivision VLDP OPEB Fiduciary Net Position

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

COUNTY OF BATH, VIRGINIA

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

NOTE 12—TEACHER VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN):

Plan Description:

All full-time, salaried permanent (professional) employees of public school divisions who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Teacher Employee Virginia Local Disability Program (VLDP). This is a multiple-employer, cost-sharing plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. School divisions are required by Title 51.1 of the Code of Virginia, as amended, to provide short-term and long-term disability benefits for their hybrid plan employees either through a local plan or through the VLDP.

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

Eligible Employees

The Teacher VLDP was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with hybrid plan retirement benefits. Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. These employees include teachers and other full-time permanent (professional) salaried employees of public school divisions covered under VRS.

Benefit Amounts

The Teacher VLDP provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer. During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability. Once the eligibility period is satisfied, employees are eligible for higher income replacement levels.

The Teacher VLDP provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week. Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

VLDP Notes

Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible. VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

COUNTY OF BATH, VIRGINIA

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

**NOTE 12—TEACHER VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN):
(CONTINUED)**

Contributions

The contribution requirements for active hybrid plan employees is governed by §51.1-1178(C) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division’s contractually required employer contribution rate for the year ended June 30, 2023 was 0.47% of covered employee compensation for employees in the VRS Teacher VLDP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee VLDP were \$11,009 and \$7,854 for the years ended June 30, 2023 and June 30, 2022, respectively.

Teacher VLDP OPEB Liabilities, Teacher VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Teacher VLDP OPEB

At June 30, 2023, the school division reported an asset of (\$233) for its proportionate share of the Teacher VLDP Net OPEB Liability. The Net Teacher VLDP OPEB Liability was measured as of June 30, 2022 and the total Teacher VLDP OPEB liability used to calculate the Net Teacher VLDP OPEB Liability was determined by an actuarial valuation as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The school division’s proportion of the Net Teacher VLDP OPEB Liability was based on the school division’s actuarially determined employer contributions to the Teacher VLDP OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division’s proportion of the Teacher VLDP was .20760% as compared to .20432% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized Teacher VLDP OPEB expense of \$5,920. Since there was a change in proportionate share between measurement dates a portion of the Teacher VLDP Net OPEB expense was related to deferred amounts from changes in proportion.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 2,753	\$ 708
Net difference between projected and actual earnings on Teacher VLDP OPEB program investments	-	65
Change in assumptions	696	-
Changes in proportion	1	324
Employer contributions subsequent to the measurement date	11,009	-
Total	<u>\$ 14,459</u>	<u>\$ 1,097</u>

COUNTY OF BATH, VIRGINIA

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

**NOTE 12—TEACHER VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN):
(CONTINUED)**

Teacher VLDP OPEB Liabilities, Teacher VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Teacher VLDP OPEB (continued)

\$11,009 reported as deferred outflows of resources related to the Teacher VLDP OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher VLDP OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher VLDP OPEB will be recognized in the Teacher VLDP OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2024	\$ 149
2025	151
2026	107
2027	430
2028	226
Thereafter	1,290

Actuarial Assumptions

The total Teacher VLDP OPEB liability for the Teacher VLDP was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation	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

COUNTY OF BATH, VIRGINIA

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

**NOTE 12—TEACHER VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN):
(CONTINUED)**

Actuarial Assumptions (continued)

Mortality Rates – Teachers (continued)

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

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

Net Teacher VLDP OPEB Liability

The net OPEB liability (NOL) for the Teacher VLDP 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, 2022, NOL amounts for the VRS Teacher VLDP is as follows (amounts expressed in thousands):

	Teacher VLDP OPEB Plan
Total Teacher VLDP OPEB Liability	\$ 7,207
Plan Fiduciary Net Position	7,320
Teacher VLDP Net OPEB Liability (Asset)	<u>\$ (113)</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher VLDP OPEB Liability	101.57%

The total Teacher VLDP 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 VLDP 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.

COUNTY OF BATH, VIRGINIA

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

**NOTE 12—TEACHER VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN):
(CONTINUED)**

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:

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

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

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

Discount Rate

The discount rate used to measure the total Teacher VLDP 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 at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by the school division for the Teacher VLDP will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher VLDP 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 VLDP OPEB liability.

COUNTY OF BATH, VIRGINIA

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

**NOTE 12—TEACHER VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN):
(CONTINUED)**

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

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

	Rate		
	<u>1% Decrease</u> <u>(5.75%)</u>	<u>Current Discount</u> <u>(6.75%)</u>	<u>1% Increase</u> <u>(7.75%)</u>
School division's proportionate share of the Teacher Net VLDP OPEB Liability	\$ 1,691	\$ (233)	\$ (1,898)

Teacher Employee VLDP OPEB Fiduciary Net Position

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

NOTE 13—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):

Plan Description

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

COUNTY OF BATH, VIRGINIA

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

**NOTE 13—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):
(CONTINUED)**

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$59,401 and \$56,048 for the years ended June 30, 2023 and June 30, 2022, respectively.

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 (CONTINUED)

NOTE 13—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):
 (CONTINUED)

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

At June 30, 2023, the school division reported a liability of \$620,776 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2022 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The school division’s proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division’s actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division’s proportion of the VRS Teacher Employee HIC Plan was .04970% as compared to .05158% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee HIC OPEB expense of \$31,673. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ -	\$ 25,304
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	623
Change in assumptions	18,136	1,585
Changes in proportionate share and differences between actual and expected contributions	-	70,668
Employer contributions subsequent to the measurement date	59,401	-
	<u>59,401</u>	<u>-</u>
Total	<u>\$ 77,537</u>	<u>\$ 98,180</u>

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 (CONTINUED)

NOTE 13—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):
 (CONTINUED)

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

\$59,401 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2024	\$ (19,833)
2025	(18,800)
2026	(16,107)
2027	(10,409)
2028	(8,417)
Thereafter	(6,478)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF BATH, VIRGINIA

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

**NOTE 13—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):
(CONTINUED)**

Actuarial Assumptions (continued)

Mortality Rates – Teachers (continued)

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

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC 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, 2022, NOL amounts for the VRS Teacher Employee HIC Program is as follows (amounts expressed in thousands):

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

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

COUNTY OF BATH, VIRGINIA

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

**NOTE 13—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):
(CONTINUED)**

Long-Term Expected Rate of Return

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

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

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

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 (CONTINUED)

**NOTE 13—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):
 (CONTINUED)**

Discount Rate

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

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 699,622	\$ 620,776	\$ 553,941

Teacher Employee HIC OPEB Fiduciary Net Position

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 14—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 14—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Employees Covered by Benefit Terms

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

	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	17
Active members	<u>26</u>
Total covered employees	<u><u>43</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board’s contractually required employer contribution rate for the year ended June 30, 2023 was 1.25% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board for nonprofessional employees to the HIC Plan were \$9,339 and \$7,892 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net HIC OPEB Liability

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

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COUNTY OF BATH, VIRGINIA

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

NOTE 14—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (continued)

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

COUNTY OF BATH, VIRGINIA

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

NOTE 14—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

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

Discount Rate

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 14—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Changes in Net HIC OPEB Liability

	<u>Component School Board (nonprofessional)</u>		
	<u>Increase (Decrease)</u>		
	<u>Total HIC OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net HIC OPEB Liability (Asset) (a) - (b)</u>
Balances at June 30, 2021	\$ 115,676	\$ 9,817	\$ 105,627
Changes for the year:			
Service cost	\$ 667	\$ -	\$ 667
Interest	7,579	-	7,579
Differences between expected and actual experience	(1,592)	-	(1,592)
Assumption changes	4,868	-	4,868
Contributions - employer	-	7,892	(7,892)
Net investment income	-	(9)	9
Benefit payments	(8,127)	(8,127)	-
Administrative expenses	-	(14)	14
Net changes	<u>\$ 3,395</u>	<u>\$ (258)</u>	<u>\$ 3,653</u>
Balances at June 30, 2022	<u>\$ 119,071</u>	<u>\$ 9,559</u>	<u>\$ 109,512</u>

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

The following presents the School Boards HIC Program net HIC OPEB liability using the discount rate of 6.75%, as well as what the School Board'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>Rate</u>		
	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
School Board (nonprofessional) Net HIC OPEB Liability	\$ 120,283	\$ 109,512	\$ 100,194

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 (CONTINUED)

NOTE 14—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

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

For the year ended June 30, 2023, the School Board recognized HIC Plan OPEB expense of \$13,779. At June 30, 2023, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board’s HIC Program from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,054	\$ 1,974
Net difference between projected and actual earnings on HIC OPEB plan investments	-	159
Change in assumptions	5,410	-
Employer contributions subsequent to the measurement date	<u>9,339</u>	<u>-</u>
Total	<u>\$ 16,803</u>	<u>\$ 2,133</u>

\$9,339 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board’s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2024	\$ 3,311
2025	1,120
2026	728
2027	172
2028	-
Thereafter	-

HIC Program Plan Data

Information about the VRS Political Subdivision HIC Program is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 15—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN):

Plan Description

In addition to the pension and other postemployment benefits described in Notes 9-14, the County administers a single-employer defined benefit healthcare plan, the County of Bath OPEB Plan. The plan provides post-employment health care benefits to all eligible permanent employees of the County and School Board who meet the requirements under the County’s pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Post-employment benefits are provided to eligible retirees include Medical, Dental, and Prescription insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the County and School Board who meet eligibility requirements of the pension plan are eligible to receive post-employment health care benefits if they have at least 5 years of service with the County or School Board.

Plan Membership

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

	Primary Government and Component Unit School Board
Total active employees with coverage	174
Total retirees with coverage	6
Total	180

Contributions

The County and School Board do not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or the School board for the respective plans. The amounts paid by the Primary Government and School Board for OPEB as the benefits came due during the year ended June 30, 2023 were \$15,184, and \$20,616, respectively.

Total OPEB Liability

The County’s and School Board’s total OPEB liabilities were measured as of July 1, 2022. The total OPEB liabilities were determined by actuarial valuations as July 1, 2022.

COUNTY OF BATH, VIRGINIA

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

NOTE 15—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total OPEB liability in the July 1, 2022 actuarial valuations for the County and for the School Board were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Salary Increases	2.50% per year for general salary inflations
Discount Rate	The discount rate has been set to equal 3.69% representing the Municipal GO AA 20-year yield curve rate as of July 1, 2022
Investment Rate of Return	N/A

Mortality rates for Active employees and healthy retirees were based on a RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021.

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

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is selected from a range of 20-Year Municipal Bond Indices and include the Bond Buyer 11-Bond GO Index, the S&P Municipal Bond 20-Year High Grade Rate Index, and the Fidelity 20-Year GO Municipal Bond Index. The final equivalent single discount rate used for this year’s valuation is 3.69% as of the end of the fiscal year with the expectation that the County and School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2021	\$ 285,100	\$ 295,200
Changes for the year:		
Service cost	25,400	25,600
Interest	5,900	5,900
Difference between expected and actual experience	32,000	79,600
Changes in assumptions	(105,000)	(67,600)
Benefit payments	(11,700)	(24,100)
Net changes	<u>(53,400)</u>	<u>19,400</u>
Balances at June 30, 2021	<u>\$ 231,700</u>	<u>\$ 314,600</u>

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 (CONTINUED)

NOTE 15—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

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

The following amounts present the total OPEB liabilities of the County and School Board, as well as what the total OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current discount rate:

	Rate		
	1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
Primary Government			
\$	294,004	\$	231,700
			\$ 215,710
Component Unit School Board			
\$	338,096	\$	314,600
			\$ 292,890

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

The following presents the total OPEB liabilities of the County and School Board, as well as what the total OPEB liabilities would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.00%) or one percentage point higher (7.00%) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (6.00% decreasing to 4.00%)	Healthcare Cost Trend (7.00% decreasing to 5.00%)	1% Increase (8.00% decreasing to 6.00%)
Primary Government			
\$	210,791	\$	231,700
			\$ 255,790
Component Unit School Board			
\$	286,209	\$	314,600
			\$ 347,310

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 (CONTINUED)

NOTE 15—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

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

For the year ended June 30, 2023, the Primary Government recognized OPEB expense in the amount of (\$25,700). The School Board recognized OPEB expense in the amount of (\$63,900). At June 30, 2023, the Primary Government and School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 37,747	\$ 285,776	\$ 51,253	\$ 388,024
Changes in assumptions	21,121	69,345	28,679	94,155
Employer contributions subsequent to the measurement date	15,184	-	20,616	-
Total	<u>\$ 74,052</u>	<u>\$ 355,121</u>	<u>\$ 100,548</u>	<u>\$ 482,179</u>

\$15,184 and \$20,616 reported as deferred outflows related to OPEB resulting from the Primary Government’s and School Board’s contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the fiscal year ended June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

Primary Government		Component Unit School Board	
Year Ended June 30,		Year Ended June 30,	
2024	\$ (69,387)	2024	\$ (94,213)
2025	(69,387)	2025	(94,213)
2026	(69,387)	2026	(94,213)
2027	(54,076)	2027	(73,424)
2028	(26,931)	2028	(36,569)
Thereafter	(7,085)	Thereafter	(9,615)

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

COUNTY OF BATH, VIRGINIA

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

NOTE 16—SUMMARY OF POSTEMPLOYMENT BENEFIT (OPEB) PLANS:

The following is a summary of the County’s OPEB plans as of June 30, 2023:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liability/ (Asset)</u>	<u>OPEB Expense</u>
OPEB Plans:				
Primary Government				
Group Life Insurance Program (Note 10)	\$ 38,102	\$ 33,551	\$ 152,444	\$ 3,260
Virginia Local Disability Program (Note 11)	7,578	1,585	(625)	3,475
Stand-Alone Plan (Note 15)	74,052	355,121	231,700	(25,700)
Total OPEB Plans - Primary Government	<u>\$ 119,732</u>	<u>\$ 390,257</u>	<u>\$ 383,519</u>	<u>\$ (18,965)</u>
Public Service Authority				
Group Life Insurance Program (Note 10)	\$ 4,468	\$ 4,345	\$ 19,742	\$ 422
Virginia Local Disability Program (Note 11)	795	205	(81)	450
Total OPEB Plans - Public Service Authority	<u>\$ 5,263</u>	<u>\$ 4,550</u>	<u>\$ 19,661</u>	<u>\$ 872</u>
School Board				
Group Life Insurance (Note 10):				
School Board Professional	\$ 56,385	\$ 79,956	\$ 256,473	\$ (1,803)
School Board Nonprofessional	8,216	11,983	35,882	(839)
Health Insurance Credit Program:				
School Board Professional (Note 13)	77,537	98,180	620,776	31,673
School Board Nonprofessional Note 14)	16,803	2,133	109,512	13,779
Virginia Local Disability Program				
School Board Professional (Note 12)	14,459	1,097	(233)	5,920
School Board Nonprofessional (Note 11)	4,600	1,228	(422)	2,271
Stand-Alone Plan (Note 15)	100,548	482,179	314,600	(63,900)
Total OPEB Plans - School Board	<u>\$ 278,548</u>	<u>\$ 676,756</u>	<u>\$ 1,336,588</u>	<u>\$ (12,899)</u>

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COUNTY OF BATH, VIRGINIA

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

NOTE 17—DEFERRED/ UNAVAILABLE/ UEARNED REVENUE:

Deferred/ unavailable/ unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The following is a summary of deferred and unavailable revenue for the year ended June 30, 2023:

	<u>Government- wide Financial Statements</u>	<u>Fund Financial Statements</u>
Primary Government deferred/unavailable property tax revenue:		
Unavailable revenue representing uncollected property tax billings for the second half of calendar year 2020. The uncollected tax billings are not available for the funding of current expenditures.	\$ -	\$ 335,607
Deferred prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	<u>20,934</u>	<u>20,934</u>
Total primary government deferred/unavailable revenue	\$ <u>20,934</u>	\$ <u>356,541</u>
Primary Government deferred/unavailable opioid settlement revenue:		
Unavailable revenue representing opioid settlement proceeds to be distributed to the County annually through fiscal year 2039.	\$ -	\$ 34,206
Total primary government deferred/unavailable revenue	\$ <u><u>20,934</u></u>	\$ <u><u>390,747</u></u>

Unearned revenue of the Primary Government, Component Unit School Board, and Component Unit Services Authority, totaling \$678,541, \$1,172,273, and \$3,89,910 is comprised of the following:

Payments in Lieu of Taxes – Unearned revenue representing payments in lieu of taxes not available for funding of current expenditures totaled \$413,989 and \$134,500 for the Primary Government and Component Unit School Board, respectively.

Unearned Grant Revenue – The County has received grant funding under the American Recovery Plan Act State and Local Fiscal Recovery funding passed through Virginia Tourism and the unspent portion of the grant award as of June 30, 2022 amounted to \$30,523. Additionally, the County has unspent grant funding from the Local Assistance and Tribal Consistency Fund in the amount of \$234,029.

Prepaid Capital Expenditures – The Bath County Public Service Authority entered into a contract with Warm Springs Investment, LLC (WSIC) to provide Wastewater Treatment and Water Supply upgrades to the customers located within Homestead Preserve when such upgrades are deemed necessary based on the number of customers being served. WSIC is making yearly payments to the PSA to offset these future expenses. To date the PSA has received \$3,310,887 from WSIC.

Prepaid Development Fees – Development fees prepaid to the Bath County Public Service Authority by the WSIC totaled \$348,893 at June 30, 2022.

Prepaid Water and Sewer Fees – Prepaid fees for water and sewer usage received from customers amounted to \$30,130 at June 30, 2022.

COUNTY OF BATH, VIRGINIA

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

NOTE 18—CONTINGENT LIABILITIES:

Federal programs in which the County participates were audited in accordance with the provisions of the Uniform Guidance. Pursuant to the provisions of this guidance all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

NOTE 19—SURETY BONDS:

Hartford Accident and Indemnity Company:	
Annette T. Loan, Clerk of Circuit Court	\$ 5,000
Pam Webb, Treasurer	500,000
Angel M. Grimm, Commissioner of the Revenue	3,000
Robert Plecker, Sheriff	5,000
Roy Burns, Supervisor	1,000
Lee Fry, Supervisor	1,000
Ron Shifflett, Supervisor	1,000
Edward T. Hicklin, Supervisor	1,000
Shelton Burns, Supervisor	1,000
All County employees; blanket bond	175,000
Virginia School Board Association Property and Casualty Pool:	
Rick N. Bolling, Superintendent of Schools	10,000
Justin S. Rider, Finance Director	10,000
All School Board employees; blanket bond	1,000,000
Nationwide Insurance:	
Department of Social Services - Director and Employees	250,000
Western Surety Company:	
County Administrator	2,000

NOTE 20—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 Municipal Group Self Insurance Association, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The County pays an annual premium to the Association for its general workers compensation insurance coverage. In the event of a loss deficit and depletion of all available excess insurance, the Association 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 general liability and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past four fiscal years.

COUNTY OF BATH, VIRGINIA

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

NOTE 21—LITIGATION CLAIMS AND ASSESSMENTS:

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

NOTE 22—UPCOMING PRONOUNCEMENTS:

Statement No. 99, Omnibus 2022, addresses (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to for fiscal years beginning after June 15, 2023.

Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62, provides more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability for accounting changes and error corrections. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

(Note: Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.)

General Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 11,777,743	\$ 11,777,743	\$ 11,964,823	\$ 187,080
Other local taxes	2,351,751	2,351,751	2,082,074	(269,677)
Permits, privilege fees, and regulatory licenses	41,100	41,100	220,864	179,764
Fines and forfeitures	2,000	2,000	6,216	4,216
Revenue from the use of money and property	20,000	20,000	161,615	141,615
Charges for services	62,000	76,306	80,126	3,820
Miscellaneous	77,531	96,774	149,666	52,892
Recovered costs	-	158,729	43,560	(115,169)
Intergovernmental:				
Commonwealth	1,389,731	1,389,731	1,576,507	186,776
Federal	765,730	766,274	1,264,906	498,632
Total revenues	<u>\$ 16,487,586</u>	<u>\$ 16,680,408</u>	<u>\$ 17,550,357</u>	<u>\$ 869,949</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,433,069	\$ 1,509,566	\$ 1,348,626	\$ 160,940
Judicial administration	541,584	541,584	558,596	(17,012)
Public safety	3,615,936	3,844,326	3,233,757	610,569
Public works	1,650,380	1,515,380	1,460,135	55,245
Health and welfare	307,442	307,442	310,646	(3,204)
Education	8,589,089	8,589,089	8,112,402	476,687
Parks, recreation, and cultural	665,902	642,144	610,544	31,600
Community development	1,150,407	1,550,021	1,226,044	323,977
Nondepartmental	255,358	175,952	130,985	44,967
Capital projects	-	376,568	194,102	182,466
Debt service:				
Principal retirement	-	-	126,311	(126,311)
Interest and other fiscal charges	-	-	8,893	(8,893)
Total expenditures	<u>\$ 18,209,167</u>	<u>\$ 19,052,072</u>	<u>\$ 17,321,041</u>	<u>\$ 1,731,031</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,721,581)</u>	<u>\$ (2,371,664)</u>	<u>\$ 229,316</u>	<u>\$ 2,600,980</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (394,629)	\$ (394,629)	\$ (209,639)	\$ 184,990
Issuance of notes payable	-	-	106,548	106,548
Leases (as lessee)	-	-	113,840	113,840
Total other financing sources (uses)	<u>\$ (394,629)</u>	<u>\$ (394,629)</u>	<u>\$ 10,749</u>	<u>\$ 405,378</u>
Net change in fund balances	\$ (2,116,210)	\$ (2,766,293)	\$ 240,065	\$ 3,006,358
Fund balances - beginning	2,116,210	2,766,293	7,221,017	4,454,724
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,461,082</u>	<u>\$ 7,461,082</u>

Special Revenue Fund - Lodging Tax -Marketing/Capital Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other local taxes	\$ 500,474	\$ 500,474	\$ 440,506	\$ (59,968)
Miscellaneous	84,044	84,044	12,110	(71,934)
Intergovernmental:				
Federal	-	-	89,476	89,476
Total revenues	<u>\$ 584,518</u>	<u>\$ 584,518</u>	<u>\$ 542,092</u>	<u>\$ (42,426)</u>
EXPENDITURES				
Current:				
Community development	<u>\$ 834,281</u>	<u>\$ 834,281</u>	<u>\$ 651,921</u>	<u>\$ 182,360</u>
Total expenditures	<u>\$ 834,281</u>	<u>\$ 834,281</u>	<u>\$ 651,921</u>	<u>\$ 182,360</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (249,763)</u>	<u>\$ (249,763)</u>	<u>\$ (109,829)</u>	<u>\$ 139,934</u>
Net change in fund balances	\$ (249,763)	\$ (249,763)	\$ (109,829)	\$ 139,934
Fund balances - beginning	249,763	249,763	1,512,888	1,263,125
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,403,059</u>	<u>\$ 1,403,059</u>

Special Revenue Fund - Special Lodging Tax Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other local taxes	\$ 2,000,000	\$ 2,000,000	\$ 793,128	\$ (1,206,872)
Total revenues	\$ 2,000,000	\$ 2,000,000	\$ 793,128	\$ (1,206,872)
EXPENDITURES				
Current:				
Community development	\$ 2,000,000	\$ 2,000,000	\$ 1,703,159	\$ 296,841
Total expenditures	\$ 2,000,000	\$ 2,000,000	\$ 1,703,159	\$ 296,841
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (910,031)	\$ (910,031)
Net change in fund balances	\$ -	\$ -	\$ (910,031)	\$ (910,031)
Fund balances - beginning	-	-	1,513,583	1,513,583
Fund balances - ending	\$ -	\$ -	\$ 603,552	\$ 603,552

County of Bath, Virginia

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability				
Service cost	\$ 303,443	\$ 304,812	\$ 305,829	\$ 262,911
Interest	1,031,651	946,496	888,053	871,135
Differences between expected and actual experience	(44,962)	(219,796)	356,768	57,182
Impact of change in proportion	136,539	4,505	(195,497)	405,877
Changes in assumptions	-	475,351	-	390,793
Benefit payments	(669,942)	(700,633)	(678,052)	(671,881)
Net change in total pension liability	<u>\$ 756,729</u>	<u>\$ 810,735</u>	<u>\$ 677,101</u>	<u>\$ 1,316,017</u>
Total pension liability - beginning	15,178,709	14,367,974	13,690,873	12,374,856
Total pension liability - ending (a)	<u>\$ 15,935,438</u>	<u>\$ 15,178,709</u>	<u>\$ 14,367,974</u>	<u>\$ 13,690,873</u>
 Plan fiduciary net position				
Impact of change in proportion	\$ 127,437	\$ 3,544	\$ (164,536)	\$ 351,410
Contributions - employer	384,551	357,906	290,886	283,599
Contributions - employee	132,755	124,328	125,434	121,921
Net investment income	(15,440)	3,083,741	216,615	731,128
Benefit payments	(669,942)	(700,633)	(678,052)	(671,881)
Administrator charges	(8,879)	(7,679)	(7,419)	(7,318)
Other	332	290	(255)	(460)
Net change in plan fiduciary net position	<u>\$ (49,186)</u>	<u>\$ 2,861,497</u>	<u>\$ (217,327)</u>	<u>\$ 808,399</u>
Plan fiduciary net position - beginning	14,166,796	11,305,299	11,522,626	10,714,227
Plan fiduciary net position - ending (b)	<u>\$ 14,117,610</u>	<u>\$ 14,166,796</u>	<u>\$ 11,305,299</u>	<u>\$ 11,522,626</u>
 County's net pension liability - ending (a) - (b)	\$ 1,817,828	\$ 1,011,913	\$ 3,062,675	\$ 2,168,247
 Plan fiduciary net position as a percentage of the total pension liability	88.59%	93.33%	78.68%	84.16%
 Covered payroll	\$ 2,762,907	\$ 2,558,958	\$ 2,555,312	\$ 2,490,532
 County's net pension liability as a percentage of covered payroll	65.79%	39.54%	119.86%	87.06%

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

Exhibit 10

	2018	2017	2016	2015	2014
\$	247,187	\$ 273,697	\$ 259,627	\$ 248,054	\$ 208,104
	838,107	828,584	789,786	758,108	735,387
	(367,052)	(45,544)	80,983	120,191	-
	(210,891)	112,327	-	(8,319)	-
	-	(76,727)	-	-	-
	(632,681)	(633,465)	(743,484)	(604,144)	(617,023)
\$	(125,330)	\$ 458,872	\$ 386,912	\$ 513,890	\$ 326,468
	12,500,186	12,041,314	11,654,402	11,140,512	10,814,044
\$	<u>12,374,856</u>	<u>12,500,186</u>	<u>12,041,314</u>	<u>11,654,402</u>	<u>11,140,512</u>
\$	(175,285)	\$ 87,664	\$ -	\$ (6,970)	\$ -
	277,876	279,957	298,180	286,900	242,398
	111,939	120,958	116,621	146,741	108,309
	749,862	1,144,882	156,983	424,375	1,288,118
	(632,681)	(633,465)	(743,484)	(604,144)	(617,023)
	(6,542)	(6,702)	(6,057)	(5,891)	(7,107)
	(665)	(1,016)	(70)	(88)	68
\$	324,504	\$ 992,278	\$ (177,827)	\$ 240,923	\$ 1,014,763
	10,389,723	9,397,445	9,575,272	9,334,349	8,319,586
\$	<u>10,714,227</u>	<u>10,389,723</u>	<u>9,397,445</u>	<u>9,575,272</u>	<u>9,334,349</u>
\$	1,660,629	\$ 2,110,463	\$ 2,643,869	\$ 2,079,130	\$ 1,806,163
	86.58%	83.12%	78.04%	82.16%	83.79%
\$	2,334,682	\$ 2,280,650	\$ 2,352,914	\$ 2,255,503	\$ 2,166,188
	71.13%	92.54%	112.37%	92.18%	83.38%

County of Bath, Virginia

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Public Service Authority
 For the Measurement Dates of June 30, 2014 through June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability				
Service cost	\$ 39,296	\$ 42,570	\$ 42,822	\$ 32,533
Interest	133,599	132,188	124,344	107,794
Differences between expected and actual experience	(5,823)	(30,697)	49,954	7,076
Impact of change in proportion	(136,539)	(4,505)	195,497	(405,877)
Changes in assumptions	-	66,388	-	48,357
Benefit payments	(86,758)	(97,851)	(94,940)	(83,138)
Net change in total pension liability	<u>\$ (56,225)</u>	<u>\$ 108,093</u>	<u>\$ 317,677</u>	<u>\$ (293,255)</u>
Total pension liability - beginning	<u>2,119,870</u>	<u>2,011,777</u>	<u>1,694,100</u>	<u>1,987,355</u>
Total pension liability - ending (a)	<u><u>\$ 2,063,645</u></u>	<u><u>\$ 2,119,870</u></u>	<u><u>\$ 2,011,777</u></u>	<u><u>\$ 1,694,100</u></u>
Plan fiduciary net position				
Impact of change in proportion	\$ (127,437)	\$ (3,544)	\$ 164,536	\$ (351,410)
Contributions - employer	49,800	49,985	40,729	35,092
Contributions - employee	17,192	17,364	17,563	15,086
Net investment income	(2,000)	430,678	30,330	90,469
Benefit payments	(86,758)	(97,851)	(94,940)	(83,138)
Refunds of contributions				
Administrator charges	(1,150)	(1,073)	(1,036)	(905)
Other	43	41	(36)	(57)
Net change in plan fiduciary net position	<u>\$ (150,310)</u>	<u>\$ 395,600</u>	<u>\$ 157,146</u>	<u>\$ (294,863)</u>
Plan fiduciary net position - beginning	<u>1,978,546</u>	<u>1,582,946</u>	<u>1,425,800</u>	<u>1,720,663</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 1,828,236</u></u>	<u><u>\$ 1,978,546</u></u>	<u><u>\$ 1,582,946</u></u>	<u><u>\$ 1,425,800</u></u>
Public Service Authority's net pension liability - ending (a) - (b)	\$ 235,409	\$ 141,324	\$ 428,831	\$ 268,300
Plan fiduciary net position as a percentage of the total pension liability	88.59%	93.33%	78.68%	84.16%
Covered payroll	\$ 348,503	\$ 349,545	\$ 367,834	\$ 304,024
Public Service Authority's net pension liability as a percentage of covered payroll	67.55%	40.43%	116.58%	88.25%

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

Exhibit 11

	2018	2017	2016	2015	2014
\$	39,697	\$ 38,596	\$ 39,375	\$ 37,620	\$ 31,382
	134,597	116,843	119,779	114,975	110,896
	(58,947)	(6,422)	12,282	18,228	-
	210,891	(112,327)	-	8,319	-
	-	(10,820)	-	-	-
	(101,606)	(89,329)	(112,757)	(91,624)	(93,047)
\$	224,632	\$ (63,459)	\$ 58,679	\$ 87,518	\$ 49,231
	1,762,723	1,826,182	1,767,503	1,679,985	1,630,754
\$	<u>1,987,355</u>	<u>\$ 1,762,723</u>	<u>\$ 1,826,182</u>	<u>\$ 1,767,503</u>	<u>\$ 1,679,985</u>
\$	175,285	\$ (87,664)	\$ -	\$ 6,970	\$ -
	44,626	39,478	45,222	43,511	36,553
	17,977	17,057	17,687	22,255	16,333
	120,425	161,446	23,808	64,361	194,248
	(101,606)	(89,329)	(112,757)	(91,624)	(93,047)
	(1,051)	(945)	(919)	(894)	(1,072)
	(107)	(143)	(9)	(13)	10
\$	255,549	\$ 39,900	\$ (26,968)	\$ 44,566	\$ 153,025
	1,465,114	1,425,214	1,452,182	1,407,616	1,254,591
\$	<u>1,720,663</u>	<u>\$ 1,465,114</u>	<u>\$ 1,425,214</u>	<u>\$ 1,452,182</u>	<u>\$ 1,407,616</u>
\$	266,692	\$ 297,609	\$ 400,968	\$ 315,321	\$ 272,369
	86.58%	83.12%	78.04%	82.16%	83.79%
\$	300,566	\$ 320,655	\$ 355,519	\$ 342,068	\$ 326,658
	88.73%	92.81%	112.78%	92.18%	83.38%

County of Bath, Virginia

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Component Unit School Board (nonprofessional)
 For the Measurement Dates of June 30, 2014 through June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability				
Service cost	\$ 51,315	\$ 49,304	\$ 50,739	\$ 48,901
Interest	296,898	290,622	285,444	279,666
Differences between expected and actual experience	30,030	(205,277)	8,523	98,139
Changes in assumptions	-	148,708	-	109,672
Benefit payments	<u>(241,306)</u>	<u>(242,087)</u>	<u>(293,920)</u>	<u>(311,677)</u>
Net change in total pension liability	\$ 136,937	\$ 41,270	\$ 50,786	\$ 224,701
Total pension liability - beginning	4,467,823	4,426,553	4,375,767	4,151,066
Total pension liability - ending (a)	<u>\$ 4,604,760</u>	<u>\$ 4,467,823</u>	<u>\$ 4,426,553</u>	<u>\$ 4,375,767</u>
Plan fiduciary net position				
Contributions - employer	\$ 24,833	\$ 25,509	\$ 14,365	\$ 15,969
Contributions - employee	28,714	28,495	29,174	28,417
Net investment income	(2,750)	1,093,320	80,769	271,314
Benefit payments	(241,306)	(242,087)	(293,920)	(311,677)
Refund of contributions				
Administrator charges	(3,134)	(2,829)	(2,876)	(2,908)
Other	112	102	(92)	(170)
Net change in plan fiduciary net position	\$ (193,531)	\$ 902,510	\$ (172,580)	\$ 945
Plan fiduciary net position - beginning	4,974,273	4,071,763	4,244,343	4,243,398
Plan fiduciary net position - ending (b)	<u>\$ 4,780,742</u>	<u>\$ 4,974,273</u>	<u>\$ 4,071,763</u>	<u>\$ 4,244,343</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (175,982)	\$ (506,450)	\$ 354,790	\$ 131,424
Plan fiduciary net position as a percentage of the total pension liability	103.82%	111.34%	91.98%	97.00%
Covered payroll	\$ 641,603	\$ 632,416	\$ 650,585	\$ 627,250
School Division's net pension liability as a percentage of covered payroll	-27.43%	-80.08%	54.53%	20.95%

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

Exhibit 12

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	56,896	\$ 55,777	\$ 64,626	\$ 74,534	\$ 75,905
	276,821	292,977	292,531	281,906	270,076
	(24,349)	(260,563)	(119,113)	(25,192)	-
	-	(66,278)	-	-	-
	<u>(225,789)</u>	<u>(279,629)</u>	<u>(183,722)</u>	<u>(175,196)</u>	<u>(178,761)</u>
\$	83,579	\$ (257,716)	\$ 54,322	\$ 156,052	\$ 167,220
	4,067,487	4,325,203	4,270,881	4,114,829	3,947,609
\$	<u>4,151,066</u>	<u>4,067,487</u>	<u>4,325,203</u>	<u>4,270,881</u>	<u>4,114,829</u>
\$	43,353	\$ 46,903	\$ 69,463	\$ 71,030	\$ 81,863
	30,294	32,479	33,631	40,750	38,615
	299,787	453,312	66,059	171,408	517,356
	<u>(225,789)</u>	<u>(279,629)</u>	<u>(183,722)</u>	<u>(175,196)</u>	<u>(178,761)</u>
	(2,664)	(2,746)	(2,422)	(2,375)	(2,812)
	<u>(263)</u>	<u>(401)</u>	<u>(28)</u>	<u>(34)</u>	<u>27</u>
\$	144,718	\$ 249,918	\$ (17,019)	\$ 105,583	\$ 456,288
	4,098,680	3,848,762	3,865,781	3,760,198	3,303,910
\$	<u>4,243,398</u>	<u>4,098,680</u>	<u>3,848,762</u>	<u>3,865,781</u>	<u>3,760,198</u>
\$	(92,332)	\$ (31,193)	\$ 476,441	\$ 405,100	\$ 354,631
	102.22%	100.77%	88.98%	90.51%	91.38%
\$	651,019	\$ 681,625	\$ 685,146	\$ 694,956	\$ 772,300
	-14.18%	-4.58%	69.54%	58.29%	45.92%

County of Bath, Virginia

Schedule of Employer's Share of Net Pension Liability (Asset) VRS Teacher Retirement Plan
For the Measurement Dates of June 30, 2014 through June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.04947%	0.05144%	0.05290%	0.05439%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,709,840	\$ 3,993,337	\$ 7,693,974	\$ 7,158,033
Employer's Covered-employee Payroll	\$ 4,632,082	\$ 4,562,061	\$ 4,621,057	\$ 4,367,633
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-employee Payroll	101.68%	87.53%	166.50%	163.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%	85.46%	71.47%	72.92%

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

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

Exhibit 13

2018	2017	2016	2015	2014
0.05689%	0.05875%	0.05993%	0.06123%	0.05850%
\$ 6,690,000	\$ 7,225,000	\$ 8,398,000	\$ 7,706,000	\$ 7,069,000
\$ 4,603,280	\$ 4,634,534	\$ 4,569,661	\$ 4,552,058	\$ 4,277,950
145.33%	155.89%	183.78%	169.29%	165.24%
72.92%	72.92%	68.28%	70.68%	70.88%

Schedule of Employer Contributions
Pension Plans
Years Ended June 30, 2014 through June 30, 2023

<u>Date</u>	<u>Contractually Required Contribution (1)*</u>	<u>Contributions in Relation to Contractually Required Contribution (2)*</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
Primary Government					
2023	\$ 377,894	\$ 377,894	\$ -	\$ 2,975,310	12.70%
2022	384,829	384,829	-	2,762,907	13.93%
2021	357,903	357,903	-	2,558,958	13.99%
2020	291,079	291,079	-	2,555,312	11.39%
2019	288,154	288,154	-	2,490,532	11.57%
2018	285,396	285,396	-	2,334,682	12.22%
2017	280,582	280,582	-	2,280,650	12.30%
2016	298,180	298,180	-	2,352,914	12.67%
2015	286,900	286,900	-	2,255,503	12.72%
2014	242,398	242,398	-	2,166,188	11.19%
Component Unit Public Service Authority					
2023	\$ 38,006	\$ 38,006	\$ -	\$ 299,235	12.70%
2022	49,836	49,836	-	348,503	14.30%
2021	49,985	49,985	-	349,545	14.30%
2020	40,756	40,756	-	367,834	11.08%
2019	30,631	30,631	-	304,024	10.08%
2018	37,180	37,180	-	300,566	12.37%
2017	39,665	39,665	-	320,655	12.37%
2016	45,222	45,222	-	355,519	12.72%
2015	43,511	43,511	-	342,068	12.72%
2014	36,553	36,553	-	326,658	11.19%
Component Unit School Board (nonprofessional)					
2023	\$ 16,697	\$ 16,697	\$ -	\$ 747,158	2.23%
2022	25,287	25,287	-	641,603	3.94%
2021	25,509	25,509	-	632,416	4.03%
2020	14,165	14,165	-	650,585	2.18%
2019	15,858	15,858	-	627,250	2.53%
2018	43,353	43,353	-	651,019	6.66%
2017	47,270	47,270	-	681,625	6.93%
2016	70,090	70,090	-	685,146	10.23%
2015	71,030	71,030	-	694,956	10.22%
2014	81,863	81,863	-	772,300	10.60%
Component Unit School Board (professional)					
2023	\$ 765,925	\$ 765,925	\$ -	\$ 4,909,176	15.60%
2022	734,928	734,928	-	4,632,082	15.87%
2021	727,755	727,755	-	4,562,061	15.95%
2020	702,753	702,753	-	4,621,057	15.21%
2019	696,179	696,179	-	4,367,633	15.94%
2018	735,371	735,371	-	4,603,280	15.97%
2017	679,423	679,423	-	4,634,534	14.66%
2016	642,494	642,494	-	4,569,661	14.06%
2015	660,048	660,048	-	4,552,058	14.50%
2014	498,809	498,809	-	4,277,950	11.66%

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

Notes to Required Supplementary Information
 Pension Plans
 Year Ended June 30, 2023

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

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

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

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

All Others (Non 10 Largest) – Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2022	0.0127%	\$ 152,444	\$ 2,754,678	5.53%	67.21%
2021	0.0124%	143,943	2,552,080	5.64%	67.45%
2020	0.0125%	207,869	2,555,312	8.13%	52.64%
2019	0.0127%	206,496	2,490,532	8.29%	52.00%
2018	0.0119%	181,803	2,334,682	7.79%	51.22%
2017	0.0124%	185,799	2,280,640	8.15%	48.86%
Component Unit Public Service Authority					
2022	0.00164%	\$ 19,742	\$ 356,732	5.53%	67.21%
2021	0.00173%	20,103	356,423	5.64%	67.45%
2020	0.00174%	29,106	359,038	8.11%	52.64%
2019	0.00157%	25,552	304,024	8.40%	52.00%
2018	0.00192%	29,197	300,566	9.71%	51.22%
2017	0.00174%	26,201	320,665	8.17%	48.86%
Component Unit School Board (nonprofessional)					
2022	0.00300%	\$ 35,882	\$ 648,999	5.53%	67.21%
2021	0.00310%	35,627	632,416	5.63%	67.45%
2020	0.00320%	52,735	650,585	8.11%	52.64%
2019	0.00320%	52,073	627,250	8.30%	52.00%
2018	0.00342%	51,000	651,019	7.83%	51.22%
2017	0.00373%	56,000	687,506	8.15%	48.86%
Component Unit School Board (professional)					
2022	0.02130%	\$ 256,473	\$ 4,634,340	5.53%	67.21%
2021	0.02210%	257,304	4,562,061	5.64%	67.45%
2020	0.02250%	374,654	4,621,057	8.11%	52.64%
2019	0.02340%	380,130	4,578,736	8.30%	52.00%
2018	0.02421%	368,000	4,603,280	7.99%	51.22%
2017	0.02513%	378,000	4,634,534	8.16%	48.86%

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

Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 Years Ended June 30, 2014 through June 30, 2023

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
Primary Government					
2023	\$ 16,089	\$ 16,089	\$ -	\$ 2,979,380	0.54%
2022	14,786	14,786	-	2,754,678	0.54%
2021	13,781	13,781	-	2,552,080	0.54%
2020	13,333	13,333	-	2,555,312	0.52%
2019	12,521	12,521	-	2,490,532	0.50%
2018	12,010	12,010	-	2,334,682	0.51%
2017	11,855	11,855	-	2,280,640	0.52%
2016	11,306	11,306	-	2,355,213	0.48%
2015	10,837	10,837	-	2,257,715	0.48%
2014	10,398	10,398	-	2,166,188	0.48%
Component Unit Public Service Authority					
2023	\$ 1,618	\$ 1,618	\$ -	\$ 299,645	0.54%
2022	1,926	1,926	-	356,732	0.54%
2021	1,925	1,925	-	356,423	0.54%
2020	1,867	1,867	-	359,038	0.52%
2019	2,011	2,011	-	304,024	0.66%
2018	1,693	1,693	-	300,566	0.56%
2017	1,672	1,672	-	320,665	0.52%
2016	1,706	1,706	-	355,519	0.48%
2015	1,642	1,642	-	342,068	0.48%
2014	1,568	1,568	-	326,658	0.48%
Component Unit School Board (nonprofessional)					
2023	\$ 4,035	\$ 4,035	\$ -	\$ 747,158	0.54%
2022	3,505	3,505	-	648,999	0.54%
2021	3,415	3,415	-	632,416	0.54%
2020	3,383	3,383	-	650,585	0.52%
2019	3,262	3,262	-	627,250	0.52%
2018	3,385	3,385	-	651,019	0.52%
2017	3,575	3,575	-	687,506	0.52%
2016	3,298	3,298	-	687,052	0.48%
2015	3,336	3,336	-	694,956	0.48%
2014	3,707	3,707	-	772,300	0.48%
Component Unit School Board (professional)					
2023	\$ 26,510	\$ 26,510	\$ -	\$ 4,909,176	0.54%
2022	25,025	25,025	-	4,634,340	0.54%
2021	24,635	24,635	-	4,562,061	0.54%
2020	24,029	24,029	-	4,621,057	0.52%
2019	23,809	23,809	-	4,578,736	0.52%
2018	23,937	23,937	-	4,603,280	0.52%
2017	24,100	24,100	-	4,634,534	0.52%
2016	21,934	21,934	-	4,569,661	0.48%
2015	21,850	21,850	-	4,552,058	0.48%
2014	20,534	20,534	-	4,277,953	0.48%

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 Year Ended June 30, 2023

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

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of County's Share of Net OPEB Liability
 Virginia Local Disability Program (VLDP)
 For the Measurement Dates June 30, 2017 through June 30, 2022

Date (1)	Employer's Proportion of the Net VLDP OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total VLDP OPEB Liability (6)
Primary Government					
2022	0.10624% \$	(625) \$	497,869	-0.13%	107.99%
2021	0.09294%	(826)	327,607	-0.25%	119.59%
2020	0.07441%	743	277,175	0.27%	76.84%
2019	0.07839%	1,588	234,509	0.68%	49.19%
2018	0.06552%	-	161,807	0.00%	51.39%
2017	0.07324%	876	134,501	0.65%	38.40%
Component Unit Public Service Authority					
2022	0.01376% \$	(81) \$	64,458	-0.13%	107.99%
2021	0.01139%	(115)	45,783	-0.25%	119.59%
2020	0.01039%	104	38,888	0.27%	76.84%
2019	0.00970%	197	37,661	0.52%	49.19%
2018	0.01052%	-	22,818	0.00%	51.39%
2017	0.01033%	124	18,967	0.65%	38.40%
Component Unit School Board (nonprofessional)					
2022	0.07180% \$	(422) \$	336,620	-0.13%	107.99%
2021	0.07780%	(787)	312,584	-0.25%	119.59%
2020	0.09010%	899	335,602	0.27%	76.84%
2019	0.09533%	1,931	294,547	0.66%	49.19%
2018	0.09296%	-	225,725	0.00%	51.39%
2017	0.08725%	1,000	160,222	0.62%	38.40%

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

Schedule of Employer Contributions
 Virginia Local Disability Program (VLDP)
 Years Ended June 30, 2015 through June 30, 2023

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
Primary Government					
2023	\$ 6,446	\$ 6,446	\$ -	\$ 758,311	0.85%
2022	4,133	4,133	-	497,869	0.83%
2021	2,719	2,719	-	327,607	0.83%
2020	1,996	1,996	-	277,175	0.72%
2019	1,689	1,689	-	234,509	0.72%
2018	971	971	-	161,807	0.60%
2017	807	807	-	134,501	0.60%
2016	585	585	-	97,562	0.60%
2015	151	151	-	25,065	0.60%
Component Unit Public Service Authority					
2023	\$ 648	\$ 648	\$ -	\$ 76,265	0.85%
2022	535	535	-	64,458	0.83%
2021	380	380	-	45,783	0.83%
2020	280	280	-	38,888	0.72%
2019	271	271	-	37,661	0.72%
2018	137	137	-	22,818	0.60%
2017	114	114	-	18,967	0.60%
2016	83	83	-	13,758	0.60%
2015	21	21	-	3,535	0.59%
Component Unit School Board (nonprofessional)					
2023	\$ 3,984	\$ 3,984	\$ -	\$ 468,722	0.85%
2022	2,794	2,794	-	336,620	0.83%
2021	2,594	2,594	-	312,584	0.83%
2020	2,416	2,416	-	335,602	0.72%
2019	2,121	2,121	-	294,547	0.72%
2018	1,354	1,354	-	225,725	0.60%
2017	961	961	-	160,222	0.60%
2016	376	376	-	62,667	0.60%
2015	38	38	-	6,387	0.59%

Schedule is intended to show information for 10 years. The program began in fiscal year 2015, additional years will be added as they become available.

Notes to Required Supplementary Information
 Virginia Local Disability Program (VLDP)
 Year Ended June 30, 2023

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

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

Non-Largest Ten Locality Employers - General and Non-Hazardous Duty Employees

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

Schedule of School Division's Share of Net OPEB Liability
 Teacher Virginia Local Disability Program (VLDP)
 For the Measurement dates of June 30, 2017 through June 30, 2022

Date (1)	Employer's Proportion of the Net VLDP OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total VLDP OPEB Liability (6)
2022	0.20760%	\$ (233)	\$ 1,671,095	-0.01%	101.57%
2021	0.20432%	(1,438)	1,374,886	-0.10%	114.46%
2020	0.20820%	1,671	1,231,493	0.14%	78.28%
2019	0.24994%	1,453	1,198,625	0.12%	74.12%
2018	0.27396%	2,000	1,021,504	0.20%	46.18%
2017	0.28974%	2,000	817,660	0.24%	31.96%

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

Schedule of Employer Contributions
 Teacher Virginia Local Disability Program (VLDP)
 Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	\$ 11,009	\$ 11,009	\$ -	\$ 2,342,414	0.47%
2022	7,854	7,854	-	1,671,095	0.47%
2021	6,462	6,462	-	1,374,886	0.47%
2020	5,049	5,049	-	1,231,493	0.41%
2019	4,914	4,914	-	1,198,625	0.41%
2018	3,167	3,167	-	1,021,504	0.31%
2017	2,535	2,535	-	817,660	0.31%
2016	1,406	1,406	-	484,760	0.29%
2015	859	859	-	296,114	0.29%
2014	39	39	-	13,458	0.29%

Schedule is intended to show information for 10 years.

Notes to Required Supplementary Information
 Teacher Virginia Local Disability Program (VLDP)
 Year Ended June 30, 2023

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

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

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

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2022	0.04970%	\$ 620,776	\$ 4,632,176	13.40%	15.08%
2021	0.05158%	662,065	4,562,061	14.51%	13.15%
2020	0.05270%	687,610	4,621,057	14.88%	9.95%
2019	0.05441%	712,280	4,563,687	15.61%	8.97%
2018	0.05692%	722,000	4,603,280	15.68%	8.08%
2017	0.05872%	745,000	4,634,534	16.07%	7.04%

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	\$ 59,401	\$ 59,401	\$ -	\$ 4,909,176	1.21%
2022	56,048	56,048	-	4,632,082	1.21%
2021	55,201	55,201	-	4,562,061	1.21%
2020	55,453	55,453	-	4,621,057	1.20%
2019	54,764	54,764	-	4,563,687	1.20%
2018	56,620	56,620	-	4,603,280	1.23%
2017	51,443	51,443	-	4,634,534	1.11%
2016	48,438	48,438	-	4,569,661	1.06%
2015	48,252	48,252	-	4,552,058	1.06%
2014	47,485	47,485	-	4,277,953	1.11%

Notes to Required Supplementary Information
 Teacher Employee Health Insurance Credit (HIC) Plan
 Year Ended June 30, 2023

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

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

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

Schedule of Changes in Net OPEB Liability and Related Ratios
Component Unit School Board (nonprofessional)
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total HIC OPEB Liability						
Service cost	\$ 667	\$ 949	\$ 963	\$ 870	\$ 886	\$ 976
Interest	7,579	7,403	6,630	6,122	6,000	6,000
Changes of benefit terms	-	-	5,696	-	-	-
Differences between expected and actual experience	(1,592)	(1,481)	6,224	9,802	5,000	-
Changes of assumptions	4,868	3,108	-	2,345	-	(4,000)
Benefit payments	(8,127)	(7,951)	(8,179)	(8,186)	(7,149)	(5,352)
Net change in total HIC OPEB liability	<u>\$ 3,395</u>	<u>\$ 2,028</u>	<u>\$ 11,334</u>	<u>\$ 10,953</u>	<u>\$ 4,737</u>	<u>\$ (2,376)</u>
Total HIC OPEB Liability - beginning	<u>115,676</u>	<u>113,648</u>	<u>102,314</u>	<u>91,361</u>	<u>86,624</u>	<u>89,000</u>
Total HIC OPEB Liability - ending (a)	<u>\$ 119,071</u>	<u>\$ 115,676</u>	<u>\$ 113,648</u>	<u>\$ 102,314</u>	<u>\$ 91,361</u>	<u>\$ 86,624</u>
Plan fiduciary net position						
Contributions - employer	\$ 7,892	\$ 7,779	\$ 6,311	\$ 6,084	\$ 5,664	\$ 5,930
Net investment income	(9)	1,992	175	609	795	1,193
Benefit payments	(8,127)	(7,951)	(8,179)	(8,186)	(7,149)	(5,352)
Administrator charges	(14)	(24)	(14)	(2)	(17)	(19)
Other	-	-	-	178	(59)	59
Net change in plan fiduciary net position	<u>\$ (258)</u>	<u>\$ 1,796</u>	<u>\$ (1,707)</u>	<u>\$ (1,317)</u>	<u>\$ (766)</u>	<u>\$ 1,811</u>
Plan fiduciary net position - beginning	<u>9,817</u>	<u>8,021</u>	<u>9,728</u>	<u>11,045</u>	<u>11,811</u>	<u>10,000</u>
Plan fiduciary net position - ending (b)	<u>\$ 9,559</u>	<u>\$ 9,817</u>	<u>\$ 8,021</u>	<u>\$ 9,728</u>	<u>\$ 11,045</u>	<u>\$ 11,811</u>
School Division's net HIC OPEB liability - ending (a) - (b)	\$ 109,512	\$ 105,859	\$ 105,627	\$ 92,586	\$ 80,316	\$ 74,813
Plan fiduciary net position as a percentage of the total HIC OPEB liability	8.03%	8.49%	7.06%	9.51%	12.09%	13.63%
Covered payroll	\$ 641,603	\$ 632,416	\$ 650,585	\$ 627,250	\$ 651,019	\$ 681,625
School Division's net HIC OPEB liability as a percentage of covered payroll	17.07%	16.74%	16.24%	14.76%	12.34%	10.98%

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

Schedule of Employer Contributions
 Component Unit School Board (nonprofessional)
 Health Insurance Credit (HIC) Plan
 Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	\$ 9,339	\$ 9,339	\$ -	\$ 747,158	1.25%
2022	7,892	7,892	-	641,603	1.23%
2021	7,779	7,779	-	632,416	1.23%
2020	6,311	6,311	-	650,585	0.97%
2019	6,084	6,084	-	627,250	0.97%
2018	5,664	5,664	-	651,019	0.87%
2017	5,930	5,930	-	681,625	0.87%
2016	5,139	5,139	-	685,146	0.75%
2015	5,212	5,212	-	694,956	0.75%
2014	6,873	6,873	-	772,300	0.89%

Notes to Required Supplementary Information
 Component Unit School Board (nonprofessional)
 Health Insurance Credit (HIC) Plan
 Year Ended June 30, 2023

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

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

Non-Largest Ten Locality Employers - General Employees

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability						
Service cost	\$ 25,400	\$ 24,100	\$ 20,500	\$ 23,000	\$ 26,000	\$ 25,400
Interest	5,900	7,500	11,900	15,500	20,200	18,800
Changes in assumptions	(105,000)	12,400	16,400	15,500	-	-
Differences between expected and actual experience	32,000	(39,200)	(126,700)	(102,100)	(163,900)	-
Benefit payments	(11,700)	-	-	-	(6,900)	(5,500)
Other charges	-	-	-	-	(13,100)	-
Net change in total OPEB liability	<u>\$ (53,400)</u>	<u>\$ 4,800</u>	<u>\$ (77,900)</u>	<u>\$ (48,100)</u>	<u>\$ (137,700)</u>	<u>\$ 38,700</u>
Total OPEB liability - beginning	<u>285,100</u>	<u>280,300</u>	<u>358,200</u>	<u>406,300</u>	<u>544,000</u>	<u>505,300</u>
Total OPEB liability - ending	<u><u>\$ 231,700</u></u>	<u><u>\$ 285,100</u></u>	<u><u>\$ 280,300</u></u>	<u><u>\$ 358,200</u></u>	<u><u>\$ 406,300</u></u>	<u><u>\$ 544,000</u></u>
Covered-employee payroll	\$ 3,176,099	\$ 3,665,256	\$ 3,586,198	\$ 3,619,215	\$ 3,619,215	\$ 3,252,015
Primary Government's total OPEB liability (asset) as a percentage of covered-employee payroll	7.30%	7.78%	7.82%	9.90%	11.23%	16.73%

There are no assets accumulated in a trust to pay related benefits for the OPEB plan. Schedule is intended to show information for 10 years. Additional years will be included as they become available.

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board
 For the Measurement Dates of July 1, 2017 through July 1, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability						
Service cost	\$ 25,600	\$ 24,400	\$ 31,000	\$ 34,600	\$ 44,700	\$ 43,600
Interest	5,900	8,300	14,800	19,600	34,200	32,400
Changes in assumptions	(67,600)	9,600	12,500	13,200	-	-
Differences between expected and actual experience	79,600	(77,500)	(209,300)	(141,300)	(427,600)	-
Benefit payments	(24,100)	27,500	23,000	-	(27,300)	(25,000)
Other changes	-	-	-	-	(49,200)	-
Net change in total OPEB liability	<u>\$ 19,400</u>	<u>\$ (7,700)</u>	<u>\$ (128,000)</u>	<u>\$ (73,900)</u>	<u>\$ (425,200)</u>	<u>\$ 51,000</u>
Total OPEB liability - beginning	<u>295,200</u>	<u>302,900</u>	<u>430,900</u>	<u>504,800</u>	<u>930,000</u>	<u>879,000</u>
Total OPEB liability - ending	<u><u>\$ 314,600</u></u>	<u><u>\$ 295,200</u></u>	<u><u>\$ 302,900</u></u>	<u><u>\$ 430,900</u></u>	<u><u>\$ 504,800</u></u>	<u><u>\$ 930,000</u></u>
Covered-employee payroll	\$ 4,315,501	\$ 3,794,344	\$ 3,873,402	\$ 4,423,485	\$ 4,423,485	\$ 3,974,685
School Division's total OPEB liability (asset) as a percentage of covered-employee payroll	7.29%	7.78%	7.82%	9.74%	11.41%	23.40%

There are no assets accumulated in a trust to pay related benefits for the OPEB plan. Schedule is intended to show information for 10 years. Additional years will be included as they become available.

Notes to Required Supplementary Information - OPEB
 Year Ended June 30, 2023

Valuation Date: 7/1/2022
 Measurement Date: 7/1/2022

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.69% representing the Municipal GO AA 20-year yield curve rate as of July 1, 2021
Inflation	2.50% per year
Healthcare Trend Rate	7.00% for fiscal year end 2023, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50% annually
Retirement Age	The average age at retirement is 62
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021

OTHER SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2023

	<u>CSA Fund</u>	<u>Virginia Public Assistance</u>	<u>Total</u>
ASSETS			
Due from other funds	\$ 12,851	\$ -	\$ 12,851
Due from other governmental units	29,689	55,601	85,290
Total assets	<u>\$ 42,540</u>	<u>\$ 55,601</u>	<u>\$ 98,141</u>
LIABILITIES			
Accounts payable	\$ 42,540	\$ -	\$ 42,540
Due to other funds	-	55,601	55,601
Total liabilities	<u>\$ 42,540</u>	<u>\$ 55,601</u>	<u>\$ 98,141</u>
FUND BALANCES			
Committed	\$ -	\$ -	\$ -
Total fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities and fund balances	<u>\$ 42,540</u>	<u>\$ 55,601</u>	<u>\$ 98,141</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 Year Ended June 30, 2023

	<u>CSA Fund</u>	<u>Virginia Public Assistance</u>	<u>Total</u>
REVENUES			
Miscellaneous	\$ -	\$ 50	\$ 50
Intergovernmental:			
Commonwealth	113,262	182,776	296,038
Federal	-	421,267	421,267
Total revenues	<u>\$ 113,262</u>	<u>\$ 604,093</u>	<u>\$ 717,355</u>
EXPENDITURES			
Current:			
Health and welfare	<u>\$ 215,125</u>	<u>\$ 711,869</u>	<u>\$ 926,994</u>
Total expenditures	<u>\$ 215,125</u>	<u>\$ 711,869</u>	<u>\$ 926,994</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (101,863)</u>	<u>\$ (107,776)</u>	<u>\$ (209,639)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>\$ 101,863</u>	<u>\$ 107,776</u>	<u>\$ 209,639</u>
Total other financing sources (uses)	<u>\$ 101,863</u>	<u>\$ 107,776</u>	<u>\$ 209,639</u>
Net change in fund balances	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

County of Bath, Virginia

Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended June 30, 2023

	CSA Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Commonwealth	19,351	19,351	113,262	93,911
Federal	-	-	-	-
Total revenues	<u>\$ 19,351</u>	<u>\$ 19,351</u>	<u>\$ 113,262</u>	<u>\$ 93,911</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 219,351	\$ 219,351	\$ 215,125	\$ 4,226
Total expenditures	<u>\$ 219,351</u>	<u>\$ 219,351</u>	<u>\$ 215,125</u>	<u>\$ 4,226</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (200,000)</u>	<u>\$ (200,000)</u>	<u>\$ (101,863)</u>	<u>\$ 98,137</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 200,000	\$ 200,000	\$ 101,863	\$ (98,137)
Total other financing sources (uses)	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 101,863</u>	<u>\$ (98,137)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Exhibit 36

Virginia Public Assistance Fund				
Budgeted Amounts		Actual	Variance with Final Budget	
Original	Final		Positive	(Negative)
\$ 132,358	\$ 132,358	\$ 50	\$	(132,308)
529,175	529,175	182,776		(346,399)
74,093	74,093	421,267		347,174
<u>\$ 735,626</u>	<u>\$ 735,626</u>	<u>\$ 604,093</u>	<u>\$</u>	<u>(131,533)</u>
\$ 930,255	\$ 930,255	\$ 711,869	\$	218,386
<u>\$ 930,255</u>	<u>\$ 930,255</u>	<u>\$ 711,869</u>	<u>\$</u>	<u>218,386</u>
\$ (194,629)	\$ (194,629)	\$ (107,776)	\$	86,853
\$ 194,629	\$ 194,629	\$ 107,776	\$	(86,853)
<u>\$ 194,629</u>	<u>\$ 194,629</u>	<u>\$ 107,776</u>	<u>\$</u>	<u>(86,853)</u>
\$ -	\$ -	\$ -	\$	-
-	-	-		-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$</u>	<u>-</u>

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

School Cafeteria Fund – The School Cafeteria Fund is a special revenue fund that accounts for the County's school lunch program. Financing is provided from lunch sales and State and Federal reimbursements.

School Activity Funds – The School Activity Funds include all funds received from extracurricular school activities, such as entertainment, athletic contests, club dues, fundraisers, etc., and from any and all activities of the school involving personnel, students, or property. The activity funds are special revenue funds of the School Board.

Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2023

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>School Activity Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 723,319	\$ 54,975	\$ 259,962	\$ 1,038,256
Investments	-	-	681,039	681,039
Due from primary government	930,824	-	-	930,824
Due from component unit	-	-	-	-
Due from other governmental units	165,656	50,717	-	216,373
Inventories	-	13,207	-	13,207
Prepaid items	75,793	-	-	75,793
Total assets	<u>\$ 1,895,592</u>	<u>\$ 118,899</u>	<u>\$ 941,001</u>	<u>\$ 2,955,492</u>
LIABILITIES				
Accrued payroll	\$ 723,319	\$ 51,789	\$ -	\$ 775,108
Unearned revenue	1,172,273	-	-	1,172,273
Total liabilities	<u>\$ 1,895,592</u>	<u>\$ 51,789</u>	<u>\$ -</u>	<u>\$ 1,947,381</u>
FUND BALANCES				
Nonspendable:				
Inventories	\$ -	\$ 13,207	\$ -	\$ 13,207
Prepaid items	75,793	-	-	75,793
Restricted:				
School band expenditures	-	-	681,039	681,039
Scholarships	-	-	42,853	42,853
School activities	-	-	217,109	217,109
Committed:				
School cafeteria	-	53,903	-	53,903
Unassigned (deficit)	(75,793)	-	-	(75,793)
Total fund balances	<u>\$ -</u>	<u>\$ 67,110</u>	<u>\$ 941,001</u>	<u>\$ 1,008,111</u>
Total liabilities and fund balances	<u>\$ 1,895,592</u>	<u>\$ 118,899</u>	<u>\$ 941,001</u>	<u>\$ 2,955,492</u>

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

Total fund balances per above	\$ 1,008,111
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Land and land improvements	\$ 238,282
Buildings and improvements	11,647,635
Machinery and equipment	1,892,334
Lease assets	<u>17,760</u>
	13,796,011
Net pension asset is not an available resource and, therefore, is not reported in the funds.	
Net pension asset	\$ 175,982
Net OPEB asset	<u>655</u>
	176,637
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Pension related items	\$ 1,270,401
OPEB related items	<u>278,548</u>
	1,548,949
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	
Note payable	\$ (1,389,982)
Lease liabilities	(17,978)
Accrued interest	(20)
Compensated absences	(253,296)
Net OPEB liabilities	(1,337,243)
Net pension liability	<u>(4,709,840)</u>
	(7,708,359)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	
Pension related items	\$ (1,617,776)
OPEB related items	<u>(676,756)</u>
	(2,294,532)
Net position of governmental activities	<u>\$ 6,526,817</u>

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

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>School Activity Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Charges for services	\$ -	\$ 26,721	\$ -	\$ 26,721
Miscellaneous	12,668	-	354,780	367,448
Intergovernmental:				
Local government	7,866,402	240,000	-	8,106,402
Commonwealth	2,336,882	5,742	-	2,342,624
Federal	1,339,465	430,792	-	1,770,257
Total revenues	<u>\$ 11,555,417</u>	<u>\$ 703,255</u>	<u>\$ 354,780</u>	<u>\$ 12,613,452</u>
EXPENDITURES				
Current:				
Education	\$ 11,394,710	\$ 742,760	\$ 353,149	\$ 12,490,619
Debt service:				
Principal retirement	115,894	-	-	115,894
Interest and other fiscal charges	44,813	-	-	44,813
Total expenditures	<u>\$ 11,555,417</u>	<u>\$ 742,760</u>	<u>\$ 353,149</u>	<u>\$ 12,651,326</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (39,505)</u>	<u>\$ 1,631</u>	<u>\$ (37,874)</u>
Net change in fund balances	\$ -	\$ (39,505)	\$ 1,631	\$ (37,874)
Fund balances - beginning	-	106,615	939,370	1,045,985
Fund balances - ending	<u>\$ -</u>	<u>\$ 67,110</u>	<u>\$ 941,001</u>	<u>\$ 1,008,111</u>

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

Net change in fund balances - total governmental funds - per above \$ (37,874)

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

Capital outlays	\$ 810,761	
Depreciation/amortization expense	<u>(926,421)</u>	(115,660)

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

Nonemployer VRS pension contribution		218,841
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal repayments	\$ 109,316	
Principal repayments - leases	6,578	
Accrued interest	<u>7</u>	115,901

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

Change in compensated absences	\$ (3,489)	
Pension expense	859,566	
OPEB expense	<u>55,629</u>	911,706

Change in net position of governmental activities		<u>\$ 1,092,914</u>
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County of Bath, Virginia

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

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Miscellaneous	25,500	25,500	12,668	(12,832)
Intergovernmental:				
Local government	8,150,992	8,150,992	7,866,402	(284,590)
Commonwealth	2,175,620	2,175,620	2,336,882	161,262
Federal	1,348,294	1,348,294	1,339,465	(8,829)
Total revenues	<u>\$ 11,700,406</u>	<u>\$ 11,700,406</u>	<u>\$ 11,555,417</u>	<u>\$ (144,989)</u>
EXPENDITURES				
Current:				
Education	\$ 11,700,406	\$ 11,700,406	\$ 11,394,710	\$ 144,989
Debt service:				
Principal retirement	-	-	115,894	-
Interest and other fiscal charges	-	-	44,813	-
Total expenditures	<u>\$ 11,700,406</u>	<u>\$ 11,700,406</u>	<u>\$ 11,555,417</u>	<u>\$ 144,989</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Exhibit 39

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 10,000	\$ 10,000	\$ 26,721	\$ 16,721
-	-	-	-
432,097	432,097	240,000	(192,097)
14,431	14,431	5,742	(8,689)
220,000	220,000	430,792	210,792
<u>\$ 676,528</u>	<u>\$ 676,528</u>	<u>\$ 703,255</u>	<u>\$ 26,727</u>
\$ 676,528	\$ 676,528	\$ 742,760	\$ (66,232)
-	-	-	-
-	-	-	-
<u>\$ 676,528</u>	<u>\$ 676,528</u>	<u>\$ 742,760</u>	<u>\$ (66,232)</u>
\$ -	\$ -	\$ (39,505)	\$ (39,505)
\$ -	\$ -	\$ (39,505)	\$ (39,505)
-	-	106,615	106,615
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,110</u>	<u>\$ 67,110</u>

**DISCRETELY PRESENTED COMPONENT UNIT
– SERVICE AUTHORITY**

Statement of Net Position
 Discretely Presented Component Unit - Service Authority
 June 30, 2023

	Component Unit Service Authority
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,551,112
Accounts receivable, net of allowances for uncollectibles	98,846
Total current assets	<u>\$ 3,649,958</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents (restricted for debt service)	\$ 2,140
Cash and cash equivalents (restricted for security deposits)	42,483
Total restricted assets	<u>\$ 44,623</u>
Net OPEB asset	<u>\$ 81</u>
Capital assets:	
Land and land rights	\$ 116,187
Machinery and equipment	641,402
Utility plant in service	22,019,272
Construction in progress	56,888
Accumulated depreciation	<u>(16,253,273)</u>
Total capital assets	<u>\$ 6,580,476</u>
Total noncurrent assets	<u>\$ 6,625,180</u>
Total assets	<u>\$ 10,275,138</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 78,075
OPEB related items	5,263
Total deferred outflows of resources	<u>\$ 83,338</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 82,506
Customer deposits	42,483
Unearned revenue	3,689,910
Compensated absences - current portion	4,865
Bonds payable - current portion	20,473
Total current liabilities	<u>\$ 3,840,237</u>
Noncurrent liabilities:	
Compensated absences - net of current portion	\$ 14,594
Bonds payable - net of current portion	276,386
Net OPEB liabilities	19,742
Net pension liability	235,409
Total noncurrent liabilities	<u>\$ 546,131</u>
Total liabilities	<u>\$ 4,386,368</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 81,259
OPEB related items	4,550
Total deferred inflows of resources	<u>\$ 85,809</u>
NET POSITION	
Net investment in capital assets	\$ 6,283,617
Restricted - reserve fund	2,140
Restricted - employee OPEB plan	81
Unrestricted (deficit)	<u>(399,539)</u>
Total net position	<u>\$ 5,886,299</u>

Statement of Revenues, Expenses, and Changes in Net Position
 Discretely Presented Component Unit - Service Authority
 Year Ended June 30, 2023

	Component Unit Service Authority
OPERATING REVENUES	
Charges for services:	
Water revenues	\$ 392,104
Sewer revenues	924,988
Late and reconnect fees	36,152
Total operating revenues	<u>\$ 1,353,244</u>
OPERATING EXPENSES	
Payroll and related benefits	\$ 591,200
Water	105,960
Sewer	220,743
Administration	58,983
Laboratory and engineering	37,063
Maintenance	132,411
Utilities and transportation	293,423
Insurance claims and premiums	25,352
Depreciation	475,918
Total operating expenses	<u>\$ 1,941,053</u>
Operating income (loss)	<u>\$ (587,809)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 86,178
Unrealized loss on certificates of deposit	(236,023)
Contribution from Warm Springs Sanitation Commission	207,520
Development fees	80,850
Total nonoperating revenues (expenses)	<u>\$ 138,525</u>
Change in net position	<u>\$ (449,284)</u>
Total net position - beginning	<u>6,335,583</u>
Total net position - ending	<u><u>\$ 5,886,299</u></u>

Statement of Cash Flows
 Discretely Presented Component Unit - Service Authority
 Year Ended June 30, 2023

	<u>Component Unit Service Authority</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 1,372,509
Payments to suppliers	(850,074)
Payments to employees	(601,253)
Net cash provided by (used for) operating activities	<u>\$ (78,818)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	\$ (139,697)
Principal payments on bonds	(20,473)
Contribution from Warm Springs Sanitation Commission	207,520
Development fees	<u>108,186</u>
Net cash provided by (used for) capital and related financing activities	<u>\$ 155,536</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 86,178
Unrealized loss on certificates of deposit	(236,023)
Net cash provided by (used for) investing activities	<u>\$ (149,845)</u>
Net increase (decrease) in cash and cash equivalents	\$ (73,127)
Cash and cash equivalents - beginning - including restricted	<u>3,668,862</u>
Cash and cash equivalents - ending - including restricted	<u><u>\$ 3,595,735</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	<u>\$ (587,809)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 475,918
(Increase) decrease in accounts receivable	19,471
(Increase) decrease in net OPEB asset	34
(Increase) decrease in deferred outflows of resources	53,394
Increase (decrease) in customer deposits	(206)
Increase (decrease) in accounts payable	23,861
Increase (decrease) in compensated absences	2,564
Increase (decrease) in deferred inflows of resources	(159,769)
Increase (decrease) in net OPEB liabilities	(361)
Increase (decrease) in net pension liability	<u>94,085</u>
Total adjustments	<u>\$ 508,991</u>
Net cash provided by (used for) operating activities	<u><u>\$ (78,818)</u></u>

SUPPORTING SCHEDULES

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 4,921,708	\$ 4,921,708	\$ 5,018,323	\$ 96,615
Real and personal public service corporation taxes	6,571,911	6,571,911	6,509,916	(61,995)
Personal property taxes	264,124	264,124	386,142	122,018
Penalties	10,000	10,000	25,154	15,154
Interest	10,000	10,000	25,288	15,288
Total general property taxes	<u>\$ 11,777,743</u>	<u>\$ 11,777,743</u>	<u>\$ 11,964,823</u>	<u>\$ 187,080</u>
Other local taxes:				
Local sales and use taxes	\$ 827,700	\$ 827,700	\$ 934,323	\$ 106,623
Consumption tax	18,000	18,000	19,125	1,125
Mixed beverage license taxes	1,600	1,600	2,857	1,257
Business license taxes	1,500	1,500	1,860	360
Motor vehicle license taxes	60,020	60,020	57,942	(2,078)
Bank stock taxes	38,000	38,000	60,041	22,041
Taxes on recordation and wills	20,500	20,500	55,995	35,495
Hotel and motel room taxes	555,877	555,877	333,122	(222,755)
Restaurant food taxes	828,554	828,554	616,809	(211,745)
Total other local taxes	<u>\$ 2,351,751</u>	<u>\$ 2,351,751</u>	<u>\$ 2,082,074</u>	<u>\$ (269,677)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 1,000	\$ 1,000	\$ 1,574	\$ 574
Permits and other licenses	40,100	40,100	219,290	179,190
Total permits, privilege fees, and regulatory licenses	<u>\$ 41,100</u>	<u>\$ 41,100</u>	<u>\$ 220,864</u>	<u>\$ 179,764</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 2,000	\$ 2,000	\$ 6,216	\$ 4,216
Revenue from use of money and property:				
Revenue from use of money	\$ 20,000	\$ 20,000	\$ 160,356	\$ 140,356
Revenue from use of property	-	-	1,259	1,259
Total revenue from use of money and property	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 161,615</u>	<u>\$ 141,615</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 5,000	\$ 5,000	\$ 4,500	\$ (500)
Charges for courthouse maintenance	3,000	3,000	3,372	372
Courthouse security fee	30,000	30,000	36,933	6,933
Concealed weapons permits	-	-	2,550	2,550
Charges for Commonwealth's Attorney	-	-	750	750
Sheriff's fees	-	-	321	321
Law library fees	-	-	444	444
Soil and erosion fees	-	-	1,900	1,900
Charges for parks and recreation	-	-	5,201	5,201
Charges for other protection	-	-	285	285
Charges for other services	24,000	38,306	23,870	(14,436)
Total charges for services	<u>\$ 62,000</u>	<u>\$ 76,306</u>	<u>\$ 80,126</u>	<u>\$ 3,820</u>
Miscellaneous:				
Miscellaneous	\$ 77,531	\$ 96,774	\$ 149,666	\$ 52,892
Refunds and recoveries	-	158,729	43,560	(115,169)
Total miscellaneous	<u>\$ 77,531</u>	<u>\$ 255,503</u>	<u>\$ 193,226</u>	<u>\$ (62,277)</u>
Total revenue from local sources	<u>\$ 14,332,125</u>	<u>\$ 14,524,403</u>	<u>\$ 14,708,944</u>	<u>\$ 184,541</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Railroad rolling stock taxes	\$ 9,000	\$ 9,000	\$ 58	\$ (8,942)
Mobile home titling tax	4,000	4,000	6,519	2,519
Communications taxes	85,000	85,000	80,090	(4,910)
Auto rental tax	-	-	1,239	1,239
Tax on deeds	5,500	5,500	-	(5,500)
Personal property tax relief funds	40,279	40,279	40,276	(3)
Total noncategorical aid	<u>\$ 143,779</u>	<u>\$ 143,779</u>	<u>\$ 128,182</u>	<u>\$ (15,597)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 77,118	\$ 77,118	\$ 81,325	\$ 4,207
Sheriff	564,058	564,058	602,729	38,671
Commissioner of revenue	88,273	88,273	91,294	3,021
Treasurer	85,606	85,606	90,288	4,682
Registrar/electoral board	42,095	42,095	58,109	16,014
Clerk of the Circuit Court	171,860	171,860	228,118	56,258
Total shared expenses	<u>\$ 1,029,010</u>	<u>\$ 1,029,010</u>	<u>\$ 1,151,863</u>	<u>\$ 122,853</u>
Other categorical aid:				
Shared expenses - Mountain Soil and Water Conservation District				
	\$ 132,857	\$ 132,857	\$ 158,533	\$ 25,676
Emergency medical services division fees	5,000	5,000	-	(5,000)
Fire programs fund	20,000	20,000	30,000	10,000
E-911 Addressing/Mapping/Implementation Project	46,500	46,500	52,204	5,704
Virginia Juvenile Community Crime Control Act	6,585	6,585	6,585	-
Litter grant	6,000	6,000	11,000	5,000
Seized funds	-	-	195	195
Other state funds	-	-	37,945	37,945
Total other categorical aid	<u>\$ 216,942</u>	<u>\$ 216,942</u>	<u>\$ 296,462</u>	<u>\$ 79,520</u>
Total categorical aid	<u>\$ 1,245,952</u>	<u>\$ 1,245,952</u>	<u>\$ 1,448,325</u>	<u>\$ 202,373</u>
Total revenue from the Commonwealth	<u>\$ 1,389,731</u>	<u>\$ 1,389,731</u>	<u>\$ 1,576,507</u>	<u>\$ 186,776</u>
Revenue from the federal government:				
Noncategorical aid:				
Payment in lieu of taxes	\$ 358,230	\$ 358,230	\$ 377,405	\$ 19,175
Total noncategorical aid	<u>\$ 358,230</u>	<u>\$ 358,230</u>	<u>\$ 377,405</u>	<u>\$ 19,175</u>
Categorical aid:				
Local emergency planning grant	\$ 7,500	\$ 8,044	\$ 2,543	\$ (5,501)
Coronavirus state and local fiscal recovery funds	400,000	400,000	832,933	432,933
Homeland security grant program	-	-	52,025	52,025
Total categorical aid	<u>\$ 407,500</u>	<u>\$ 408,044</u>	<u>\$ 887,501</u>	<u>\$ 479,457</u>
Total revenue from the federal government	<u>\$ 765,730</u>	<u>\$ 766,274</u>	<u>\$ 1,264,906</u>	<u>\$ 498,632</u>
Total General Fund	<u>\$ 16,487,586</u>	<u>\$ 16,680,408</u>	<u>\$ 17,550,357</u>	<u>\$ 869,949</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ 132,358	\$ 132,358	\$ 50	\$ (132,308)
Total miscellaneous	<u>\$ 132,358</u>	<u>\$ 132,358</u>	<u>\$ 50</u>	<u>\$ (132,308)</u>
Total revenue from local sources	<u>\$ 132,358</u>	<u>\$ 132,358</u>	<u>\$ 50</u>	<u>\$ (132,308)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 529,175	\$ 529,175	\$ 182,776	\$ (346,399)
Total revenue from the Commonwealth	<u>\$ 529,175</u>	<u>\$ 529,175</u>	<u>\$ 182,776</u>	<u>\$ (346,399)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 74,093	\$ 74,093	\$ 421,267	\$ 347,174
Total categorical aid	<u>\$ 74,093</u>	<u>\$ 74,093</u>	<u>\$ 421,267</u>	<u>\$ 347,174</u>
Total revenue from the federal government	<u>\$ 74,093</u>	<u>\$ 74,093</u>	<u>\$ 421,267</u>	<u>\$ 347,174</u>
Total Virginia Public Assistance Fund	<u><u>\$ 735,626</u></u>	<u><u>\$ 735,626</u></u>	<u><u>\$ 604,093</u></u>	<u><u>\$ (131,533)</u></u>
CSA Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Comprehensive services act	\$ 19,351	\$ 19,351	\$ 113,262	\$ 93,911
Total categorical aid	<u>\$ 19,351</u>	<u>\$ 19,351</u>	<u>\$ 113,262</u>	<u>\$ 93,911</u>
Total revenue from the Commonwealth	<u>\$ 19,351</u>	<u>\$ 19,351</u>	<u>\$ 113,262</u>	<u>\$ 93,911</u>
Total CSA Fund	<u><u>\$ 19,351</u></u>	<u><u>\$ 19,351</u></u>	<u><u>\$ 113,262</u></u>	<u><u>\$ 93,911</u></u>
Special Lodging Tax Fund				
Revenue from local sources:				
Other local taxes:				
Hotel and motel room taxes	\$ 2,000,000	\$ 2,000,000	\$ 793,128	\$ (1,206,872)
Total other local taxes	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 793,128</u>	<u>\$ (1,206,872)</u>
Total revenue from local sources	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 793,128</u>	<u>\$ (1,206,872)</u>
Total Special Lodging Tax Fund	<u><u>\$ 2,000,000</u></u>	<u><u>\$ 2,000,000</u></u>	<u><u>\$ 793,128</u></u>	<u><u>\$ (1,206,872)</u></u>
Lodging Tax- Marketing /Capital Fund:				
Revenue from local sources:				
Other local taxes:				
Hotel and motel room taxes-designated for marketing	\$ 250,237	\$ 250,237	\$ 220,253	\$ (29,984)
Hotel and motel room taxes-designated for capital improvements	250,237	250,237	220,253	(29,984)
Total other local taxes	<u>\$ 500,474</u>	<u>\$ 500,474</u>	<u>\$ 440,506</u>	<u>\$ (59,968)</u>
Miscellaneous:				
Other miscellaneous	\$ 84,044	\$ 84,044	\$ 12,110	\$ (71,934)
Total miscellaneous	<u>\$ 84,044</u>	<u>\$ 84,044</u>	<u>\$ 12,110</u>	<u>\$ (71,934)</u>
Total revenue from local sources	<u>\$ 584,518</u>	<u>\$ 584,518</u>	<u>\$ 452,616</u>	<u>\$ (131,902)</u>
Revenue from the federal government:				
Categorical aid:				
Coronavirus state and local fiscal recovery funds	\$ -	\$ -	\$ 89,476	\$ 89,476
Total revenue from the federal government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,476</u>	<u>\$ 89,476</u>
Total Lodging Tax -Marketing/Capital Fund	<u><u>\$ 584,518</u></u>	<u><u>\$ 584,518</u></u>	<u><u>\$ 542,092</u></u>	<u><u>\$ (42,426)</u></u>
Total Primary Government	<u><u>\$ 19,827,081</u></u>	<u><u>\$ 20,019,903</u></u>	<u><u>\$ 19,602,932</u></u>	<u><u>\$ (416,971)</u></u>

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Miscellaneous:				
Refunds and recoveries	\$ 25,500	\$ 25,500	\$ 12,668	\$ (12,832)
Total revenue from local sources	<u>\$ 25,500</u>	<u>\$ 25,500</u>	<u>\$ 12,668</u>	<u>\$ (12,832)</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Bath, Virginia	\$ 8,150,992	\$ 8,150,992	\$ 7,866,402	\$ (284,590)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 589,244	\$ 589,244	\$ 675,739	\$ 86,495
Basic school aid	655,261	655,261	638,149	(17,112)
Gifted and talented	5,225	5,225	5,239	14
Remedial education	17,480	17,480	17,527	47
Special Education	68,780	68,780	68,967	187
Textbook payment	12,576	12,576	12,610	34
Vocational standards of quality payments	97,451	97,451	98,156	705
Fringe benefits	136,325	136,325	136,696	371
At risk	53,938	53,938	63,708	9,770
Hold harmless	97,749.00	97,749.00	67,717	(30,032)
English as a second language	1,218	1,218	1,218	-
Homebound payment	-	-	242	242
Early reading intervention	7,474	7,474	5,979	(1,495)
Remedial summer school	3,738	3,738	-	(3,738)
K-3 initiative	18,887	18,887	17,423	(1,464)
Lottery proceeds	200,000	200,000	200,000	-
Special education - foster children	-	-	330	330
Preschool Pilot Grant	42,807	42,807	40,891	(1,916)
Technology	128,000	128,000	128,000	-
Medicaid	30,000	30,000	70,024	40,024
Standards of Learning algebra readiness	3,034	3,034	3,033	(1)
National Forest Land Leasing	-	-	78,050	78,050
Other state funds	6,433	6,433	7,184	751
Total categorical aid	<u>\$ 2,175,620</u>	<u>\$ 2,175,620</u>	<u>\$ 2,336,882</u>	<u>\$ 161,262</u>
Revenue from the federal government:				
Noncategorical aid:				
Payment in lieu of taxes	\$ 134,500	\$ 134,500	\$ 134,500	\$ -
Total noncategorical aid	<u>\$ 134,500</u>	<u>\$ 134,500</u>	<u>\$ 134,500</u>	<u>\$ -</u>
Categorical aid:				
Title VI-B, special education handicapped	\$ 141,500	\$ 141,500	\$ 173,982	\$ 32,482
Title I	100,000	100,000	-	(100,000)
Vocational education	8,000	8,000	-	(8,000)

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid: (Continued)				
Improving Teacher Quality	\$ 18,000	\$ 18,000	\$ 16,881	\$ (1,119)
Rural education achievement program	37,000	37,000	35,809	(1,191)
Title III	-	-	2,588	2,588
Immigrant and youth grant	10,000	10,000	12,371	2,371
Education stabilization fund (ESF)	859,009	859,009	857,242	(1,767)
Coronavirus state and local fiscal recovery funds	-	-	61,770	61,770
Foster care	285	285	-	(285)
Forest reserve	40,000	40,000	44,322	4,322
Total categorical aid	<u>\$ 1,213,794</u>	<u>\$ 1,213,794</u>	<u>\$ 1,204,965</u>	<u>\$ (8,829)</u>
Total revenue from the federal government	<u>\$ 1,348,294</u>	<u>\$ 1,348,294</u>	<u>\$ 1,339,465</u>	<u>\$ (8,829)</u>
Total School Operating Fund	<u>\$ 11,700,406</u>	<u>\$ 11,700,406</u>	<u>\$ 11,555,417</u>	<u>\$ (144,989)</u>
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 10,000	\$ 10,000	\$ 26,721	\$ 16,721
Total revenue from local sources	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 26,721</u>	<u>\$ 16,721</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Bath, Virginia	\$ 432,097	\$ 432,097	\$ 240,000	\$ (192,097)
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 14,431	\$ 14,431	\$ 5,742	\$ (8,689)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 220,000	\$ 220,000	\$ 397,621	\$ 177,621
USDA donated food	-	-	33,171	33,171
Total revenue from the federal government	<u>\$ 220,000</u>	<u>\$ 220,000</u>	<u>\$ 430,792</u>	<u>\$ 210,792</u>
Total School Cafeteria Fund	<u>\$ 676,528</u>	<u>\$ 676,528</u>	<u>\$ 703,255</u>	<u>\$ 26,727</u>
School Activity Funds				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 354,780	\$ 354,780
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 354,780</u>	<u>\$ 354,780</u>
Total School Activity Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 354,780</u>	<u>\$ 354,780</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 12,376,934</u>	<u>\$ 12,376,934</u>	<u>\$ 12,613,452</u>	<u>\$ 236,518</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
Year Ended June 30, 2023

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 215,684	\$ 215,684	\$ 201,193	\$ 14,491
General and financial administration:				
County administrator	\$ 348,623	\$ 365,558	\$ 312,234	\$ 53,324
Commissioner of revenue	245,752	250,048	246,921	3,127
Assessors	-	20,374	12,355	8,019
Treasurer	291,986	314,133	312,963	1,170
Data Processing	89,700	98,700	78,260	20,440
Other general and financial administration	4,176	7,921	5,717	2,204
Total general and financial administration	<u>\$ 980,237</u>	<u>\$ 1,056,734</u>	<u>\$ 968,450</u>	<u>\$ 88,284</u>
Board of elections:				
Registrar	\$ 161,482	\$ 161,482	\$ 120,950	\$ 40,532
Electoral board and officials	75,666	75,666	58,033	17,633
Total board of elections	<u>\$ 237,148</u>	<u>\$ 237,148</u>	<u>\$ 178,983</u>	<u>\$ 58,165</u>
Total general government administration	<u>\$ 1,433,069</u>	<u>\$ 1,509,566</u>	<u>\$ 1,348,626</u>	<u>\$ 160,940</u>
Judicial administration:				
Courts:				
Circuit court	\$ 23,189	\$ 23,189	\$ 19,806	\$ 3,383
General district court	24,555	24,555	19,062	5,493
Special magistrates	4,125	4,125	1,028	3,097
Clerk of the circuit court	341,711	341,711	371,015	(29,304)
Total courts	<u>\$ 393,580</u>	<u>\$ 393,580</u>	<u>\$ 410,911</u>	<u>\$ (17,331)</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 148,004	\$ 148,004	\$ 147,685	\$ 319
Total commonwealth's attorney	<u>\$ 148,004</u>	<u>\$ 148,004</u>	<u>\$ 147,685</u>	<u>\$ 319</u>
Total judicial administration	<u>\$ 541,584</u>	<u>\$ 541,584</u>	<u>\$ 558,596</u>	<u>\$ (17,012)</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,233,256	\$ 1,341,853	\$ 1,246,330	\$ 95,523
Total law enforcement and traffic control	<u>\$ 1,233,256</u>	<u>\$ 1,341,853</u>	<u>\$ 1,246,330</u>	<u>\$ 95,523</u>
Fire and rescue services:				
Fire department	\$ 555,032	\$ 562,076	\$ 425,624	\$ 136,452
Contribution to fire and rescue	394,800	394,800	221,719	173,081
Total fire and rescue services	<u>\$ 949,832</u>	<u>\$ 956,876</u>	<u>\$ 647,343</u>	<u>\$ 309,533</u>
Correction and detention:				
County/City operated institutions	\$ 250,000	\$ 244,000	\$ 153,450	\$ 90,550
Total correction and detention	<u>\$ 250,000</u>	<u>\$ 244,000</u>	<u>\$ 153,450</u>	<u>\$ 90,550</u>
Inspections:				
Building	\$ 252,855	\$ 255,229	\$ 239,615	\$ 15,614
Total inspections	<u>\$ 252,855</u>	<u>\$ 255,229</u>	<u>\$ 239,615</u>	<u>\$ 15,614</u>
Other protection:				
Animal control	\$ 200,075	\$ 200,075	\$ 183,079	\$ 16,996
Emergency communications	614,949	668,849	592,825	76,024
Emergency management	108,184	170,659	164,430	6,229
Medical examiner (coroner)	200	200	100	100
VJCCCA	6,585	6,585	6,585	-
Total other protection	<u>\$ 929,993</u>	<u>\$ 1,046,368</u>	<u>\$ 947,019</u>	<u>\$ 99,349</u>
Total public safety	<u>\$ 3,615,936</u>	<u>\$ 3,844,326</u>	<u>\$ 3,233,757</u>	<u>\$ 610,569</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
June 30, 2023 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Public works:				
Sanitation and waste removal:				
General engineering/administration	\$ 1,137,862	\$ 1,152,862	\$ 1,157,044	\$ (4,182)
Total sanitation and waste removal	\$ 1,137,862	\$ 1,152,862	\$ 1,157,044	\$ (4,182)
Maintenance of general buildings and grounds:				
General engineering/administration	\$ 433,424	\$ 283,424	\$ 227,156	\$ 56,268
Airport Authority	79,094	79,094	75,935	3,159
Total maintenance of general buildings and grounds	\$ 512,518	\$ 362,518	\$ 303,091	\$ 59,427
Total public works	\$ 1,650,380	\$ 1,515,380	\$ 1,460,135	\$ 55,245
Health and welfare:				
Health:				
Local health department	\$ 109,044	\$ 109,044	\$ 109,044	\$ -
Total health	\$ 109,044	\$ 109,044	\$ 109,044	\$ -
Mental health and mental retardation:				
Administration	\$ 36,326	\$ 36,326	\$ 36,326	\$ -
Total mental health and mental retardation	\$ 36,326	\$ 36,326	\$ 36,326	\$ -
Welfare:				
Welfare administration				
Public welfare	\$ 76,155	\$ 76,155	\$ 76,155	\$ -
Tax relief for the elderly	85,917	85,917	89,121	(3,204)
Total welfare	\$ 162,072	\$ 162,072	\$ 165,276	\$ (3,204)
Total health and welfare	\$ 307,442	\$ 307,442	\$ 310,646	\$ (3,204)
Education:				
Other instructional costs:				
Contributions to community colleges	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Contributions to County School Board	8,583,089	8,583,089	8,106,402	476,687
Total education	\$ 8,589,089	\$ 8,589,089	\$ 8,112,402	\$ 476,687
Parks, recreation, and cultural:				
Parks and recreation:				
Administration	\$ 508,939	\$ 485,181	\$ 453,581	\$ 31,600
Total parks and recreation	\$ 508,939	\$ 485,181	\$ 453,581	\$ 31,600
Library:				
Regional library	\$ 156,963	\$ 156,963	\$ 156,963	\$ -
Total library	\$ 156,963	\$ 156,963	\$ 156,963	\$ -
Total parks, recreation, and cultural	\$ 665,902	\$ 642,144	\$ 610,544	\$ 31,600
Community development:				
Planning and community development:				
Planning	\$ 93,529	\$ 93,143	\$ 142,114	\$ (48,971)
Economic development	30,000	30,000	-	30,000
Contribution to Central Shenandoah Planning District	800,000	1,200,000	850,606	349,394
Total planning and community development	\$ 923,529	\$ 1,323,143	\$ 992,720	\$ 330,423
Environmental management:				
Administration	\$ 160,057	\$ 160,057	\$ 183,359	\$ (23,302)
Total environmental management	\$ 160,057	\$ 160,057	\$ 183,359	\$ (23,302)
Cooperative extension program:				
Administration	\$ 66,821	\$ 66,821	\$ 49,965	\$ 16,856
Total cooperative extension program	\$ 66,821	\$ 66,821	\$ 49,965	\$ 16,856
Total community development	\$ 1,150,407	\$ 1,550,021	\$ 1,226,044	\$ 323,977

Schedule of Expenditures - Budget and Actual
Governmental Funds
June 30, 2023 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Nondepartmental:				
Miscellaneous	\$ 255,358	\$ 175,952	\$ 130,985	\$ 44,967
Total nondepartmental	<u>\$ 255,358</u>	<u>\$ 175,952</u>	<u>\$ 130,985</u>	<u>\$ 44,967</u>
Capital outlay:				
Capital projects	\$ -	\$ 376,568	\$ 194,102	\$ 182,466
Total capital outlay	<u>\$ -</u>	<u>\$ 376,568</u>	<u>\$ 194,102</u>	<u>\$ 182,466</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 126,311	\$ (126,311)
Interest and other fiscal charges	-	-	8,893	(8,893)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,204</u>	<u>\$ (135,204)</u>
Total General Fund	<u>\$ 18,209,167</u>	<u>\$ 19,052,072</u>	<u>\$ 17,321,041</u>	<u>\$ 1,731,031</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 718,661	\$ 718,661	\$ 677,203	\$ 41,458
Purchased services	111,594	111,594	34,666	76,928
Child care	100,000	100,000	-	100,000
Total health and welfare	<u>\$ 930,255</u>	<u>\$ 930,255</u>	<u>\$ 711,869</u>	<u>\$ 218,386</u>
Total Virginia Public Assistance Fund	<u>\$ 930,255</u>	<u>\$ 930,255</u>	<u>\$ 711,869</u>	<u>\$ 218,386</u>
CSA Fund:				
Health and welfare:				
Welfare and social services:				
Comprehensive services	\$ 219,351	\$ 219,351	\$ 215,125	\$ 4,226
Total CSA Fund	<u>\$ 219,351</u>	<u>\$ 219,351</u>	<u>\$ 215,125</u>	<u>\$ 4,226</u>
Special Lodging Tax Fund:				
Economic development	\$ 2,000,000	\$ 2,000,000	\$ 1,703,159	\$ 296,841
Total Special Lodging Tax Fund	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 1,703,159</u>	<u>\$ 296,841</u>
Lodging Tax Marketing & Capital Fund:				
Community development:				
Contribution to Visit Bath County	\$ 834,281	\$ 834,281	\$ 635,390	\$ 198,891
Economic development	-	-	16,531	(16,531)
Total Marketing/Capital Fund	<u>\$ 834,281</u>	<u>\$ 834,281</u>	<u>\$ 651,921</u>	<u>\$ 182,360</u>
Total Primary Government	<u>\$ 22,193,054</u>	<u>\$ 23,035,959</u>	<u>\$ 20,603,115</u>	<u>\$ 2,432,844</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction costs:				
Instruction	\$ 8,111,143	\$ 8,111,143	\$ 7,758,696	\$ 352,447
Operating costs:				
Administration, attendance and health services	\$ 625,533	\$ 625,533	\$ 673,546	\$ (48,013)
Pupil transportation	1,057,564	1,057,564	1,231,484	(173,920)
Operation and maintenance of school plant	1,906,166	1,906,166	1,730,984	175,182
Total operating costs	<u>\$ 3,589,263</u>	<u>\$ 3,589,263</u>	<u>\$ 3,636,014</u>	<u>\$ (46,751)</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 115,894	\$ (115,894)
Interest and other fiscal charges	-	-	44,813	(44,813)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,707</u>	<u>\$ (160,707)</u>
Total education	<u>\$ 11,700,406</u>	<u>\$ 11,700,406</u>	<u>\$ 11,555,417</u>	<u>\$ 144,989</u>
Total School Operating Fund	<u>\$ 11,700,406</u>	<u>\$ 11,700,406</u>	<u>\$ 11,555,417</u>	<u>\$ 144,989</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
June 30, 2023 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special revenue fund:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 676,528	\$ 676,528	\$ 742,760	\$ (66,232)
Total School Cafeteria Fund	<u>\$ 676,528</u>	<u>\$ 676,528</u>	<u>\$ 742,760</u>	<u>\$ (66,232)</u>
School Activity Funds				
Education:				
Education	\$ -	\$ -	\$ 353,149	(353,149)
Total education	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 353,149</u>	<u>(353,149)</u>
Total School Activity Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 353,149</u>	<u>(353,149)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 12,376,934</u>	<u>\$ 12,376,934</u>	<u>\$ 12,651,326</u>	<u>\$ (274,392)</u>

STATISTICAL SECTION

STATISTICAL SECTION

Contents

Tables

Financial Trends

These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

1 - 5

Revenue Capacity

These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

6-10

Debt Capacity

This table presents information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.

11-12

Demographic and Economic Information

This table offers demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

13-14

Operating Information

These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relate to the services the County provides and the activities it performs.

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Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

County of Bath, Virginia

Net Position by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017 (1)	2018
Governmental activities					
Net investment in capital assets	\$ 1,322,610	\$ 1,057,884	\$ 1,474,375	\$ 1,510,211	\$ 1,313,518
Restricted	-	-	-	-	-
Unrestricted	10,072,864	7,835,053	6,712,935	6,073,950	6,625,165
Total governmental activities net position	<u>\$ 11,395,474</u>	<u>\$ 8,892,937</u>	<u>\$ 8,187,310</u>	<u>\$ 7,584,161</u>	<u>\$ 7,938,683</u>
Primary government					
Net investment in capital assets	\$ 1,322,610	\$ 1,057,884	\$ 1,474,375	\$ 1,510,211	\$ 1,313,518
Restricted	-	-	-	-	-
Unrestricted	10,072,864	7,835,053	6,712,935	6,073,950	6,625,165
Total primary government net position	<u>\$ 11,395,474</u>	<u>\$ 8,892,937</u>	<u>\$ 8,187,310</u>	<u>\$ 7,584,161</u>	<u>\$ 7,938,683</u>

(1) During fiscal year 2018, the County adopted GASB 75 which required restatement of the beginning net position for the year ended June 30, 2017. The net position for fiscal year 2017 is presented as restated.

Table 1

		Fiscal Year							
		2019	2020	2021	2022	2023			
\$	1,200,664	\$	966,079	\$	1,839,205	\$	3,120,128	\$	2,993,821
	752,410		1,732,105		472,599		1,557,724		649,412
	<u>6,685,387</u>		<u>6,390,469</u>		<u>6,826,797</u>		<u>6,209,531</u>		<u>6,663,564</u>
\$	<u>8,638,461</u>	\$	<u>9,088,653</u>	\$	<u>9,138,601</u>	\$	<u>10,887,383</u>	\$	<u>10,306,797</u>
\$	1,200,664	\$	966,079	\$	1,839,205	\$	3,120,128	\$	2,993,821
	752,410		1,732,105		472,599		1,557,724		649,412
	<u>6,685,387</u>		<u>6,390,469</u>		<u>6,826,797</u>		<u>6,209,531</u>		<u>6,663,564</u>
\$	<u>8,638,461</u>	\$	<u>9,088,653</u>	\$	<u>9,138,601</u>	\$	<u>10,887,383</u>	\$	<u>10,306,797</u>

County of Bath, Virginia

Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
Expenses					
Governmental activities:					
General government administration	\$ 1,049,191	\$ 1,020,326	\$ 1,174,034	\$ 1,114,156	\$ 1,134,535
Judicial administration	369,801	356,973	388,586	439,940	428,181
Public safety	2,478,869	2,487,830	2,646,136	2,925,952	2,787,707
Public works	1,429,114	1,421,247	1,736,640	1,097,385	1,179,161
Health and welfare	941,207	1,035,457	1,051,764	1,016,210	984,438
Education	8,899,869	9,084,728	8,815,193	9,395,332	9,296,708
Parks, recreation and cultural	542,796	511,218	541,942	555,200	553,239
Community development	1,087,763	1,307,591	1,216,657	785,851	496,504
Nondepartmental	68,899	76,482	96,606	129,098	78,239
Interest on long-term debt	196,898	172,996	156,066	134,714	119,053
Total governmental activities expenses	\$ 17,064,407	\$ 17,474,848	\$ 17,823,624	\$ 17,593,838	\$ 17,057,765
Total primary government expenses	\$ 17,064,407	\$ 17,474,848	\$ 17,823,624	\$ 17,593,838	\$ 17,057,765
Program Revenues					
Governmental activities:					
Charges for services:					
General government administration	\$ 18,107	\$ 15,279	\$ 15,612	\$ 20,584	\$ 23,346
Judicial administration	25,980	29,729	27,207	32,006	25,698
Public safety	119,570	61,237	36,172	35,985	69,457
Public works	24,600	37,625	15,619	1,184	10,126
Parks, recreation and cultural	8,267	8,308	5,189	6,093	3,147
Operating grants and contributions	1,817,277	2,133,388	1,967,670	1,919,398	1,667,338
Capital grants and contributions	25,000	15,000	190,572	251,865	57,361
Total governmental activities program revenues	\$ 2,038,801	\$ 2,300,566	\$ 2,258,041	\$ 2,267,115	\$ 1,856,473
Total primary government program revenues	\$ 2,038,801	\$ 2,300,566	\$ 2,258,041	\$ 2,267,115	\$ 1,856,473
Net (expense) / revenue					
Governmental activities	\$ (15,025,606)	\$ (15,174,282)	\$ (15,565,583)	\$ (15,326,723)	\$ (15,201,292)
Total primary government net expense	\$ (15,025,606)	\$ (15,174,282)	\$ (15,565,583)	\$ (15,326,723)	\$ (15,201,292)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 11,720,316	\$ 11,682,189	\$ 11,540,509	\$ 11,608,685	\$ 11,596,114
Local sales and use taxes	920,676	925,382	789,831	937,441	849,993
Restaurant food tax	859,248	691,592	789,831	834,316	905,907
Motor vehicle licenses taxes	73,882	75,778	75,514	76,835	74,859
Taxes on recordation and wills	50,256	63,019	45,124	41,867	475,062
Bank stock taxes	37,797	55,675	46,567	40,394	39,893
Hotel and motel room taxes	969,850	1,008,345	1,078,690	1,103,163	1,091,064
Other local taxes	21,377	21,244	20,753	20,704	22,006
Unrestricted grants and contributions	321,975	346,539	370,041	402,731	395,213
Unrestricted revenues from use of money and property	35,934	12,915	18,009	27,767	56,350
Miscellaneous	67,737	41,127	85,087	43,306	49,353
Effect of change in accounting principle (1)	-	-	-	(489,260)	-
Total governmental activities	\$ 15,079,048	\$ 14,923,805	\$ 14,859,956	\$ 14,647,949	\$ 15,555,814
Total primary government	\$ 15,079,048	\$ 14,923,805	\$ 14,859,956	\$ 14,647,949	\$ 15,555,814
Change in Net Position					
Governmental activities	\$ 53,442	\$ (250,477)	\$ (705,627)	\$ (678,774)	\$ 354,522
Total primary government	\$ 53,442	\$ (250,477)	\$ (705,627)	\$ (678,774)	\$ 354,522

(1) During fiscal year 2018, the County adopted GASB 75 which required restatement of the beginning net position for the year ended June 30, 2017. The resulting restatement is presented as an other change in Net Position for fiscal

Table 2

		Fiscal Year							
		2019	2020	2021	2022	2023			
\$	1,109,785	\$	1,251,439	\$	1,303,908	\$	1,316,574	\$	1,482,661
	400,581		432,280		483,149		498,534		535,620
	2,549,396		2,709,613		2,883,198		3,222,736		3,161,868
	1,343,309		1,417,759		1,303,686		1,299,694		1,409,177
	1,032,741		1,085,540		1,308,558		1,167,089		1,204,821
	9,214,671		8,690,331		7,536,411		8,632,878		8,112,402
	583,930		534,838		488,701		561,003		618,303
	634,872		781,892		3,309,890		514,812		3,589,030
	88,741		137,103		132,639		132,495		130,985
	102,067		77,099		51,650		25,878		11,116
\$	<u>17,060,093</u>	\$	<u>17,117,894</u>	\$	<u>18,801,790</u>	\$	<u>17,371,693</u>	\$	<u>20,255,983</u>
\$	<u>17,060,093</u>	\$	<u>17,117,894</u>	\$	<u>18,801,790</u>	\$	<u>17,371,693</u>	\$	<u>20,255,983</u>
\$	25,560	\$	24,486	\$	29,298	\$	21,035	\$	23,870
	22,173		23,980		36,724		45,175		47,715
	76,040		56,338		105,276		192,541		228,520
	10,859		123,777		1,471		21,749		1,900
	3,162		4,315		267		936		5,201
	1,765,539		1,942,836		2,891,799		2,022,606		3,090,403
	59,328		47,497		63,963		59,103		52,204
\$	<u>1,962,661</u>	\$	<u>2,223,229</u>	\$	<u>3,128,798</u>	\$	<u>2,363,145</u>	\$	<u>3,449,813</u>
\$	<u>1,962,661</u>	\$	<u>2,223,229</u>	\$	<u>3,128,798</u>	\$	<u>2,363,145</u>	\$	<u>3,449,813</u>
\$	<u>(15,097,432)</u>	\$	<u>(14,894,665)</u>	\$	<u>(15,672,992)</u>	\$	<u>(15,008,548)</u>	\$	<u>(16,806,170)</u>
\$	<u>(15,097,432)</u>	\$	<u>(14,894,665)</u>	\$	<u>(15,672,992)</u>	\$	<u>(15,008,548)</u>	\$	<u>(16,806,170)</u>
\$	11,511,516	\$	11,431,037	\$	12,410,737	\$	12,199,771	\$	12,088,452
	827,700		704,233		683,915		942,980		934,323
	828,554		576,030		473,147		685,748		616,809
	77,603		74,597		60,390		49,776		57,942
	44,840		40,177		70,008		81,663		55,995
	48,833		42,637		40,980		48,896		60,041
	1,762,955		1,709,035		1,317,650		1,964,091		1,566,756
	21,560		20,355		21,451		24,493		23,842
	499,335		509,199		535,267		584,779		505,587
	112,172		143,974		25,159		29,494		161,615
	62,142		93,583		84,236		145,639		154,222
	-		-		-		-		-
\$	<u>15,797,210</u>	\$	<u>15,344,857</u>	\$	<u>15,722,940</u>	\$	<u>16,757,330</u>	\$	<u>16,225,584</u>
\$	<u>15,797,210</u>	\$	<u>15,344,857</u>	\$	<u>15,722,940</u>	\$	<u>16,757,330</u>	\$	<u>16,225,584</u>
\$	<u>699,778</u>	\$	<u>450,192</u>	\$	<u>49,948</u>	\$	<u>1,748,782</u>	\$	<u>(580,586)</u>
\$	<u>699,778</u>	\$	<u>450,192</u>	\$	<u>49,948</u>	\$	<u>1,748,782</u>	\$	<u>(580,586)</u>

Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
 (accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Restaurant Food Tax	Motor Vehicle License Tax	Recordation and Wills Tax	Hotel and Motel Taxes	Other Local Taxes	Total
2023 \$	12,088,452	\$ 934,323	\$ 616,809	\$ 57,942	\$ 55,995	\$ 1,566,756	\$ 83,883	15,404,160
2022	12,199,771	942,980	685,748	49,776	81,663	1,964,091	73,389	15,997,418
2021	12,410,737	683,915	473,147	60,390	70,008	1,317,650	62,431	15,078,278
2020	11,431,037	704,233	576,030	74,597	40,177	1,709,035	62,992	14,598,101
2019	11,511,516	827,700	828,554	77,603	44,840	1,762,955	70,393	15,123,561
2018	11,596,114	849,993	905,907	74,859	475,062	1,091,064	61,899	15,054,898
2017	11,608,685	937,441	834,316	76,835	41,867	1,103,163	61,098	14,663,405
2016	11,540,509	789,831	789,831	75,514	45,124	1,078,690	67,320	14,386,819
2015	11,682,189	925,382	691,592	75,778	63,019	1,008,345	76,919	14,523,224
2014	11,720,316	920,676	859,248	73,882	50,256	969,850	59,174	14,653,402

County of Bath, Virginia

Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
General fund					
Nonspendable	\$ 15,164	\$ 39,978	\$ 29,669	\$ 10,827	\$ 37,826
Restricted	-	-	-	-	-
Committed	8,252	-	-	-	-
Assigned	6,241,060	299,643	72,674	163,500	270,951
Unassigned	<u>3,201,601</u>	<u>9,015,028</u>	<u>8,204,617</u>	<u>7,794,839</u>	<u>7,918,047</u>
Total general fund	<u>\$ 9,466,077</u>	<u>\$ 9,354,649</u>	<u>\$ 8,306,960</u>	<u>\$ 7,969,166</u>	<u>\$ 8,226,824</u>
All other governmental funds					
Nonspendable	\$ -	\$ 2,540	\$ 200	\$ -	\$ -
Restricted					
Economic development	-	-	-	-	-
Committed for:					
Special revenue funds	<u>586,124</u>	<u>674,451</u>	<u>465,304</u>	<u>727,725</u>	<u>1,042,371</u>
Total all other governmental funds	<u>\$ 586,124</u>	<u>\$ 676,991</u>	<u>\$ 465,504</u>	<u>\$ 727,725</u>	<u>\$ 1,042,371</u>

Table 4

		Fiscal Year							
		2019	2020	2021	2022	2023			
\$	41,359	\$	86,483	\$	90,794	\$	127,765	\$	83,896
	55,403		-		-		1,505		11,029
	-		-		-		-		-
	27,061		534,012		881,357		650,084		428,082
	<u>7,841,447</u>		<u>7,039,593</u>		<u>7,188,448</u>		<u>6,441,663</u>		<u>6,938,075</u>
\$	<u><u>7,965,270</u></u>	\$	<u><u>7,660,088</u></u>	\$	<u><u>8,160,599</u></u>	\$	<u><u>7,221,017</u></u>	\$	<u><u>7,461,082</u></u>
\$	-	\$	-	\$	-	\$	-	\$	-
	697,007		1,732,105		472,599		1,513,583		603,552
	<u>1,178,719</u>		<u>1,208,331</u>		<u>1,257,106</u>		<u>1,512,888</u>		<u>1,403,059</u>
\$	<u><u>1,875,726</u></u>	\$	<u><u>2,940,436</u></u>	\$	<u><u>1,729,705</u></u>	\$	<u><u>3,026,471</u></u>	\$	<u><u>2,006,611</u></u>

County of Bath, Virginia

Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
Revenues					
General property taxes	\$ 11,675,049	\$ 11,778,520	\$ 11,520,566	\$ 11,597,266	\$ 11,613,869
Other local taxes	2,933,086	2,841,035	2,846,310	3,054,720	3,458,784
Permits, privilege fees and regulatory licenses	112,675	55,267	29,122	30,973	60,352
Fines and forfeitures	5,841	8,130	5,647	8,676	3,496
Revenue from use of money and property	35,934	12,915	18,009	27,767	56,350
Charges for services	78,008	88,781	65,030	56,203	67,926
Miscellaneous	67,737	41,127	85,087	43,306	49,353
Recovered costs	24,453	26,717	25,518	47,344	23,622
Intergovernmental:					
Commonwealth	1,489,796	1,564,092	1,583,905	1,656,392	1,607,505
Federal	674,456	930,835	944,378	917,602	512,407
Total revenues	\$ 17,097,035	\$ 17,347,419	\$ 17,123,572	\$ 17,440,249	\$ 17,453,664
Expenditures					
General government administration	\$ 947,808	\$ 982,285	\$ 1,125,533	\$ 1,105,739	\$ 1,034,464
Judicial administration	366,567	371,390	401,423	438,287	419,515
Public safety	2,131,542	2,129,588	2,600,932	2,752,004	2,681,454
Public works	1,427,212	1,005,518	1,743,951	1,103,133	1,268,853
Health and welfare	934,589	1,055,014	1,051,884	1,005,510	975,652
Education	7,586,708	8,071,628	7,955,783	8,419,432	8,306,608
Parks, recreation and cultural	469,312	495,977	506,166	522,250	525,185
Community development	1,085,578	1,311,770	1,551,947	851,260	496,425
Nondepartmental	68,899	76,482	96,606	129,098	78,239
Capital projects	806,721	784,479	261,585	179,128	-
Debt service:					
Principal	915,000	910,000	930,000	950,000	975,000
Interest and other fiscal charges	197,733	173,849	156,938	135,606	119,965
Total expenditures	\$ 16,937,669	\$ 17,367,980	\$ 18,382,748	\$ 17,591,447	\$ 16,881,360
Excess of revenues over (under) expenditures	\$ 159,366	\$ (20,561)	\$ (1,259,176)	\$ (151,198)	\$ 572,304
Other financing sources (uses)					
Transfers in	\$ 154,689	\$ 209,891	\$ 190,527	\$ 168,674	\$ 143,663
Transfers out	(154,689)	(209,891)	(190,527)	(168,674)	(143,663)
Issuance of indebtedness	25,000	-	-	-	-
Total other financing sources (uses)	\$ 25,000	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ 184,366	\$ (20,561)	\$ (1,259,176)	\$ (151,198)	\$ 572,304
Debt service as a percentage of noncapital expenditures	6.5696%	6.3961%	6.0673%	6.2947%	6.5317%

Table 5

		Fiscal Year				
		2019	2020	2021	2022	2023
\$	11,479,901	\$ 11,439,766	\$ 12,334,038	\$ 12,291,027	\$ 11,964,823	
	3,612,045	3,167,064	2,667,541	3,797,647	3,315,708	
	69,300	49,537	97,382	184,391	220,864	
	1,096	2,135	1,864	1,373	6,216	
	112,172	143,974	25,159	29,494	161,615	
	67,398	181,224	73,790	95,672	80,126	
	62,142	93,583	84,236	145,639	161,826	
	36,683	53,548	35,086	94,404	43,560	
	1,586,774	1,598,752	1,728,908	1,826,232	1,872,545	
	737,428	900,780	1,762,121	798,446	1,775,649	
\$	<u>17,764,939</u>	<u>17,630,363</u>	<u>18,810,125</u>	<u>19,264,325</u>	<u>19,602,932</u>	
\$	1,137,128	\$ 1,177,629	\$ 1,196,800	\$ 1,353,926	\$ 1,348,626	
	422,716	416,402	455,632	505,102	558,596	
	2,624,468	2,703,132	2,655,447	3,227,316	3,233,757	
	1,347,909	1,415,121	1,350,467	1,305,339	1,460,135	
	1,067,062	1,072,978	1,271,670	1,183,891	1,237,640	
	8,162,771	7,459,631	7,536,411	7,617,560	8,112,402	
	600,276	500,956	483,036	553,773	610,544	
	644,067	779,827	3,304,827	514,812	3,581,124	
	88,741	137,103	132,639	132,495	130,985	
	-	110,000	40,791	1,421,374	194,102	
	995,000	1,020,000	1,040,000	1,065,000	126,311	
	103,000	78,056	52,625	26,553	8,893	
\$	<u>17,193,138</u>	<u>16,870,835</u>	<u>19,520,345</u>	<u>18,907,141</u>	<u>20,603,115</u>	
\$	<u>571,801</u>	<u>759,528</u>	<u>(710,220)</u>	<u>357,184</u>	<u>(1,000,183)</u>	
\$	147,455	\$ 148,677	\$ 288,672	\$ 178,809	\$ 209,639	
	(147,455)	(148,677)	(288,672)	(178,809)	(209,639)	
	-	-	-	-	220,388	
\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>220,388</u>	
\$	<u>571,801</u>	<u>759,528</u>	<u>(710,220)</u>	<u>357,184</u>	<u>(779,795)</u>	
	6.4875%	6.5825%	5.6321%	5.9977%	0.6655%	

General Governmental Tax Revenues by Source
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Meals Tax	Motor Vehicle License Tax	Record-ation and Wills Tax	Hotel and Motel Room Tax (1)	Other Local Taxes	Total
2023	\$ 11,964,823	\$ 934,323	\$ 616,809	\$ 57,942	\$ 55,995	\$ 1,566,756	\$ 83,883	\$ 15,280,531
2022	12,291,027	942,980	685,748	49,776	81,663	1,964,091	73,389	16,088,674
2021	12,334,038	683,915	473,147	60,390	70,008	1,317,650	62,431	15,001,579
2020	11,439,766	704,233	576,030	74,597	40,177	1,709,035	62,992	14,606,830
2019	11,479,901	827,700	828,554	77,603	44,840	1,762,955	70,393	15,091,946
2018	11,613,869	849,993	905,907	74,859	475,062	1,091,064	61,899	15,072,653
2017	11,597,266	937,441	834,316	76,835	41,867	1,103,163	61,098	14,651,986
2016	11,520,566	789,831	789,831	75,514	45,124	1,078,690	67,320	14,366,876
2015	11,778,520	925,382	691,592	75,778	63,019	1,008,345	76,919	14,619,555
2014	11,675,049	920,676	859,248	73,882	50,256	969,850	59,174	14,608,135

(1) Includes lodging tax reported in the Lodging Tax/Marketing Capital Fund and the Special Lodging Tax Fund.

County of Bath, Virginia

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools	Public Service (2)	Total Taxable Assessed Value
2023	\$ 965,395,100	\$ 94,663,500	\$ 5,701,000	\$ 1,183,689,859	\$ 2,249,449,459
2022	890,063,000	57,809,200	3,479,700	1,329,070,173	2,280,422,073
2021	885,650,700	63,434,600	4,415,100	1,376,210,049	2,329,710,449
2020	883,391,700	62,539,400	4,911,200	1,385,637,012	2,336,479,312
2019	881,058,000	60,776,540	805,600	1,411,711,020	2,354,351,160
2018	875,003,700	56,958,300	601,100	1,432,056,425	2,364,619,525
2017	981,958,400	58,050,800	368,100	1,459,194,817	2,499,572,117
2016	978,673,900	60,240,600	408,900	1,448,811,871	2,488,135,271
2015	977,065,400	57,716,100	459,700	1,482,067,106	2,517,308,306
2014	968,454,300	55,169,760	749,700	1,495,398,310	2,519,772,070

Source: Commissioner of Revenue

- (1) Real estate is assessed at 100% of fair value.
- (2) Assessed values are established by the State Corporation Commission
- (3) Provided for real estate values only. Actual taxable value is net of land use and tax relief for the elderly.
- (4) Source: Virginia Department of Taxation

Table 7

	Estimated Actual Taxable Value (3)	Assessed Value as a Percentage of Actual Value (1)	State Sales Assessment Ratio (4)	Total Direct Rate
\$	911,607,900	105.90%	90.01%	2.00
	837,484,200	106.28%	103.28%	2.00
	836,582,900	105.87%	101.09%	2.00
	834,858,400	105.81%	103.48%	1.70
	829,665,900	106.19%	112.39%	1.70
	824,266,700	106.16%	107.70%	1.70
	887,437,400	110.65%	107.70%	1.66
	887,643,600	110.26%	99.82%	1.66
	889,111,900	109.89%	104.98%	1.66
	880,351,500	110.01%	99.19%	1.66

Property Tax Rates (1)
 Direct and Overlapping Governments
 Last Ten Fiscal Years

Fiscal Year	Direct Rates			
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools
2023	\$ 0.55	\$ 0.45	\$ 0.55	\$ 0.45
2022	0.55	0.45	0.55	0.45
2021	0.55	0.45	0.55	0.45
2020	0.50	0.35	0.50	0.35
2019	0.50	0.35	0.50	0.35
2018	0.50	0.35	0.50	0.35
2017	0.48	0.35	0.48	0.35
2016	0.48	0.35	0.48	0.35
2015	0.48	0.35	0.48	0.35
2014	0.48	0.35	0.48	0.35

(1) Per \$100 of assessed value

Principal Property Taxpayers
 Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2023		Fiscal Year 2014	
		2022 Assessed Valuation	% of Total Assessed Valuation	2013 Assessed Valuation	% of Total Assessed Valuation
Public Service	Utilities (Power, etc.)	\$ 1,190,094,418	52.906%	\$ 1,480,861,691	58.770%
The Homestead LC	Hotel	84,094,100	3.738%	100,033,400	3.970%
The Owners Club	Timeshares	22,154,700	0.985%	23,579,900	0.936%
NA Homestead Preserve	Hotel	16,773,600	0.746%	46,240,800	1.835%
DG Land Holdings	R.E. Prop. & invst.	5,950,700	0.265%	7,570,700	0.300%
Fort Lewis Farm LP	Lodging	5,201,800	0.231%	4,505,000	0.179%
Bill Chambers	Real Estate Dev.	4,284,500	0.190%	3,114,500	0.124%
F.C. Plecker & Sons	Construction	2,316,600	0.103%	2,024,300	0.080%
Flowing Springs Farm LLC	Farming	1,437,800	0.064%	-	0.000%
Sam Snead Jr	Recreation	1,014,500	0.045%	-	0.000%
CA Partners	Real Estate Dev.	-	0.000%	2,172,700	0.086%
Cambata Industries	Farming; aviation	-	0.000%	7,866,100	0.312%
		<u>\$ 1,333,322,718</u>	<u>59.27%</u>	<u>\$ 1,677,969,091</u>	<u>66.59%</u>

Source: Commissioner of Revenue

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2023	\$ 12,026,745	\$ 11,700,427	97.29%	\$ -	\$ 11,700,427	97.29%
2022	12,260,458	12,047,887	98.27%	165,016	12,047,887	98.27%
2021	12,523,999	12,237,546	97.71%	263,880	12,501,426	99.82%
2020	11,403,031	11,246,968	98.63%	145,335	11,392,303	99.91%
2019	11,492,138	11,314,582	98.45%	170,126	11,484,708	99.94%
2018	11,551,252	11,376,569	98.49%	170,164	11,546,733	99.96%
2017	11,555,323	11,262,008	97.46%	291,324	11,553,332	99.98%
2016	11,499,348	11,327,388	98.50%	170,291	11,327,388	98.50%
2015	11,644,754	11,494,387	98.71%	149,898	11,644,285	100.00%
2014	11,670,710	11,469,643	98.28%	200,816	11,670,459	100.00%

Source: Commissioner of Revenue, County Treasurer's office

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Literary Fund Loans	Other Notes/Bonds	Financed Purchases/Lease Liabilities			
2023	\$ -	\$ -	\$ -	\$ 123,657	\$ 123,657	0.04%	\$ 29
2022	-	-	-	29,580	29,580	0.01%	7
2021	-	-	1,065,000	-	1,065,000	0.35%	252
2020	-	-	2,105,000	-	2,105,000	0.76%	487
2019	-	-	3,125,000	-	3,125,000	1.18%	706
2018	-	-	4,120,000	-	4,120,000	1.63%	904
2017	-	-	5,095,000	-	5,095,000	2.13%	1,095
2016	-	-	6,045,000	-	6,045,000	2.52%	1,279
2015	-	-	6,975,000	-	6,975,000	3.08%	1,462
2014	-	-	7,885,000	-	7,885,000	3.84%	1,708

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.
(1) See the Schedule of Demographic and Economic Statistics - Table 13.

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2023	\$ -	\$ -	\$ -	0.00%	\$ -
2022	-	-	-	0.00%	-
2021	1,065,000	-	1,065,000	0.05%	252
2020	2,105,000	-	2,105,000	0.09%	487
2019	3,125,000	-	3,125,000	0.13%	706
2018	4,120,000	-	4,120,000	0.17%	904
2017	5,095,000	-	5,095,000	0.20%	1,095
2016	6,045,000	-	6,045,000	0.24%	1,279
2015	6,975,000	-	6,975,000	0.28%	1,462
2014	7,885,000	-	7,885,000	0.31%	1,708

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 13.

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 7.

(3) Includes all long-term general obligation bonded debt, revenue bonds, and Literary Fund Loans; excludes capital leases, and compensated absences.

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2023	4,228	\$ 302,572,000	\$ 74,728	49	508	2.30%
2022	4,276	308,543,332	72,157	49	499	2.60%
2021	4,341	304,087,050	70,050	48	584	5.00%
2020	4,318	277,285,000	66,864	48	530	14.10%
2019	4,429	264,509,000	61,628	48	550	2.40%
2018	4,556	252,991,000	58,876	49	552	2.60%
2017	4,652	239,666,388	51,519	49	554	2.90%
2016	4,727	239,989,790	50,770	49	541	3.30%
2015	4,771	226,116,774	47,394	46	584	4.00%
2014	4,616	205,338,144	44,484	48	622	4.10%

Source: Weldon Cooper Center; Bureau of Economic Analysis, Regional Economic Accounts; VA Department of Education, Division of Technology, Reports; U.S. Census Bureau; U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2023			Fiscal Year 2014		
	(1) Employees	Rank	% of Total County Employment	(1) Employees	Rank	% of Total County Employment
The Omni Homestead	475	1	21.95%	820	1	39.30%
Bath County Community Hospital	200	2	9.24%	125	3	5.78%
Bath County Public Schools	140	3	6.47%	146	2	6.75%
Kissito Helathcare (Springs Nursing Center)	84	4	3.88%	65	5	3.01%
County of Bath	60	5	2.77%	75	4	3.47%
Speyside Bourbon Stave Mill	55	6	2.54%			
Dominion Virginia Power	50	7	2.31%	50	6	2.31%
Barc Electrical Co-op	50	8	2.31%	45	7	2.08%
Inn at Warm Springs	40	9	1.85%			
VA Department of Conservation	35	10	1.62%	35	9	1.62%
Owners Club	35	11	1.62%			
Phantom Eagle LLC				35	8	1.62%
F. Clayton Plecker & Sons				30	10	1.39%
Totals	<u>1,224</u>		<u>56.56%</u>	<u>1,426</u>		<u>54.57%</u>
Total estimated jobs in County	2,164			2,613		

(1) Estimated numbers are provided. Ranges of employees were available for employers. The mid point of the range was used for this table.

Sources:

VA Employment Commission, www.vec.virginia.gov (50 Largest Employers in Bath County for fourth quarter 2021 - latest available -and 2013).

VA Workforce Connection, 12/12/2022, www.vawc.virginia.gov (Virginia Workforce Connection - Labor Market Services - Area Profile for Bath County: Labor Force, Employment and Unemployment Statistics); total employment for November 2022 and 2013 annual.

County of Bath, Virginia

Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2014	2015	2016	2017	2018
General government	9	9	9	9	9
Judicial administration	5	5	5	5	5
Public safety					
Sheriff's department	19	19	19	19	19
911 Administrator	0	0	0	0	0
Building inspections	1	1	1	1	1
Animal control	2	2	2	2	2
Public works					
General maintenance	2	2	2	2	2
Landfill	0	0	0	0	0
Health and welfare					
Department of social services	7	7	7	7	7
Culture and recreation					
Parks and recreation	3	3	3	3	3
Library	1	1	1	0	0
Community development					
Tourism	2	2	1	1	1
Planning	2	2	2	2	2
Totals	<u>53</u>	<u>53</u>	<u>52</u>	<u>51</u>	<u>51</u>

Source: Individual county departments; excludes part-time and Board of Supervisors members.

Table 15

Fiscal Year				
<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
9	9	9	9	9
5	5	5	5	5
22	22	22	24	23
0	0	0	0	0
1	1	1	1	1
2	1	2	2	2
2	2	2	2	2
0	0	0	0	0
8	8	8	8	9
4	4	4	4	4
0	0	0	0	0
0	0	0	0	0
2	2	2	2	2
<u>55</u>	<u>54</u>	<u>55</u>	<u>57</u>	<u>57</u>

County of Bath, Virginia

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2014	2015	2016	2017	2018
Public safety					
Sheriff's department:					
Physical arrests	146	134	93	207	111
Traffic violations	137	157	159	182	47
Civil papers	1,056	1,149	1,020	993	955
Building inspections:					
Inspections made	345	336	337	395	370
Permits issued	103	116	109	133	119
Animal control:					
Number of calls answered	643	520	499	413	387
Public works					
Landfill:					
Refuse collected (tons/day) (1)	20	14	15	17	14
Recycling (tons/day) (1)	5	7	7	7	6
Health and welfare					
Department of Social Services:					
Caseload	900	900	1,176	4,295	6,183
Culture and recreation					
Parks and recreation:					
After-school program participants	n/a	n/a	n/a	n/a	n/a
Youth sports participants	311	355	466	492	420
Component Unit - School Board					
Education:					
School age population (2)	590	570	584	562	522
Number of teachers (2)	67	68	66	66	64
Local expenditures per pupil (2)	\$12,807	\$14,450	\$14,522	\$16,424	\$20,790

Source: Individual County departments, Superintendent's Annual Report, Virginia Department of Education, Solid Waste information and Assessment Forms, DEQ Annual Recycling Reports.

(1) Daily waste and recycling are based on 5.5 days/week of transfer operation (286 days).

(2) County of Bath Annual School Report

Table 16

Fiscal Year				
2019	2020	2021	2022	2023
103	181	181	113	112
45	56	28	106	172
1,013	1,041	935	878	536
303	282	287	320	458
120	127	123	136	143
200	164	167	355	182
15	18	13	14	18
6	1	1	1	1
6,121	7,979	6,702	12,019	13,596
n/a	n/a	n/a	n/a	n/a
445	400	144	370	403
515	495	520	477	476
65	62	60	58	53
\$15,407	\$16,551	\$18,124	\$15,825	\$18,240

County of Bath, Virginia

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2014	2015	2016	2017	2018
General government					
Administration buildings	5	5	5	5	5
Vehicles	1	1	2	2	2
Public safety					
Sheriff's department:					
Patrol units	13	13	13	13	13
Animal control:					
Vehicles	1	1	1	1	1
Public works					
Vehicles	1	1	1	1	1
Sites	1	1	1	1	1
Culture and recreation					
Parks and recreation:					
Vehicles	3	2	2	2	2
Swimming pools	2	2	2	2	2
Health and welfare					
Buildings	1	1	1	1	1
Community development					
Planning:					
Vehicles	1	1	1	1	1
Component Unit - School Board					
Education:					
Schools	4	4	4	4	4
School buses	19	18	16	18	19

Source: Individual County departments/excludes part-time and Board of Supervisors members.

Table 17

Fiscal Year				
2019	2020	2021	2022	2023
5	5	5	5	5
2	2	2	2	2
16	17	17	17	18
1	1	1	1	1
1	-	-	-	-
1	1	1	1	1
2	2	2	2	2
2	2	2	2	2
1	1	1	1	1
1	1	1	1	1
4	4	4	4	4
19	16	16	16	16

COMPLIANCE SECTION



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

**TO THE HONORABLE MEMBERS
OF THE BOARD OF SUPERVISORS
COUNTY OF BATH, VIRGINIA**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of County of Bath, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County of Bath, Virginia's basic financial statements, and have issued our report thereon dated December 15, 2023. Our report includes a reference to other auditors who audited the financial statements of the School Activity Funds, as described in our report on the County of Bath, Virginia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

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

Purpose of This Report

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 15, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**TO THE HONORABLE MEMBERS
OF THE BOARD OF SUPERVISORS
COUNTY OF BATH, VIRGINIA**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Bath, Virginia's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of County of Bath, Virginia's major federal programs for the year ended June 30, 2023. County of Bath, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, County of Bath, 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, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the County of Bath, 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 Bath, 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 Bath, Virginia's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on County of Bath, 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 Bath, 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 Bath, 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 Bath, 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 Bath, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (Continued)

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

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

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 15, 2023

County of Bath, Virginia

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through entity identifying number	Federal Expenditures	Expenditures to Subrecipients
Department of Health and Human Services:				
Pass Through Payments:				
Department of Social Services:				
Guardianship Assistance	93.090	Not Available	\$ 30	
Title IV-E Prevention Services	93.472	Not Available	1,134	
MaryLee Allen Promoting Safe and Stable Families Program	93.556	Not Available	1,928	
Temporary Assistance for Needy Families	93.558	Not Available	66,315	
Refugee and Entrant Assistance State/Replacement				
Designee Administered Programs	93.566	Not Available	272	
Low-Income Home Energy Assistance	93.568	Not Available	13,683	
Child Care and Development Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Not Available	15,897	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Not Available	128	
Foster Care - Title IV-E	93.658	Not Available	33,645	
Adoption Assistance	93.659	Not Available	22,401	
Social Services Block Grant	93.667	Not Available	53,451	
John H. Chafee Foster Care Program for Successful				
Transition to Adulthood	93.674	Not Available	556	
Children's Health Insurance Program	93.767	Not Available	590	
Medicaid Cluster:				
Medical Assistance Program	93.778	Not Available	<u>71,841</u>	
Total Department of Health and Human Services			<u>\$ 281,871</u>	
Department of Agriculture:				
Pass Through Payments:				
Child Nutrition Cluster:				
Virginia Department of Agriculture and Consumer Services:				
Food Distribution - School Nutrition Program	10.555	Not Available	\$ 33,171	
Virginia Department of Education:				
National School Lunch Program	10.555	202222N11994 1; 202221N11994 1; 202323N11994 1	<u>286,450</u>	
Subtotal AL 10.555			<u>\$ 319,621</u>	
School Breakfast Program	10.553	202221N11994 1; 202222N11994 1; 202323N11994 1	<u>\$ 109,044</u>	
Child Nutrition Cluster Total			<u>\$ 428,665</u>	
Virginia Department of Education:				
COVID-19 Pandemic EBT Administrative Costs	10.649	202222S900941	\$ 2,127	
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to States	10.665	APE438410000	44,322	
Department of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Not Available	<u>139,275</u>	
Total Department of Agriculture			<u>\$ 614,389</u>	
Department of Treasury				
Direct Payments:				
COVID-19 Local Assistance and Tribal Consistency Fund	21.032		\$ 44,525	
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Applicable	\$ 805,506	<u>\$ 805,506</u>
Pass Through Payments:				
Virginia Department of Criminal Justice Services				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	0000120304	\$ 27,427	
Virginia Department of Education:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP1026	61,770	
Department of Social Services:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Available	121	
Virginia Tourism Corporation				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Available	<u>89,476</u>	
Subtotal CFDA 21.027			<u>\$ 984,300</u>	
Total Department of Treasury			<u>\$ 1,028,825</u>	
Department of Homeland Security:				
Pass Through Payments:				
Department of Emergency Services:				
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Not available	<u>\$ 8,044</u>	
Total Department of Homeland Security			<u>\$ 8,044</u>	

County of Bath, Virginia

Schedule of Expenditures of Federal Awards (Continued)
 Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through entity identifying number	Federal Expenditures
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Not Available	\$ <u>1,999</u>
Total Department of Justice			\$ <u>1,999</u>
Department of Education:			
Pass Through Payments:			
Virginia Department of Education:			
Special Education Cluster:			
Special Education - Grants to States	84.027	H027A210107; H027X210107	\$ 169,766
Special Education - Preschool Grants	84.173	H173A210112	<u>4,216</u>
Total Special Education Cluster			\$ 173,982
Higher Education Institutional Aid	84.031	Not available	2,588
Supporting Effective Instruction State Grants	84.367	S367A200044; S367A210044	16,881
Rural Education	84.358	Not available	35,809
Education Stabilization Fund			
Student Support and Academic Enrichment Program	84.424	S424A220048; S424A200048; S424A210048	12,371
COVID-19 - Governor's Emergency Education Relief Fund (GEER)	84.425C	S425C210042	13,682
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	S425D210008	231,658
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	S425U210008	<u>611,902</u>
Subtotal - Education Stabilization Fund			<u>857,242</u>
Total Department of Education			\$ <u>1,098,873</u>
Total Expenditures of Federal Awards			\$ <u>3,034,001</u>

Notes to Schedule of Expenditures of Federal Awards

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Bath, Virginia under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Bath, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Bath, Virginia.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(2) The County of Bath, Virginia has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

NOTE C - FOOD DISTRIBUTION

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

NOTE D - RELATIONSHIP TO FINANCIAL STATEMENTS

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
Governmental funds	\$ 1,775,649
Less payments in lieu of tax under CFDA 15.226 not included above	<u>(377,405)</u>
Total primary government	\$ <u>1,398,244</u>
Discretely presented component unit - School Board:	
School operating fund	\$ 1,339,465
School cafeteria fund	430,792
Less payments in lieu of tax under CFDA 15.226 not included above	<u>(134,500)</u>
Total discretely presented component unit - School Board	\$ <u>1,635,757</u>
Total federal expenditures per basic financial statements	\$ <u>3,034,001</u>
Total federal expenditures per the Schedule of Expenditures of Federal awards	\$ <u>3,034,001</u>

County of Bath, Virginia
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x none reported

Type of auditors' report issued on compliance for major programs: unmodified

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

Identification of major programs:

<i>Assistance Listing</i>	<i>Numbers</i>	<i>Name of Federal Program or Cluster</i>
	84.425 Education Stabilization Fund
	21.027 Coronavirus State and Local Fiscal Recovery Funds

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

Auditee qualified as low-risk auditee? x yes no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Summary of Prior Year Findings

There were no prior year findings.