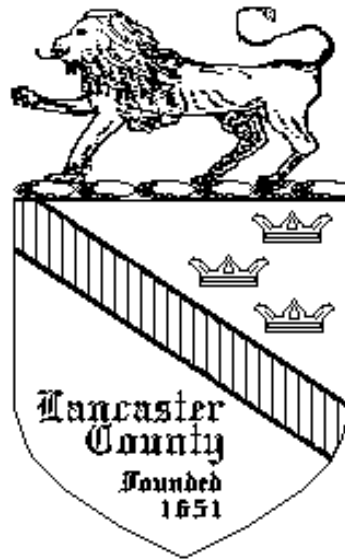


COUNTY OF LANCASTER, VIRGINIA



ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024

COUNTY OF LANCASTER, VIRGINIA

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
JUNE 30, 2024**

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COUNTY OF LANCASTER, VIRGINIA

BOARD OF SUPERVISORS

Craig Giese	Ernest W. Palin, Jr, Chair	
William R. Lee	Jason D. Bellows, Vice-Chair	Bill Smith

COUNTY SCHOOL BOARD

Cindy Clarke, Vice-Chair	Joan Gravatt, Chair	Kenya Moody
Faith Kemp		Margaret Socey

SOCIAL SERVICES BOARD

Kathleen Conroy, Vice-Chair	Donna Anderson, Chair	Rev. Tom Coye
Lynette Pinn		Eunice Hopkins

OTHER OFFICIALS

Judge of the Circuit Court.....	John S. Martin
Clerk of the Circuit Court	Diane H. Mumford
Judge of the General District Court	Richard T. McGrath
Judge of the Juvenile and Domestic Relations Court	William L. Lewis
Commonwealth's Attorney.....	Anthony Spencer
Commissioner of the Revenue	Marlon Savoy
Treasurer	Bonnie J. Dickson
Sheriff	Patrick McCranie
Superintendent of Schools.....	Jessica Davis
Director of Social Services.....	Edna G. Davenport
County Administrator	Don G. Gill

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COUNTY OF LANCASTER, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024

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Independent Auditors' Report

**To the Honorable Members of the Board of Supervisors
County of Lancaster
Lancaster, Virginia**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Lancaster, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Lancaster, Virginia, as of and for the year ended June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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

Required Supplementary Information

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

Required Supplementary Information (Continued)

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 Lancaster, 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. In our opinion, 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 statistical information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2024, on our consideration of County of Lancaster, 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 Lancaster, 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 Lancaster, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Richmond, Virginia
October 22, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Honorable Members of the Lancaster County Board of Supervisors
To the Citizens of Lancaster County
County of Lancaster, Virginia

The administrative management staff of the County of Lancaster, Virginia offers the readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2024. Please read it in conjunction with the County's basic financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$20,956,824 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenses and other financing sources over revenues and other financing uses by \$12,408,396 (Exhibit 5) after making contributions totaling \$13,557,014 to the School Board.

- As of the close of the current fiscal year; the County's funds reported ending fund balances of \$69,084,251 a decrease of \$12,856,961 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,546,409 or 16% of total general fund expenditures and other uses.
- The combined long-term obligations decreased \$669,696 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Overview of the Financial Statements (Continued)

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner like a private-sector business.

The statement of net position presents information on all County assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, courts, police protection, sanitation, social services, education, cultural events, and recreation.

The Government-wide financial statements include not only the County of Lancaster, Virginia itself (known as the primary government), but also a legally separate school district for which the County of Lancaster, Virginia is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Lancaster, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the County 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 at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances. The County has three major governmental funds - the General Fund, County Special Revenue Fund, and the County Capital Projects Fund.

Proprietary funds - Proprietary funds consist of enterprise funds. Enterprise funds are established to account for the delivery of goods and services to the public and use the accrual basis of accounting, like private sector businesses.

The Sewer Fund provides a centralized source for sewer services to County residents.

Overview of the Financial Statements (Continued)

Fiduciary funds - The County is the trustee, or fiduciary, for the County's custodial funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All County fiduciary activities are reported in a separate statement of fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Custodial funds are used to provide accountability of client monies for which the County is custodian.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and present combining financial statements for the discretely presented component units: School Board, Broadband Authority, and IDA. These Component Units do not issue separate financial statements.

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Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$20,956,824 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Position:

County of Lancaster, Virginia's Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 73,704,022	\$ 86,504,297	\$ 36,987	\$ 39,488	\$ 73,741,009	\$ 86,543,785
Capital assets	<u>37,387,080</u>	<u>26,644,578</u>	<u>918,302</u>	<u>971,150</u>	<u>38,305,382</u>	<u>27,615,728</u>
Total assets	<u>\$ 111,091,102</u>	<u>\$ 113,148,875</u>	<u>\$ 955,289</u>	<u>\$ 1,010,638</u>	<u>\$ 112,046,391</u>	<u>\$ 114,159,513</u>
Deferred outflows of resources	<u>\$ 1,622,912</u>	<u>\$ 1,180,321</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,622,912</u>	<u>\$ 1,180,321</u>
Current liabilities	\$ 4,500,224	\$ 5,665,338	\$ 851	\$ 163	\$ 4,501,075	\$ 5,665,501
Long-term liabilities outstanding	<u>87,251,389</u>	<u>87,921,085</u>	<u>150,454</u>	<u>154,118</u>	<u>87,401,843</u>	<u>88,075,203</u>
Total liabilities	<u>\$ 91,751,613</u>	<u>\$ 93,586,423</u>	<u>\$ 151,305</u>	<u>\$ 154,281</u>	<u>\$ 91,902,918</u>	<u>\$ 93,740,704</u>
Deferred inflows of resources	<u>\$ 809,561</u>	<u>\$ 1,416,707</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 809,561</u>	<u>\$ 1,416,707</u>
Net position:						
Net investment in capital assets	\$ 10,764,061	\$ 3,902,221	\$ 767,848	\$ 817,032	\$ 11,531,909	\$ 4,719,253
Restricted:						
Forfeited asset	11,168	11,147	-	-	11,168	11,147
Wetlands special project	10,409	10,369	-	-	10,409	10,369
Unrestricted	<u>9,367,202</u>	<u>15,402,329</u>	<u>36,136</u>	<u>39,325</u>	<u>9,403,338</u>	<u>15,441,654</u>
Total net position	<u>\$ 20,152,840</u>	<u>\$ 19,326,066</u>	<u>\$ 803,984</u>	<u>\$ 856,357</u>	<u>\$ 20,956,824</u>	<u>\$ 20,182,423</u>

Government-wide Financial Analysis (Continued)

The County's net position increased \$774,400 during the current fiscal year. The following table summarizes the County's Statement of Activities:

County of Lancaster, Virginia's Changes in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Charges for services	\$ 864,324	\$ 874,524	\$ 26,434	\$ 20,434	\$ 890,758	\$ 894,958
Operating grants and contributions	5,328,639	5,147,440	-	-	5,328,639	5,147,440
Capital grants and contributions	-	-	-	-	-	-
General property taxes	20,684,351	20,946,745	-	-	20,684,351	20,946,745
Other local taxes	3,176,199	3,141,632	-	-	3,176,199	3,141,632
Grants and other contributions not restricted	1,206,095	1,225,936	-	-	1,206,095	1,225,936
Other general revenues	4,371,459	3,009,344	72	46	4,371,531	3,009,390
Transfers	(5,760)	(5,760)	5,760	5,760	-	-
Total revenues	\$ 35,625,307	\$ 34,339,861	\$ 32,266	\$ 26,240	\$ 35,657,573	\$ 34,366,101
General government administration	\$ 2,274,710	\$ 1,773,804	\$ -	\$ -	\$ 2,274,710	\$ 1,773,804
Judicial administration	1,170,724	1,027,470	-	-	1,170,724	1,027,470
Public safety	8,761,442	7,902,135	-	-	8,761,442	7,902,135
Public works	1,745,724	1,680,241	84,640	73,689	1,830,364	1,753,930
Health and welfare	2,985,861	2,972,942	-	-	2,985,861	2,972,942
Education	13,766,876	9,635,288	-	-	13,766,876	9,635,288
Parks, recreation, and cultural	245,594	222,596	-	-	245,594	222,596
Community development	718,957	561,496	-	-	718,957	561,496
Interest and other fiscal charges	3,128,645	2,924,542	-	-	3,128,645	2,924,542
Total expenses	\$ 34,798,533	\$ 28,700,514	\$ 84,640	\$ 73,689	\$ 34,883,173	\$ 28,774,203
Change in net position	\$ 826,774	\$ 5,639,347	\$ (52,374)	\$ (47,449)	\$ 774,400	\$ 5,591,898
Net position, beginning of year	19,326,066	13,686,719	856,358	903,806	20,182,424	14,590,525
Net position, end of year	\$ 20,152,840	\$ 19,326,066	\$ 803,984	\$ 856,357	\$ 20,956,824	\$ 20,182,423

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$69,084,251 a decrease of \$12,856,961 in comparison with the prior year. Approximately 11% of this total amount constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

The County Capital Projects Fund accounts for all major public improvements. At the end of the fiscal year, the fund balance was \$61,514,182 with \$57,929,971 of restricted unspent bond proceeds.

During the year, actual revenues and other sources exceeded budgetary estimates of the General Fund by \$569,285. Budgetary estimates exceeded actual expenditures and other uses by \$15,579,716. The combination of the two resulted in a positive variance of \$16,149,001.

Capital Asset and Debt Administration

- Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2024, amounted to \$37,387,080 (net of accumulated depreciation). This investment in capital assets includes land, assets under lease, buildings and system, and machinery and equipment.

Additional information on the County's capital assets can be found in note 5 of this report.

Long-term debt - At the end of the current fiscal year, the County had total bonded debt outstanding of \$78,745,454. Of this amount, \$71,865,000 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., lease revenue bonds, revenue bonds and capital leases).

The County's total debt decreased \$1,591,092 during the current fiscal year.

Additional information on the County of Lancaster, Virginia's long-term debt can be found in note 7 of this report.

Economic Factors and Future Years' Budgets and Rates

- Inflationary trends in the region are comparable to state and national indexes.

All these factors were considered in preparing the County's budget for the 2025 fiscal year.

The fiscal year 2025 budget increased by approximately 16% mostly due to education and debt service expenditures. Real estate tax rate decreased from \$.63 per \$100 of assessed value to \$.55 per \$100 of assessed value. All other property rates remained the same.

Requests for Information

This financial report is designed to provide a general overview of the County of Lancaster, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, 8311 Mary Ball Road, Lancaster, Virginia 22503.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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County of Lancaster, Virginia
Statement of Net Position
June 30, 2024

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	School Board	Broadband Authority	IDA
ASSETS						
Cash and cash equivalents	\$ 13,427,049	\$ 35,612	\$ 13,462,661	\$ 1,110,578	\$ 66,706	\$ 94,728
Receivables (net of allowance for uncollectibles):						
Taxes receivable	940,782	-	940,782	-	-	-
Accounts receivable	353,703	1,375	355,078	171,900	-	-
Due from other governmental units	930,949	-	930,949	1,523,569	-	-
Leases receivable	121,337	-	121,337	-	-	-
Prepaid expenses	231	-	231	-	-	-
Restricted assets:						
Cash and cash equivalents- unspent bond proceeds	57,929,971	-	57,929,971	-	-	-
Capital assets (net of accumulated depreciation/amortization):						
Land and land improvements	2,754,114	-	2,754,114	6,271	-	-
Buildings and improvements	4,893,794	918,302	5,812,096	6,016,943	-	-
Machinery and equipment	1,031,253	-	1,031,253	1,239,920	-	-
Infrastructure	1,682,668	-	1,682,668	-	-	-
Lease building	-	-	-	59,978	-	-
Lease improvements	47,522	-	47,522	-	-	-
Lease equipment	56,062	-	56,062	6,565	-	-
Construction in progress	26,921,667	-	26,921,667	2,392,483	-	-
Total assets	\$ 111,091,102	\$ 955,289	\$ 112,046,391	\$ 12,528,207	\$ 66,706	\$ 94,728
DEFERRED OUTFLOWS OF RESOURCES						
Pension related items	\$ 1,537,900	\$ -	\$ 1,537,900	\$ 2,184,950	\$ -	\$ -
OPEB related items	85,012	-	85,012	219,526	-	-
Total deferred outflows of resources	\$ 1,622,912	\$ -	\$ 1,622,912	\$ 2,404,476	\$ -	\$ -
Total Assets and Deferred Outflows of Resources	\$ 112,714,014	\$ 955,289	\$ 113,669,303	\$ 14,932,683	\$ 66,706	\$ 94,728
LIABILITIES						
Accounts payable	\$ 1,592,079	\$ 851	\$ 1,592,930	\$ 488,038	\$ -	\$ -
Accrued liabilities	-	-	-	592,721	-	-
Retainage payable	125,826	-	125,826	169,777	-	-
Accrued interest payable	1,148,646	-	1,148,646	-	-	-
Due to other governmental units	969,064	-	969,064	-	-	-
Unearned revenue	664,609	-	664,609	-	-	-
Long-term liabilities:						
Due within one year	1,711,423	3,715	1,715,138	85,644	-	-
Due in more than one year	85,539,966	146,739	85,686,705	8,892,812	-	-
Total liabilities	\$ 91,751,613	\$ 151,305	\$ 91,902,918	\$ 10,228,992	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - property taxes	\$ 65,259	\$ -	\$ 65,259	\$ -	\$ -	\$ -
Lease related items	121,337	-	121,337	-	-	-
Pension related items	575,499	-	575,499	2,077,095	-	-
OPEB related items	47,466	-	47,466	432,589	-	-
Total deferred inflows of resources	\$ 809,561	\$ -	\$ 809,561	\$ 2,509,684	\$ -	\$ -
NET POSITION						
Net investment in capital assets	\$ 10,764,061	\$ 767,848	\$ 11,531,909	\$ 9,485,098	\$ -	\$ -
Restricted:						
Forfeited assets	11,168	-	11,168	-	-	-
Wetlands special project	10,409	-	10,409	-	-	-
Unrestricted (deficit)	9,367,202	36,136	9,403,338	(7,291,091)	66,706	94,728
Total net position (deficit)	\$ 20,152,840	\$ 803,984	\$ 20,956,824	\$ 2,194,007	\$ 66,706	\$ 94,728
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 112,714,014	\$ 955,289	\$ 113,669,303	\$ 14,932,683	\$ 66,706	\$ 94,728

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

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

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,274,710	\$ 69,793	\$ 397,261	\$ -
Judicial administration	1,170,724	32,552	659,615	-
Public safety	8,761,442	757,669	2,416,296	-
Public works	1,745,724	4,290	-	-
Health and welfare	2,985,861	-	1,855,467	-
Education	13,766,876	-	-	-
Parks, recreation, and cultural	245,594	-	-	-
Community development	718,957	20	-	-
Interest on long-term debt	3,128,645	-	-	-
Total governmental activities	\$ 34,798,533	\$ 864,324	\$ 5,328,639	\$ -
Business-type activities:				
Sewer	\$ 84,640	\$ 26,434	\$ -	\$ -
Total business-type activities	\$ 84,640	\$ 26,434	\$ -	\$ -
Total primary government	\$ 34,883,173	\$ 890,758	\$ 5,328,639	\$ -
COMPONENT UNITS:				
School Board	\$ 18,519,549	\$ 11,984	\$ 6,975,821	\$ -
Broadband Authority	100	25,527	-	-
IDA	37,000	6,668	-	-
Total component units	\$ 18,556,649	\$ 44,179	\$ 6,975,821	\$ -
General revenues:				
General property taxes				
Other local taxes:				
Local sales and use taxes				
Motor vehicle licenses				
Other local taxes				
Unrestricted revenues from use of money				
Miscellaneous				
Payments from Lancaster County				
Grants and contributions not restricted to specific programs				
Transfers				
Contribution to sewer fund				
Total general revenues				
Change in net position				
Net position (deficit) - beginning				
Net position (deficit) - 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	Business-type Activities	Total	School Board	Broadband Authority	IDA	
\$ (1,807,656)	\$ -	\$ (1,807,656)	\$ -	\$ -	\$ -	
(478,557)	-	(478,557)	-	-	-	
(5,587,477)	-	(5,587,477)	-	-	-	
(1,741,434)	-	(1,741,434)	-	-	-	
(1,130,394)	-	(1,130,394)	-	-	-	
(13,766,876)	-	(13,766,876)	-	-	-	
(245,594)	-	(245,594)	-	-	-	
(718,937)	-	(718,937)	-	-	-	
(3,128,645)	-	(3,128,645)	-	-	-	
\$ (28,605,570)	\$ -	\$ (28,605,570)	\$ -	\$ -	\$ -	
\$ -	\$ (58,206)	\$ (58,206)	\$ -	\$ -	\$ -	
\$ -	\$ (58,206)	\$ (58,206)	\$ -	\$ -	\$ -	
\$ (28,605,570)	\$ (58,206)	\$ (28,663,776)	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ (11,531,744)	\$ -	\$ -	
-	-	-	-	25,427	-	
-	-	-	-	-	(30,332)	
\$ -	\$ -	\$ -	\$ (11,531,744)	\$ 25,427	\$ (30,332)	
\$ 20,684,351	\$ -	\$ 20,684,351	\$ -	\$ -	\$ -	
2,535,516	-	2,535,516	-	-	-	
211,724	-	211,724	-	-	-	
428,959	-	428,959	-	-	-	
4,256,293	72	4,256,365	1,551	-	2,090	
115,166	-	115,166	627,110	-	60,000	
-	-	-	13,699,765	-	-	
1,206,095	-	1,206,095	-	-	-	
(5,760)	-	(5,760)	-	-	-	
-	5,760	5,760	-	-	-	
\$ 29,432,344	\$ 5,832	\$ 29,438,176	\$ 14,328,426	\$ -	\$ 62,090	
\$ 826,774	\$ (52,374)	\$ 774,400	\$ 2,796,682	\$ 25,427	\$ 31,758	
19,326,066	856,358	20,182,424	(602,675)	41,279	62,970	
\$ 20,152,840	\$ 803,984	\$ 20,956,824	\$ 2,194,007	\$ 66,706	\$ 94,728	

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FUND FINANCIAL STATEMENTS

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County of Lancaster, Virginia
Balance Sheet
Governmental Funds
June 30, 2024

	<u>General</u>	<u>County Special Revenue</u>	<u>County Capital Projects</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 9,817,663	\$ 25,175	\$ 3,584,211	\$ 13,427,049
Receivables (net of allowance for uncollectibles):				
Taxes receivable	940,782	-	-	940,782
Accounts receivable	353,703	-	-	353,703
Leases receivable	121,337	-	-	121,337
Due from other governmental units	930,949	-	-	930,949
Prepaid items	231	-	-	231
Restricted assets:				
Cash and cash equivalents	-	-	57,929,971	57,929,971
Total assets	<u>\$ 12,164,665</u>	<u>\$ 25,175</u>	<u>\$ 61,514,182</u>	<u>\$ 73,704,022</u>
LIABILITIES				
Accounts payable	\$ 1,592,079	\$ -	\$ -	\$ 1,592,079
Retainage payable	125,826	-	-	125,826
Due to other governmental units	969,064	-	-	969,064
Unearned revenue	662,863	1,746	-	664,609
Total liabilities	<u>\$ 3,349,832</u>	<u>\$ 1,746</u>	<u>\$ -</u>	<u>\$ 3,351,578</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 882,787	\$ -	\$ -	\$ 882,787
Unavailable revenue - opioid settlement	264,069	-	-	264,069
Lease related items	121,337	-	-	121,337
Total deferred inflows of resources	<u>\$ 1,268,193</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,268,193</u>
FUND BALANCES				
Nonspendable	\$ 231	\$ -	\$ -	\$ 231
Restricted	-	21,577	57,929,971	57,951,548
Committed	-	1,852	3,584,211	3,586,063
Unassigned	7,546,409	-	-	7,546,409
Total fund balances	<u>\$ 7,546,640</u>	<u>\$ 23,429</u>	<u>\$ 61,514,182</u>	<u>\$ 69,084,251</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,164,665</u>	<u>\$ 25,175</u>	<u>\$ 61,514,182</u>	<u>\$ 73,704,022</u>

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

County of Lancaster, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2024

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 69,084,251

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Capital assets, cost	\$ 47,914,402	
Accumulated depreciation/amortization	(10,527,322)	37,387,080

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

Unavailable revenue - property taxes	\$ 817,528	
Unavailable revenue - opioid settlement	264,069	1,081,597

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

Pension related items	\$ 1,537,900	
OPEB related items	85,012	1,622,912

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Revenue bonds	\$ (6,730,000)	
General obligations bond	(71,865,000)	
Accrued interest payable	(1,148,646)	
Equipment purchase agreements	(184,519)	
Lease liabilities	(105,568)	
Bond premium	(5,542,077)	
Net pension liability	(2,168,996)	
Net OPEB liability	(311,821)	
Compensated absences	(343,408)	(88,400,035)

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

Pension related items	\$ (575,499)	
OPEB related items	(47,466)	(622,965)

Net position of governmental activities		\$ 20,152,840
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The notes to the financial statements are an integral part of this statement.

County of Lancaster, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	<u>General</u>	<u>County Special Revenue</u>	<u>County Capital Projects</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 20,635,384	\$ -	\$ -	\$ 20,635,384
Other local taxes	3,176,199	-	-	3,176,199
Permits, privilege fees, and regulatory licenses	275,389	-	-	275,389
Fines and forfeitures	38,259	-	-	38,259
Revenue from the use of money and property	757,237	41	3,568,808	4,326,086
Charges for services	480,883	-	-	480,883
Miscellaneous	33,103	-	-	33,103
Recovered costs	25,793	-	-	25,793
Intergovernmental:				
Commonwealth	4,927,044	-	-	4,927,044
Federal	1,605,052	-	-	1,605,052
Total revenues	<u>\$ 31,954,343</u>	<u>\$ 41</u>	<u>\$ 3,568,808</u>	<u>\$ 35,523,192</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,202,883	\$ -	\$ -	\$ 2,202,883
Judicial administration	1,048,416	-	-	1,048,416
Public safety	8,697,070	-	-	8,697,070
Public works	1,719,276	-	-	1,719,276
Health and welfare	2,997,451	-	-	2,997,451
Education	13,564,775	-	-	13,564,775
Parks, recreation, and cultural	203,144	-	-	203,144
Community development	754,518	-	-	754,518
Capital projects	11,411,837	-	-	11,411,837
Debt service:				
Principal retirement	1,554,429	-	-	1,554,429
Interest and other fiscal charges	4,377,558	-	-	4,377,558
Total expenditures	<u>\$ 48,531,357</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,531,357</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (16,577,014)</u>	<u>\$ 41</u>	<u>\$ 3,568,808</u>	<u>\$ (13,008,165)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 13,990,875	\$ -	\$ -	\$ 13,990,875
Transfers out	(5,760)	-	(13,990,875)	(13,996,635)
Issuance of equipment purchase agreements	103,383	-	-	103,383
Issuance of leases	53,581	-	-	53,581
Total other financing sources (uses)	<u>\$ 14,142,079</u>	<u>\$ -</u>	<u>\$ (13,990,875)</u>	<u>\$ 151,204</u>
Net change in fund balances	\$ (2,434,935)	\$ 41	\$ (10,422,067)	\$ (12,856,961)
Fund balances - beginning	9,981,575	23,388	71,936,249	81,941,212
Fund balances - ending	<u>\$ 7,546,640</u>	<u>\$ 23,429</u>	<u>\$ 61,514,182</u>	<u>\$ 69,084,251</u>

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

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

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

Net change in fund balances - total governmental funds	\$ (12,856,961)
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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 capital outlays exceeded depreciation expense and transfers in the current period. The following is a summary of items supporting this adjustment:

Capital asset additions	\$ 11,599,287	
Depreciation/amortization expense	(714,034)	
Transfer of joint tenancy assets to Component Unit from Primary Government	<u>(142,751)</u>	10,742,502

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

Property taxes	\$ 48,967	
Opioid settlement	<u>82,063</u>	131,030

The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The following is a summary of items supporting this adjustment:

Principal retirement of county lease revenue bonds	\$ 1,020,000	
Principal retirement of school general obligation bond	430,000	
Principal retirement of equipment purchase agreements	56,292	
Principal retirement of leases	48,137	
Issuance of leases	(53,581)	
Issuance of equipment purchase agreements	<u>(103,383)</u>	1,397,465

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.

The following is a summary of items supporting this adjustment:

Amortization of bond premium	\$ 148,960	
Change in compensated absences	(42,524)	
Pension expense	183,515	
OPEB expense	22,834	
Change in accrued interest payable	<u>1,099,953</u>	1,412,738

Change in net position of governmental activities	<u><u>\$ 826,774</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Lancaster, Virginia
Statement of Net Position
Proprietary Fund
June 30, 2024

	Enterprise Fund
	<u>Sewer</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 35,612
Accounts receivables, net of allowance for uncollectibles	1,375
Total current assets	<u>\$ 36,987</u>
Noncurrent assets:	
Capital assets:	
Buildings and improvements	\$ 918,302
Total assets	<u>\$ 955,289</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 851
Bonds payable - current portion	3,715
Total current liabilities	<u>\$ 4,566</u>
Noncurrent liabilities:	
Bonds payable	\$ 146,739
Total noncurrent liabilities	<u>\$ 146,739</u>
Total liabilities	<u>\$ 151,305</u>
NET POSITION	
Net investment in capital assets	\$ 767,848
Unrestricted	36,136
Total net position	<u><u>\$ 803,984</u></u>

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

County of Lancaster, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2024

	<u>Enterprise Fund</u>
	<u>Sewer</u>
OPERATING REVENUES	
Charges for services:	
Sewer fees	\$ 20,434
Total operating revenues	<u>\$ 20,434</u>
OPERATING EXPENSES	
Repairs and maintenance	\$ 26,531
Other charges	3,165
Depreciation	52,848
Total operating expenses	<u>\$ 82,544</u>
Operating income (loss)	<u>\$ (62,110)</u>
NONOPERATING REVENUES (EXPENSES)	
Connection fees	\$ 6,000
Interest expense	(2,096)
Interest income	72
Total nonoperating revenues (expenses)	<u>\$ 3,976</u>
Income before contributions and transfers	<u>\$ (58,134)</u>
Transfers in	<u>\$ 5,760</u>
Change in net position	\$ (52,374)
Net position - beginning	856,358
Net position - ending	<u><u>\$ 803,984</u></u>

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

County of Lancaster, Virginia
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2024

	<u>Enterprise Fund</u>
	<u>Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 23,473
Payments for operating expenses	(29,007)
Net cash provided by (used for) operating activities	<u>\$ (5,534)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	<u>\$ 5,760</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on bonds	\$ (3,664)
Connection fees	6,000
Interest payments	(2,096)
Net cash provided by (used for) capital and related financing activities	<u>\$ 240</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>\$ 72</u>
Net increase (decrease) in cash and cash equivalents	\$ 538
Cash and cash equivalents - beginning	35,074
Cash and cash equivalents - ending	<u><u>\$ 35,612</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (62,110)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	52,848
(Increase) decrease in accounts receivable	3,039
Increase (decrease) in accounts payable	689
Total adjustments	<u>\$ 56,576</u>
Net cash provided by (used for) operating activities	<u><u>\$ (5,534)</u></u>

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

County of Lancaster, Virginia
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2024

	Custodial <u>Fund</u>
	Special <u>Welfare</u>
ASSETS	
Cash and cash equivalents	\$ 34,878
Total assets	<u>\$ 34,878</u>
NET POSITION	
Restricted for Individuals for Special Welfare	\$ 34,878
Total net position	<u>\$ 34,878</u>

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

County of Lancaster, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2024

**Custodial
Fund**

**Special
Welfare**

ADDITIONS

Participant fees	\$ 4,146
Total additions	<u>\$ 4,146</u>

DEDUCTIONS

Recipient payments	\$ 3,937
Total deductions	<u>\$ 3,937</u>

Net increase (decrease) in fiduciary net position	\$ 209
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Net position - beginning	34,669
Net position - ending	<u><u>\$ 34,878</u></u>

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

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COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2024

Note 1—Summary of Significant Accounting Policies:

The County of Lancaster, Virginia (the "County") is governed by an elected five-member Board of Supervisors. The County provides a full range of services for its citizens. These services include police, refuse disposal, recreational activities, cultural events, education, and social services.

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

Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all 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, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

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

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.

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units on June 30, 2024.

Discretely Presented Component Units. The School Board members are elected by the citizens of Lancaster County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County can approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2024.

The Industrial Development Authority is responsible for industrial and commercial development in the County. The Authority consists of seven members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2024. The Industrial Development Authority does not issue a separate financial report.

The Broadband Authority is responsible for internet access development in the County. The Authority consists of five members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2024. The Broadband Authority does not issue a separate financial report.

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

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

C. Other Related Organizations Included in the County's Financial Report

None

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

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

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

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

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

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

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

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

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

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

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

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

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the General, County Capital Projects and County Special Revenue Funds as major governmental funds.

The General Fund is the primary operating fund of the County. This fund is used to account for and report all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board.

Capital Projects Funds - The County Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

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

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

1. Governmental Funds (Continued)

Special Revenue Funds - Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The County Special Revenue Fund reports the operations of the following activities: Forfeited Asset, Wetlands Special Project, and E-911.

2. Proprietary Funds

Proprietary funds account for operations that are financed in a manner like those found in private business enterprises. The measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary funds consist of Enterprise Funds.

Enterprise Funds

Enterprise funds account for the financing of services to the public where all or most of the operating expenses involved are recorded in the form of charges to users of such services. The only enterprise fund is the Sewer Fund.

3. Fiduciary Fund - (Trust and Custodial Fund) - accounts for assets held by the County in a trustee capacity or as a custodian for individuals, private organizations, other governmental units, or other funds. These funds include Custodial Funds. Custodial Funds utilize the accrual basis of accounting. Fiduciary funds are not included in the government-wide financial statements. The County's Custodial Funds include amounts held for others in a fiduciary capacity, which includes the following fund: Special Welfare.

4. Component Unit

Governmental Funds:

School Operating Fund - This fund is the primary operating fund of the School Board and accounts for all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Lancaster School Board and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

Special Revenue Funds:

School Cafeteria Fund - This fund is the operating fund of the school cafeteria and accounts for all revenues and expenditures applicable to the general operations of the school nutrition system. Revenues are derived primarily from charges for services and state and federal grants. The School Cafeteria Fund is considered a major fund of the School Board for financial reporting purposes.

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

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

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

4. Component Unit (Continued)

Special Revenue Funds: (Continued)

Textbook Fund - This fund accounts for all revenues and expenditures applicable to school textbooks. Revenues are derived primarily from County funding and state grants. The Textbook Fund is considered a major fund of the School Board for financial reporting purposes.

School Activity Fund - School activity funds include all funds received from extracurricular school activities, such as entertainment, athletic contests, club dues, fundraisers, etc., and from all activities of the school involving personnel, students, or property. The School Activity Fund is considered a major fund of the School Board for financial reporting purposes.

E. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits, and short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

F. Investments

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

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

G. Receivables and Payables

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

All trade and property tax receivables are shown net of an 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 \$86,415 on June 30, 2024 is comprised solely of property taxes.

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

G. Receivables and Payables (Continued)

Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	December 5	December 5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

H. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, lease, subscription, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the County and Component Unit School Board as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. For infrastructure asset the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than \$50,000 are reported as capital assets.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	40
Furniture, Vehicles, Office and Computer Equipment	5-20
Lease buildings	5-20
Lease improvements	5-20
Lease equipment	5-10
Buses	10

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

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

I. Leases

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

Lessor

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

Key Estimates and Judgments

Lease arrangement accounting includes estimates and judgments 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 include 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 receivable (lessor) or lease liability (lessee).

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

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

J. 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 as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. No liability is recorded for non-vesting accumulating rights to received sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

K. Pensions

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

L. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, HIC, and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans’ 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.

M. 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.

N. 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/amortization 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.

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

N. Net Position (Continued)

- 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 or grant proceeds) and unrestricted resources. 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 applied. It is the County's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

O. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable 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 next year's taxes 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 next year's taxes are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, and leases are reported as deferred inflows of resources. For more detailed information on the pension item, reference the related notes.

P. Fund Balance

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- 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.

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

P. Fund Balance (Continued)

- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of a resolution 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 resolution remains in place until the resources have been spent for the specified purpose or the Board adopts another resolution 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 generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- 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 types is reported as unassigned.

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

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

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COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

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

P. Fund Balance (Continued)

The details of governmental fund balances, as presented in aggregate on Exhibit 3, are as follows:

	General Fund	Major Special Revenue Fund County Special Revenue Fund	Major Capital Projects Fund County Capital Projects Fund	Total
Fund Balances:				
Nonspendable:				
Prepaid items	\$ 231	\$ -	\$ -	\$ 231
Total Nonspendable	\$ 231	\$ -	\$ -	\$ 231
Restricted:				
Forfeited assets	\$ -	\$ 11,168	\$ -	\$ 11,168
Capital improvements	-	-	57,929,971	57,929,971
Wetlands special project	-	10,409	-	10,409
Total Restricted	\$ -	\$ 21,577	\$ 57,929,971	\$ 57,951,548
Committed:				
Sheriff's K-9 Unit	\$ -	\$ 1,852	\$ -	\$ 1,852
Capital Improvements	-	-	3,584,211	3,584,211
Total Committed	\$ -	\$ 1,852	\$ 3,584,211	\$ 3,586,063
Unassigned	\$ 7,546,409	\$ -	\$ -	\$ 7,546,409
Total	\$ 7,546,640	\$ 23,429	\$ 61,514,182	\$ 69,084,251

Q. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. Bonds payable are reported net of the applicable bond premium or discount.

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

Note 2—Stewardship, Compliance, and Accounting:

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

1. On or before March 30th, 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.
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 fund can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Special Revenue Fund, and County Capital Projects Fund of the primary government and the School Operating Fund, School Cafeteria Fund, and School Textbook Fund of the School Board.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units.
8. All budgetary data presented in the accompanying financial statements is the original budget at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.
9. Expenditures and Appropriations
Expenditures exceeded appropriations in School Operating and School Cafeteria funds at June 30, 2024.

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.

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 3—Deposits and Investments: (Continued)

Investments

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

Credit Risk of Debt Securities

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

County's Rated Debt Investments' Values		
Rated Debt Investments	Fair Quality Rating	
	AAAm	AA+f
Local Government Investment Pool	\$ 7,928	\$ -
VACo/VML Virginia Investment Pool	7,820,483	252,848
State Non-Arbitrage Program	57,929,971	-
Total	\$ 65,758,382	\$ 252,848

External Investment Pools

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

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County has measured fair value of the VACo/VML Virginia Investment Pool investments at net asset value (NAV). There are no withdrawal limitations or restrictions imposed on participants.

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COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 3—Deposits and Investments: (Continued)

Interest Rate Risk

The County invests funds in low-risk investments backed by U. S. government agencies.

Investment Maturities (in years)			
Investment Type	Fair Value	Less Than 1 Year	1-5 Years
Local Government Investment Pool	\$ 7,928	\$ 7,928	\$ -
VACo/VML Virginia Investment Pool	7,820,483	7,567,635	252,848
State Non-Arbitrage Program	57,929,971	57,929,971	-
Total	<u>\$65,758,382</u>	<u>\$65,505,534</u>	<u>\$ 252,848</u>

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COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

Note 4—Due to/from Other Governments:

On June 30, 2024, the County has receivables from other governments as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
County of Lancaster	\$ -	\$ 969,064
Commonwealth of Virginia:		
Local sales tax	473,929	247,324
Welfare	5,269	-
Local jails	16,625	-
Constitutional officer reimbursements	213,987	-
Additional tax on deeds	8,585	-
Auto rental tax	1	-
Mobile home titling tax	8,114	-
Housing	4,170	-
Victim-witness grant	2,796	-
Children's services act	71,018	-
E-911 wireless	8,830	-
Communications tax	33,971	-
Security grant	-	94,362
Federal Government:		
School fund grants	-	212,819
Violence against women	7,230	-
Victim-witness grant	25,874	-
Welfare	50,550	-
Total due from other governments	<u>\$ 930,949</u>	<u>\$ 1,523,569</u>

At June 30, 2024, amounts due to other governmental units are as follows:

Other Local Governments:		
Lancaster County School Board	<u>\$ 969,064</u>	<u>\$ -</u>
Total due to other governments	<u>\$ 969,064</u>	<u>\$ -</u>

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COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

Note 5—Capital Assets:

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

Primary Government:

	Balance July 1, 2023	Adjustments	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
<i>Governmental Activities:</i>						
Capital assets not subject to depreciation/amortization:						
Land and land improvements	\$ 2,754,114	\$ -	\$ 2,754,114	\$ -	\$ -	\$ 2,754,114
Construction in progress	16,183,387	-	16,183,387	10,738,280	-	26,921,667
Total capital assets not subject to depreciation/amortization	\$ 18,937,501	\$ -	\$ 18,937,501	\$ 10,738,280	\$ -	\$ 29,675,781
Capital assets subject to depreciation/amortization:						
Buildings and improvements	\$ 8,067,541	\$ -	\$ 8,067,541	\$ -	\$ -	\$ 8,067,541
Infrastructure	2,649,675	-	2,649,675	103,110	-	2,752,785
Machinery and equipment	4,875,199	-	4,875,199	698,516	-	5,573,715
Lease improvements	155,199	(8,973)	146,226	-	-	146,226
Lease equipment	27,578	8,973	36,551	53,581	8,417	81,715
Jointly owned assets	2,152,048	-	2,152,048	5,800	541,209	1,616,639
Total capital assets subject to depreciation/amortization	\$ 17,927,240	\$ -	\$ 17,927,240	\$ 861,007	\$ 549,626	\$ 18,238,621
Accumulated depreciation/amortization:						
Buildings and improvements	\$ 3,386,681	\$ -	\$ 3,386,681	\$ 177,065	\$ -	\$ 3,563,746
Infrastructure	917,840	-	917,840	152,277	-	1,070,117
Machinery and equipment	4,266,851	-	4,266,851	275,611	-	4,542,462
Lease improvements	65,802	-	65,802	32,902	-	98,704
Lease equipment	17,242	-	17,242	16,828	8,417	25,653
Jointly owned assets	1,565,747	-	1,565,747	59,351	398,458	1,226,640
Total accumulated depreciation/amortization	\$ 10,220,163	\$ -	\$ 10,220,163	\$ 714,034	\$ 406,875	\$ 10,527,322
Total capital assets subject to depreciation/amortization, net	\$ 7,707,077	\$ -	\$ 7,707,077	\$ 146,973	\$ 142,751	\$ 7,711,299
Governmental activities capital assets, net	\$ 26,644,578	\$ -	\$ 26,644,578	\$ 10,885,253	\$ 142,751	\$ 37,387,080

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 5—Capital Assets: (Continued)

Primary Government: (Continued)

A summary of proprietary fund capital assets on June 30, 2024 follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
<i>Business-type activities:</i>				
Capital assets subject to depreciation:				
Buildings and improvements	\$ 1,321,205	\$ -	\$ -	\$ 1,321,205
Accumulated depreciation:				
Buildings and improvements	\$ 350,055	\$ 52,848	\$ -	\$ 402,903
Total capital assets subject to depreciation, net	\$ 971,150	\$ (52,848)	\$ -	\$ 918,302
Business-type activities capital assets, net	\$ 971,150	\$ (52,848)	\$ -	\$ 918,302

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COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 5—Capital Assets: (Continued)

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

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
<i>Component Unit-School Board:</i>				
Capital assets not subject to depreciation/amortization:				
Land and land improvements	\$ 6,271	\$ -	\$ -	\$ 6,271
Construction in progress	1,861,120	531,363	-	2,392,483
Total capital assets not subject to depreciation/amortization	\$ 1,867,391	\$ 531,363	\$ -	\$ 2,398,754
Capital assets subject to depreciation/amortization:				
Buildings and improvements	\$ 1,328,046	\$ 437,124	\$ -	\$ 1,765,170
Machinery and equipment	4,992,685	699,561	-	5,692,246
Lease building	29,011	86,369	29,011	86,369
Lease equipment	18,923	-	-	18,923
Jointly owned assets	17,674,401	-	(541,208)	18,215,609
Total capital assets subject to depreciation/amortization	\$24,043,066	\$1,223,054	\$ (512,197)	\$ 25,778,317
Accumulated depreciation/amortization:				
Buildings and improvements	\$ 112,155	\$ 30,427	\$ -	\$ 142,582
Machinery and equipment	4,213,070	239,256	-	4,452,326
Lease building	27,750	27,652	29,011	26,391
Lease equipment	6,053	6,305	-	12,358
Jointly owned assets	12,935,360	487,436	(398,458)	13,821,254
Total accumulated depreciation/amortization	\$17,294,388	\$ 791,076	\$ (369,447)	\$ 18,454,911
Total capital assets subject to depreciation/amortization, net	\$ 6,748,678	\$ 431,978	\$ (142,750)	\$ 7,323,406
Component unit school board capital assets, net	\$ 8,616,069	\$ 963,341	\$ (142,750)	\$ 9,722,160

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COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 5—Capital Assets: (Continued)

Depreciation/amortization expense was charged to functions/programs as follows:

Primary Government:		
Governmental activities:		
General government administration	\$	95,650
Judicial administration		138,666
Public safety		339,836
Public works		21,163
Health and welfare		16,919
Education		59,350
Parks, recreation and cultural		42,450
		<hr/>
Total Governmental activities	\$	714,034
		<hr/>
Business-type Activities	\$	52,848
		<hr/>
Component Unit School Board	\$	791,076
		<hr/>

Note 6—Interfund Transfers and Due To/Due From Other Funds:

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

Fund	Transfers In	Transfers Out
Primary Government:		
General fund	\$ -	\$ 5,760
Sewer	5,760	-
	<hr/>	<hr/>
Total	\$ 5,760	\$ 5,760
	<hr/>	<hr/>

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.

Amounts due to and from other funds consisted of the following:

Fund	Due to	Due from
Component Unit School Board:		
School operating fund	\$ -	\$ 19,763
School cafeteria fund	19,763	-
	<hr/>	<hr/>
Total	\$ 19,763	\$ 19,763
	<hr/>	<hr/>

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

Note 7—Long-Term Obligations:

Primary Government:

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

	Balance at July 1, 2023	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2024	Amounts Due Within One Year
Governmental Activities Obligations:					
Incurred by County:					
Compensated absences	\$ 300,884	\$ 72,612	\$ 30,088	\$ 343,408	\$ 34,341
Net pension liability	1,335,955	3,715,037	2,881,996	2,168,996	-
Net OPEB liability	310,657	133,621	132,457	311,821	-
Lease liabilities	100,124	53,581	48,137	105,568	50,426
Direct borrowings and placements:					
Lease revenue bonds	7,750,000	-	1,020,000	6,730,000	1,126,000
Bond premium	391,765	-	121,972	269,793	-
Equipment purchase agreements	137,428	103,383	56,292	184,519	55,656
Total incurred by County	<u>\$10,326,813</u>	<u>\$ 4,078,234</u>	<u>\$ 4,290,942</u>	<u>\$10,114,105</u>	<u>\$ 1,266,423</u>
Incurred by School Board:					
Direct borrowings and placements:					
General obligation bonds	\$72,295,000	\$ -	\$ 430,000	\$71,865,000	\$ 445,000
Bond premium	5,299,272	-	26,988	5,272,284	-
Total incurred by School Board	<u>\$77,594,272</u>	<u>\$ -</u>	<u>\$ 456,988</u>	<u>\$77,137,284</u>	<u>\$ 445,000</u>
Total Governmental Activities Obligations	<u>\$87,921,085</u>	<u>\$ 4,078,234</u>	<u>\$ 4,747,930</u>	<u>\$87,251,389</u>	<u>\$ 1,711,423</u>
Business-type Activities Obligations:					
Direct borrowings and placements:					
Revenue bond	\$ 154,118	\$ -	\$ 3,664	\$ 150,454	\$ 3,715
Total Business-type Activities Obligations	<u>\$ 154,118</u>	<u>\$ -</u>	<u>\$ 3,664</u>	<u>\$ 150,454</u>	<u>\$ 3,715</u>
Total Primary Government Obligations	<u>\$88,075,203</u>	<u>\$ 4,078,234</u>	<u>\$ 4,751,594</u>	<u>\$87,401,843</u>	<u>\$ 1,715,138</u>

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COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	County Obligations			
	Direct Borrowings and Direct Placements			
	Lease			
	Revenue Bond		Equipment Purchase Agreements	
	Principal	Interest	Principal	Interest
2025	\$ 1,126,000	\$ 257,947	\$ 55,656	\$ 15,096
2026	368,000	222,114	52,004	10,803
2027	386,000	205,357	40,391	6,644
2028	403,000	187,778	26,438	3,145
2029	426,000	169,288	10,030	760
2030	220,000	155,613	-	-
2031	229,000	147,099	-	-
2032	238,000	138,236	-	-
2033	247,000	129,026	-	-
2034	257,000	119,467	-	-
2035	268,000	109,521	-	-
2036	278,000	99,149	-	-
2037	289,000	88,391	-	-
2038	301,000	77,207	-	-
2039	313,000	65,558	-	-
2040	325,000	53,445	-	-
2041	338,000	40,867	-	-
2042	352,000	27,787	-	-
2043	366,000	14,163	-	-
Total	\$ 6,730,000	\$ 2,308,013	\$ 184,519	\$ 36,448

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COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	School Obligations	
	Direct Borrowings and Placements	
	General Obligation	
	Bonds	
	Principal	Interest
2025	\$ 445,000	\$ 3,317,444
2026	470,000	3,293,693
2027	1,370,000	3,246,845
2028	1,440,000	3,175,893
2029	1,515,000	3,101,279
2030	1,595,000	3,022,751
2031	1,680,000	2,940,058
2032	1,760,000	2,853,197
2033	1,855,000	2,763,844
2034	1,945,000	2,671,819
2035	2,040,000	2,575,273
2036	2,140,000	2,478,252
2037	2,235,000	2,380,759
2038	2,335,000	2,278,566
2039	2,435,000	2,181,524
2040	2,525,000	2,089,702
2041	2,625,000	1,990,953
2042	2,735,000	1,884,750
2043	2,850,000	1,764,522
2044	2,990,000	1,629,750
2045	3,125,000	1,488,346
2046	3,275,000	1,340,059
2047	3,430,000	1,184,445
2048	3,595,000	1,021,126
2049	3,770,000	849,597
2050	3,950,000	669,480
2051	4,135,000	480,521
2052	3,705,000	290,249
2053	3,895,000	98,349
Total	\$ 71,865,000	\$ 59,063,046

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	County Obligations	
	Lease Liabilities	
	Principal	Interest
2025	\$ 50,426	\$ 1,659
2026	28,998	935
2027	12,580	546
2028	11,741	221
2029	1,823	15
Total	<u>\$ 105,568</u>	<u>\$ 3,376</u>

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COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Primary Government: (Continued)

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

Year Ending June 30	Direct Borrowings and Direct Placements	
	<u>Business-type Activities</u>	
	Revenue Bond	
	Principal	Interest
2025	\$ 3,715	\$ 2,045
2026	3,766	1,994
2027	3,818	1,942
2028	3,871	1,889
2029	3,925	1,835
2030	3,979	1,781
2031	4,034	1,726
2032	4,090	1,670
2033	4,146	1,614
2034	4,204	1,556
2035	4,262	1,498
2036	4,321	1,439
2037	4,381	1,379
2038	4,441	1,319
2039	4,503	1,257
2040	4,565	1,195
2041	4,628	1,132
2042	4,692	1,068
2043	4,757	1,003
2044	4,823	937
2045	4,890	870
2046	4,957	803
2047	5,026	734
2048	5,095	665
2049	5,166	594
2050	5,237	523
2051	5,310	450
2052	5,383	377
2053	5,458	302
2054	5,533	227
2055	5,610	150
2056	5,688	72
2057	2,180	7
Total	<u>\$ 150,454</u>	<u>\$36,053</u>

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance	Amount Due Within One Year
Governmental account obligations:						
Compensated absences (payable from the General Fund)					\$ 343,408	\$ 34,341
Net OPEB liability (payable from the General Fund)					\$ 311,821	\$ -
Net pension liability (payable from the General Fund)					\$ 2,168,996	\$ -
Direct borrowings and placements:						
General Obligation Bonds:						
VPSA Bond outstanding \$390,000 plus unamortized premium of \$26,506	0.586%- 5.438%	11/14/10	04/01/26	\$ 2,280,000	\$ 416,506	\$ 190,000
Lease Revenue Refunding Bond outstanding \$1,730,000 plus unamortized premium of \$269,793	5.125%	11/18/20	10/01/28	4,285,000	1,999,793	945,000
VPSA Bond outstanding \$11,870,000 plus unamortized premium of \$874,849	2.05%-5.05%	11/10/20	07/15/50	12,345,000	12,744,849	255,000
VPSA Bond outstanding \$59,605,000 plus unamortized premium of \$4,370,929	4.05%-5.05%	11/09/22	07/15/52	59,605,000	63,975,929	-
Lease Revenue Bond outstanding \$5,000,000	3.87%	11/02/22	02/01/43	5,125,000	5,000,000	181,000
Total General Obligation Bonds					\$ 84,137,077	\$ 1,571,000
Other Long-Term Obligations:						
Equipment Purchase Agreements:						
Equipment Purchase Agreement	5.99%	11/10/20	11/10/24	\$ 27,533	\$ 7,495	\$ 7,495
Equipment Purchase Agreement	6.35%	07/16/21	07/16/25	54,216	28,775	13,945
Equipment Purchase Agreement	7.74%	09/07/22	09/07/26	35,228	21,059	6,503
Equipment Purchase Agreement	8.49%	03/24/23	03/24/27	30,534	23,806	7,298
Equipment Purchase Agreement	9.81%	01/31/24	01/31/28	78,616	59,823	12,927
Equipment Purchase Agreement	7.58%	04/15/24	04/15/29	54,350	43,561	7,488
Total General Equipment Purchase Agreements					\$ 184,519	\$ 55,656
Lease Liabilities:						
Equipment lease - postage equipment	1.45%	11/01/21	02/01/27	\$ 8,973	\$ 4,568	\$ 1,692
Equipment lease - copier	1.17%	07/01/21	02/01/25	5,944	1,505	1,505
Equipment lease - copier	1.34%	07/01/21	03/01/26	5,474	2,055	1,168
Equipment lease - copier	1.17%	07/01/21	12/01/25	7,744	2,624	1,744
Equipment lease - copier	2.88%	07/09/23	07/08/28	38,754	33,272	7,963
Equipment lease - copier	2.43%	02/20/24	02/19/29	14,827	13,632	2,846
Improvement lease - tower site	1.17%	07/01/21	11/01/25	129,202	42,130	29,666
Improvement lease - tower site	1.34%	07/01/21	02/01/26	17,024	5,782	3,842
Total Lease Liabilities					\$ 105,568	\$ 50,426
Total long-term obligations incurred by the County					\$ 10,114,105	\$ 1,266,423
Total long-term obligations incurred by School Board, payable from the General Fund					\$ 77,137,284	\$ 445,000
Total long-term obligations - governmental activities					\$ 87,251,389	\$ 1,711,423
Business-type account obligations:						
Direct borrowings and placements:						
Revenue Bonds:						
Series 2016 Sewer Revenue Bonds	1.38%	12/14/16	12/12/56	\$ 170,000	\$ 150,454	\$ 3,715
Total Revenue Bonds					\$ 150,454	\$ 3,715
Total Direct Borrowings and Placements					\$ 150,454	\$ 3,715
Total long-term obligations - business-type activities					\$ 150,454	\$ 3,715

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 7—Long-Term Obligations: (Continued)

Component Unit - School Board:

	Balance at July 1, 2023	Increases	Decreases	Balance at June 30, 2024	Amounts Due Within One Year
Component Unit-School Board:					
Compensated absences	\$ 431,708	\$ 134,468	\$ 43,171	\$ 523,005	\$ 52,301
Net OPEB liabilities	1,533,572	437,792	669,399	1,301,965	-
Net pension liability	7,391,526	3,955,287	4,260,612	7,086,201	-
Lease liability	11,309	86,369	30,393	67,285	33,343
Total Component Unit-School Board	<u>\$ 9,368,115</u>	<u>\$ 4,613,916</u>	<u>\$ 5,003,575</u>	<u>\$ 8,978,456</u>	<u>\$ 85,644</u>

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

Year Ending June 30	Component Unit School Board	
	Lease Liabilities	
	Principal	Interest
2025	\$ 33,343	\$ 1,413
2026	31,448	534
2027	2,494	6
Total	<u>\$ 67,285</u>	<u>\$ 1,953</u>

Details of Long-term Obligations:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance Business-Type Activities	Amount Due Within One Year
Compensated absences (payable from the School Fund)					\$ 523,005	\$ 52,301
Net OPEB liabilities (payable from the School Fund)					\$ 1,301,965	\$ -
Net pension liability (payable from the School Fund)					\$ 7,086,201	\$ -
<u>Other Long-Term Obligations:</u>						
Lease Liability:						
Equipment lease - copier	0.70%	08/01/21	06/01/26	\$ 29,011	\$ 6,672	\$ 4,697
Building lease	2.85%	08/01/23	07/31/26	86,369	60,613	28,646
Total Lease Liability					\$ 67,285	\$ 33,343
Total long-term obligations - component unit School Board					<u>\$ 8,978,456</u>	<u>\$ 85,644</u>

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

Note 8—Lease Receivable:

The County leases land to a tenant for a cell tower site under a lease contract. In fiscal year 2024, the County recognized lease and interest revenue in the amount of \$13,662 and \$2,658, respectively. A description of the lease is as follows:

Lease Description	Interest Rate	Monthly Installments	Start Date	End Date	Payment Frequency	Ending Balance	Due in 1 Year
Cell Tower Site	2.00%	\$ 1,336	2021	2032	Monthly	<u>\$ 121,337</u>	<u>\$ 13,938</u>

There are no variable payments for the lease receivable above.

Expected future payments at June 30, 2024 are as follows:

Year Ended June 30	Governmental Activities	
	Principal	Interest
2025	\$ 13,938	\$ 2,382
2026	14,220	2,100
2027	14,508	1,812
2028	14,801	1,518
2029	15,101	1,219
2030-2033	48,769	5,630
Total	<u>\$ 121,337</u>	<u>\$ 14,661</u>

Note 9—Unearned and Deferred/Unavailable Revenue:

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

Unavailable Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$817,528 on June 30, 2024.

Unavailable Opioid Settlement Revenue - Unavailable revenue representing opioid settlement income not available for funding of current expenditures totaled \$264,069 on June 30, 2024.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2024 but paid in advance by the taxpayers totaled \$65,259 on June 30, 2024.

Unearned Revenue - Other unearned revenue items totaled \$664,609, of which \$1,746 is unspent federal asset forfeiture funds, and \$662,863 is unspent American Rescue Plan Act funds.

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

Note 10—Contingent Liabilities:

Federal programs in which the County and discretely presented component units participate were audited in accordance with the provisions of Title 2 U. S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of the Uniform Guidance, all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

The County has entered into a contract for Middle School roof and building renovations. The total contract is for \$74,871,762 with \$1,130,729 payable and \$66,711,792 remaining at year-end.

The County has entered into a contract for engineering services. The total contract is for \$339,000 with \$77,466 payable and \$16,800 remaining at year end.

The School Board has entered into a contract for building improvements. The total contract is for \$3,554,647 with \$38,000 payable and \$328,899 remaining on the contract.

Note 11—Litigation:

On June 30, 2024, 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 the County.

Note 12 —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; and natural disasters for which the government carries insurance.

The County is a member of the VACO Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays VACO contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. 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 losses. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

Note 13—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 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 equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

Note 13—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, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>	<u>Component Unit School Board (Nonprofessional)</u>
Inactive members or their beneficiaries currently receiving benefits	76	40
Inactive members:		
Vested inactive members	14	8
Non-vested inactive members	23	18
Inactive members active elsewhere in VRS	56	5
Active members	106	33
Total covered employees	<u>275</u>	<u>104</u>

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 13—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 because of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The County’s contractually required employer contribution rate for the year ended June 30, 2024 was 14.98% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$960,752 and \$891,679 for the years ended June 30, 2024 and June 30, 2023, respectively.

The Component Unit School Board’s contractually employer required contribution rate for Nonprofessional employees for the year ended June 30, 2024 was 8.91% 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 \$74,438 and \$66,260 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net Pension Liability

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

Actuarial Assumptions - General Employees

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

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 13—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

Note 13—Pension Plans: (Continued)

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, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 13—Pension Plans: (Continued)

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

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

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

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

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COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 13—Pension Plans: (Continued)

Long-Term Expected Rate of Return

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

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

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

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 13—Pension Plans: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2023, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 112% of the actuarially determined contribution rate. From July 1, 2023 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2022	\$ 27,625,693	\$ 26,289,738	\$ 1,335,955
Changes for the year:			
Service cost	\$ 934,618	\$ -	\$ 934,618
Interest	1,874,353	-	1,874,353
Differences between expected and actual experience	889,120	-	889,120
Contributions - employer	-	891,667	(891,667)
Contributions - employee	-	291,358	(291,358)
Net investment income	-	1,698,288	(1,698,288)
Benefit payments, including refunds	(1,584,232)	(1,584,232)	-
Administrative expenses	-	(16,946)	16,946
Other changes	-	683	(683)
Net changes	\$ 2,113,859	\$ 1,280,818	\$ 833,041
Balances at June 30, 2023	\$ 29,739,552	\$ 27,570,556	\$ 2,168,996

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 13—Pension Plans: (Continued)

Changes in Net Pension Liability (Asset)

	Component School Board (Nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 4,231,123	\$ 4,184,739	\$ 46,384
Changes for the year:			
Service cost	\$ 84,132	\$ -	\$ 84,132
Interest	281,890	-	281,890
Differences between expected and actual experience	74,508	-	74,508
Contributions - employer	-	66,254	(66,254)
Contributions - employee	-	37,425	(37,425)
Net investment income	-	263,505	(263,505)
Benefit payments, including refunds	(278,217)	(278,217)	-
Administrative expenses	-	(2,713)	2,713
Other changes	-	106	(106)
Net changes	\$ 162,313	\$ 86,360	\$ 75,953
Balances at June 30, 2023	\$ 4,393,436	\$ 4,271,099	\$ 122,337

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's			
Net Pension Liability (Asset)	\$ 5,672,959	\$ 2,168,996	\$ (782,311)
Component Unit School Board's (Nonprofessional)			
Net Pension Liability (Asset)	\$ 611,788	\$ 122,337	\$ (278,709)

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 13—Pension Plans: (Continued)

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

For the year ended June 30, 2024, the County and Component Unit School Board (Nonprofessional) recognized pension expense of \$777,226 and 39,319 respectively. On June 30, 2024, the County and Component Unit School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 577,148	\$ 169,229	\$ 33,343	\$ -
Net difference between projected and actual earnings on pension plan investments	-	406,270	-	65,764
Employer contributions subsequent to the measurement date	960,752	-	74,438	-
Total	\$ 1,537,900	\$ 575,499	\$ 107,781	\$ 65,764

\$960,752 and \$74,438 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (Nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2025	\$ (153,359)	\$ (14,668)
2026	(233,230)	(81,059)
2027	375,803	60,708
2028	12,435	2,598
2029	-	-
Thereafter	-	-

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

Note 13—Pension Plans: (Continued)

Pension Plan Data

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

Component Unit School Board (Professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted because of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employer contribution rate for the year ended June 30, 2024 was 16.62% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,162,202 and \$1,087,694 for the years ended June 30, 2024 and June 30, 2023, respectively.

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

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

On June 30, 2024, the school division reported a liability of \$6,963,864 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2023. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2023, the school division's proportion was 0.06890% as compared to 0.07715% on June 30, 2022.

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 13—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)

For the year ended June 30, 2024, the school division recognized pension expense of \$66.136. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2023 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

On June 30, 2024, 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 \$	598,202	\$ 271,760
Changes of assumptions	315,696	-
Net difference between projected and actual earnings on pension plan investments	-	452,792
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,069	1,286,779
Employer contributions subsequent to the measurement date	<u>1,162,202</u>	<u>-</u>
Total	<u>\$ 2,077,169</u>	<u>\$ 2,011,331</u>

\$1,162,202 reported as deferred outflows of resources related to pensions resulting from the school division's contributions after the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2025	\$ (692,221)
2026	(772,687)
2027	369,823
2028	(1,279)
2029	-

Note 13—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, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

Mortality rates:

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

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COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 13—Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 20120 except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

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

Net Pension Liability

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

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

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 13—Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Net Pension Liability (Continued)

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		\$ 12,344,447	\$ 6,963,864	\$ 2,540,582

Pension Plan Fiduciary Net Position

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

Aggregate Pension Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 1,537,900	\$ 575,499	\$ 2,168,996	\$ 777,226	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	107,781	65,764	122,337	39,319
School Board Professional	-	-	-	-	2,077,169	2,011,331	6,963,864	66,136
Totals	<u>\$ 1,537,900</u>	<u>\$ 575,499</u>	<u>\$ 2,168,996</u>	<u>\$ 777,226</u>	<u>\$ 2,184,950</u>	<u>\$ 2,077,095</u>	<u>\$ 7,086,201</u>	<u>\$ 105,455</u>

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

Note 14—Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

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

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

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

Eligible Employees

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

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 amount is increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,254 as of June 30, 2024.

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the County were \$35,889 and \$33,072 for the years ended June 30, 2024 and June 30, 2023, respectively.

Contributions to the GLI Plan from the Component Unit School Board Professional group were \$40,208 and \$37,757 for the years ended June 30, 2024 and June 30, 2023, respectively. Contributions to the GLI Plan from the Component Unit School Board Nonprofessional group were \$5,011 and \$4,493 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$410.1 million to the Group Life Insurance Plan. This special payment was authorized Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The entity's proportionate share is reflected in the operating grants and contributions of the financial statements.

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

On June 30, 2024, the County reported a liability of \$311,821 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board Professional and Nonprofessional groups reported liabilities of \$356,076 and \$42,336, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2023, the County's proportion was 0.02600% as compared to 0.02579% on June 30, 2022. On June 30, 2023, the Component Unit School Board Professional and Nonprofessional groups' proportion was 0.02969% and 0.03363%, respectively as compared to 0.00353% and 0.00369%, respectively on June 30, 2022.

For the year ended June 30, 2024, the County recognized GLI OPEB expense of \$15,693. For the year ended June 30, 2024, the Component Unit School Board Professional group recognized GLI OPEB expense of (\$12,279). For the year ended June 30, 2024, the Component Unit School Board Nonprofessional group recognized GLI OPEB expense of (\$323). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

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

	Primary Government		Component School Board (Professional)		Component School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience \$	31,143	\$ 9,465	\$ 35,563	\$ 10,809	\$ 4,228	\$ 1,285
Net difference between projected and actual earnings on GLI OPEB plan investments	-	12,531	-	14,309	101	1,701
Change in assumptions	6,665	21,604	7,611	24,670	905	2,933
Changes in proportionate share	11,315	3,866	-	87,038	-	7,934
Employer contributions subsequent to the measurement date	35,889	-	40,208	-	5,011	-
Total	<u>\$ 85,012</u>	<u>\$ 47,466</u>	<u>\$ 83,382</u>	<u>\$ 136,826</u>	<u>\$ 10,245</u>	<u>\$ 13,853</u>

\$35,889, \$40,208, and \$5,011, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board Professional and Nonprofessional group's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

	Primary Government	Component Unit School Board (Professional)	Component Unit School Board (Nonprofessional)
Year Ended June 30			
2025	\$ (1,175)	\$ (29,831)	\$ (2,529)
2026	(11,016)	(39,230)	(4,029)
2027	8,052	(11,335)	(1,309)
2028	2,299	(8,562)	(839)
2029	3,497	(4,694)	87
Thereafter	-	-	-

Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

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

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

Mortality Rates - Teachers

- Pre-Retirement:
 - Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males
- Post-Retirement:
 - Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females
- 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 LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers (Continued)

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

NET GLI OPEB Liability

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

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 14—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

NET GLI OPEB Liability (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.20%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

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

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

Note 14—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, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 462,217	\$ 311,821	\$ 190,226
Component School Board (Professional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 527,816	\$ 356,076	\$ 217,223
Component School Board (Nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 62,755	\$ 42,336	\$ 25,827

GLI Plan Fiduciary Net Position

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

Note 15—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 LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 15—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Employees Covered by Benefit Terms

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	8
Vested inactive members	1
Active members	<u>38</u>
Total covered employees	<u><u>47</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, 2024 was 1.49% 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 to the HIC Plan were \$13,828 and \$12,397 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net HIC OPEB Liability

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

Actuarial Assumptions

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

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 15—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 15—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

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

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 15—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

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

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 119,108	\$ 15,407	\$ 103,701
Changes for the year:			
Service cost	\$ 1,195	\$ -	\$ 1,195
Interest	8,013	-	8,013
Differences between expected and actual experience	(44,472)	-	(44,472)
Contributions - employer	-	12,396	(12,396)
Net investment income	-	1,367	(1,367)
Benefit payments	(3,186)	(3,186)	-
Administrative expenses	-	(39)	39
Net changes	\$ (38,450)	\$ 10,538	\$ (48,988)
Balances at June 30, 2023	\$ 80,658	\$ 25,945	\$ 54,713

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 15—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

The following presents the School Board's HIC Plan 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:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School Board's			
Net HIC OPEB Liability	\$ 62,815	\$ 54,713	\$ 47,737

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

For the year ended June 30, 2024, the School Board's HIC Plan OPEB expense of (\$5,544). At June 30, 2024, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board's HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 37,317
Net difference between projected and actual earnings on HIC OPEB plan investments	218	-
Change in assumptions	1,117	-
Employer contributions subsequent to the measurement date	13,828	-
Total	\$ 15,163	\$ 37,317

Note 15—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

\$13,828 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2025	\$	(13,441)
2026		(13,096)
2027		(9,440)
2028		(5)
2029		-
Thereafter		-

HIC Plan Data

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

Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description (Continued)

The specific information for the Teacher HIC Plan 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 because of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2024 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$90,097 and \$84,535 for the years ended June 30, 2024 and June 30, 2023, respectively.

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

At June 30, 2024, the school division reported a liability of \$848,840 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2023 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2023, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.07010% as compared to 0.07850% on June 30, 2021.

For the year ended June 30, 2024, the school division recognized VRS Teacher Employee HIC OPEB expense of \$16,948. 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.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 37,362
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	426	-
Change of assumptions	19,760	855
Changes in proportionate share and differences between actual and expected contributions	453	206,376
Employer contributions subsequent to the measurement date	<u>90,097</u>	<u>-</u>
Total	<u>\$ 110,736</u>	<u>\$ 244,593</u>

Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

\$90,097 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2025	\$	(52,913)
2026		(51,954)
2027		(44,704)
2028		(36,557)
2029		(22,840)
Thereafter		(14,986)

Actuarial Assumptions

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

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

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

Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Net Teacher Employee HIC OPEB Liability

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

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

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

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COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2024

Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

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

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

Note 16—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2023, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined rate. From July 1, 2023 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those

assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	960,133	\$ 848,840	\$ 754,529

Teacher Employee HIC OPEB Fiduciary Net Position

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

Note 17–Summary of Other Postemployment Benefit Plans:

Aggregate OPEB Information:

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Program (Note 14):								
County	\$ 85,012	\$ 47,466	\$ 311,821	\$ 15,693	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	10,245	13,853	42,336	(323)
School Board Professional	-	-	-	-	83,382	136,826	356,076	(12,279)
Nonprofessional Teacher Health Insurance Credit Program (Note 15)	-	-	-	-	15,163	37,317	54,713	(5,544)
Teacher Health Insurance Credit Program (Note 16)	-	-	-	-	110,736	244,593	848,840	16,948
Totals	\$ 85,012	\$ 47,466	\$ 311,821	\$ 15,693	\$ 219,526	\$ 432,589	\$ 1,301,965	\$ (1,198)

Note 18–Surety Bonds:

	Amount
Division of Risk Management Surety Bond:	
Commonwealth Funds	
Diane H. Mumford, Clerk of the Circuit Court	\$ 110,000
Bonnie J. Dickson, Treasurer	400,000
Marlon Savoy, Commissioner of the Revenue	3,000
Patrick McCranie, Sheriff	30,000
Fidelity and Deposit Company of Maryland-Surety	
All School Board Employees-blanket bond	25,000
VA Risk Pool-Surety	
All Department of Social Services Employees-blanket bond	100,000

Note 19–Jointly Governed Organizations:

The County in conjunction with other localities has created the Middle Peninsula/Northern Neck Community Services Board. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$42,693, for operations to the Middle Peninsula/Northern Neck Community Services Board.

Note 20–Postclosure Costs:

Old County Landfill

The County demonstrated financial assurance requirements for postclosure care and corrective action costs, if any, through the submission of a Local Governmental Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code. In addition, the County closed its landfill in August 1996 and is liable for the postclosure monitoring for a period of ten years. The County's ten-year period has expired but they are still required to complete an annual landfill assurance calculation. The amount reported as landfill postclosure liability on June 30, 2024 represents the estimated liability for postclosure monitoring of \$0 over a period of one year. This amount is based on what it would cost to perform all postclosure care in 2024. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2024

Note 21—Line of Duty Act (LODA) (OPEB Benefits):

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2024 was \$35,178.

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*.

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

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REQUIRED SUPPLEMENTARY INFORMATION

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County of Lancaster, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
General property taxes	\$ 20,280,776	\$ 20,280,776	\$ 20,635,384	\$ 354,608
Other local taxes	3,101,500	3,101,500	3,176,199	74,699
Permits, privilege fees, and regulatory licenses	229,606	229,606	275,389	45,783
Fines and forfeitures	27,800	27,800	38,259	10,459
Revenue from the use of money and property	255,000	255,000	757,237	502,237
Charges for services	524,760	524,760	480,883	(43,877)
Miscellaneous	40,000	40,000	33,103	(6,897)
Recovered costs	36,500	36,500	25,793	(10,707)
Intergovernmental:				
Commonwealth	5,156,602	5,207,922	4,927,044	(280,878)
Federal	1,681,194	1,681,194	1,605,052	(76,142)
Total revenues	\$ 31,333,738	\$ 31,385,058	\$ 31,954,343	\$ 569,285
EXPENDITURES				
Current:				
General government administration	\$ 2,404,274	\$ 2,404,274	\$ 2,202,883	\$ 201,391
Judicial administration	1,034,384	1,085,704	1,048,416	37,288
Public safety	7,742,763	7,995,832	8,697,070	(701,238)
Public works	1,732,651	1,732,651	1,719,276	13,375
Health and welfare	4,927,227	4,927,227	2,997,451	1,929,776
Education	11,963,376	11,963,376	13,564,775	(1,601,399)
Parks, recreation, and cultural	202,995	202,995	203,144	(149)
Community development	778,421	778,421	754,518	23,903
Capital projects	30,794,706	30,794,706	11,411,837	19,382,869
Debt service:				
Principal retirement	1,453,664	1,453,664	1,554,429	(100,765)
Interest and other fiscal charges	772,223	772,223	4,377,558	(3,605,335)
Total expenditures	\$ 63,806,684	\$ 64,111,073	\$ 48,531,357	\$ 15,579,716
Excess (deficiency) of revenues over (under) expenditures	\$ (32,472,946)	\$ (32,726,015)	\$ (16,577,014)	\$ 16,149,001
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 30,740,281	\$ 30,740,281	\$ 13,990,875	\$ (16,749,406)
Transfers out	-	-	(5,760)	(5,760)
Issuance of equipment purchase agreements	-	-	103,383	103,383
Issuance of leases	-	-	53,581	53,581
Total other financing sources (uses)	\$ 30,740,281	\$ 30,740,281	\$ 14,142,079	\$ (16,598,202)
Net change in fund balances	\$ (1,732,665)	\$ (1,985,734)	\$ (2,434,935)	\$ (449,201)
Fund balances - beginning	1,732,665	1,985,734	9,981,575	7,995,841
Fund balances - ending	\$ -	\$ -	\$ 7,546,640	\$ 7,546,640

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County of Lancaster, Virginia
County Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 41	\$ 41
Total revenues	\$ -	\$ -	\$ 41	\$ 41
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 41	\$ 41
Net change in fund balances	\$ -	\$ -	\$ 41	\$ 41
Fund balances - beginning	-	-	23,388	23,388
Fund balances - ending	\$ -	\$ -	\$ 23,429	\$ 23,429

County of Lancaster, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2014 through June 30, 2023

	2023	2022	2021
Total pension liability			
Service cost	\$ 934,618	\$ 773,288	\$ 665,198
Interest	1,874,353	1,825,506	1,660,514
Changes of assumptions	-	-	735,233
Differences between expected and actual experience	889,120	(572,157)	(99,082)
Benefit payments	(1,584,232)	(1,344,388)	(1,237,266)
Net change in total pension liability	\$ 2,113,859	\$ 682,249	\$ 1,724,597
Total pension liability - beginning	27,625,693	26,943,444	25,218,847
Total pension liability - ending (a)	\$ 29,739,552	\$ 27,625,693	\$ 26,943,444
Plan fiduciary net position			
Contributions - employer	\$ 891,667	\$ 748,731	\$ 697,698
Contributions - employee	291,358	309,779	251,379
Net investment income	1,698,288	(30,063)	5,787,528
Benefit payments	(1,584,232)	(1,344,388)	(1,237,266)
Administrator charges	(16,946)	(16,541)	(14,297)
Other	683	618	546
Net change in plan fiduciary net position	\$ 1,280,818	\$ (331,864)	\$ 5,485,588
Plan fiduciary net position - beginning	26,289,738	26,621,602	21,136,014
Plan fiduciary net position - ending (b)	\$ 27,570,556	\$ 26,289,738	\$ 26,621,602
County's net pension liability - ending (a) - (b)	\$ 2,168,996	\$ 1,335,955	\$ 321,842
Plan fiduciary net position as a percentage of the total pension liability	92.71%	95.16%	98.81%
Covered payroll	\$ 6,124,456	\$ 5,611,129	\$ 5,219,068
County's net pension liability as a percentage of covered payroll	35.42%	23.81%	6.17%

2020	2019	2018	2017	2016	2015	2014
\$ 658,310	\$ 601,265	\$ 561,124	\$ 531,038	\$ 531,291	\$ 504,777	\$ 513,722
1,609,757	1,543,490	1,441,221	1,435,694	1,401,918	1,320,944	1,253,422
-	638,465	-	(24,006)	-	-	-
(288,216)	228,160	625,068	(717,360)	(388,741)	248,771	-
(1,218,512)	(1,207,462)	(1,125,384)	(1,167,440)	(956,461)	(878,972)	(726,122)
\$ 761,339	\$ 1,803,918	\$ 1,502,029	\$ 57,926	\$ 588,007	\$ 1,195,520	\$ 1,041,022
24,457,508	22,653,590	21,151,561	21,093,635	20,505,628	19,310,108	18,269,086
\$ 25,218,847	\$ 24,457,508	\$ 22,653,590	\$ 21,151,561	\$ 21,093,635	\$ 20,505,628	\$ 19,310,108
\$ 595,846	\$ 576,229	\$ 499,673	\$ 476,163	\$ 581,264	\$ 573,585	\$ 562,794
244,486	235,193	238,583	241,369	235,664	230,155	222,340
401,401	1,344,689	1,413,013	2,120,458	300,518	767,978	2,278,553
(1,218,512)	(1,207,462)	(1,125,384)	(1,167,440)	(956,461)	(878,972)	(726,122)
(13,763)	(13,412)	(12,287)	(12,468)	(10,836)	(10,432)	(12,131)
(2,853)	(844)	(1,253)	(1,875)	(129)	(160)	120
\$ 6,605	\$ 934,393	\$ 1,012,345	\$ 1,656,207	\$ 150,020	\$ 682,154	\$ 2,325,554
21,129,409	20,195,016	19,182,671	17,526,464	17,376,444	16,694,290	14,368,736
\$ 21,136,014	\$ 21,129,409	\$ 20,195,016	\$ 19,182,671	\$ 17,526,464	\$ 17,376,444	\$ 16,694,290
\$ 4,082,833	\$ 3,328,099	\$ 2,458,574	\$ 1,968,890	\$ 3,567,171	\$ 3,129,184	\$ 2,615,818
83.81%	86.39%	89.15%	90.69%	83.09%	84.74%	86.45%
\$ 5,099,502	\$ 4,893,552	\$ 4,899,898	\$ 4,640,146	\$ 4,553,321	\$ 4,471,202	\$ 4,304,657
80.06%	68.01%	50.18%	42.43%	78.34%	69.99%	60.77%

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

	2023	2022	2021
Total pension liability			
Service cost	\$ 84,132	\$ 77,314	\$ 89,059
Interest	281,890	276,469	259,682
Changes of assumptions	-	-	91,928
Differences between expected and actual experience	74,508	(34,484)	(56,556)
Benefit payments	(278,217)	(213,386)	(212,090)
Net change in total pension liability	\$ 162,313	\$ 105,913	\$ 172,023
Total pension liability - beginning	4,231,123	4,125,210	3,953,187
Total pension liability - ending (a)	\$ 4,393,436	\$ 4,231,123	\$ 4,125,210
Plan fiduciary net position			
Contributions - employer	\$ 66,254	\$ 74,214	\$ 77,137
Contributions - employee	37,425	36,831	38,323
Net investment income	263,505	(4,253)	938,645
Benefit payments	(278,217)	(213,386)	(212,090)
Administrator charges	(2,713)	(2,681)	(2,368)
Other	106	98	88
Net change in plan fiduciary net position	\$ 86,360	\$ (109,177)	\$ 839,735
Plan fiduciary net position - beginning	4,184,739	4,293,916	3,454,181
Plan fiduciary net position - ending (b)	\$ 4,271,099	\$ 4,184,739	\$ 4,293,916
School Division's net pension liability - ending (a) - (b)	\$ 122,337	\$ 46,384	\$ (168,706)
Plan fiduciary net position as a percentage of the total pension liability	97.22%	98.90%	104.09%
Covered payroll	\$ 832,008	\$ 802,907	\$ 812,911
School Division's net pension liability as a percentage of covered payroll	14.70%	5.78%	-20.75%

2020	2019	2018	2017	2016	2015	2014
\$ 93,728	\$ 91,562	\$ 97,277	\$ 89,641	\$ 91,102	\$ 88,092	\$ 94,669
248,843	237,309	227,405	227,049	210,460	198,993	187,434
-	92,952	-	(38,882)	-	-	-
10,103	17,182	(71,087)	(155,676)	59,648	4,221	-
(172,095)	(113,057)	(111,163)	(122,916)	(125,526)	(129,468)	(104,491)
\$ 180,579	\$ 325,948	\$ 142,432	\$ (784)	\$ 235,684	\$ 161,838	\$ 177,612
3,772,608	3,446,660	3,304,228	3,305,012	3,069,328	2,907,490	2,729,878
<u>\$ 3,953,187</u>	<u>\$ 3,772,608</u>	<u>\$ 3,446,660</u>	<u>\$ 3,304,228</u>	<u>\$ 3,305,012</u>	<u>\$ 3,069,328</u>	<u>\$ 2,907,490</u>
\$ 76,747	\$ 76,492	\$ 82,593	\$ 83,849	\$ 90,270	\$ 89,468	\$ 95,208
42,645	42,562	41,118	41,507	41,274	41,189	38,144
65,367	217,515	221,781	327,027	46,922	114,353	338,585
(172,095)	(113,057)	(111,163)	(122,916)	(125,526)	(129,468)	(104,491)
(2,226)	(2,082)	(1,868)	(1,849)	(1,602)	(1,541)	(1,785)
(78)	(137)	(200)	(292)	(19)	(26)	18
\$ 10,360	\$ 221,293	\$ 232,261	\$ 327,326	\$ 51,319	\$ 113,975	\$ 365,679
3,443,821	3,222,528	2,990,267	2,662,941	2,611,622	2,497,647	2,131,968
<u>\$ 3,454,181</u>	<u>\$ 3,443,821</u>	<u>\$ 3,222,528</u>	<u>\$ 2,990,267</u>	<u>\$ 2,662,941</u>	<u>\$ 2,611,622</u>	<u>\$ 2,497,647</u>
\$ 499,006	\$ 328,787	\$ 224,132	\$ 313,961	\$ 642,071	\$ 457,706	\$ 409,843
87.38%	91.28%	93.50%	90.50%	80.57%	85.09%	85.90%
\$ 895,606	\$ 882,678	\$ 850,536	\$ 850,716	\$ 853,609	\$ 841,096	\$ 762,880
55.72%	37.25%	26.35%	36.91%	75.22%	54.42%	53.72%

County of Lancaster, Virginia

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

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

Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
(1)	(2)	(3)	(4)	(5)	(6)
2023	0.06890% \$	6,963,864 \$	6,986,354	99.68%	82.45%
2022	0.07715%	7,345,142	7,316,164	100.40%	82.61%
2021	0.07755%	6,020,282	7,003,596	85.96%	85.46%
2020	0.08312%	12,096,143	7,475,016	161.82%	71.47%
2019	0.09084%	11,955,060	7,813,034	153.01%	73.51%
2018	0.09483%	11,152,000	7,774,073	143.45%	74.81%
2017	0.09644%	11,861,000	7,718,889	153.66%	72.92%
2016	0.09729%	13,634,000	7,438,235	183.30%	68.28%
2015	0.09889%	12,447,000	7,358,567	169.15%	70.68%
2014	0.09898%	11,962,000	7,245,215	165.10%	70.88%

County of Lancaster, Virginia
Schedule of Employer Contributions
Pension Plans

For the Years Ended June 30, 2014 through June 30, 2024

Date	Contractually Required Contribution*	Contributions in Relation to Contractually Required Contribution*	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
(1)	(2)	(3)	(4)	(5)	
Primary Government					
2024	\$ 960,752	\$ 960,752	\$ -	\$ 6,642,414	14.46%
2023	891,679	891,679	-	6,124,456	14.56%
2022	748,709	748,709	-	5,611,129	13.34%
2021	693,781	693,781	-	5,219,068	13.29%
2020	595,846	595,846	-	5,099,502	11.68%
2019	576,371	576,371	-	4,893,552	11.78%
2018	499,262	499,262	-	4,899,898	10.19%
2017	476,163	476,163	-	4,640,146	10.26%
2016	581,264	581,264	-	4,553,321	12.77%
2015	573,585	573,585	-	4,471,202	12.83%
Component Unit School Board (nonprofessional)					
2024	\$ 74,438	\$ 74,438	\$ -	\$ 928,020	8.02%
2023	66,260	66,260	-	832,008	7.96%
2022	74,752	74,752	-	802,907	9.31%
2021	77,298	77,298	-	812,911	9.51%
2020	76,940	76,940	-	895,606	8.59%
2019	76,594	76,594	-	882,678	8.68%
2018	82,760	82,760	-	850,536	9.73%
2017	83,849	83,849	-	850,716	9.86%
2016	90,270	90,270	-	853,609	10.58%
2015	89,468	89,468	-	841,096	10.64%
Component Unit School Board (professional)					
2024	\$ 1,162,202	\$ 1,162,202	\$ -	\$ 7,446,007	15.61%
2023	1,087,694	1,087,694	-	6,986,354	15.57%
2022	1,146,164	1,146,164	-	7,316,164	15.67%
2021	1,097,148	1,097,148	-	7,003,596	15.67%
2020	1,104,482	1,104,482	-	7,475,016	14.78%
2019	1,162,061	1,162,061	-	7,813,034	14.87%
2018	1,224,853	1,224,853	-	7,774,073	15.76%
2017	1,097,411	1,097,411	-	7,718,889	14.22%
2016	1,155,374	1,155,374	-	7,438,235	15.53%
2015	1,066,056	1,066,056	-	7,358,567	14.49%

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

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

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

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

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

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

County of Lancaster, Virginia

Schedule of County's Share of Net OPEB Liability

Group Life Insurance (GLI) Plan

For the Measurement Dates of June 30, 2017 through June 30, 2023

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government:					
2023	0.02600% \$	311,821 \$	6,124,456	5.09%	69.30%
2022	0.02579%	310,657	5,611,129	5.54%	67.21%
2021	0.02530%	294,328	5,219,068	5.64%	67.45%
2020	0.02480%	413,538	5,099,502	8.11%	52.64%
2019	0.02496%	406,166	4,893,552	8.30%	52.00%
2018	0.02580%	392,000	4,905,271	7.99%	51.22%
2017	0.02518%	379,000	4,645,089	8.16%	48.86%
Component Unit School Board (nonprofessional):					
2023	0.00353% \$	42,336 \$	832,008	5.09%	69.30%
2022	0.00369%	44,431	802,907	5.53%	67.21%
2021	0.00390%	45,872	812,911	5.64%	67.45%
2020	0.00440%	72,594	895,606	8.11%	52.64%
2019	0.00450%	73,227	882,678	8.30%	52.00%
2018	0.00447%	68,000	850,536	7.99%	51.22%
2017	0.00461%	70,000	850,716	8.23%	48.86%
Component Unit School Board (professional):					
2023	0.02969% \$	356,076 \$	6,992,106	5.09%	69.30%
2022	0.03363%	404,938	7,316,164	5.53%	67.21%
2021	0.03390%	394,921	7,003,596	5.64%	67.45%
2020	0.03640%	607,957	7,496,533	8.11%	52.64%
2019	0.03980%	647,652	7,802,088	8.30%	52.00%
2018	0.04088%	621,000	7,774,073	7.99%	51.22%
2017	0.04185%	629,000	7,718,889	8.15%	48.86%

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

County of Lancaster, Virginia

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

For the Years Ended June 30, 2014 through June 30, 2024

Date		Contractually Required Contribution (1)		Contributions in Relation to Contractually Required Contribution (2)		Contribution Deficiency (Excess) (3)		Employer's Covered Payroll (4)		Contributions as a % of Covered Payroll (5)
Primary Government:										
2024	\$	35,889	\$	35,889	\$	-	\$	6,646,025		0.54%
2023		33,072		33,072		-		6,124,456		0.54%
2022		30,300		30,300		-		5,611,129		0.54%
2021		28,183		28,183		-		5,219,068		0.54%
2020		26,517		26,517		-		5,099,502		0.52%
2019		25,446		25,446		-		4,893,552		0.52%
2018		25,507		25,507		-		4,905,271		0.52%
2017		24,154		24,154		-		4,645,089		0.52%
2016		21,963		21,963		-		4,575,564		0.48%
2015		21,476		21,476		-		4,474,101		0.48%
Component Unit School Board (nonprofessional):										
2024	\$	5,011	\$	5,011	\$	-	\$	928,020		0.54%
2023		4,493		4,493		-		832,008		0.54%
2022		4,336		4,336		-		802,907		0.54%
2021		4,390		4,390		-		812,911		0.54%
2020		4,657		4,657		-		895,606		0.52%
2019		4,590		4,590		-		882,678		0.52%
2018		4,423		4,423		-		850,536		0.52%
2017		4,424		4,424		-		850,716		0.52%
2016		4,140		4,140		-		862,531		0.48%
2015		4,037		4,037		-		841,096		0.48%
Component Unit School Board (professional):										
2024	\$	40,208	\$	40,208	\$	-	\$	7,446,007		0.54%
2023		37,757		37,757		-		6,992,106		0.54%
2022		39,507		39,507		-		7,316,164		0.54%
2021		37,819		37,819		-		7,003,596		0.54%
2020		38,982		38,982		-		7,496,533		0.52%
2019		40,571		40,571		-		7,802,088		0.52%
2018		40,704		40,704		-		7,774,073		0.52%
2017		40,138		40,138		-		7,718,889		0.52%
2016		35,704		35,704		-		7,438,235		0.48%
2015		35,321		35,321		-		7,358,567		0.48%

County of Lancaster, Virginia

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

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

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Lancaster, Virginia

Schedule of Changes in the School Board's Net OPEB Liability and Related Ratios

Health Insurance Credit (HIC) Plan - Nonprofessional

For the Measurement Dates of June 30, 2020 through June 30, 2023

	2023	2022	2021	2020
Total HIC OPEB Liability				
Service cost	\$ 1,195	\$ 2,780	\$ 1,941	\$ -
Interest	8,013	8,259	7,300	-
Changes in benefit terms	-	-	-	108,146
Differences between expected and actual experience	(44,472)	(10,134)	-	-
Changes of assumptions	-	240	3,798	-
Benefit payments	(3,186)	(3,222)	-	-
Net change in total HIC OPEB liability	\$ (38,450)	\$ (2,077)	\$ 13,039	\$ 108,146
Total HIC OPEB Liability - beginning	119,108	121,185	108,146	-
Total HIC OPEB Liability - ending (a)	\$ 80,658	\$ 119,108	\$ 121,185	\$ 108,146
Plan fiduciary net position				
Contributions - employer	\$ 12,396	\$ 8,752	\$ 8,861	\$ -
Net investment income	1,367	(142)	1,225	-
Benefit payments	(3,186)	(3,222)	-	-
Administrator charges	(39)	(28)	(39)	-
Net change in plan fiduciary net position	\$ 10,538	\$ 5,360	\$ 10,047	\$ -
Plan fiduciary net position - beginning	15,407	10,047	-	-
Plan fiduciary net position - ending (b)	\$ 25,945	\$ 15,407	\$ 10,047	\$ -
School Board's net HIC OPEB liability - ending (a) - (b)	\$ 54,713	\$ 103,701	\$ 111,138	\$ 108,146
Plan fiduciary net position as a percentage of the total HIC OPEB liability	32.17%	12.94%	8.29%	0.00%
Covered payroll	\$ 832,008	\$ 802,907	\$ 812,911	\$ -
School Board's net HIC OPEB liability as a percentage of covered payroll	6.58%	12.92%	13.67%	0.00%

Schedule is intended to show information for 10 years. Information prior to the 2020 valuation is not available. However, additional years will be included as they become available.

County of Lancaster, Virginia

Schedule of Employer Contributions

Health Insurance Credit (HIC) Plan - Nonprofessional

For the Years Ended June 30, 2021 through June 30, 2024

Date	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)		
	(1)	(2)	(3)	(4)	(5)
2024	\$ 13,828	\$ 13,828	\$ -	\$ 928,020	1.49%
2023	12,397	12,397	-	832,008	1.49%
2022	8,752	8,752	-	802,907	1.09%
2021	8,861	8,861	-	812,911	1.09%

Schedule is intended to show information for 10 years. 2021 was the initial year of plan participation.

County of Lancaster, Virginia

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

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

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

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to 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 Lancaster, Virginia

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

Date	Employer's Proportion of the Net HIC OPEB Liability (Asset)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	Employer's Covered Payroll	Employer's	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability
				Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	
(1)	(2)	(3)	(4)	(5)	(6)
2023	0.07010% \$	848,840 \$	6,986,354	12.15%	17.90%
2022	0.07850%	980,502	7,316,164	13.40%	15.08%
2021	0.07919%	1,016,459	7,003,596	14.51%	13.15%
2020	0.08527%	1,112,361	7,475,016	14.88%	9.95%
2019	0.09249%	1,210,784	7,757,454	15.61%	8.97%
2018	0.09613%	1,221,000	7,774,073	15.71%	8.08%
2017	0.09775%	1,240,000	7,714,656	16.07%	7.04%

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

County of Lancaster, Virginia
Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2014 through June 30, 2024

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2024	\$ 90,097	\$ 90,097	\$ -	\$ 7,446,007	1.21%
2023	84,535	84,535	-	6,986,354	1.21%
2022	88,526	88,526	-	7,316,164	1.21%
2021	84,744	84,744	-	7,003,596	1.21%
2020	89,700	89,700	-	7,475,016	1.20%
2019	93,089	93,089	-	7,757,454	1.20%
2018	95,543	95,543	-	7,774,073	1.23%
2017	85,633	85,633	-	7,714,656	1.11%
2016	78,634	78,634	-	7,418,330	1.06%
2015	77,932	77,932	-	7,352,112	1.06%
2014	80,343	80,343	-	7,238,082	1.11%

County of Lancaster, Virginia

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

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

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

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

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OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES*

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County of Lancaster, Virginia
County Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ 32,000	\$ 32,000	\$ 3,568,808	\$ 3,536,808
Total revenues	\$ 32,000	\$ 32,000	\$ 3,568,808	\$ 3,536,808
Excess (deficiency) of revenues over (under) expenditures	\$ 32,000	\$ 32,000	\$ 3,568,808	\$ 3,536,808
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (30,740,281)	\$ (30,740,281)	\$ (13,990,875)	\$ 16,749,406
Total other financing sources (uses)	\$ (30,740,281)	\$ (30,740,281)	\$ (13,990,875)	\$ 16,749,406
Net change in fund balances	\$ (30,708,281)	\$ (30,708,281)	\$ (10,422,067)	\$ 20,286,214
Fund balances - beginning	30,708,281	30,708,281	71,936,249	41,227,968
Fund balances - ending	\$ -	\$ -	\$ 61,514,182	\$ 61,514,182

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*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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County of Lancaster, Virginia
Combining Balance Sheet - Governmental Funds
Discretely Presented Component Unit - School Board
June 30, 2024

	School Operating Fund	School Cafeteria Fund	Textbook Fund	School Activity Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ -	\$ 202,652	\$ 578,529	\$ 329,397	\$ 1,110,578
Receivables (net of allowance for uncollectibles):					
Accounts receivable	171,900	-	-	-	171,900
Due from other funds	19,763	-	-	-	19,763
Due from other governmental units	1,523,569	-	-	-	1,523,569
Total assets	<u>\$ 1,715,232</u>	<u>\$ 202,652</u>	<u>\$ 578,529</u>	<u>\$ 329,397</u>	<u>\$ 2,825,810</u>
LIABILITIES					
Accounts payable	\$ 458,537	\$ 29,501	\$ -	\$ -	\$ 488,038
Accrued liabilities	527,953	64,768	-	-	592,721
Retainage payable	169,777	-	-	-	169,777
Due to other funds	-	19,763	-	-	19,763
Total liabilities	<u>\$ 1,156,267</u>	<u>\$ 114,032</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,270,299</u>
FUND BALANCES					
Committed	\$ 558,965	\$ 88,620	\$ 578,529	\$ 329,397	\$ 1,555,511
Total fund balances	<u>\$ 558,965</u>	<u>\$ 88,620</u>	<u>\$ 578,529</u>	<u>\$ 329,397</u>	<u>\$ 1,555,511</u>
Total liabilities and fund balances	<u>\$ 1,715,232</u>	<u>\$ 202,652</u>	<u>\$ 578,529</u>	<u>\$ 329,397</u>	<u>\$ 2,825,810</u>

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total fund balances per above		\$ 1,555,511
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, cost	\$ 28,177,071	
Accumulated depreciation	<u>(18,454,911)</u>	9,722,160
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 2,184,950	
OPEB related items	<u>219,526</u>	2,404,476
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	\$ (523,005)	
Lease liability	(67,285)	
Net OPEB liabilities	(1,301,965)	
Net pension liability	<u>(7,086,201)</u>	(8,978,456)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (2,077,095)	
OPEB related items	<u>(432,589)</u>	(2,509,684)
Net position (deficit) of governmental activities		<u>\$ 2,194,007</u>

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

	School Operating Fund	School Cafeteria Fund	Textbook Fund	School Activity Fund	Total Governmental Funds
REVENUES					
Revenue from the use of money and property	\$ 1,065	\$ 1,551	\$ -	\$ -	\$ 2,616
Charges for services	-	10,919	-	-	10,919
Miscellaneous	150,428	1,326	-	475,356	627,110
Recovered costs	143,880	-	-	-	143,880
Intergovernmental:					
Local government	13,557,014	-	-	-	13,557,014
Commonwealth	4,837,322	9,878	24,967	-	4,872,167
Federal	1,388,321	607,559	-	-	1,995,880
Total revenues	<u>\$ 20,078,030</u>	<u>\$ 631,233</u>	<u>\$ 24,967</u>	<u>\$ 475,356</u>	<u>\$ 21,209,586</u>
EXPENDITURES					
Current:					
Education	\$ 19,573,178	\$ 662,044	\$ 108,534	\$ 471,378	\$ 20,815,134
Debt service:					
Principal retirement	30,393	-	-	-	30,393
Interest and other fiscal charges	1,863	-	-	-	1,863
Total expenditures	<u>\$ 19,605,434</u>	<u>\$ 662,044</u>	<u>\$ 108,534</u>	<u>\$ 471,378</u>	<u>\$ 20,847,390</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 472,596</u>	<u>\$ (30,811)</u>	<u>\$ (83,567)</u>	<u>\$ 3,978</u>	<u>\$ 362,196</u>
OTHER FINANCING SOURCES (USES)					
Issuance of leases	\$ 86,369	\$ -	\$ -	\$ -	\$ 86,369
Total other financing sources and uses	<u>\$ 86,369</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,369</u>
Net change in fund balances	\$ 558,965	\$ (30,811)	\$ (83,567)	\$ 3,978	\$ 448,565
Fund balances - beginning	-	119,431	662,096	325,419	1,106,946
Fund balances - ending	<u>\$ 558,965</u>	<u>\$ 88,620</u>	<u>\$ 578,529</u>	<u>\$ 329,397</u>	<u>\$ 1,555,511</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 \$ 448,565

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 capital outlays exceeded depreciation in the current period. The following is a summary of items supporting this adjustment:

Capital asset additions	\$ 1,754,417	
Depreciation expense	(791,076)	
Transfer of joint tenancy assets to Component Unit from Primary Government	<u>142,751</u>	1,106,092

Special contributions received from the Commonwealth for the teacher cost sharing pool are not reported in the governmental funds. 101,598

The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The following is a summary of items supporting this adjustment:

Principal retirement of leases	\$ 30,393	
Issuance of lease liabilities	<u>(86,369)</u>	(55,976)

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	\$ (91,297)	
Pension expense	1,131,180	
OPEB expense	<u>156,520</u>	1,196,403

Change in net position of governmental activities \$ 2,796,682

County of Lancaster, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2024

	School Operating Fund			School Cafeteria Fund			Textbook Fund		
	Budgeted Amounts		Variance with Final Budget Positive (Negative)	Budgeted Amounts		Variance with Final Budget Positive (Negative)	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original	Final		Original	Final		Original	Final	
REVENUES									
Revenue from the use of money and property	\$ 2,000	\$ 2,000	\$ 1,065	\$ (935)	\$ 100	\$ 1,551	\$ -	\$ -	\$ -
Charges for services	4,500	4,500	-	(4,500)	85,000	10,919	-	-	-
Miscellaneous	6,749	6,750	150,428	143,678	-	1,326	-	-	-
Recovered costs	165,000	165,000	143,880	(21,120)	-	-	-	-	-
Intergovernmental:									
Local government	11,857,124	11,857,124	13,557,014	1,699,890	-	-	-	98,491	(98,491)
Commonwealth	4,467,401	5,489,107	4,837,322	(651,785)	8,793	9,878	24,887	24,887	80
Federal	966,602	966,602	1,388,321	421,719	453,494	607,559	-	-	-
Total revenues	\$ 17,469,376	\$ 18,491,083	\$ 20,078,030	\$ 1,586,947	\$ 518,893	\$ 631,233	\$ 123,378	\$ 123,378	\$ (98,411)
EXPENDITURES									
Current:									
Education	\$ 17,469,376	\$ 18,762,083	\$ 19,573,178	\$ (811,095)	\$ 518,893	\$ 662,044	\$ 123,378	\$ 123,378	\$ 14,844
Debt service:									
Principal retirement	-	-	30,393	(30,393)	-	-	-	-	-
Interest and other fiscal charges	-	-	1,863	(1,863)	-	-	-	-	-
Total expenditures	\$ 17,469,376	\$ 18,762,083	\$ 19,605,434	\$ (843,351)	\$ 518,893	\$ 662,044	\$ 123,378	\$ 123,378	\$ 14,844
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (271,000)	\$ 472,596	\$ 743,596	\$ -	\$ (30,811)	\$ -	\$ (83,567)	\$ (83,567)
OTHER FINANCING SOURCES (USES)									
Issuance of leases	\$ -	\$ -	\$ 86,369	\$ 86,369	\$ -	\$ -	\$ -	\$ -	\$ -
Total other financing sources and uses	\$ -	\$ -	\$ 86,369	\$ 86,369	\$ -	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ (271,000)	\$ 558,965	\$ 829,965	\$ -	\$ (30,811)	\$ -	\$ (83,567)	\$ (83,567)
Fund balances - beginning	-	-	-	-	-	119,431	-	662,096	662,096
Fund balances - ending	\$ -	\$ (271,000)	\$ 558,965	\$ 829,965	\$ -	\$ 88,620	\$ -	\$ 578,529	\$ 578,529

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*DISCRETELY PRESENTED COMPONENT UNIT
INDUSTRIAL DEVELOPMENT AUTHORITY*

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County of Lancaster, Virginia
Statement of Net Position
Discretely Presented Component Unit - Industrial Development Authority
June 30, 2024

ASSETS	
Cash and cash equivalents	\$ 94,728
Total assets	<u>\$ 94,728</u>
NET POSITION	
Unrestricted	\$ 94,728
Total net position	<u><u>\$ 94,728</u></u>

County of Lancaster, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2024

OPERATING REVENUES

Charges for services:

Bond fees	\$ 6,668
Total operating revenues	<u>\$ 6,668</u>
Operating income (loss)	<u>\$ 6,668</u>

NONOPERATING REVENUES (EXPENSES)

Interest income	\$ 2,090
Sale of property	60,000
Grants to small businesses	<u>(37,000)</u>
Total nonoperating revenues (expenses)	<u>\$ 25,090</u>
Income before contributions and transfers	31,758
Change in net position	\$ 31,758
Net position - beginning	62,970
Net position - ending	<u><u>\$ 94,728</u></u>

County of Lancaster, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 6,668
Net cash provided by (used for) operating activities	<u>\$ 6,668</u>

**CASH FLOWS FROM NONCAPITAL FINANCING
ACTIVITIES**

Grants to small businesses	<u>\$ (37,000)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sales and maturities of investments	
Sale of property	\$ 60,000
Interest income	<u>2,090</u>

Net cash provided by (used for) investing activities	<u>\$ 62,090</u>
--	------------------

Net increase (decrease) in cash and cash equivalents	\$ 31,758
--	-----------

Cash and cash equivalents - beginning	62,970
Cash and cash equivalents - ending	<u><u>\$ 94,728</u></u>

Reconciliation of operating income (loss) to net cash
provided by operating activities:

Operating income (loss)	\$ 6,668
Net cash provided (used) by operating activities	<u><u>\$ 6,668</u></u>

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*DISCRETELY PRESENTED COMPONENT UNIT
BROADBAND AUTHORITY*

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County of Lancaster, Virginia
Statement of Net Position
Discretely Presented Component Unit - Broadband Authority
June 30, 2024

ASSETS

Cash and cash equivalents	\$ 66,706
Total assets	<u>\$ 66,706</u>

NET POSITION

Unrestricted	\$ 66,706
Total net position	<u><u>\$ 66,706</u></u>

County of Lancaster, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Broadband Authority
For the Year Ended June 30, 2024

OPERATING REVENUES

Charges for services:

Other revenues	\$ 25,527
Total operating revenues	<u>\$ 25,527</u>

OPERATING EXPENSES

Other expenses	\$ 100
Total operating expenses	<u>\$ 100</u>

Change in net position	\$ 25,427
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Net position - beginning	<u>41,279</u>
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Net position - ending	<u><u>\$ 66,706</u></u>
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County of Lancaster, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Broadband Authority
For the Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 25,527
Payments for operating activities	(100)
Net cash provided by (used for) operating activities	<u>\$ 25,427</u>
Net increase (decrease) in cash and cash equivalents	\$ 25,427
Cash and cash equivalents - beginning	41,279
Cash and cash equivalents - ending	<u><u>\$ 66,706</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 25,427
Net cash provided (used) by operating activities	<u><u>\$ 25,427</u></u>

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SUPPORTING SCHEDULES

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County of Lancaster, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 1
Page 1 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 16,933,042	\$ 16,933,042	\$ 16,967,343	\$ 34,301
Real and personal public service corporation taxes	549,476	549,476	480,296	(69,180)
Personal property taxes	2,313,258	2,313,258	2,645,798	332,540
Mobile home taxes	28,000	28,000	28,572	572
Machinery and tools taxes	7,000	7,000	12,528	5,528
Merchant's capital taxes	120,000	120,000	140,064	20,064
Penalties	230,000	230,000	256,646	26,646
Interest	100,000	100,000	104,137	4,137
Total general property taxes	\$ 20,280,776	\$ 20,280,776	\$ 20,635,384	\$ 354,608
Other local taxes:				
Local sales and use taxes	\$ 2,400,000	\$ 2,400,000	\$ 2,535,516	\$ 135,516
Consumption tax	45,000	45,000	41,661	(3,339)
Motor vehicle licenses	205,000	205,000	211,724	6,724
Bank stock taxes	50,000	50,000	35,051	(14,949)
Taxes on recordation and wills	330,000	330,000	231,410	(98,590)
Tobacco taxes	50,000	50,000	44,432	(5,568)
Hotel and motel room taxes	21,500	21,500	76,405	54,905
Total other local taxes	\$ 3,101,500	\$ 3,101,500	\$ 3,176,199	\$ 74,699
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 5,000	\$ 5,000	\$ 5,368	\$ 368
Land use application fees	2,500	2,500	925	(1,575)
Transfer fees	1,000	1,000	853	(147)
Permits and other licenses	221,106	221,106	268,243	47,137
Total permits, privilege fees, and regulatory licenses	\$ 229,606	\$ 229,606	\$ 275,389	\$ 45,783
Fines and forfeitures:				
Court fines and forfeitures	\$ 27,800	\$ 27,800	\$ 38,259	\$ 10,459
Revenue from use of money and property:				
Revenue from use of money	\$ 180,000	\$ 180,000	\$ 687,444	\$ 507,444
Revenue from use of property	75,000	75,000	69,793	(5,207)
Total revenue from use of money and property	\$ 255,000	\$ 255,000	\$ 757,237	\$ 502,237
Charges for services:				
Courthouses maintenance fees	\$ 2,200	\$ 2,200	\$ 2,498	\$ 298
Charges for Commonwealth's Attorney	750	750	911	161
Charges for correction and detention	800	800	6,267	5,467
Charges for other protection	2,250	2,250	2,550	300
Sheriff's fees	1,000	1,000	1,300	300
Charges for sanitation and waste removal	20,000	20,000	4,290	(15,710)
Charges for planning and community development	10	10	20	10
Charges for ambulance and rescue services	470,000	470,000	433,904	(36,096)
Charges for health and welfare	2,500	2,500	-	(2,500)
Court fees	25,250	25,250	29,143	3,893
Total charges for services	\$ 524,760	\$ 524,760	\$ 480,883	\$ (43,877)

County of Lancaster, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2024

Schedule 1
Page 2 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 40,000	\$ 40,000	\$ 33,103	\$ (6,897)
Recovered costs:				
VHDA	\$ 35,000	\$ 35,000	\$ 25,793	\$ (9,207)
Other recovered costs	1,500	1,500	-	(1,500)
Total recovered costs	\$ 36,500	\$ 36,500	\$ 25,793	\$ (10,707)
Total revenue from local sources	\$ 24,495,942	\$ 24,495,942	\$ 25,422,247	\$ 926,305
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ 245,000	\$ 245,000	\$ 215,968	\$ (29,032)
Motor vehicle carriers' tax	11,000	11,000	1,629	(9,371)
Mobile home titling tax	8,000	8,000	27,002	19,002
Additional tax on deeds	110,000	110,000	87,841	(22,159)
Personal property tax relief funds	871,000	871,000	871,017	17
Total noncategorical aid	\$ 1,245,000	\$ 1,245,000	\$ 1,203,457	\$ (41,543)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 289,314	\$ 289,314	\$ 313,005	\$ 23,691
Sheriff	1,421,273	1,421,273	1,642,171	220,898
Commissioner of revenue	97,397	97,397	127,628	30,231
Treasurer	115,841	115,841	137,279	21,438
Registrar/electoral board	67,713	67,713	81,034	13,321
Clerk of the Circuit Court	241,356	241,356	266,835	25,479
Local jails	60,000	60,000	59,854	(146)
Total shared expenses	\$ 2,292,894	\$ 2,292,894	\$ 2,627,806	\$ 334,912
Other categorical aid:				
Public assistance and welfare administration	\$ 1,043,308	\$ 1,043,308	\$ 431,732	\$ (611,576)
Emergency medical services	-	-	700	700
Children's services act	400,000	400,000	463,890	63,890
DMV - animal tags	400	400	-	(400)
Victim-witness grant	66,000	66,000	36,289	(29,711)
Fire programs fund	37,000	37,000	39,140	2,140
Rescue squad assistance	12,000	12,000	14,251	2,251
Other state funds	-	-	6,200	6,200
Wireless grant	60,000	60,000	52,259	(7,741)
Clerk records grant	-	51,320	51,320	-
Total other categorical aid	\$ 1,618,708	\$ 1,670,028	\$ 1,095,781	\$ (574,247)
Total categorical aid	\$ 3,911,602	\$ 3,962,922	\$ 3,723,587	\$ (239,335)
Total revenue from the Commonwealth	\$ 5,156,602	\$ 5,207,922	\$ 4,927,044	\$ (280,878)

County of Lancaster, Virginia
Schedule of Revenues - Budget and Actual
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,660,694	\$ 1,660,694	\$ 959,845	\$ (700,849)
Homeland security	-	-	5,192	5,192
BABs subsidy	13,000	13,000	8,171	(4,829)
Sheriff transportation safety	-	-	2,696	2,696
American rescue plan act	-	-	529,462	529,462
Violence against women	-	-	12,411	12,411
Emergency management	7,500	7,500	7,500	-
Victim-witness grant	-	-	79,775	79,775
Total categorical aid	<u>\$ 1,681,194</u>	<u>\$ 1,681,194</u>	<u>\$ 1,605,052</u>	<u>\$ (76,142)</u>
Total revenue from the federal government	<u>\$ 1,681,194</u>	<u>\$ 1,681,194</u>	<u>\$ 1,605,052</u>	<u>\$ (76,142)</u>
Total General Fund	<u>\$ 31,333,738</u>	<u>\$ 31,385,058</u>	<u>\$ 31,954,343</u>	<u>\$ 569,285</u>
Special Revenue Fund:				
County Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 41	\$ 41
Total County Special Revenue Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41</u>	<u>\$ 41</u>
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 32,000	\$ 32,000	\$ 3,568,808	\$ 3,536,808
Total revenue from use of money and property	<u>\$ 32,000</u>	<u>\$ 32,000</u>	<u>\$ 3,568,808</u>	<u>\$ 3,536,808</u>
Total County Capital Projects Fund	<u>\$ 32,000</u>	<u>\$ 32,000</u>	<u>\$ 3,568,808</u>	<u>\$ 3,536,808</u>
Total Primary Government	<u>\$ 31,365,738</u>	<u>\$ 31,417,058</u>	<u>\$ 35,523,192</u>	<u>\$ 4,106,134</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 2,000	\$ 2,000	\$ 1,065	\$ (935)
Charges for services:				
Charges for education	\$ 4,500	\$ 4,500	\$ -	\$ (4,500)
Miscellaneous:				
Miscellaneous	<u>\$ 6,749</u>	<u>\$ 6,750</u>	<u>\$ 150,428</u>	<u>\$ 143,678</u>

County of Lancaster, Virginia
Schedule of Revenues - Budget and Actual
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
Other recovered costs	\$ 165,000	\$ 165,000	\$ 143,880	\$ (21,120)
Total revenue from local sources	\$ 178,249	\$ 178,250	\$ 295,373	\$ 117,123
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Lancaster, Virginia	\$ 11,857,124	\$ 11,857,124	\$ 13,557,014	\$ 1,699,890
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,536,139	\$ 1,536,139	\$ 1,472,485	\$ (63,654)
Basic school aid	1,051,060	1,051,060	1,118,054	66,994
Security equipment grant	-	-	167,974	167,974
Remedial summer education	17,170	17,170	7,242	(9,928)
Vocational education	56,776	56,776	56,957	181
Gifted and talented	10,340	10,340	10,373	33
Remedial education	62,980	62,980	63,181	201
Enrollment loss	242,584	242,584	217,539	(25,045)
School fringes	244,212	244,212	244,048	(164)
Early reading intervention	12,705	12,705	13,452	747
Class size reduction	74,659	74,659	58,516	(16,143)
Homebound	50	50	884	834
School construction	-	1,021,706	-	(1,021,706)
Special education	208,110	208,110	245,843	37,733
GED preparation assistance	8,203	8,203	8,173	(30)
At risk payments	375,310	375,310	402,931	27,621
ESL	1,218	1,218	1,826	608
Project graduation	3,141	3,141	3,141	-
PluggedIn Virginia	-	-	4,056	4,056
Mentor teacher program	655	655	886	231
Technology grant	128,000	128,000	50,800	(77,200)
SQL algebra readiness	6,803	6,803	7,579	776
Compensation supplement	163,877	163,877	184,630	20,753
State infrastructure	200,000	200,000	-	(200,000)
All in	-	-	168,640	168,640
Early childhood	63,409	63,409	63,409	-
Gear Up	-	-	28,450	28,450
Race to GED	-	-	31,253	31,253
CTE industry certification	-	-	5,000	5,000
Total categorical aid	\$ 4,467,401	\$ 5,489,107	\$ 4,837,322	\$ (651,785)
Total revenue from the Commonwealth	\$ 4,467,401	\$ 5,489,107	\$ 4,837,322	\$ (651,785)
Revenue from the federal government:				
Categorical aid:				
Title VI-B	\$ 289,705	\$ 289,705	\$ 255,264	\$ (34,441)
Title VI-B - preschool grant	-	-	15,373	15,373
Title I	446,784	446,784	537,618	90,834
Vocational education	30,000	30,000	21,499	(8,501)
Title II, Part A - Improving teacher quality	58,609	58,609	24,637	(33,972)

County of Lancaster, Virginia
Schedule of Revenues - Budget and Actual
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government: (Continued)				
Title VI - Rural education	\$ 28,556	\$ 28,556	\$ 20,513	\$ (8,043)
Title IV Part A	33,346	33,346	-	(33,346)
School improvement	-	-	19,216	19,216
ESSER	14,602	14,602	426,144	411,542
JROTC grant	65,000	65,000	68,057	3,057
Total categorical aid	<u>\$ 966,602</u>	<u>\$ 966,602</u>	<u>\$ 1,388,321</u>	<u>\$ 421,719</u>
Total revenue from the federal government	<u>\$ 966,602</u>	<u>\$ 966,602</u>	<u>\$ 1,388,321</u>	<u>\$ 421,719</u>
Total School Operating Fund	<u>\$ 17,469,376</u>	<u>\$ 18,491,083</u>	<u>\$ 20,078,030</u>	<u>\$ 1,586,947</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 100	\$ 100	\$ 1,551	\$ 1,451
Charges for services:				
Cafeteria sales	\$ 85,000	\$ 85,000	\$ 10,919	\$ (74,081)
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 1,326	\$ 1,326
Total revenue from local sources	<u>\$ 85,100</u>	<u>\$ 85,100</u>	<u>\$ 13,796</u>	<u>\$ (71,304)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 8,793	\$ 8,793	\$ 9,878	\$ 1,085
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 425,000	\$ 425,000	\$ 579,065	\$ 154,065
Commodities	-	28,494	28,494	-
Total categorical aid	<u>\$ 425,000</u>	<u>\$ 453,494</u>	<u>\$ 607,559</u>	<u>\$ 154,065</u>
Total revenue from the federal government	<u>\$ 425,000</u>	<u>\$ 453,494</u>	<u>\$ 607,559</u>	<u>\$ 154,065</u>
Total School Cafeteria Fund	<u>\$ 518,893</u>	<u>\$ 547,387</u>	<u>\$ 631,233</u>	<u>\$ 83,846</u>

County of Lancaster, Virginia
Schedule of Revenues - Budget and Actual
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
Textbook Fund:				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Lancaster, Virginia	\$ 98,491	\$ 98,491	\$ -	\$ (98,491)
Total revenues from local governments	<u>\$ 98,491</u>	<u>\$ 98,491</u>	<u>\$ -</u>	<u>\$ (98,491)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Textbook payment	\$ 24,887	\$ 24,887	\$ 24,967	\$ 80
Total revenue from the Commonwealth	<u>\$ 24,887</u>	<u>\$ 24,887</u>	<u>\$ 24,967</u>	<u>\$ 80</u>
Total Textbook Fund	<u>\$ 123,378</u>	<u>\$ 123,378</u>	<u>\$ 24,967</u>	<u>\$ (98,411)</u>
School Activity Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 475,356	\$ 475,356
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 475,356</u>	<u>\$ 475,356</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 18,111,647</u>	<u>\$ 19,161,848</u>	<u>\$ 21,209,586</u>	<u>\$ 2,047,738</u>

County of Lancaster, Virginia
Schedule of Expenditures - Budget and Actual
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For the Year Ended June 30, 2024

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 75,658	\$ 75,658	\$ 63,643	\$ 12,015
General and financial administration:				
County administrator	\$ 698,121	\$ 698,121	\$ 522,817	\$ 175,304
Information Technology	266,383	266,383	162,118	104,265
Legal services	45,000	45,000	38,134	6,866
Commissioner of revenue	354,211	354,211	338,441	15,770
Independent Auditor	47,700	47,700	47,700	-
Treasurer	388,930	388,930	377,820	11,110
Board of equalization	22,000	22,000	15,439	6,561
Real estate assessor	172,762	172,762	270,913	(98,151)
Total general and financial administration	\$ 1,995,107	\$ 1,995,107	\$ 1,773,382	\$ 221,725
Board of elections:				
Electoral board and officials	\$ 105,243	\$ 105,243	\$ 94,729	\$ 10,514
Registrar	228,266	228,266	271,129	(42,863)
Total board of elections	\$ 333,509	\$ 333,509	\$ 365,858	\$ (32,349)
Total general government administration	\$ 2,404,274	\$ 2,404,274	\$ 2,202,883	\$ 201,391
Judicial administration:				
Courts:				
Circuit court	\$ 32,300	\$ 32,300	\$ 33,402	\$ (1,102)
General district court	5,400	5,400	6,293	(893)
Adult drug court	6,000	6,000	6,000	-
Juvenile and domestic relations court	2,675	2,675	2,146	529
Victim/witness assistance	74,450	74,450	67,093	7,357
Court appointed special advocates	5,000	5,000	3,750	1,250
Library of VA grant	-	51,320	51,320	-
Clerk of the circuit court	437,840	437,840	441,309	(3,469)
Total courts	\$ 563,665	\$ 614,985	\$ 611,313	\$ 3,672
Commonwealth's attorney:				
Commonwealth's attorney	\$ 470,719	\$ 470,719	\$ 437,103	\$ 33,616
Total judicial administration	\$ 1,034,384	\$ 1,085,704	\$ 1,048,416	\$ 37,288
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,205,437	\$ 3,458,506	\$ 4,041,113	\$ (582,607)
School resource officer	165,764	165,764	178,456	(12,692)
Total law enforcement and traffic control	\$ 3,371,201	\$ 3,624,270	\$ 4,219,569	\$ (595,299)

County of Lancaster, Virginia
Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Fire department	\$ 376,731	\$ 376,731	\$ 380,912	\$ (4,181)
Ambulance and rescue services	1,915,687	1,915,687	2,051,540	(135,853)
Forestry service	4,000	4,000	3,975	25
Public safety radio	158,951	158,951	106,853	52,098
Local emergency services	43,500	43,500	26,490	17,010
Total fire and rescue services	<u>\$ 2,498,869</u>	<u>\$ 2,498,869</u>	<u>\$ 2,569,770</u>	<u>\$ (70,901)</u>
Correction and detention:				
Sheriff	\$ 1,312,599	\$ 1,312,599	\$ 1,375,495	\$ (62,896)
Probation office	58,811	58,811	56,510	2,301
Total correction and detention	<u>\$ 1,371,410</u>	<u>\$ 1,371,410</u>	<u>\$ 1,432,005</u>	<u>\$ (60,595)</u>
Inspections:				
Building	<u>\$ 294,437</u>	<u>\$ 294,437</u>	<u>\$ 230,650</u>	<u>\$ 63,787</u>
Other protection:				
Animal control	\$ 206,646	\$ 206,646	\$ 244,876	\$ (38,230)
Medical examiner	200	200	200	-
Total other protection	<u>\$ 206,846</u>	<u>\$ 206,846</u>	<u>\$ 245,076</u>	<u>\$ (38,230)</u>
Total public safety	<u>\$ 7,742,763</u>	<u>\$ 7,995,832</u>	<u>\$ 8,697,070</u>	<u>\$ (701,238)</u>
Public works:				
Sanitation and waste removal:				
Refuse disposal	<u>\$ 1,305,343</u>	<u>\$ 1,305,343</u>	<u>\$ 1,345,443</u>	<u>\$ (40,100)</u>
Maintenance of general buildings and grounds:				
General properties	<u>\$ 427,308</u>	<u>\$ 427,308</u>	<u>\$ 373,833</u>	<u>\$ 53,475</u>
Total public works	<u>\$ 1,732,651</u>	<u>\$ 1,732,651</u>	<u>\$ 1,719,276</u>	<u>\$ 13,375</u>
Health and welfare:				
Health:				
Local health department	\$ 232,758	\$ 232,758	\$ 232,758	\$ -
Free health clinic	135,713	135,713	135,713	-
Total health	<u>\$ 368,471</u>	<u>\$ 368,471</u>	<u>\$ 368,471</u>	<u>\$ -</u>
Mental health and mental retardation:				
Community services board	<u>\$ 50,321</u>	<u>\$ 50,321</u>	<u>\$ 50,321</u>	<u>\$ -</u>
Welfare:				
Public assistance and welfare administration	\$ 3,561,624	\$ 3,561,624	\$ 1,724,276	\$ 1,837,348
Area agency on aging	81,811	81,811	81,811	-

County of Lancaster, Virginia
Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare: (Continued)				
Children's services act	\$ 800,000	\$ 800,000	\$ 680,938	\$ 119,062
Rappahannock legal services	5,600	5,600	5,600	-
The Haven crisis shelter	4,400	4,400	4,400	-
Food bank	10,000	10,000	10,000	-
Boys and girls club of America	45,000	45,000	71,634	(26,634)
Total welfare	<u>\$ 4,508,435</u>	<u>\$ 4,508,435</u>	<u>\$ 2,578,659</u>	<u>\$ 1,929,776</u>
Total health and welfare	<u>\$ 4,927,227</u>	<u>\$ 4,927,227</u>	<u>\$ 2,997,451</u>	<u>\$ 1,929,776</u>
Education:				
Contributions to Community College	\$ 7,761	\$ 7,761	\$ 7,761	\$ -
Contribution to County School Board	11,955,615	11,955,615	13,557,014	(1,601,399)
Total education	<u>\$ 11,963,376</u>	<u>\$ 11,963,376</u>	<u>\$ 13,564,775</u>	<u>\$ (1,601,399)</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 50,000	\$ 50,000	\$ 49,992	\$ 8
Total parks and recreation	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 49,992</u>	<u>\$ 8</u>
Cultural enrichment:				
Museum	\$ 5,000	\$ 5,000	\$ 5,157	\$ (157)
Total cultural enrichment	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 5,157</u>	<u>\$ (157)</u>
Library:				
Library	<u>\$ 147,995</u>	<u>\$ 147,995</u>	<u>\$ 147,995</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 202,995</u>	<u>\$ 202,995</u>	<u>\$ 203,144</u>	<u>\$ (149)</u>
Community development:				
Planning and community development:				
Land use administration	\$ 427,286	\$ 427,286	\$ 438,600	\$ (11,314)
Section 8 housing	91,977	91,977	86,299	5,678
Planning district commission	35,977	35,977	28,422	7,555
Broadband authority	100,300	100,300	32,704	67,596
Zoning board	4,316	4,316	4,310	6

County of Lancaster, Virginia
Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development: (Continued)				
Planning and community development: (Continued)				
Other community development	\$ 1,000	\$ 1,000	\$ 61,000	\$ (60,000)
Total planning and community development	<u>\$ 660,856</u>	<u>\$ 660,856</u>	<u>\$ 651,335</u>	<u>\$ 9,521</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Wetlands board	14,833	14,833	10,508	4,325
Total environmental management	<u>\$ 29,833</u>	<u>\$ 29,833</u>	<u>\$ 25,508</u>	<u>\$ 4,325</u>
Cooperative extension program:				
Extension office	\$ 60,000	\$ 60,000	\$ 49,943	\$ 10,057
Rebranding initiative	25,000	25,000	25,000	-
Workforce development	2,732	2,732	2,732	-
Total cooperative extension program	<u>\$ 87,732</u>	<u>\$ 87,732</u>	<u>\$ 77,675</u>	<u>\$ 10,057</u>
Total community development	<u>\$ 778,421</u>	<u>\$ 778,421</u>	<u>\$ 754,518</u>	<u>\$ 23,903</u>
Capital projects:				
Landfill closure	\$ 7,000	\$ 7,000	\$ 5,721	\$ 1,279
Enhanced emergency telephone system	47,425	47,425	75,248	(27,823)
School projects	24,333,500	24,333,500	8,102,223	16,231,277
Other capital projects	6,406,781	6,406,781	3,228,645	3,178,136
Total capital projects	<u>\$ 30,794,706</u>	<u>\$ 30,794,706</u>	<u>\$ 11,411,837</u>	<u>\$ 19,382,869</u>
Debt service:				
Principal retirement	\$ 1,453,664	\$ 1,453,664	\$ 1,554,429	\$ (100,765)
Interest and other fiscal charges	772,223	772,223	4,377,558	(3,605,335)
Total debt service	<u>\$ 2,225,887</u>	<u>\$ 2,225,887</u>	<u>\$ 5,931,987</u>	<u>\$ (3,706,100)</u>
Total General Fund	<u>\$ 63,806,684</u>	<u>\$ 64,111,073</u>	<u>\$ 48,531,357</u>	<u>\$ 15,579,716</u>
Total Primary Government	<u>\$ 63,806,684</u>	<u>\$ 64,111,073</u>	<u>\$ 48,531,357</u>	<u>\$ 15,579,716</u>

County of Lancaster, Virginia
Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 1,200,049	\$ 1,207,150	\$ 1,194,477	\$ 12,673
Instruction costs	12,886,130	12,379,030	12,574,621	(195,591)
Pupil transportation	1,398,261	1,669,261	1,645,075	24,186
Operation and maintenance of school plant	1,984,936	3,506,642	4,159,005	(652,363)
Total education	\$ 17,469,376	\$ 18,762,083	\$ 19,573,178	\$ (811,095)
Debt service:				
Principal retirement	\$ -	\$ -	\$ 30,393	\$ (30,393)
Interest and other fiscal charges	-	-	1,863	(1,863)
Total debt service	\$ -	\$ -	\$ 32,256	\$ (32,256)
Total School Operating Fund	\$ 17,469,376	\$ 18,762,083	\$ 19,605,434	\$ (843,351)
Special Revenue Funds:				
School Cafeteria Fund:				
Education:				
School food services:				
School food	\$ 518,893	\$ 518,893	\$ 633,550	\$ (114,657)
Commodities	-	28,494	28,494	-
Total school food services	\$ 518,893	\$ 547,387	\$ 662,044	\$ (114,657)
Total education	\$ 518,893	\$ 547,387	\$ 662,044	\$ (114,657)
Total School Cafeteria Fund	\$ 518,893	\$ 547,387	\$ 662,044	\$ (114,657)
Textbook Fund:				
Education:				
Purchase of textbooks	\$ 123,378	\$ 123,378	\$ 108,534	\$ 14,844
Total Textbook Fund	\$ 123,378	\$ 123,378	\$ 108,534	\$ 14,844
School Activity Fund:				
Education:				
Elementary and secondary schools	\$ -	\$ -	\$ 471,378	\$ (471,378)
Total education	\$ -	\$ -	\$ 471,378	\$ (471,378)
Total School Activity Fund	\$ -	\$ -	\$ 471,378	\$ (471,378)
Total Discretely Presented Component Unit - School Board	\$ 18,111,647	\$ 19,432,848	\$ 20,847,390	\$ (1,414,542)

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STATISTICAL INFORMATION

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Table 1

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

Fiscal Year	General Government Administration				Public Safety	Public Works	Health and Welfare		Education	Parks, Recreation, and Cultural		Community Development	Interest on Long-Term Debt		Sewer Fund	Total						
2015	\$	1,611,832	\$	807,803	\$	4,613,799	\$	1,238,203	\$	2,511,962	\$	10,403,350	\$	172,119	\$	661,086	\$	378,089	\$	-	\$	22,398,243
2016		1,908,331		799,809		4,952,988		1,310,981		2,586,611		11,439,147		31,285		605,475		255,179		16,483		23,906,289
2017		1,699,686		838,473		5,424,432		1,917,013		2,647,115		10,916,368		210,063		456,267		274,329		17,443		24,401,189
2018		1,449,191		821,911		5,516,169		1,501,261		2,614,466		10,994,217		204,327		659,828		188,793		72,496		24,022,659
2019		1,476,693		911,383		5,408,627		1,336,789		2,885,295		11,164,059		196,072		368,805		252,744		64,389		24,064,856
2020		1,448,143		986,683		6,205,175		1,597,827		3,120,376		11,758,993		210,112		386,699		246,681		75,855		26,036,544
2021		1,708,528		1,022,474		6,755,282		1,641,742		3,046,528		11,205,133		210,068		1,641,608		814,422		72,805		28,118,590
2022		1,136,523		979,643		7,129,556		1,717,083		2,852,234		11,797,326		200,230		678,166		476,035		100,991		27,067,787
2023		1,773,804		1,027,470		7,902,135		1,680,241		2,972,942		9,635,288		222,596		561,496		2,924,542		73,689		28,774,203
2024		2,274,710		1,170,724		8,761,442		1,745,724		2,985,861		13,766,876		245,594		718,957		3,128,645		84,640		34,883,173

Table 2

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

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Misc- ellaneous	Grants and Contributions Not Restricted to Specific Programs	
2015	\$ 600,783	\$ 3,340,098	\$ 212,096	\$ 15,827,037	\$ 1,936,429	\$ 153,280	\$ 142,360	\$ 1,317,854	\$ 23,529,937
2016	508,057	3,637,999	163,998	15,693,176	1,973,114	145,471	114,978	1,302,796	23,539,589
2017	496,767	3,318,227	912,601	15,493,614	2,052,020	130,432	589,649	1,314,001	24,307,311
2018	619,374	3,774,048	139,212	17,228,176	2,068,049	139,878	25,129	1,318,972	25,312,838
2019	529,623	4,090,804	-	17,155,371	2,089,980	228,132	58,950	1,278,588	25,431,448
2020	609,139	4,163,799	-	18,951,537	2,377,456	242,362	73,900	1,282,087	27,700,280
2021	740,494	5,594,740	-	19,260,040	2,931,188	279,784	73,589	1,262,185	30,142,020
2022	862,051	5,537,063	-	19,733,081	3,053,868	137,433	88,977	1,235,001	30,647,474
2023	894,958	5,147,440	-	20,946,745	3,141,632	2,840,435	168,955	1,225,936	34,366,101
2024	890,758	5,328,639	-	20,684,351	3,176,199	4,256,365	115,166	1,206,095	35,657,573

Table 3

County of Lancaster, Virginia
General Governmental Expenditures by Function (1,3)
Last Ten Fiscal Years

Fiscal Year	General				Parks, Recreation, and Cultural				Debt Service	Total
	Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Community Development			
2015	\$ 1,539,813	\$ 694,752	\$ 4,622,133	\$ 1,203,081	\$ 2,565,290	\$ 15,377,552	\$ 183,454	\$ 476,841	\$ 2,350,142	\$ 29,013,058
2016	1,520,697	683,614	4,992,280	1,320,139	2,583,793	15,300,394	192,866	522,018	1,999,846	29,115,647
2017	1,586,908	701,180	5,165,831	1,445,692	2,628,153	16,151,982	192,816	482,994	1,985,164	30,340,720
2018	1,428,951	721,735	5,459,268	1,437,942	2,649,502	16,286,153	202,898	447,070	1,955,746	30,589,265
2019	1,477,843	820,043	5,337,243	1,351,889	2,977,266	16,628,214	177,992	433,065	1,689,379	30,892,934
2020	1,400,802	819,124	5,880,302	1,564,346	3,043,429	16,767,103	188,047	456,405	1,339,015	31,458,573
2021	1,542,487	839,373	6,204,271	1,603,013	2,935,319	17,261,878	188,003	1,656,325	5,897,672	38,128,341
2022	1,589,585	894,571	7,175,523	1,689,057	2,958,409	19,708,217	178,165	772,216	1,805,112	36,770,855
2023	1,811,059	951,838	7,985,855	1,687,919	3,043,889	19,398,467	193,146	634,406	1,958,149	37,664,728
2024	2,202,883	1,048,416	8,697,070	1,719,276	2,997,451	20,822,895	203,144	754,518	5,931,987	44,377,640

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

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

(3) Excludes Capital Projects funds.

Table 4

County of Lancaster, Virginia
General Governmental Revenues by Source (1,3)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2015	\$ 15,927,308	\$ 1,936,429	\$ 101,185	\$ 21,134	\$ 121,975	\$ 583,249	\$ 347,465	\$ 196,456	\$ 9,454,840	\$ 28,690,041
2016	15,836,307	1,973,114	108,799	10,833	116,102	499,186	223,117	69,887	9,976,488	28,813,833
2017	15,593,585	2,052,020	137,953	24,333	114,374	450,878	109,288	188,360	9,937,141	28,607,932
2018	16,986,495	2,068,049	131,233	30,713	131,014	499,581	115,970	158,505	10,336,901	30,458,461
2019	17,205,483	2,089,980	136,434	27,322	214,763	423,207	199,110	247,597	10,546,143	31,090,039
2020	18,851,409	2,377,456	158,117	27,601	226,629	458,791	303,609	312,366	10,331,857	33,047,835
2021	19,335,694	2,931,188	230,628	23,756	268,934	471,455	437,009	111,741	12,813,216	36,623,621
2022	19,826,934	3,053,868	203,770	27,986	180,007	536,861	956,004	404,034	14,310,260	39,499,724
2023	20,807,948	3,141,632	256,007	38,879	548,720	517,096	392,232	205,736	15,883,394	41,791,644
2024	20,635,384	3,176,199	275,389	38,259	759,894	491,802	660,213	169,673	13,400,143	39,606,956

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

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

(3) Excludes Capital Projects funds.

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)		Total Tax Collections	Percent of		Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
				Tax			Total Tax Collections to Tax Levy			
2015	\$ 16,471,200	\$ 16,022,956	97.28%	\$ 487,835	\$	16,510,791	100.24%	\$	857,726	5.21%
2016	16,395,196	15,993,536	97.55%	443,482		16,437,018	100.26%		797,241	4.86%
2017	16,223,560	15,813,002	97.47%	379,351		16,192,353	99.81%		794,978	4.90%
2018	17,629,525	17,185,267	97.48%	407,930		17,593,197	99.79%		856,569	4.86%
2019	18,066,621	17,431,376	96.48%	389,234		17,820,610	98.64%		851,654	4.71%
2020	19,674,230	18,955,025	96.34%	474,289		19,429,314	98.76%		933,692	4.75%
2021	19,771,587	19,287,374	97.55%	546,423		19,833,797	100.31%		808,535	4.09%
2022	20,180,297	19,852,491	98.38%	513,666		20,366,157	100.92%		750,305	3.72%
2023	21,488,435	20,915,601	97.33%	420,308		21,335,909	99.29%		878,733	4.09%
2024	21,517,397	20,694,951	96.18%	450,667		21,145,618	98.27%		940,782	4.37%

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years.

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital	Public Utility (2)	Total
2015	\$ 2,502,707,773	\$ 138,593,352	\$ 327,250	\$ 11,044,308	\$ 57,257,295	\$ 2,709,929,978
2016	2,508,388,693	131,126,404	276,500	11,576,166	57,321,237	2,708,689,000
2017	2,514,523,163	114,663,537	256,150	11,405,489	59,378,306	2,700,226,645
2018	2,524,855,368	119,572,026	556,950	10,972,495	60,647,781	2,716,604,620
2019	2,539,716,958	124,892,138	448,850	11,394,021	63,956,272	2,740,408,239
2020	2,654,801,825	125,789,911	435,750	11,372,483	67,710,661	2,860,110,630
2021	2,645,661,552	130,162,943	451,850	12,194,971	78,250,287	2,866,721,603
2022	2,667,079,943	142,537,620	453,150	11,679,684	86,652,632	2,908,403,029
2023	2,686,783,130	191,516,777	498,850	12,426,928	84,656,501	2,975,882,186
2024	2,709,165,973	180,454,202	780,850	13,364,534	76,171,984	2,979,937,543

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

(2) Assessed values are established by the State Corporation Commission.

Table 7

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

Fiscal Year	Real Estate	Personal Property	Merchant's Capital	Machinery and Tools
2015	\$ 0.54	\$ 2.04	\$ 1.00	\$ 1.52
2016	0.54	2.04	1.00	1.52
2017	0.54	2.04	1.00	1.52
2018	0.59	2.04	1.00	1.52
2019	0.59	2.04	1.00	1.52
2020	0.63	2.04	1.00	1.52
2021	0.63	2.04	1.00	1.52
2022	0.63	2.04	1.00	1.52
2023	0.63	2.04	1.00	1.52
2024	0.63	2.04	1.00	1.52

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Assumed by Other Localities (4)			
2015	11,391	\$ 2,709,929,978	\$ 1,810,000	\$ -	\$ -	\$ 1,810,000	0.07%	\$ 159
2016	11,391	2,708,689,000	1,680,000	-	-	1,680,000	0.06%	147
2017	11,391	2,700,226,645	1,545,000	-	-	1,545,000	0.06%	136
2018	11,391	2,716,604,620	1,405,000	-	-	1,405,000	0.05%	123
2019	11,391	2,740,408,239	1,255,000	-	-	1,255,000	0.05%	110
2020	11,391	2,860,110,630	1,255,000	-	-	1,255,000	0.04%	110
2021	10,808	2,866,721,603	13,275,000	-	-	13,275,000	0.46%	1,228
2022	10,808	2,908,403,029	13,100,000	-	-	13,100,000	0.45%	1,212
2023	10,757	2,975,882,186	72,295,000	-	-	72,295,000	2.43%	6,721
2024	10,919	2,979,937,543	71,865,000	-	-	71,865,000	2.41%	6,582

(1) Weldon Cooper Center 2010 and 2020 Census and 2023 Estimate.

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.

Excludes revenue bonds, landfill closure/post-closure care liability, leases, equipment purchase agreements, and compensated absences.

(4) In accordance with the provisions of annexation settlements.

COMPLIANCE

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

**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 Lancaster
Lancaster, 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, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Lancaster, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements which collectively comprise County of Lancaster, Virginia's basic financial statements and have issued our report thereon dated October 22, 2024.

Report on Internal Control over Financial Reporting

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

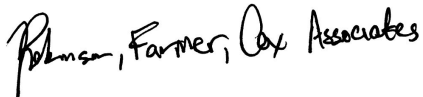
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Lancaster, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

A handwritten signature in black ink that reads "Robinson, Farmer, Cox Associates". The signature is written in a cursive, flowing style.

Richmond, Virginia
October 22, 2024



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

**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 Lancaster
Lancaster, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of County of Lancaster, 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 Lancaster, 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 Lancaster, 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 Lancaster, 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 Lancaster, 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 Lancaster, 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 Lancaster, 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 Lancaster, 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

Richmond, Virginia
October 22, 2024

County of Lancaster, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures Passed Through to Subrecipients
Department of Health and Human Services:				
Pass Through Payments:				
Virginia Department of Social Services:				
Temporary Assistance for Needy Families	93.558	0400123/0400124	\$ 143,351	\$ -
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950122/0950123	8,166	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500123/0500124	760	-
Low-Income Home Energy Assistance	93.568	0600423/0600424	36,795	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760123/0760124	32,889	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900122/0900123	117	-
Foster Care - Title IV-E	93.658	1100123/1100124	76,933	-
Adoption Assistance	93.659	1120123/1120124	20,076	-
Social Services Block Grant	93.667	1000123/1000124	130,035	-
Guardianship Assistance	93.090	1110123/1110124	211	-
Title IV-E Prevention Services	93.472	1140123/1140124	2,994	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150122/9150123	1,685	-
Children's Health Insurance Program	93.767	0540123/0540124	2,547	-
Medical Assistance Program (Medicaid Cluster)	93.778	1200123/1200124	221,806	-
Total Department of Health and Human Services			\$ 678,365	\$ -
Department of Homeland Security:				
Pass Through Payments:				
Virginia Department of Emergency Assistance:				
Emergency Management Performance Grants	97.042	776002-202299135068	\$ 7,500	\$ -
Total Department of Homeland Security			\$ 7,500	\$ -
Department of Agriculture:				
Pass Through Payments:				
Virginia Department of Agriculture and Consumer Services:				
National School Lunch Program Food Distribution (Child Nutrition Cluster)	10.555	Not available	\$ 28,494	\$ -
Virginia Department of Education:				
National School Lunch Program (Child Nutrition Cluster)	10.555	202221N893034/ 202323N11994/ 202424N10994/202424N11994	404,881	-
Total FALN 10.555			\$ 433,375	\$ -
School Breakfast Program	10.553	202323N11994/202424N11994	\$ 165,768	\$ -
Child Nutrition Cluster Total			\$ 599,143	\$ -
Child and Adult Care Food Program	10.558	202323N11994/202424N11994	5,160	-
Pandemic EBT Administrative Cost	10.649	202323S900941	3,256	-
Virginia Department of Social Services:				
State Administrative Matching Grants for the Supplemental				
Nutrition Assistance Program (SNAP Cluster)	10.561	0010123/0010124/0040123/ 0040124	280,787	-
Total Department of Agriculture			\$ 888,346	\$ -

County of Lancaster, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures Passed Through to Subrecipients
Department of Transportation:				
Pass Through Payments:				
Virginia Department of Motor Vehicles:				
State and Community Highway Safety (Highway Safety Cluster)	20.600	202454276	\$ 2,696	\$ -
Total Department of Transportation			\$ 2,696	\$ -
Department of Justice:				
Pass Through Payments:				
Virginia Department of Criminal Justice Services:				
Crime Victim Assistance	16.575	23O1053VW19/ 24O1053VW20	\$ 79,775	\$ -
Edward Byrne Memorial Justice Assistance Grant Program	16.738	511369	5,192	-
Violence Against Women Formula Grants	16.588	23H3247VA21	12,411	-
Total Department of Justice			\$ 97,378	\$ -
Department of Treasury:				
Direct Payments:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 367,462	\$ -
Pass Through Payments:				
Virginia Compensation Board:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Sheriff	21.027	509954	162,000	-
Virginia Department of Social Services:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Social Services	21.027	9122222	693	-
Total FALN 21.027			\$ 530,155	\$ -
Total Department of Treasury			\$ 530,155	\$ -
Department of Defense:				
Direct Payments:				
ROTC	12.xxx	N/A	\$ 68,057	\$ -
Total Department of Defense			\$ 68,057	\$ -
Department of Education:				
Pass Through Payments:				
Virginia Department of Education:				
Title I Grants to Local Educational Agencies	84.010	S010A220046/S010A230046 H027X210107/H027A220107/	\$ 534,266	\$ -
Special Education - Grants to States (Special Education Cluster)	84.027	H027A230170	270,637	-
Career and Technical Education - Basic Grants to States	84.048	V048A220046	21,499	-
Rural Education	84.358	S358B220046/ S358B230046	20,513	-
Supporting Effective Instruction State Grants	84.367	S367A220044/ S367A230044	24,637	-
Student Support and Academic Enrichment Program	84.424	S424A220048/ S424A230048	22,568	-
Governor's Emergency Education Relief (GEER)	84.425C	S425C200042	13,682	-
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210008	77,129	-
American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	S425U210008	335,333	-
Total FALN 84.425			\$ 426,144	\$ -
Total Department of Education			\$ 1,320,264	\$ -
Total Expenditures of Federal Awards			\$ 3,592,761	\$ -

See accompanying notes to schedule of expenditures of federal awards.

County of Lancaster, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Lancaster, Virginia under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform 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 Lancaster, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Lancaster, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

The value of federal awards expended in the form of noncash assistance for food commodities is reported in the schedule.

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 1,605,052
Total primary government	<u>\$ 1,605,052</u>

Component Unit School Board:

School Operating Fund	\$ 1,388,321
School Cafeteria Fund	607,559
Total Component Unit School Board	<u>\$ 1,995,880</u>

Total expenditures of federal awards per basic financial statements	<u>\$ 3,600,932</u>
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BABs subsidy	<u>\$ (8,171)</u>
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Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	<u><u>\$ 3,592,761</u></u>
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Note 5 - De Minimis Cost Rate

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

Note 6 - Loan Balances

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

County of Lancaster, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> yes	<u> ✓ </u>	<u> </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> ✓ </u>	<u> </u> none reported

Noncompliance material to financial statements noted?

<u> </u> yes	<u> ✓ </u>	<u> </u> no
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Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> yes	<u> ✓ </u>	<u> </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> ✓ </u>	<u> </u> none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

<u> </u> yes	<u> ✓ </u>	<u> </u> no
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Identification of major programs:

Assistance Listing Number(s)
10.553/10.555/10.559
93.775/93.777/93.778
21.027

Name of Federal Program or Cluster
Child Nutrition Cluster
Medicaid Cluster
COVID-19 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? ✓ yes no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

**County of Lancaster, Virginia
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024**

There were no prior year findings.