COUNTY OF GILES, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

COUNTY OF GILES, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

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INTRODUCTORY SECTION

COUNTY OF GILES, VIRGINIA

BOARD OF SUPERVISORS

Jeffrey Morris, Chair

Paul "Chappy" Baker, Vice Chairman
John C. Lawson , Jr.
Perry Martin
Richard "Ricky" McCoy

COUNTY SCHOOL BOARD

Jason B. Buckland, Chair

Phillip Pennington, Vice Chairman
Melissa Guynn
Nicole S. Price
Larry Jay Williams

Amanda Tickle, Clerk

SOCIAL SERVICES BOARD

Betsy Steenken, Chair

Jeffrey Morris, Vice Chairman
Crystal Ramos-McCall
Tom Spangler
Diane Weiss
Patricia Gail Vaught

OTHER OFFICIALS

Clerk of the Circuit Court ..... Sherry E. Gautier
Commonwealth's Attorney ..... Robert M. Lilly, Jr.
Commissioner of the Revenue ..... Lisa Corell
Treasurer ..... Angela L. Higginbotham
Sheriff ..... W. Morgan Millirons
Superintendent of Schools ..... Dr. Terry Arbogast, II
Director of Social Services ..... Sherri Nipper-Williams
County Administrator ..... Chris McKlarney
County Attorney ..... Richard Chidester

FINANCIAL SECTION

Independent Auditors' Report

To the Board of Supervisors
County of Giles, Virginia
Pearisburg, 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 Giles, Virginia, as of and for the year ended June 30, 2025, 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 Giles, Virginia, as of and for the year ended June 30, 2025, 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 the County of Giles, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 25 to the financial statements, in 2025, the County restated beginning balances to reflect the requirements of GASB Statement No. 101. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 25 to the financial statements, in 2025, the County adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Giles, 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 Giles, 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 Giles, Virginia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and 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 March 3, 2026, on our consideration of the County of Giles, 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 the County of Giles, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Giles, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
March 3, 2026

Basic Financial Statements

County of Giles, Virginia
Statement of Net Position
June 30, 2025

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business-type Activities	Total	School Board	IDA
ASSETS					
Cash and cash equivalents	$ 31,981,032	$ 7,616	$ 31,988,648	$ 5,090,895	$ 58,521
Cash in custody of others	-	-	-	733,878	-
Cash held at schools	-	-	-	1,216,737	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	4,285,448	-	4,285,448	-	-
Accounts receivable	74,186	152,616	226,802	-	28,455
Leases receivable	-	-	-	-	3,223,382
Due from other governmental units	1,969,394	-	1,969,394	7,399,302	-
Inventories (Commodities)	-	-	-	65,119	-
Net pension asset	-	-	-	14,690	-
Prepaid items	11,957	-	11,957	678,167	19,731
Lease purchase receivable	-	-	-	-	542,492
Inventories (Land and buildings held for resale)	-	-	-	-	1,657,220
Capital assets:					
Capital assets, not being depreciated/amortized	2,353,826	100,142	2,453,968	16,446,473	2,428,049
Capital assets, net of accumulated depreciation/amortization	16,747,820	10,620,910	27,368,730	6,970,010	5,698,993
Total assets	$ 57,423,663	$ 10,881,284	$ 68,304,947	$ 38,615,271	$ 13,656,843
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	$ 1,777,637	$ 69,411	$ 1,847,048	$ 6,215,250	$ 60,347
OPEB related items	95,376	3,772	99,148	1,327,108	2,482
Total deferred outflows of resources	$ 1,873,013	$ 73,183	$ 1,946,196	$ 7,542,358	$ 62,829
LIABILITIES					
Accounts payable	$ 505,274	$ 8,072	$ 513,346	$ 7,438,056	$ 37,014
Health insurance claims IBNR	109,878	-	109,878	-	-
Accrued payroll	-	-	-	3,209,503	-
Customers' deposits	-	31,300	31,300	758,009	-
Accrued interest payable	320,724	16,059	336,783	-	21,895
Unearned revenue - other	-	-	-	950,317	-
Long-term liabilities:					
Due within one year	3,507,393	587,727	4,095,120	2,399,308	478,051
Due in more than one year	35,276,596	3,904,242	39,180,838	23,112,179	2,385,213
Total liabilities	$ 39,719,865	$ 4,547,400	$ 44,267,265	$ 37,867,372	$ 2,922,173
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	$ 4,015,412	$ -	$ 4,015,412	$ -	$ -
Deferred amount on refunding	301,207	139,127	440,334	-	10,667
Pension related items	792,928	78,921	871,849	2,723,100	18,567
OPEB related items	568,068	21,575	589,643	2,362,395	10,081
Lease related items	-	-	-	-	3,170,077
Total deferred inflows of resources	$ 5,677,615	$ 239,623	$ 5,917,238	$ 5,085,495	$ 3,209,392
NET POSITION					
Net investment in capital assets	$ (3,389,858)	$ 6,314,870	$ 2,925,012	$ 15,513,813	$ 5,353,743
Restricted:					
Asset forfeiture	18,342	-	18,342	-	-
Disaster relief	488,355	-	488,355	-	-
Opioid settlement	858,115	-	858,115	-	-
Pension	-	-	-	14,690	-
School cafeteria/activity funds	-	-	-	2,084,927	-
Unrestricted (deficit)	15,924,242	(147,426)	15,776,816	(14,408,668)	2,234,364
Total Net Position (Deficit)	$ 13,899,196	$ 6,167,444	$ 20,066,640	$ 3,204,762	$ 7,588,107

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

Exhibit 2

County of Giles, Virginia
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: School Board	Component Units: IDA
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	$ 3,275,862	$ 74,004	$ 425,751	$ -	$ (2,776,107)		$ (2,776,107)		
Judicial administration	1,470,789	14,422	900,858	-	(555,509)		(555,509)		
Public safety	8,235,281	139,830	1,489,083	337,765	(6,268,603)		(6,268,603)		
Public works	2,538,424	18,317	39,154	-	(2,480,953)		(2,480,953)		
Health and welfare	7,396,266	-	5,094,855	-	(2,301,411)		(2,301,411)		
Education	11,061,500	-	-	-	(11,061,500)		(11,061,500)		
Parks, recreation, and cultural	1,386,004	556,828	-	-	(829,176)		(829,176)		
Community development	2,049,207	3,563	-	253,270	(1,792,374)		(1,792,374)		
Interest on long-term debt	837,875	-	-	-	(837,875)		(837,875)		
Total governmental activities	$ 38,251,208	$ 806,964	$ 7,949,701	$ 591,035	$ (28,903,508)		$ (28,903,508)		
Business-type activities:									
Utility fund	$ 1,902,305	$ 619,401	$ -	$ -		$ (1,282,904)	$ (1,282,904)		
Total primary government	$ 40,153,513	$ 1,426,365	$ 7,949,701	$ 591,035	$ (28,903,508)	$ (1,282,904)	$ (30,186,412)	$ -	$ -
COMPONENT UNITS:									
School Board	$ 51,492,161	$ 1,193,077	$ 40,404,301	$ 9,848,032				$ (46,751)	$ -
Industrial Development Authority (IDA)	1,381,026	662,510	626,034	343,129				-	250,647
Total component units	$ 52,873,187	$ 1,855,587	$ 41,030,335	$ 10,191,161	$ -	$ -	$ -	$ (46,751)	$ 250,647
General revenues:									
General property taxes					$ 20,010,757	$ -	$ 20,010,757	$ -	$ -
Other local taxes:									
Local Sales and use taxes					2,151,931	-	2,151,931	-	-
Consumers' utility taxes					243,304	-	243,304	-	-
Consumption taxes					48,380	-	48,380	-	-
Gross receipts tax					17,610	-	17,610	-	-
Motor vehicle licenses					216,524	-	216,524	-	-
Local tax on deeds					91,273	-	91,273	-	-
Hotel and motel room taxes					222,250	-	222,250	-	-
Unrestricted revenues from use of money					1,608,829	-	1,608,829	315	49,919
Miscellaneous					883,230	29,667	912,897	24,925	7,858
Contribution from County of Giles, Virginia					-	-	-	12,783,475	-
Grants and contributions not restricted to specific programs					1,810,254	-	1,810,254	-	-
Special item - transfer of operations					-	2,960,143	2,960,143	-	-
Transfers					(1,501,584)	1,501,584	-	-	-
Total general revenues and transfers					$ 25,802,758	$ 4,491,394	$ 30,294,152	$ 12,808,715	$ 57,777
Change in net position					$ (3,100,750)	$ 3,208,490	$ 107,740	$ 12,761,964	$ 308,424
Net position (deficit) - beginning, as previously reported					$ 17,933,097	$ 2,975,703	$ 20,908,800	$ (6,813,615)	$ 7,279,683
Adoption of accounting principle					(933,151)	(16,749)	(949,900)	(2,743,587)	-
Net position (deficit) - beginning, as restated					$ 16,999,946	$ 2,958,954	$ 19,958,900	$ (9,557,202)	$ 7,279,683
Net position (deficit) - ending					$ 13,899,196	$ 6,167,444	$ 20,066,640	$ 3,204,762	$ 7,588,107

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

Exhibit 3

County of Giles, Virginia
Balance Sheet
Governmental Funds
June 30, 2025

	General	County Capital Improvements	Total
ASSETS			
Cash and cash equivalents	$ 20,700,316	$ 11,139,141	$ 31,839,457
Receivables (net of allowance for uncollectibles):			
Taxes receivable	4,285,448	-	4,285,448
Accounts receivable	74,186	-	74,186
Due from other governmental units	1,918,938	50,456	1,969,394
Prepaid items	11,957	-	11,957
Total assets	$ 26,990,845	$ 11,189,597	$ 38,180,442
LIABILITIES			
Accounts payable	$ 419,958	$ 85,316	$ 505,274
Total liabilities	$ 419,958	$ 85,316	$ 505,274
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	$ 4,634,666	$ -	$ 4,634,666
Unavailable revenue - opioid settlement	575,697	-	575,697
Total deferred inflows of resources	$ 5,210,363	$ -	$ 5,210,363
FUND BALANCES			
Nonspendable			
Prepaid items	$ 11,957	$ -	$ 11,957
Restricted			
Asset forfeiture funds	18,342	-	18,342
Diaster Relief	488,355	-	488,355
Opioid Settlement	282,418	-	282,418
Capital projects	-	10,373,422	10,373,422
Committed			
Capital projects	-	730,859	730,859
Assigned			
Deer decoy	1,546	-	1,546
Public safety funds	501,186	-	501,186
Unassigned	20,056,720	-	20,056,720
Total fund balances	$ 21,360,524	$ 11,104,281	$ 32,464,805
Total liabilities, deferred inflows of resources, and fund balances	$ 26,990,845	$ 11,189,597	$ 38,180,442

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

County of Giles, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2025

Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		$ 32,464,805
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, not being depreciated/amortized	$ 2,353,826	
Capital assets being depreciated/amortized	38,295,838	
Accumulated depreciation/amortization	(21,548,018)	19,101,646
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Unavailable revenue - property taxes	$ 619,254	
Unavailable revenue - opioid settlement	575,697	1,194,951
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		31,697
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	$ 1,777,637	
OPEB related items	95,376	1,873,013
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Literary loan	$ (13,605,964)	
Lease revenue bonds	(15,076,230)	
Lease liabilities	(2,530,603)	
Unamortized bond premium	(1,212,922)	
Deferred amount on refunding	(301,207)	
Finance purchases	(138,000)	
Landfill accrued closure/postclosure costs	(58,222)	
Net OPEB liabilities	(908,822)	
Compensated absences	(2,119,347)	
Accrued interest payable	(320,724)	
Net pension liability	(3,133,879)	(39,405,920)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	$ (792,928)	
OPEB related items	(568,068)	(1,360,996)
Net position of governmental activities		$ 13,899,196

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

Exhibit 5

County of Giles, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	General	County Capital Improvements	Total
REVENUES			
General property taxes	$ 19,908,840	$ -	$ 19,908,840
Other local taxes	2,991,272	-	2,991,272
Permits, privilege fees, and regulatory licenses	36,218	-	36,218
Fines and forfeitures	17,440	-	17,440
Revenue from the use of money and property	1,360,809	248,020	1,608,829
Charges for services	753,306	-	753,306
Miscellaneous	936,738	-	936,738
Recovered costs	2,681,325	-	2,681,325
Intergovernmental:			
Commonwealth	7,417,640	337,765	7,755,405
Federal	2,595,585	-	2,595,585
Total revenues	$ 38,699,173	$ 585,785	$ 39,284,958
EXPENDITURES			
Current:			
General government administration	$ 2,948,964	$ -	$ 2,948,964
Judicial administration	1,296,399	-	1,296,399
Public safety	7,261,953	-	7,261,953
Public works	2,212,636	-	2,212,636
Health and welfare	7,135,471	-	7,135,471
Education	11,899,207	1,812,964	13,712,171
Parks, recreation, and cultural	1,016,315	-	1,016,315
Community development	1,516,000	112,767	1,628,767
Nondepartmental	826,546	-	826,546
Capital projects	-	2,916,198	2,916,198
Debt service:			
Principal retirement	728,897	657,637	1,386,534
Interest and other fiscal charges	295,467	395,659	691,126
Bond issuance costs	-	189,231	189,231
Total expenditures	$ 37,137,855	$ 6,084,456	$ 43,222,311
Excess (deficiency) of revenues over (under) expenditures	$ 1,561,318	$ (5,498,671)	$ (3,937,353)
OTHER FINANCING SOURCES (USES)			
Transfers in	$ -	$ 3,170,745	$ 3,170,745
Transfers out	(5,742,284)	(80,045)	(5,822,329)
Issuance of bond and loan	-	11,892,576	11,892,576
Premium on bond issuance		821,922	821,922
Issuance of leases	412,442	-	412,442
Total other financing sources (uses)	$ (5,329,842)	$ 15,805,198	$ 10,475,356
Net change in fund balances	$ (3,768,524)	$ 10,306,527	$ 6,538,003
Fund balances - beginning	25,129,048	797,754	25,926,802
Fund balances - ending	$ 21,360,524	$ 11,104,281	$ 32,464,805

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

County of Giles, Virginia
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2025

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 6,538,003
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/amortization expense. This is the detail of items supporting this adjustment:		
Capital asset additions	$ 4,893,884	
Lease asset additions	405,942	
Depreciation expense/amortization expense	(2,275,638)	3,024,188
The net effect of various miscellaneous transactions involving capital assets (I.e., sales, trade-ins, and donations) is to increase net position.		(1,063,583)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Increase (decrease) in unavailable revenue-property taxes	$ 101,917	
Increase (decrease) in unavailable revenue-opioid settlement	(53,508)	48,409
The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.		
Lease issuances	$ (412,442)	
Proceeds of premiums	(821,922)	
Proceeds from bond and loan proceeds	(11,892,576)	
Payments of principal:		
Literary loans	519,000	
Lease revenue bonds	522,637	
Lease liabilities	209,897	
Finance purchases	135,000	
(Increase) decrease in landfill closure and postclosure monitoring costs	(1,253)	(11,741,659)
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.		
(Increase) decrease in compensated absences	$ (180,532)	
Change in pension related items	193,135	
(Increase) decrease in accrued interest payable	(101,695)	
Amortization of deferred charge on refunding	40,759	
Amortization of bond premium	103,418	
Change in OPEB related items	191,298	246,383
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		(152,491)
Change in net position of governmental activities		$ (3,100,750)

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

Exhibit 7

County of Giles, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2025

	Enterprise Fund	Internal Service Fund
	Utility Fund	Self-health Insurance
ASSETS		
Current assets:		
Cash and cash equivalents	7,616	$ 141,575
Accounts receivable (net of allowance for uncollectibles)	152,616	-
Total current assets	$ 160,232	$ 141,575
Noncurrent assets:		
Capital assets:		
Capital assets, not being depreciated	$ 100,142	$ -
Capital assets, net of accumulated depreciation	10,620,910	-
Total capital assets	$ 10,721,052	$ -
Total noncurrent assets	$ 10,721,052	$ -
Total assets	$ 10,881,284	$ 141,575
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	$ 69,411	$ -
OPEB related items	3,772	-
Total deferred outflows of resources	$ 73,183	$ -
LIABILITIES		
Current liabilities:		
Accounts payable	$ 8,072	$ -
Customer deposits	31,300	-
Health insurance claims IBNR	-	109,878
Accrued interest payable	16,059	-
Compensated absences - current portion	50,513	-
Bonds payable - current portion	537,214	-
Total current liabilities	$ 643,158	$ 109,878
Noncurrent liabilities:		
Net OPEB liabilities	$ 34,811	$ -
Compensated absences - net of current portion	16,837	-
Net pension liability	122,753	-
Bonds payable - net of current portion	3,729,841	-
Total noncurrent liabilities	$ 3,904,242	$ -
Total liabilities	$ 4,547,400	$ 109,878
DEFERRED INFLOWS OF RESOURCES		
Pension related items	$ 78,921	$ -
OPEB related items	21,575	-
Deferred amount on refunding	139,127	-
Total deferred inflows of resources	$ 239,623	$ -
NET POSITION		
Net investment in capital assets	$ 6,314,870	$ -
Unrestricted (deficit)	(147,426)	31,697
Total net position	$ 6,167,444	$ 31,697

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

Exhibit 8

County of Giles, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	Enterprise Fund	Internal Service Fund
	Utility Fund	Self-health Insurance
OPERATING REVENUES		
Charges for services:		
Water & sewer revenues	$ 583,875	$ -
Penalties	22,526	-
Health insurance contributions	-	3,273,708
Miscellaneous	29,667	-
Total operating revenues	$ 636,068	$ 3,273,708
OPERATING EXPENSES		
Salaries	$ 365,155	$ -
Fringes	95,761	-
Contracted services	50,287	-
Repair and maintenance	128,218	-
Water purchase	369,867	-
Material and supplies	79,868	-
Insurance	9,922	-
Miscellaneous	30,076	-
Utilities	41,730	-
Health insurance premiums	-	4,576,199
Depreciation	683,418	-
Total operating expenses	$ 1,854,302	$ 4,576,199
Operating income (loss)	$ (1,218,234)	$ (1,302,491)
NONOPERATING REVENUES (EXPENSES)		
Connection fees	$ 13,000	$ -
Contribution to component unit - IDA	(737)	-
Interest expense	(47,266)	-
Total nonoperating revenues (expenses)	$ (35,003)	$ -
Income before special items and transfers	$ (1,253,237)	$ (1,302,491)
Special item - transfer of operations	$ 2,960,143	$ -
Transfers in	1,501,584	1,150,000
Change in net position	$ 3,208,490	$ (152,491)
Net position - beginning, as previously reported	$ 2,975,703	$ 184,188
Restatement due to adoption of accounting principle	(16,749)	-
Net position - beginning, as restated	$ 2,958,954	$ 184,188
Net position - ending	$ 6,167,444	$ 31,697

County of Giles, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Enterprise Fund	Internal Service Fund
	Utility Fund	Self-health Insurance
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$ 490,913	$ 3,273,708
Payments to suppliers	(703,817)	-
Payments to employees	(508,164)	-
Payments for premiums	-	(4,503,970)
Net cash provided by (used for) operating activities	$ (721,068)	$ (1,230,262)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	$ 1,501,584	$ 1,150,000
Contribution to component unit - IDA	(737)	-
Net cash provided by (used for) noncapital financing activities	$ 1,500,847	$ 1,150,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	$ (117,238)	$ -
Principal payments on bonds	(556,220)	-
Interest payments	(111,705)	-
Connection fees	13,000	-
Net cash provided by (used for) capital and related financing activities	$ (772,163)	$ -
Net increase (decrease) in cash and cash equivalents	$ 7,616	$ (80,262)
Cash and cash equivalents - beginning	-	221,837
Cash and cash equivalents - ending	$ 7,616	$ 141,575
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$ (1,218,234)	$ (1,302,491)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	$ 683,418	$ -
(Increase) decrease in accounts receivable	1,861	-
(Increase) decrease in deferred outflows of resources	(14,188)	-
Increase (decrease) in reconciled overdraft	(144,616)	-
Increase (decrease) in customer deposits	(2,400)	-
Increase (decrease) in accounts payable	6,151	72,229
Increase (decrease) in net OPEB liabilities	(7,635)	-
Increase (decrease) in compensated absences	15,484	-
Increase (decrease) in net pension liability	(4,454)	-
Increase (decrease) in deferred inflows of resources	(36,455)	-
Total adjustments	$ 497,166	$ 72,229
Net cash provided by (used for) operating activities	$ (721,068)	$ (1,230,262)
Noncash investing, capital, and financing activities:		
Contributions of capital assets from government	$ 2,960,143	

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

Exhibit 10

County of Giles, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Custodial Funds
	Special Welfare
ASSETS	
Cash and cash equivalents	$ 30,565
Total assets	$ 30,565
NET POSITION	
Restricted:	
Amounts held for social services clients	$ 30,565
Total net position	$ 30,565

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

Exhibit 11

County of Giles, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2025

	Custodial Funds
	Special Welfare
ADDITIONS	
Special welfare collections	$ 41,110
Interest income	17
Total additions	$ 41,127
DEDUCTIONS	
Special welfare payments	$ 41,863
Total deductions	$ 41,863
Net increase (decrease) in fiduciary net position	$ (736)
Net position - beginning	31,301
Net position - ending	$ 30,565

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

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

Blended component units – The County has no blended component units.

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

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

The Giles County Industrial Development Authority encourages and provides financing for industrial development in the County. The Industrial Development Authority board members are appointed by the Board of Supervisors. The Industrial Development Authority is fiscally dependent upon the County. The Industrial Development Authority is presented as an enterprise fund type and does not issue a separate financial report.

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

Jointly Governed Organizations – The County and the Counties of Bland, Carroll, Floyd, Grayson, and Wythe and the City of Radford participate in supporting the New River Valley Regional Jail Authority. The monthly payment made by the County to the Regional Jail is based on the number of prisoners housed for the County. For the year ended June 30, 2025, the County paid $623,882 for the confinement of prisoners.

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

B. Government-Wide and Fund Financial Statements

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

The statement of net position is designed to display the financial position of the primary government (governmental and business-type activities). Governments report all capital assets, including infrastructure, in the government-wide statement of net position and report depreciation expense - the cost of "using up" capital assets – in the statement of activities. The net position of a government is broken down into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized 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 and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

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

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

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

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

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

The government reports the following major governmental funds:

The G*eneral Fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. The General Fund includes the activities of the Dare Program, the Asset Forfeiture Fund, the Comprehensive Services Fund, the Social Services Fund, the Restitution Fund, the Rev Max Fund, and the Emergency Replacement Fund.

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

The School Board reports the following major funds:

The *School Operating Fund* is the primary operating fund of the School Board and accounts for and reports all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from appropriations from the County and state and federal grants.

The *School Activity Fund* accounts for and reports all funds received from extracurricular school activities, such as entertainment, athletic contest, club dues, fundraisers, etc., and from any and all activities of the individual schools.

The government reports the following major proprietary funds:

The County operates a water and sewer system. The activities of the system are accounted for in the Utility fund.

The government reports the following internal service fund:

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

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

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

Additionally, the government reports the following fund types:

Fiduciary funds (trust and custodial funds) account for assets held by the government in a trustee capacity or as custodian for individuals, private organizations, other governmental units, or other funds. The Custodial funds consist of the Special Welfare fund. The Special Welfare fund accounts for those funds belonging to individuals entrusted to the local social services agency, such as foster care children. Fiduciary funds are not included in the government-wide financial statements.

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

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

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

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance

1. Cash and Cash Equivalents

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

2. 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.

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

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance (Continued)

3. Receivables and Payables

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

4. Property Taxes

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

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately $125,751 for the General Fund at June 30, 2025 and is comprised solely of property taxes. The allowance amounted to approximately $744,661 for the Water department at June 30, 2025 and is comprised solely of water billings and penalties.

6. Inventories and Prepaid Items

All inventories are valued at cost using first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

7. 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.

8. Capital Assets

Capital assets, are tangible and intangible assets, which include property, plant, equipment, lease, subscription and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County, Component Unit School Board, and Component Unit Industrial Development Authority as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year.

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

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance (Continued)

8. Capital Assets (Continued)

As the County and Component Units construct or acquire 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 units, is depreciated/amortized using the straight line method over the following estimated useful lives (or life of the associated contract for lease and subscription assets):

Assets	Years
Buildings	40
Building improvements	40
Structures, lines, and accessories	20-40
Machinery and equipment	4-30
Subscription asset	3-5
Lease building improvements	40
Lease machinery and equipment	4-30

9. Compensated Absences

The County recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation
The County's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave
The County's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the County and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

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

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance (Continued)

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's 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.

11. Long-Term Obligations

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

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

12. Fund Balance

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

- Nonspendable fund balance – amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance – amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation;
- Assigned fund balance – amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments 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.

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

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance (Continued)

12. Fund Balance (Continued)

The Board of Supervisors is the highest level of decision making authority, and the formal action that is required to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board of Supervisors. The resolution must either be approved or rescinded as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

The Board of Supervisors has authorized the County Administrator as the official authorized to assign fund balance to a specific purpose as approved by the fund balance policy.

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

The policy also authorizes and directs the Treasurer to prepare financial reports which accurately categorize fund balance. The County will maintain an unassigned fund balance in the general fund equal to 3% of the expenditures/operating revenues. The County considers a balance of less than 3% to be a cause for concern, barring unusual or deliberate circumstances.

13. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The County has items that qualify for reporting in this category. The items are 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 types of items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount deferred and amortized over the shorter of the life of the refunded or refunding debt. Under a modified accrual basis of accounting, unavailable revenue representing property taxes and opioid settlement receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30th, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, leases and opioid settlements are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

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

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance (Continued)

14. 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.
- 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 and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

15. Other Postemployment Benefits (OPEB)

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

In addition to the VRS related OPEB, the County and component units allow their retirees to stay on the health insurance plan after retirement. The retiree is required to pay the blended premium cost creating an implicit subsidy OPEB liability. In addition, retirees receive a monthly stipend towards their health insurance cost until the retiree is Medicare eligible.

16. Leases and Subscription-Based IT Arrangements

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

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

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance (Continued)

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

Lessor

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

Lessee

The County recognizes lease liabilities and intangible right-to-use 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 an lease incentives). Subsequently, the lease liability is reduced by the principal portion of lease 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. Subsequently, the lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Subscriptions

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

Key Estimates and Judgments

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

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

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

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance (Continued)

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

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

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary Information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budgets include 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. The County Administrator is allowed to transfer appropriation amounts, with the exception of amounts appropriated for salaries in each department. Board approval is required to transfer departmental salary appropriations. Only the Board of Supervisors can revise (increase or decrease) total appropriations. The School Board is authorized to transfer appropriations within the school system's categories. Decentralized School Cafeteria Funds are not subject to appropriation, but are included within the School Fund actual data.

5. Formal budgetary integration is employed as a management control device during the year for the General Fund and the General Capital Projects Funds. The School Fund is integrated only at the level of legal adoption.

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.

8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations in the Social Services Department and Comprehensive Services Department within the general fund. In addition, the School Fund expenditures exceeded appropriations due to the timing of construction related payments totaling $7,902,670 in the current year that were not anticipated until the next fiscal year.

Note 2-Stewardship, Compliance, and Accountability: (Continued)

C. Deficit Fund Balance

At June 30, 2025, there were no funds with a deficit fund balance.

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 amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

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).

Custodial Credit Risk:
Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County and its discretely presented component unit has an investment policy for custodial credit risk included within the County investment policy. The County's investments on June 30, 2025 were held in the County's name by the County's custodial bank. The County's investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Credit Risk of Debt Securities:
The County's rated debt investments as of June 30, 2025, were rated by Standard & Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard & Poor's rating scale.

County's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings	
	AAAm	
SNAP (State Non-arbitrage Pool)	$	10,339,500

Note 3-Deposits and Investments: (Continued)

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

Investment Maturities (in years)		
Investment Type	Fair Value	1 Year or less
State Non-arbitrage Pool (SNAP)	10,339,500	10,339,500

Concentration of Credit Risk:
On June 30, 2025, the County did not have any investments meeting the GASB 40 definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

External Investment Pools:
The primary government is a participant in the Virginia State Non-Arbitrage Program (SNAP) sponsored by the Virginia Treasury Board. SNAP provides comprehensive investment management, accounting and arbitrage calculation services for the proceeds of tax-exempt financings of Virginia governments. The Treasury Board has hired a program/investment manager, rebate calculation agent, central depository, custodian bank, and legal counsel to manage the program and provide services to investors. The value of the positions in the external investment pools (SNAP) is the same as the value of the pool shares. As SNAP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. SNAP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

Note 4-Due from Other Governmental Units:

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

	Primary Government	Component Unit
	Governmental Activities	School Board
Commonwealth of Virginia:		
Local sales tax	$ 384,736	$ -
State sales tax	-	556,372
Categorical aid	62,237	6,270,645
Shared expenses	205,020	-
Non-categorical aid	34,660	-
Virginia public assistance funds	153,002	-
Community services act	261,447	-
Opioid settlement	623,090	
Federal Government:		
Virginia public assistance funds	240,776	-
School grants	-	572,285
Categorical aid	4,426	-
Totals	$ 1,969,394	$ 7,399,302

Note 5-Interfund Transfers:

Interfund transfers for the year ended June 30, 2025, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	$ -	$ 5,742,284
Utility Fund	1,501,584	-
County Capital Improvements Fund	3,170,745	80,045
Health Insurance Fund	1,150,000	-
Total	$ 5,822,329	$ 5,822,329
Component Unit School Board:		
School Operating Fund	$ 27,995	$ 400,158
School Activity Fund	400,158	27,995
Total	$ 428,153	$ 428,153

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

Note 6-Long-Term Obligations:

Primary Government – Governmental Activities Indebtedness:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2025:

	Balance July 1, 2024	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2025
Direct Borrowings and Placements:				
Lease revenue bonds	$ 5,519,255	$ 10,079,612	$ (522,637)	$ 15,076,230
Literary loan	12,312,000	1,812,964	(519,000)	13,605,964
Unamortized premiums	494,418	821,922	(103,418)	1,212,922
Finance purchases	273,000	-	(135,000)	138,000
Total Direct Borrowings and Placements	$ 18,598,673	$ 12,714,498	$ (1,280,055)	$ 30,033,116
Lease liabilities	2,328,058	412,442	(209,897)	2,530,603
Landfill postclosure liability	56,969	1,253	-	58,222
Net OPEB liabilities	1,201,362	192,419	(484,959)	908,822
Compensated absences	1,938,815	180,532	-	2,119,347
Net pension liability	3,247,619	3,852,801	(3,966,541)	3,133,879
Total	$ 27,371,496	$ 17,353,945	$ (5,941,452)	$ 38,783,989

*Change in compensated absences is shown net

Note 6-Long-Term Obligations: (Continued)

Primary Government – Governmental Activities Indebtedness: (Continued)

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

Year Ending June 30,	Direct Borrowings and Placements		Lease Liabilities	
	Principal	Interest	Principal	Interest
2026	$ 1,573,054	$ 874,149	$ 193,589	$ 43,860
2027	1,470,788	825,643	194,189	37,311
2028	1,755,024	778,790	144,158	32,621
2029	1,788,906	730,670	148,972	29,634
2030	1,929,556	681,559	107,723	26,905
2031-2035	9,937,397	2,585,149	545,495	110,607
2036-2040	7,055,469	1,326,425	640,551	66,259
2041-2045	3,310,000	361,875	555,926	16,083
Totals	$ 28,820,194	$ 8,164,260	$ 2,530,603	$ 363,280

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Note 6-Long-Term Obligations: (Continued)

Primary Government – Governmental Activities Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Date Issued	Final Maturity Date	Installment Amounts	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements:							
Lease Revenue Bonds:							
Lease Revenue Refunding Bond 2021B	1.775-3.125%	8/4/2021	10/1/2033	$3,356-154,376 a+	$ 1,289,821	$ 990,020	$ 142,071
Lease Revenue Bond 2015D	4.41-5.125%	11/18/2015	10/1/2032	$54,255-526,598 a+	2,508,519	16,082	16,082
Lease Revenue Bond 2017D	2.98%	7/31/2018	7/31/2038	$146,368 a+	3,500,000	2,500,500	160,306
Lease Revenue Bond 2017B	4.73%	7/31/2017	7/31/2037	$8,104 a+	70,000	16,358	7,703
Lease Revenue Bond 2024C VPSA	4.125-5.125%	11/19/2024	4/1/2045	$280,000-$720,000 a+	9,460,000	9,460,000	280,000
Lease Revenue Refunding Bond 2021B	3.125-5.125%	8/4/2021	10/1/2033	$120,000-205,000 a+	2,020,000	1,535,000	140,000
Lease Revenue Refunding Bond 2021B	1.775-2.908%	8/4/2021	10/1/2033	$4,595-186,090 a+	585,839	558,270	6,892
Total Lease Revenue Bonds						$ 15,076,230	$ 753,054
Literary Loans:							
Literary Loan	2.00%	9/11/2019	9/11/2039	$110,000-492,000a+	$ 7,500,000	$ 6,821,000	$ 347,000
Literary Loan	2.00%	12/14/2018	12/14/2038	$118,603-640,000a+	6,765,603	4,972,000	335,000
Literary Loan*	2.00%	3/11/2025	3/11/2055	$240,964-262,000a+	7,850,000	1,812,964	-
Total Literary Loans						$ 13,605,964	$ 682,000
Deferred Amount:							
Unamortized Premiums						$ 1,212,922	$ 151,240
Finance Purchases:							
JP Morgan Equipment Loan	2.06%	9/29/2019	1/15/2026	$129,000-138,000 a	$ 920,000	$ 138,000	$ 138,000
Total Direct Borrowings and Placements						$ 30,033,116	$ 1,724,294
Lease Liabilities							
Buildings and Improvements	1.50-8.70%	2/1/2024	4/1/2044	$1,780-12,830 b+		$ 2,420,255	$ 137,964
Machinery and Equipment	0.88-10.00%	Various	1/1/2026	$147-262 b+		110,348	55,625
Total Lease Liabilities						$ 2,530,603	$ 193,589
Other Obligations:							
Landfill Postclosure Liability						$ 58,222	$ -
Net OPEB Liabilities						908,822	-
Compensated Absences						2,119,347	1,589,510
Net Pension Liability						3,133,879	-
Total Other Obligations						$ 6,220,270	$ 1,589,510
Total Long-Term Obligations						$ 38,783,989	$ 3,507,393

(a) - annually
(a+) - annual principal installments shown; does not include semi-annual interest installments
(b+) - monthly principal installments shown; does not include interest installments
*currently in drawdown

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Note 6-Long-Term Obligations: (Continued)

Primary Government – Business-type Activities Indebtedness:

The following is a summary of long-term obligation transactions of the Enterprise Fund for the year ended June 30, 2025:

	Balance July 1, 2024	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2025
Direct Borrowings and Placements:				
Revenue bond	$ 182,570	$ -	$ (11,592)	$ 170,978
Lease revenue bonds	4,368,243	-	(544,628)	3,823,615
Unamortized premiums	314,446	-	(41,984)	272,462
Total Direct Borrowings and Placements	$ 4,865,259	$ -	$ (598,204)	$ 4,267,055
Other Obligations:				
Net OPEB liabilities	42,446	10,862	(18,497)	34,811
Compensated absences	51,866	15,484	-	67,350
Net pension liability	127,207	150,913	(155,367)	122,753
Total	$ 5,086,778	$ 177,259	$ (772,068)	$ 4,491,969

*Change in compensated absences is shown net

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

Year Ending June 30,	Direct Borrowings and Placements	
	Principal	Interest
2026	$ 495,231	$ 95,974
2027	515,023	81,903
2028	537,780	67,354
2029	547,515	52,358
2030	388,988	39,464
2031-2035	1,454,992	49,052
2036-2040	55,064	-
Totals	$ 3,994,593	$ 386,105

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Note 6-Long-Term Obligations: (Continued)

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

Details of long-term indebtedness:

	Interest Rates	Date Issued	Final Maturity Date	Installment Amounts	Amount of Original Issue	Balance Business-Type Activities	Amount Due Within One Year
Direct Borrowings and Direct Placements:							
Revenue Bond - VDOH	0.00%	3/5/2009	3/5/2039	$11,591 a	$ 347,742	$ 170,978	$ 11,591
Lease Revenue Bonds:							
Lease Revenue Bond 2015D	4.41-5.125%	11/18/2015	10/1/2032	$28,603-277,613 a+	$ 1,322,445	$ 17,600	$ 17,600
Lease Revenue Refunding Bond 2021B	1.775-3.125%	8/4/2021	10/1/2033	$10,831-498,209 a+	4,162,578	3,195,041	458,497
Lease Revenue Refunding Bond 2021B	1.775-2.908%	8/4/2021	10/1/2033	$5,029-203,658 a+	641,146	610,974	7,543
Total Lease Revenue Bonds						$ 3,823,615	$ 483,640
Deferred Amount:							
Unamortized Premiums						$ 272,462	$ 41,983
Total Direct Borrowings and Direct Placements						$ 4,267,055	$ 537,214
Other Obligations:							
Net OPEB Liabilities						$ 34,811	$ -
Compensated Absences						67,350	50,513
Net Pension Liability						122,753	-
Total Other Obligations						$ 224,914	$ 50,513
Total Long-Term Obligations						$ 4,491,969	$ 587,727

(a+) - annual principal installments shown; does not include semi-annual interest installments
(a) - annual principal installments shown; no interest for this revenue bond

The County's VPSA general obligation bonds and literary loan are subject to the State Aid Intercept Program. Under terms of the program, the County state aid is redirected to bond holders to cure any event(s) of default.

If an event of default occurs with VRA, NBB, or BB&T, the principal of the bond(s) may be declared immediately due and payable to the registered owner of the bond(s) by written notice to the County.

Lease agreements are structured to require the return or vacancy of leased assets as a result of default for non-payment.

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Note 7-Long-Term Obligations-Component Units:

Discretely Presented Component Unit – School Board Indebtedness:

The following is a summary of long-term obligation transactions of the Component-Unit School Board for the year ended June 30, 2025:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Net OPEB Liabilities	$ 8,860,547	$ 1,189,318	$ (2,409,234)	$ 7,640,631
Compensated Absences	3,132,284	66,793	-	3,199,077
Net Pension Liability	15,685,371	7,141,357	(8,154,949)	14,671,779
Total	$ 27,678,202	$ 8,397,468	$ (10,564,183)	$ 25,511,487

*Change in compensated absences is shown net

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
Other Obligations:		
Net OPEB liabilities	$ 7,640,631	$ -
Compensated absences	3,199,077	2,399,308
Net pension liability	14,671,779	-
Total Long-Term Obligations	$ 25,511,487	$ 2,399,308

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Note 7-Long-Term Obligations-Component Units: (Continued)

Discretely Presented Component Unit – Industrial Development Authority Indebtedness:

The following is a summary of long-term obligation transactions of the Component-Unit Industrial Development Authority for the year ended June 30, 2025:

	Balance July 1, 2024	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2025
Direct Borrowings and Placements:				
Lease Revenue Bonds	$ 3,114,891	$ -	$ (447,879)	$ 2,667,012
Unamortized Premium	114,358	-	(18,738)	95,620
Total Direct Borrowings and Placements	$ 3,229,249	$ -	$ (466,617)	$ 2,762,632
Other Obligations:				
Net Pension Liability	85,374	101,283	(104,272)	82,385
Net OPEB Liabilities	23,920	4,306	(9,979)	18,247
Total	$ 3,338,543	$ 105,589	$ (580,868)	$ 2,863,264

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

Year Ending June 30,	Direct Borrowings and Placements	
	Principal	Interest
2026	$ 459,315	$ 67,993
2027	466,799	55,042
2028	477,508	41,790
2029	494,239	28,204
2030	284,332	17,169
2031-2035	484,819	15,374
Totals	$ 2,667,012	$ 225,572

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Note 7-Long-Term Obligations-Component Units: (Continued)

Discretely Presented Component Unit – Industrial Development Authority Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Date Issued	Final Maturity Date	Installment Amounts	Amount of Original Issue	Balance Business-type Activities	Amount Due within One Year
Direct Borrowings and Placements:							
Lease Revenue Bonds:							
Lease Revenue Bond	4.41-5.125%	11/18/2015	10/1/2032	$2,142-20,790 a+	$ 99,036	$ 1,318	$ 1,318
Lease Revenue Refunding Bond	1.775-3.125%	8/4/2021	10/1/2033	$813-37,415 a+	312,599	239,938	34,432
Lease Revenue Refunding Bond	3.125-5.125%	8/4/2021	10/1/2033	$50,000-65,000 a+	460,000	250,000	60,000
Lease Revenue Refunding Bond	1.775-2.908%	8/4/2021	10/1/2033	$60,000-70,000 a+	500,000	265,000	65,000
Lease Revenue Refunding Bond	2.27%	7/1/2021	1/15/2029	$61,000-69,000 a+	2,537,000	1,520,000	263,000
Lease Revenue Refunding Bond	1.775-2.908%	8/4/2021	10/1/2033	$30,000-40,000 a+	475,000	345,000	35,000
Lease Revenue Refunding Bond	1.775-3.125%	8/4/2021	10/1/2033	$377-15,253 a+	48,015	45,756	565
Total Lease Revenue Bonds						$ 2,667,012	$ 459,315
Deferred Amount:							
Unamortized Premiums						$ 95,620	$ 18,736
Total Direct Borrowings and Placements						$ 2,762,632	$ 478,051
Other Obligations:							
Net pension liability						$ 82,385	$ -
Net OPEB liabilities						18,247	-
Total Other Obligations						$ 100,632	$ -
Total Long-Term Obligations						$ 2,863,264	$ 478,051

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

If an event of default occurs, the principal of the bond(s) may be declared immediately due and payable to the registered owner of the bond(s) by written notice to the IDA.

Note 8-Pension Plans:

Plan Description

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

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Note 8-Pension Plans: (Continued)

Benefit Structures

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

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

b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

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.

Note 8-Pension Plans: (Continued)

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, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government*	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	143	47
Inactive members:		
Vested inactive members	36	8
Non-vested inactive members	55	20
Inactive members active elsewhere in VRS	79	23
Total inactive members	170	51
Active members	136	34
Total covered employees	449	132

*Employees for Component Unit IDA included in Primary Government totals above

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2025 was 12.37% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

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 $1,052,953 and $882,351 for the years ended June 30, 2025 and June 30, 2024, respectively.

Note 8-Pension Plans: (Continued)

Contributions (Continued)

The Component Unit Industrial Development Authority's (IDA) contractually required employer contribution rate for the year ended June 30, 2025 was 12.37% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

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 IDA were $25,939 and $22,321 for the years ended June 30, 2025 and June 30, 2024, respectively.

The Component Unit School Board's (nonprofessional) contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2025 was 7.20% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

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 $62,368 and $37,417 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled $35,459 and $4,373 for the County and School Board, respectively, for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled $27,676 and $7,485 for the County and School Board, respectively, for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled $3,547,745 and $507,329 for the County and School Board, respectively, for the year ended June 30, 2025.

Net Pension Liability (Asset)

The net pension liability (asset) (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's, Component Unit IDA's, and Component Unit School Board's (nonprofessional) net pension (asset) liabilities were measured as of June 30, 2024. The total pension liabilities used to calculate the net pension (asset) liabilities were determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024.

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, 2023, 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, 2024.

Note 8-Pension Plans: (Continued)

Actuarial Assumptions – General Employees (Continued)

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

Mortality rates:

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

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

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

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

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

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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Note 8-Pension Plans: (Continued)

Actuarial Assumptions – General Employees (Continued)

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

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

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County of Smyth Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

Note 8-Pension Plans: (Continued)

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

Mortality rates: (Continued)

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

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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:

Note 8-Pension Plans: (Continued)

Long-Term Expected Rate of Return (Continued)

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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Expected arithmetic nominal return**	7.07%

* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.10%, 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 median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. Through the fiscal year ended June 30, 2024, the rate contributed by the school division for the VRS Teacher Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 112% of the actuarially determined contribution rate. From July 1, 2024 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.

Note 8-Pension Plans: (Continued)

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2023	$ 33,268,255	$ 29,893,429	$ 3,374,826
Changes for the year:			
Service cost	$ 776,517	$ -	$ 776,517
Interest	2,241,602	-	2,241,602
Differences between expected and actual experience	965,208	-	965,208
Contributions - employer	-	881,972	(881,972)
Contributions - employee	-	351,116	(351,116)
Net investment income	-	2,888,820	(2,888,820)
Benefit payments, including refunds of employee contributions	(1,671,721)	(1,671,721)	-
Administrative expenses	-	(18,887)	18,887
Other changes	-	(1,500)	1,500
Net changes	$ 2,311,606	$ 2,429,800	$ (118,194)
Balances at June 30, 2024	$ 35,579,861	$ 32,323,229	$ 3,256,632

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Note 8-Pension Plans: (Continued)

Changes in Net Pension Liability (Asset) (Continued)

	Component Unit Industrial Development Authority		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2023	$ 841,592	$ 756,218	$ 85,374
Changes for the year:			
Service cost	$ 19,644	$ -	$ 19,644
Interest	56,706	-	56,706
Differences between expected and actual experience	24,417	-	24,417
Impact in change of proportion	-	-	-
Contributions - employer	-	22,311	(22,311)
Contributions - employee	-	8,882	(8,882)
Net investment income	-	73,079	(73,079)
Benefit payments, including refunds of employee contributions	(42,290)	(42,290)	-
Administrative expenses	-	(478)	478
Other changes	-	(38)	38
Net changes	$ 58,477	$ 61,466	$ (2,989)
Balances at June 30, 2024	$ 900,069	$ 817,684	$ 82,385

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Note 8-Pension Plans: (Continued)

Changes in Net Pension Liability (Asset) (Continued)

	Component Unit-School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2023	$ 5,424,982	$ 5,443,451	$ (18,469)
Changes for the year:			
Service cost	$ 58,655	$ -	$ 58,655
Interest	358,608	-	358,608
Differences between expected and actual experience	172,604	-	172,604
Contributions - employer	-	37,417	(37,417)
Contributions - employee	-	33,673	(33,673)
Net investment income	-	518,537	(518,537)
Benefit payments, including refunds of employee contributions	(341,844)	(341,844)	-
Administrative expenses	-	(3,640)	3,640
Other changes	-	101	(101)
Net changes	$ 248,023	$ 244,244	$ 3,779
Balances at June 30, 2024	$ 5,673,005	$ 5,687,695	$ (14,690)

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Note 8-Pension Plans: (Continued)

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

The following presents the net pension liability (asset) of the County, Component Unit IDA, and Component Unit School Board (nonprofessional) using the discount rate of 6.75%, as well as what the County's, Component Unit IDA'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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County			
Net Pension Liability (Asset)	$ 7,798,110	$ 3,256,632	$ (490,987)
Component Unit Industrial Development Authority			
Net Pension Liability (Asset)	$ 197,270	$ 82,385	$ (12,421)
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	$ 588,946	$ (14,690)	$ (515,591)

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

For the year ended June 30, 2025, the County, Component Unit IDA, and Component Unit School Board (nonprofessional) recognized pension expense of $799,540, $28,733, and $(6,137), respectively. At June 30, 2025, the County, Component Unit IDA, 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- Industrial Development Authority		Component Unit-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	$ 764,222	$ -	$ 19,332	$ -	$ 66,058	$ -
Net difference between projected and actual earnings on pension plan investments	-	826,901	-	18,567	-	154,437
Change in proportionate share	29,873	44,949	15,076	-	-	-
Employer contributions subsequent to the measurement date	1,052,953	-	25,939	-	62,368	-
Total	$ 1,847,048	$ 871,850	$ 60,347	$ 18,567	$ 128,426	$ 154,437

Note 8-Pension Plans: (Continued)

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

$1,052,953, $25,939, and $62,368 reported as deferred outflows of resources related to pensions resulting from the County's, Component Unit IDA'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 ended June 30, 2026. 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 Industrial Development Authority	Component Unit School Board (nonprofessional)
2026	$ (138,932)	$ 12,090	$ (72,526)
2027	399,968	12,322	45,228
2028	(161,489)	(4,085)	(29,008)
2029	(177,301)	(4,486)	(32,073)
Thereafter	-	-	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at http:www.varetire.org/pdf/publications/2024-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, plan contribution requirements, long-term expected rate of return, and discount rate is included in the first section of this note.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options 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, 2025 was 14.21% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. 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 Board were $2,553,697 and $2,636,255 for the years ended June 30, 2025 and June 30, 2024, respectively.

Note 8-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Contributions (Continued)

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled $64,537 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled $74,112 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled $7,653,604 for the year ended June 30, 2025.

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

At June 30, 2025, the school division reported a liability of $14,671,779 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2024 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. 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, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion was 0.15630% as compared to 0.15519% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized pension expense of $1,518,565. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2025, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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Note 8-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,545,347	$ 302,102
Change in assumptions	266,312	-
Net difference between projected and actual earnings on pension plan investments	-	2,019,579
Changes in proportion and differences between employer contributions and proportionate share of contributions	721,468	246,982
Employer contributions subsequent to the measurement date	2,553,697	-
Total	$ 6,086,824	$ 2,568,663

$2,553,697 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2026. 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	
2026	$ (825,563)
2027	1,468,992
2028	487,529
2029	(166,494)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

Note 8-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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

Note 8-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2024, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	$ 60,622,260
Plan Fiduciary Net Position	51,235,326
Employers' Net Pension Liability (Asset)	$ 9,386,934
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.52%

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

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

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	$ 27,257,289	$ 14,671,779	$ 4,364,646

Note 8-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 9- Summary of Pension Related Items:

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans (Note 8)				
Primary Government	$ 1,847,048	$ 871,850	$ 3,256,632	$ 799,540
Totals	$ 1,847,048	$ 871,850	$ 3,256,632	$ 799,540

	Component Unit IDA			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans (Note 8)				
IDA	$ 60,347	$ 18,567	$ 82,385	$ 28,733
Totals	$ 60,347	$ 18,567	$ 82,385	$ 28,733

	Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans (Note 8):				
School Board Nonprofessional	$ 128,426	$ 154,437	$ (14,690)	$ (6,137)
School Board Professional	6,086,824	2,568,663	14,671,779	1,518,565
Totals	$ 6,215,250	$ 2,723,100	$ 14,657,089	$ 1,512,428

Note 10-Health Insurance - Pay-as-you-go (OPEB Plan):

The County and Component Unit-IDA administer a cost-sharing defined benefit healthcare plan. Several entities participate in the defined benefit healthcare plan through the County of Giles, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan.

The School Board administers a single-employer defined benefit healthcare plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plan. The plan does not issue a publicly available financial report.

Note 10-Health Insurance – Pay-as-you-go (OPEB Plan): (Continued)

Benefits Provided

The County of Giles and Component Unit-IDA administer a cost-sharing defined benefit healthcare plan. The Component Unit – School Board administers a single-employer healthcare plan. The Plan provides for participation by eligible retirees and their dependents in the health insurance programs available to County, IDA, and School Board employees. The Plan will provide retiring employees the option to continue health insurance offered by the County, IDA, and School Board. Any County and IDA eligible retiree and spouse may receive this benefit until he/she has reaches the earlier of sixty five years of age or death. Coverage for the spouse ends at the earliest of the retiree's death, the retiree's attainment of age 65, the spouse's death, and the spouse's attainment of age 65. The School Boards coverage ends at the earlier of attainment of age 65 and death unless the participant enrolls in the Medicare supplement plan. If a participant enrolls in the Medicare supplement plan, coverage may continue for life. A spouse may continue coverage after the death of the retiree at their own cost.

For the County and IDA, to be eligible for this benefit a retiree must meet at least one of the following criteria: attained age 50 and 10 years of service, attained age 55 and 5 years of service, or disabled with no age or service requirements. For the School Board, to be eligible for this benefit a retiree must meet at least one of the following criteria for those hired before July 1, 2010: attained age 50 and 10 years of service, attained age 65 and 5 years of service, if hired after July 1, 2010 age plus service is at least 90 or age 60 with at least 5 years of service, or disabled with no age or service. The benefits, employee contributions and the employer contributions are governed by the Board of Supervisors and the School Board and can be amended through the Board of Supervisors and the School Board action respectively.

Plan Membership

At June 30, 2025 (measurement date), the following employees were covered by the benefit terms:

	Primary Government*	Component Unit-School Board
Total active employees with coverage	158	369
Total retirees and spouses with coverage	6	17
Total	164	386

*Employees for Component Unit IDA and Giles PSA included in Primary Government totals above

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County Board. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2025 was $60,918. The amount paid by the IDA for OPEB as the benefits came due during the year ended June 30, 2025 was $982. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2025 was $206,371.

Note 10-Health Insurance – Pay-as-you-go (OPEB Plan): (Continued)

Total OPEB Liability

The County's, Industrial Development Authority's, and School Board's total OPEB liability was measured as of June 30, 2025. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2025.

Actuarial Assumptions

The total OPEB liability in the January 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Primary Government and Component Unit – Industrial Development Authority:

Actuarial Cost Method	Entry Age Normal
Healthcare Cost Trend Rates	5.90% in 2025 then decreasing to an ultimate rate of 3.90% over 49 years
Salary Increases	5.35% to 3.50% depending on years of service; 4.75% to 3.50% for public safety employees depending on years of service
Discount Rate	5.20% for fiscal year ending June 30, 2025 3.93% for fiscal year ending June 30, 2024
Inflation	2.50%

Mortality Rates – General Employees

Pre-Retirement – Pub-2010 Amount Weighted General Employee Rates projected generationally females set forward 2 years. 25% of deaths are assumed to be service-related.

Post-Retirement – Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females.

Post-Disablement – Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years.

Beneficiaries and Survivors – Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.

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

Note 10-Health Insurance – Pay-as-you-go (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates – Public Safety

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. 35% of deaths are assumed to be service-related.

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.

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

Component Unit-School Board:

Actuarial Cost Method	Entry Age Normal
Healthcare Cost Trend Rates	5.90% in 2025 then decreasing to an ultimate rate of 3.90% over 49 years
Salary Increases	5.35% to 3.50% depending on years of service; 5.95% to 3.50% for teachers depending on years of service
Discount Rate	5.20% for fiscal year ending June 30, 2025 3.93% for fiscal year ending June 30, 2024
Inflation	2.50%

Mortality Rates - Teachers

Pre-Retirement – Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males. 5% of deaths are assumed to be service-related.

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.

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

Note 10-Health Insurance – Pay-as-you-go (OPEB Plan): (Continued)

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the Bond Buyer General Obligation 20-Bond Municipal Index. The final equivalent single discount rate used for this year's valuation is 5.20% as of the end of the fiscal year with the expectation that the County, IDA, and School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

	Primary Government	Component Unit-Industrial Development Authority	Component Unit-School Board
	Total OPEB Liability	Total OPEB Liability	Total OPEB Liability
Balances at June 30, 2024	$ 887,174	$ 15,002	$ 6,106,868
Changes for the year:			
Service cost	21,520	347	179,669
Interest	35,123	566	243,045
Effect of economic/demographic gains or losses	-	-	(759,964)
Effect of assumptions changes or inputs	(47,223)	(761)	(493,054)
Benefit payments	(60,918)	(982)	(206,371)
Change in proportionate share	15,206	(456)	-
Other changes	(238,118)	(3,839)	-
Net changes	$ (274,410)	$ (5,125)	$ (1,036,675)
Balances at June 30, 2025	$ 612,764	$ 9,877	$ 5,070,193

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

The following amounts present the total OPEB liability of the County, IDA, and School Board as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.20%) or one percentage point higher (6.20%) than the current discount rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(4.20%)	(5.20%)	(6.20%)
Primary Government	$ 650,603	$ 612,764	$ 577,708
Component Unit - Industrial Development Authority	$ 10,487	$ 9,877	$ 9,312
Component Unit - School Board	$ 5,468,720	$ 5,070,193	$ 4,702,972

Note 10-Health Insurance – Pay-as-you-go (OPEB Plan): (Continued)

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

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

	Rate		
	1% Decrease (4.90% decreasing to 2.90%)	Healthcare Cost Trend (5.90% decreasing to 3.90%)	1% Increase (6.90% decreasing to 4.90%)
Primary Government	$ 574,754	$ 612,764	$ 656,350
Component Unit - Industrial Development Authority	$ 9,265	$ 9,877	$ 10,580
Component Unit - School Board	$ 4,584,639	$ 5,070,193	$ 5,631,730

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

For the year ended June 30, 2025, the County recognized OPEB expense in the amount of $(121,872), the Industrial Development Authority $(1,964), and the School Board $225,648. At June 30, 2025, the County and School Board reported the following deferred outflows of resources and deferred inflows of resources related to OPEB:

	Primary Government		Component Unit - Industrial Development Authority		Component Unit - School Board	
	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	$ -	$ 438,169	$ -	$ 7,063	$ 276,141	$ 958,704
Changes in assumptions	-	88,600	-	1,428	420,384	1,062,671
Total	$ -	$ 526,769	$ -	$ 8,491	$ 696,525	$ 2,021,375

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Note 10-Health Insurance – Pay-as-you-go (OPEB Plan): (Continued)

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

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

Year Ended June 30	Primary Government	Component Unit-Industrial Development Authority	Component Unit-School Board
2026	$ (191,338)	$ (3,084)	$ (275,011)
2027	(146,919)	(2,368)	(275,011)
2028	(96,622)	(1,557)	(275,011)
2029	(48,362)	(780)	(225,719)
2030	(43,528)	(702)	(195,784)
Thereafter	-	-	(78,314)

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

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

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

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

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

Eligible Employees

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

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan):

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $9,532 as of June 30, 2025.

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 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. 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 $40,008 and $41,110 for the years ended June 30, 2025 and June 30, 2024, respectively.

Contributions to the GLI Plan from the Component Unit-Industrial Development Authority were $986 and $1,040 for the years ended June 30, 2025 and June 30, 2024, respectively.

Contributions to the GLI Plan from the Component Unit-School Board (nonprofessional) were $4,071 and $4,136 for the years ended June 30, 2025 and June 30, 2024, respectively.

Contributions to the GLI Plan from the Component Unit-School Board (professional) were $84,464 and $90,068 for the years ended June 30, 2025 and June 30, 2024, respectively.

At June 30, 2025, the County reported a liability of $330,869 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2025, the Component Unit-Industrial Development Authority reported a liability of $8,370 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2025, the Component Unit-School Board (nonprofessional) reported a liability of $33,254 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2025, the Component Unit-School Board (professional) reported a liability of $724,903 for its proportionate share of the Net GLI OPEB Liability.

Note 11-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

The Net GLI OPEB Liability was measured as of June 30, 2024 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, 2023, and rolled forward to the measurement date of June 30, 2024. 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, 2024 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2024, the County's proportion was 0.02965% as compared to 0.0297% at June 30, 2023.

At June 30, 2024, the Component Unit-Industrial Development Authority proportion was 0.00075% as compared to 0.0007% at June 30, 2023.

At June 30, 2024, the Component Unit-School Board (nonprofessional) proportion was 0.0030% as compared to 0.0031% at June 30, 2023.

At June 30, 2024, the Component Unit-School Board (professional) proportion was 0.0650% as compared to 0.0656% at June 30, 2023.

For the year ended June 30, 2025, the County recognized GLI OPEB expense of $6,493. 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.

For the year ended June 30, 2025, the Component-Unit Industrial Development Authority recognized GLI OPEB expense of $164. 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.

For the year ended June 30, 2025, the Component-Unit School Board (nonprofessional) recognized GLI OPEB expense of $3,260. 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.

For the year ended June 30, 2025, the Component-Unit School Board (professional) recognized GLI OPEB expense of $14,685. 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.

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Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

At June 30, 2025, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component Unit Industrial Development Authority	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 52,186	$ 8,083	$ 1,320	$ 204
Net difference between projected and actual earnings on GLI OPEB plan investments	-	27,888	-	705
Changes in assumptions	1,886	16,397	48	415
Changes in proportion	5,068	10,506	128	266
Employer contributions subsequent to the measurement date	40,008	-	986	-
Total	$ 99,148	$ 62,874	$ 2,482	$ 1,590

	Component Unit School Board (Nonprofessional)		Component Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 5,245	$ 812	$ 114,334	$ 17,707
Net difference between projected and actual earnings on GLI OPEB plan investments	-	2,803	-	61,102
Change in assumptions	190	1,648	4,132	35,925
Changes in proportion	4,688	2,381	31,621	22,731
Employer contributions subsequent to the measurement date	4,071	-	84,464	-
Total	$ 14,194	$ 7,644	$ 234,551	$ 137,465

Note 11-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)

$40,008, $986, $4,071, and $84,464 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's, Component–Unit Industrial Development Authority's, Component-Unit School Board (Nonprofessional), and Component-Unit School Board (Professional), respectively, 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit-Industrial Development Authority	Component Unit-School Board (Non-professional)	Component Unit-School Board (Professional)
2026	$ (14,868)	$ (376)	$ 934	$ (32,365)
2027	5,489	139	878	13,860
2028	(1,742)	(44)	89	6,666
2029	2,389	60	349	14,303
2030	4,998	127	229	10,158
Thereafter	-	-	-	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be references 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

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - Teachers (Continued)

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

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

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

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

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

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

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

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

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

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance 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, 2024, NOL amounts for the Group Life Insurance Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	$	4,196,055
Plan Fiduciary Net Position		3,080,133
GLI Net OPEB Liability (Asset)	$	1,115,922
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		73.41%

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

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Expected arithmetic nominal return**	7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.10%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total 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, 2024, 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, 2024 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.

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	$ 514,547	$ 330,869	$ 182,484
Component Unit-Industrial Development Authority's proportionate share of the GLI Plan Net OPEB Liability	$ 13,017	$ 8,370	$ 4,616
Component Unit-School Board (Nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	$ 51,715	$ 33,254	$ 18,341
Component Unit-School Board (Professional)'s proportionate share of the GLI Plan Net OPEB Liability	$ 1,127,318	$ 724,903	$ 399,804

Group Life Insurance Plan Fiduciary Net Position

Detailed information about the Group Life Insurance Plan's Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 12-Component Unit – School Board's (Nonprofessional) 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:

Note 12-Component Unit – School Board's (Nonprofessional) Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Eligible Employees

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

Benefit Amounts

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

Employees Covered by Benefit Terms

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

	Number
Inactive members or their beneficiaries currently receiving benefits	8
Inactive members:	
Vested inactive members	1
Inactive members active elsewhere in VRS	10
Total inactive members	11
Active members	34
Total covered employees	53

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 Component Unit – School Board's (Nonprofessional) contractually required employer contribution rate for the year ended June 30, 2025 was 1.74% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. 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 Component Unit – School Board (Nonprofessional) to the HIC Plan were $15,071 and $13,327 for the years ended June 30, 2025 and June 30, 2024, respectively.

Note 12-Component Unit – School Board's (Nonprofessional) Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Net HIC OPEB Liability

The Component Unit-School Board's (Nonprofessional) net HIC OPEB liability was measured as of June 30, 2024. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

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

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

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

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

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

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Note 12-Component Unit – School Board's (Nonprofessional) Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

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

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

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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Expected arithmetic nominal return**	7.07%

Note 12-Component Unit – School Board's (Nonprofessional) Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return (Continued)

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.10%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2024, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2024 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 – Component Unit-School Board (Nonprofessional)

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2023	$ 87,287	$ 32,688	$ 54,599
Changes for the year:			
Service cost	$ 840	$ -	$ 840
Interest	5,864	-	5,864
Difference between expected and actual experience	(31,140)	-	(31,140)
Contributions - employer	-	13,327	(13,327)
Net investment income	-	3,725	(3,725)
Benefit payments	(2,504)	(2,504)	-
Administrative expenses	-	(55)	55
Other changes	-	(2)	2
Net changes	$ (26,940)	$ 14,491	$ (41,431)
Balances at June 30, 2024	$ 60,347	$ 47,179	$ 13,168

Note 12-Component Unit – School Board's (Nonprofessional) Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Sensitivity of the Component Unit-School Board's (Nonprofessional) HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the Component Unit-School Board's (Nonprofessional) HIC Program net HIC OPEB liability using the discount rate of 6.75%, as well as what the Component Unit-School Board's (Nonprofessional) 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%)
Component Unit-School Board (Nonprofessional)'s Net HIC OPEB Liability	$ 19,654	$ 13,168	$ 7,639

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, 2025, the Component Unit – School Board (Nonprofessional) recognized HIC Plan OPEB expense of $(10,928). At June 30, 2025, the Component Unit – School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the Component Unit – School Board (Nonprofessional) HIC Plan from the following sources:

	Component Unit School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 46,678
Net difference between projected and actual earnings on HIC OPEB plan investments	-	595
Change in assumptions	12,027	-
Employer contributions subsequent to the measurement date	15,071	-
Total	$ 27,098	$ 47,273

Note 12-Component Unit – School Board's (Nonprofessional) 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)

$15,071 reported as deferred outflows of resources related to the HIC OPEB resulting from the Component Unit – School Board's (Nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	Component Unit-School Board (Non-professional)
2026	$ (15,684)
2027	(11,429)
2028	(7,901)
2029	(232)
Thereafter	-

HIC Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Plan is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 13-Component Unit – School Board's (Professional) Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

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

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

Eligible Employees

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

Note 13-Component Unit – School Board's (Professional) Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2025 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, 2023. 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 $217,451 and $201,820 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

At June 30, 2025, the school division reported a liability of $1,799,113 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Plan OPEB Liability was measured as of June 30, 2024 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The school division's proportion of the Net VRS Teacher Employee HIC Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division's proportion of the VRS Teacher Employee HIC Program was 0.15568% as compared to 0.15480% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of $138,286. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

Note 13-Component Unit – School Board's (Professional) Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

At June 30, 2025, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Plan OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 85,238
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	6,400
Change in assumptions	30,994	-
Change in proportion share and differences between actual and expected contributions	106,295	57,000
Employer contributions subsequent to the measurement date	217,451	-
Total	$ 354,740	$ 148,638

$217,451 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	
2026	$ (10,894)
2027	(2,547)
2028	(6,001)
2029	335
2030	9,506
Thereafter	(1,748)

Note 13-Component Unit – School Board's (Professional) Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

Mortality Rates – Teachers

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

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

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020.

Note 13-Component Unit – School Board's (Professional) Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2024, 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	$	1,478,105
Plan Fiduciary Net Position		322,457
Teacher Employee Net HIC OPEB Liability (Asset)	$	1,155,648
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		21.82%

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

Note 13-Component Unit – School Board's (Professional) 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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Expected arithmetic nominal return**	7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.10%, 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 13-Component Unit – School Board's (Professional) 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, 2024, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2024 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	$ 2,046,040	$ 1,799,113	$ 1,589,819

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 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 14- Summary of OPEB Related Items:

	Primary Government				Component Unit IDA			
	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense
County Stand-Alone Plan (Note 10)	$ -	$ 526,769	$ 612,764	$ (121,872)	$ -	$ 8,491	$ 9,877	$ (1,964)
VRS Group Life Insurance Plan (Note 11)	99,148	62,874	330,869	6,493	2,482	1,590	8,370	164
Totals	$ 99,148	$ 589,643	$ 943,633	$ (115,379)	$ 2,482	$ 10,081	$ 18,247	$ (1,800)

Note 14- Summary of OPEB Related Items: (Continued)

	Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense
School Stand-Alone Plan (Note 10)	$ 696,525	$ 2,021,375	$ 5,070,193	$ 225,648
VRS OPEB Plans:				
Group Life Insurance Plan (Note 11)				
School Board Nonprofessional	14,194	7,644	33,254	3,260
School Board Professional	234,551	137,465	724,903	14,685
School Board Health Insurance Credit Plan (Note 12)	27,098	47,273	13,168	(10,928)
Teacher Health Insurance Credit Plan (Note 13)	354,740	148,638	1,799,113	138,286
Totals	$ 1,327,108	$ 2,362,395	$ 7,640,631	$ 370,951

Note 15- Unavailable/Deferred 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.

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Unavailable/deferred revenue		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	$ -	$ 619,254
Tax assessments due after June 30	3,412,549	3,412,549
Prepaid property taxes due after June 30 but paid in advance by taxpayers	602,863	602,863
Unavailable opioid settlement proceeds representing uncollected opioid settlement proceeds not available for the funding of current expenditures	-	575,697
Total unavailable/deferred revenue	$ 4,015,412	$ 5,210,363

Also, at the end of the current fiscal year, Component Unit School Board reported unearned revenue of $950,317 consisting of a state construction grant.

Note 16-Capital Assets:

Capital asset activity for the year ended June 30, 2025 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	$ 540,430	$ 432	$ -	$ 540,862
Construction in progress	1,679,172	3,872,694	(3,738,902)	1,812,964
Total capital assets not being depreciated/amortized	$ 2,219,602	$ 3,873,126	$ (3,738,902)	$ 2,353,826
Capital assets, being depreciated/amortized:				
Land improvements	$ 264,034	$ 31,750	$ -	$ 295,784
Buildings and improvements	25,346,057	2,076,406	-	27,422,463
Machinery and equipment	6,200,528	1,587,921	-	7,788,449
Lease buildings and improvements	2,339,533	254,915	-	2,594,448
Lease machinery and equipment	53,099	151,027	(9,432)	194,694
Total capital assets being depreciated/amortized	$ 34,203,251	$ 4,102,019	$ (9,432)	$ 38,295,838
Accumulated depreciation/amortization:				
Land improvements	$ (66,046)	$ (15,319)	$ -	$ (81,365)
Buildings and improvements	(13,791,855)	(1,100,324)	-	(14,892,179)
Machinery and equipment	(5,350,029)	(924,418)	-	(6,274,447)
Lease buildings and improvements	(36,556)	(175,424)	-	(211,980)
Lease machinery and equipment	(37,326)	(60,153)	9,432	(88,047)
Total accumulated depreciation/amortization	$ (19,281,812)	$ (2,275,638)	$ 9,432	$ (21,548,018)
Total capital assets being depreciated/amortized, net	$ 14,921,439	$ 1,826,381	$ -	$ 16,747,820
Governmental activities capital assets, net	$ 17,141,041	$ 5,699,507	$ (3,738,902)	$ 19,101,646

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Note 16-Capital Assets: (Continued)

Primary Government: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	$ 13,000	$ 5,814	$ -	$ 18,814
Construction in progress	38,928	42,400	-	81,328
Total capital assets, not being depreciated	$ 51,928	$ 48,214	$ -	$ 100,142
Capital assets, being depreciated:				
Utility plant and infrastructure	$ 17,374,958	$ 6,887,056	$ -	$ 24,262,014
Machinery and equipment	750,592	65,909	-	816,501
Total capital assets, being depreciated	$ 18,125,550	$ 6,952,965	$ -	$ 25,078,515
Accumulated depreciation:				
Utility plant and infrastructure	$ (9,217,339)	$ (4,560,804)	$ -	$ (13,778,143)
Machinery and equipment	(633,050)	(46,412)	-	(679,462)
Total accumulated depreciation	$ (9,850,389)	$ (4,607,216)	$ -	$ (14,457,605)
Total capital assets being depreciated, net	$ 8,275,161	$ 2,345,749	$ -	$ 10,620,910
Business-type activities capital assets, net	$ 8,327,089	$ 2,393,963	$ -	$ 10,721,052

During the fiscal year, the Town of Glen Lyn turned over their utility system(s) to the County. Accordingly, assets with a gross value of $6,883,941 and accumulated depreciation of $3,923,798 are reported above as increases to capital assets and related depreciation.

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

Governmental activities:	
General government administration	$ 141,900
Judicial administration	35,356
Public safety	782,313
Public works	230,633
Health and welfare	115,876
Education	739,514
Parks, recreation, and cultural	149,311
Community development	80,735
Total depreciation/amortization expense-governmental activities	$ 2,275,638
Business-type activities:	
Water department	$ 683,418

Note 16-Capital Assets: (Continued)

Capital asset activity for the School Board for the year ended June 30, 2025 was as follows:

Discretely Presented Component Unit-School Board:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 473,652	$ -	$ -	$ 473,652
Construction in progress	5,051,105	10,921,716	-	15,972,821
Total capital assets not being depreciated	$ 5,524,757	$ 10,921,716	$ -	$ 16,446,473
Capital assets, being depreciated:				
Buildings and improvements	$ 36,125,204	$ -	$ -	$ 36,125,204
Machinery and equipment	8,190,345	1,267,201	(26,817)	9,430,729
Total capital assets being depreciated	$ 44,315,549	$ 1,267,201	$ (26,817)	$ 45,555,933
Accumulated depreciation:				
Buildings and improvements	$ (31,909,089)	$ (302,094)	$ -	$ (32,211,183)
Machinery and equipment	(5,688,838)	(712,719)	26,817	(6,374,740)
Total accumulated depreciation	$ (37,597,927)	$ (1,014,813)	$ 26,817	$ (38,585,923)
Total capital assets being depreciated, net	$ 6,717,622	$ 252,388	$ -	$ 6,970,010
Governmental activities capital assets, net	$ 12,242,379	$ 11,174,104	$ -	$ 23,416,483

Depreciation expense of $1,014,813 was charged to education in the Statement of Activities.

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Note 15-Capital Assets: (Continued)

Capital asset activity for the Industrial Development Authority for the year ended June 30, 2025 was as follows:

Discretely Presented Component Unit-Industrial Development Authority:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated/amortized:				
Land	$ 451,359	$ -	$ -	$ 451,359
Construction in progress	1,874,208	102,482	-	1,976,690
Total capital assets not being depreciated/amortized	$ 2,325,567	$ 102,482	$ -	$ 2,428,049
Capital assets, being depreciated/amortized:				
Buildings and improvements	$ 9,686,897	$ -	$ (157,314)	$ 9,529,583
Machinery and Equipment	8,880	-	(8,880)	-
Lease buildings and improvements	194,175	-	-	194,175
Total capital assets being depreciated/amortized	$ 9,889,952	$ -	$ (166,194)	$ 9,723,758
Accumulated depreciation/amortization:				
Buildings and improvements	$ (3,752,444)	$ (235,672)	$ 39,350	$ (3,948,766)
Machinery and Equipment	(58)	(1,776)	1,834	-
Lease buildings and improvements	(56,587)	(19,412)	-	(75,999)
Total depreciation/amortization	$ (3,809,089)	$ (256,860)	$ 41,184	$ (4,024,765)
Total capital assets being depreciated/amortized, net	$ 6,080,863	$ (256,860)	$ (125,010)	$ 5,698,993
Business-type activities capital assets, net	$ 8,406,430	$ (154,378)	$ (125,010)	$ 8,127,042

All Depreciation/amortization of the Component Unit-Industrial Development Authority was charged to Community Development.

Note 16-Inventories/Assets Held for Resale:

Discretely Presented Component Unit-Industrial Development Authority:

The Industrial Development Authority has assets consisting of land and structures specifically held for resale that are not depreciated. At June 30, 2025, the value of these assets was $1,657,220.

The following is a summary of transactions for these assets for the year ended June 30, 2025.

	Beginning Balance	Increases	Decreases	Ending Balance
Inventories/ Assets held for resale	$ 1,657,220	$ -	$ -	$ 1,657,220
Total	$ 1,657,220	$ -	$ -	$ 1,657,220

Note 17-Leases Receivable:

Discretely Presented Component Unit-Industrial Development Authority:

The following is a summary of lessor activity of the Component Unit-Industrial Development Authority for the year ended June 30, 2025.

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	$3,540,542	$ -	$ (317,160)	$3,223,382	$ 49,919

Lease revenue recognized during the year was $350,686.

Details of leases receivables:

Lease Description	Start Date	End Date	Payment Frequency	Ending Balance	Amount Due Within One Year
Health Department Lease	5/1/2018	4/30/2028	Monthly	$ 111,669	$ 38,495
Nanosonic	10/1/2020	9/30/2030	Monthly	882,434	166,767
Farm Bureau	7/1/2011	6/30/2026	Monthly	33,000	33,000
DSS Lease	4/1/2024	3/1/2044	Monthly	2,196,279	85,849
Total				$ 3,223,382	$ 324,111

The Discretely Presented Component Unit-Industrial Development Authority used discount rates ranging from 1.14% - 10.00% for the leases noted above.

Note 18-Risk Management:

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

Note 19-Contingent Liabilities:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of U.S. Office of Management and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Pursuant to the provisions of this guidance all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 20-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:	
Sherry E. Gautier, Clerk of the Circuit Court	$ 550,000
Angela L. Higginbotham, Treasurer	400,000
Lisa Corell, Commissioner of the Revenue	3,000
W. Morgan Millirons, Sheriff	30,000

Note 21-Landfill Postclosure Liability:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County landfill has been closed. Total costs for landfill postclosure are estimated to be $58,222. This amount is based on what it would cost to perform all postclosure care in 2025. Actual costs for postclosure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the Department of Environmental Quality's assurance requirements for landfill post-closure costs. The County demonstrated financial assurance requirements for closure, postclosure care, and corrective action costs through the submission of a Local Governmental Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

Note 22-Litigation:

As of June 30, 2025, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decisions on pending matters not be favorable.

Note 23 – Commitments and Contingencies:

The County and component units have obligated funds for the projects described below as of June 30, 2025:

Project:	Amount of Contract	Amount of Contract Outstanding	Accounts Payable	Retainage Payable
Macy McClaugherty Elementary/Middle School Renovations	$ 8,540,678	$ 446,915	$ 785,811	$ 404,688
Giles High School Renovations	16,832,500	12,630,770	3,555,934	210,087
Narrows High School Renovations	13,700,000	11,114,697	2,302,117	129,265
Narrows Elementary School Renovations	1,884,022	1,604,628	265,424	13,970

Note 24 – Deficit Net Position:

The School Board reports deficit unrestricted net position of $14,408,668 due to net pension and OPEB liabilities totaling $22,312,410. These liabilities will be funded by increased contributions over time and on a pay-as-you-go basis for the Stand-alone Health Benefit OPEB.

The County reports deficit net position – net investment in capital assets at the end of the fiscal year. This is due to debt funded projects that are being depreciated over a shorter period than the amortization of related debt.

Note 25 – Adoption of Accounting Principles:

During the current year, the County implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the County now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences.

The change in accounting principle resulted in the following restatement of net position:

	Governmental Activities	Business-type Activities	Total Government-wide	Component Unit School Board
Net position, as reported, June 30, 2024	$ 17,933,097	$ 2,975,703	$ 20,908,800	$ (6,813,615)
Restatement for GASB 101 Implementation	(933,151)	(16,749)	(949,900)	(2,743,587)
Net position, as restated, June 30, 2024	$ 16,999,946	$ 2,958,954	$ 19,958,900	$ (9,557,202)

Note 26-Transfer of Operations:

On February 1, 2025, the Town of Glyn Lyn, Virginia gave up its' Town Charter and assets of the Town's utility system were transferred to the County. Capital assets with a gross value of $6,883,941 and accumulated depreciation of $3,923,798 (net value of $2,960,143) were accepted by the County. No other assets or liabilities were transferred as a result of this transaction. The County has reported this as a special item in the Utility Fund financial statements.

Note 27 - Upcoming Pronouncements:

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

Statement No. 104, *Disclosure of Certain Capital Assets,* requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, *Implementation Guidance Update—2025*, effective for fiscal years beginning after June 15, 2025.

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

Required Supplementary Information

County of Giles, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	$ 18,133,482	$ 18,133,482	$ 19,908,840	$ 1,775,358
Other local taxes	2,815,175	2,815,175	2,991,272	176,097
Permits, privilege fees, and regulatory licenses	42,246	42,246	36,218	(6,028)
Fines and forfeitures	25,594	25,594	17,440	(8,154)
Revenue from the use of money and property	303,056	303,056	1,360,809	1,057,753
Charges for services	599,912	599,912	753,306	153,394
Miscellaneous	259,064	259,064	936,738	677,674
Recovered costs	1,827,193	1,827,193	2,681,325	854,132
Intergovernmental:				
Commonwealth	7,540,709	7,540,709	7,417,640	(123,069)
Federal	2,785,083	2,785,083	2,595,585	(189,498)
Total revenues	$ 34,331,514	$ 34,331,514	$ 38,699,173	$ 4,367,659
EXPENDITURES				
Current:				
General government administration	$ 2,803,151	$ 3,019,981	$ 2,948,964	$ 71,017
Judicial administration	1,239,896	1,311,451	1,296,399	15,052
Public safety	6,454,487	7,250,852	7,261,953	(11,101)
Public works	2,574,786	2,237,020	2,212,636	24,384
Health and welfare	7,523,802	6,895,847	7,135,471	(239,624)
Education	7,527,881	17,617,558	11,899,207	5,718,351
Parks, recreation, and cultural	785,404	952,667	1,016,315	(63,648)
Community development	1,262,453	1,413,830	1,516,000	(102,170)
Nondepartmental	526,450	829,547	826,546	3,001
Debt service:				
Principal retirement	619,000	728,897	728,897	-
Interest and other fiscal charges	293,600	293,903	295,467	(1,564)
Total expenditures	$ 31,610,910	$ 42,551,553	$ 37,137,855	$ 5,413,698
Excess (deficiency) of revenues over (under) expenditures	$ 2,720,604	$ (8,220,039)	$ 1,561,318	$ 9,781,357
OTHER FINANCING SOURCES (USES)				
Transfers out	$ (2,887,963)	$ (5,278,614)	$ (5,742,284)	$ (463,670)
Issuance of leases	-	-	412,442	412,442
Total other financing sources (uses)	$ (2,887,963)	$ (5,278,614)	$ (5,329,842)	$ (51,228)
Net change in fund balances	$ (167,359)	$ (13,498,653)	$ (3,768,524)	$ 9,730,129
Fund balances - beginning	167,359	13,498,653	25,129,048	11,630,395
Fund balances - ending	$ -	$ -	$ 21,360,524	$ 21,360,524

Exhibit 13

County of Giles, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
Pension Plans
For the Measurement Dates of June 30, 2015 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	$ 776,517	$ 791,287	$ 677,180	$ 715,592	$ 695,969	$ 678,745	$ 643,974	$ 652,478	$ 526,089	$ 533,859
Interest	2,241,602	2,095,829	2,068,033	1,872,606	1,760,042	1,721,274	1,672,667	1,602,544	1,521,355	1,418,513
Differences between expected and actual experience	965,208	958,858	(583,150)	67,322	438,125	(62,783)	(188,945)	(136)	331,152	747,408
Impact in change of proportion	-	(298,464)	(23,252)	168,307	(125,162)	(4,314)	33,882	(16,846)	(70,081)	-
Changes of assumptions	-	-	-	1,032,148	-	787,870	-	(98,144)	-	-
Benefit payments	(1,671,721)	(1,671,519)	(1,460,284)	(1,432,475)	(1,357,212)	(1,672,516)	(1,185,448)	(1,192,333)	(1,211,475)	(1,109,557)
Net change in total pension liability	$ 2,311,606	$ 1,875,991	$ 678,527	$ 2,423,500	$ 1,411,762	$ 1,448,276	$ 976,130	$ 947,563	$ 1,097,040	$ 1,590,223
Total pension liability - beginning	33,268,254	31,392,263	30,713,736	28,290,236	26,878,474	25,430,198	24,454,068	23,506,505	22,409,465	20,819,241
Total pension liability - ending (a)	$ 35,579,860	$ 33,268,254	$ 31,392,263	$ 30,713,736	$ 28,290,236	$ 26,878,474	$ 25,430,198	$ 24,454,068	$ 23,506,505	$ 22,409,464
Plan fiduciary net position										
Impact in change of proportion	$ -	$ (274,656)	$ (22,240)	$ 138,454	$ (108,698)	$ (3,846)	$ 29,555	$ (13,826)	$ (60,229)	$ -
Contributions - employer	881,972	812,602	736,665	720,617	664,343	612,578	647,351	623,831	707,686	543,957
Contributions - employee	351,116	322,778	306,500	303,764	303,540	278,380	281,320	296,088	272,361	222,825
Net investment income	2,888,820	1,833,664	(32,644)	6,390,522	442,966	1,478,504	1,579,493	2,341,372	336,177	850,887
Benefit payments	(1,671,721)	(1,671,519)	(1,460,284)	(1,432,475)	(1,357,212)	(1,672,516)	(1,185,448)	(1,192,333)	(1,211,475)	(1,109,557)
Administrator charges	(18,887)	(18,376)	(18,221)	(15,845)	(15,054)	(14,983)	(13,551)	(13,516)	(11,904)	(11,820)
Other	(1,500)	740	678	601	(525)	(931)	(4,195)	(2,085)	(142)	(181)
Net change in plan fiduciary net position	$ 2,429,800	$ 1,005,233	$ (489,546)	$ 6,105,638	$ (70,640)	$ 677,186	$ 1,334,525	$ 2,039,531	$ 32,474	$ 496,111
Plan fiduciary net position - beginning	29,893,428	28,888,195	29,377,741	23,272,103	23,342,743	22,665,557	21,331,032	19,291,501	19,259,027	18,762,916
Plan fiduciary net position - ending (b)	$ 32,323,228	$ 29,893,428	$ 28,888,195	$ 29,377,741	$ 23,272,103	$ 23,342,743	$ 22,665,557	$ 21,331,032	$ 19,291,501	$ 19,259,027
County's net pension liability - ending (a) - (b)	$ 3,256,632	$ 3,374,826	$ 2,504,068	$ 1,335,995	$ 5,018,133	$ 3,535,731	$ 2,764,641	$ 3,123,036	$ 4,215,004	$ 3,150,437
Plan fiduciary net position as a percentage of the total pension liability	90.85%	89.86%	92.02%	95.65%	82.26%	86.85%	89.13%	87.23%	82.07%	85.94%
Covered payroll	$ 7,609,531	$ 6,961,043	$ 6,537,332	$ 6,388,367	$ 6,259,366	$ 5,853,324	$ 5,850,228	$ 5,604,478	$ 5,447,257	$ 4,637,626
County's net pension liability as a percentage of covered payroll	42.80%	48.48%	38.30%	20.91%	80.17%	60.41%	47.26%	55.72%	77.38%	67.93%

County of Giles, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Industrial Development Authority
Pension Plans
For the Measurement Dates of June 30, 2015 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	$ 19,644	$ 20,017	$ 10,530	$ 10,577	$ 14,488	$ 10,903	$ 10,234	$ 11,287	$ 8,717	$ 7,149
Interest	56,706	53,019	32,156	27,678	36,640	27,650	26,581	27,723	25,209	18,995
Differences between expected and actual experience	24,417	24,256	(9,067)	995	9,121	(1,008)	(3,003)	(2)	5,487	10,009
Impact in change of proportion	-	298,464	23,251	(168,308)	125,163	4,314	(33,883)	16,846	70,082	
Changes of assumptions	-	-	-	15,255	-	12,656	-	(1,698)	-	-
Benefit payments	(42,290)	(42,285)	(22,706)	(21,172)	(28,254)	(26,867)	(18,838)	(20,626)	(20,074)	(14,858)
Net change in total pension liability	$ 58,477	$ 353,471	$ 34,164	$ (134,975)	$ 157,158	$ 27,648	$ (18,909)	$ 33,530	$ 89,421	$ 21,295
Total pension liability - beginning	841,592	488,121	453,957	588,932	431,774	404,126	423,035	389,505	300,084	278,789
Total pension liability - ending (a)	$ 900,069	$ 841,592	$ 488,121	$ 453,957	$ 588,932	$ 431,774	$ 404,126	$ 423,035	$ 389,505	$ 300,084
Plan fiduciary net position										
Impact in change of proportion	$ -	$ 274,657	$ 22,240	$ (138,453)	$ 108,698	$ 3,845	$ (29,555)	$ 13,826	$ 60,229	$ -
Contributions - employer	22,311	20,557	11,454	10,651	13,830	9,840	10,287	10,792	11,725	7,284
Contributions - employee	8,882	8,165	4,766	4,490	6,319	4,472	4,471	5,122	4,513	2,984
Net investment income	73,079	46,386	(508)	94,454	9,221	23,751	25,101	40,504	5,570	11,394
Benefit payments	(42,290)	(42,285)	(22,706)	(21,172)	(28,254)	(26,867)	(18,839)	(20,626)	(20,074)	(14,858)
Administrator charges	(478)	(465)	(283)	(234)	(313)	(241)	(215)	(234)	(197)	(158)
Other	(38)	19	10	8	(10)	(16)	(67)	(36)	(2)	(2)
Net change in plan fiduciary net position	$ 61,466	$ 307,034	$ 14,973	$ (50,256)	$ 109,491	$ 14,784	$ (8,817)	$ 49,348	$ 61,764	$ 6,644
Plan fiduciary net position - beginning	756,218	449,184	434,211	484,467	374,976	360,192	369,009	319,661	257,897	251,253
Plan fiduciary net position - ending (b)	$ 817,684	$ 756,218	$ 449,184	$ 434,211	$ 484,467	$ 374,976	$ 360,192	$ 369,009	$ 319,661	$ 257,897
Authority's net pension liability - ending (a) - (b)	$ 82,385	$ 85,374	$ 38,937	$ 19,746	$ 104,465	$ 56,798	$ 43,934	$ 54,026	$ 69,844	$ 42,187
Plan fiduciary net position as a percentage of the total pension liability	90.85%	89.86%	92.02%	95.65%	82.26%	86.85%	89.13%	87.23%	82.07%	85.94%
Covered payroll	$ 192,500	$ 176,065	$ 154,788	$ 132,990	$ 100,550	$ 93,019	$ 92,969	$ 102,799	$ 72,944	$ 62,102
Authority's net pension liability as a percentage of covered payroll	42.80%	48.49%	25.16%	14.85%	103.89%	61.06%	47.26%	52.55%	95.75%	67.93%

County of Giles, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
Pension Plans
For the Measurement Dates of June 30, 2015 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	$ 58,655	$ 51,298	$ 45,764	$ 52,381	$ 34,304	$ 36,017	$ 36,003	$ 39,504	$ 105,253	$ 108,343
Interest	358,608	359,856	353,146	344,870	315,170	324,954	332,959	382,689	382,399	366,994
Differences between expected and actual experience	172,604	(114,539)	(3,416)	(276,728)	409,945	(132,808)	(165,115)	(808,538)	(155,047)	69,592
Changes of assumptions	-	-	-	261,268	-	126,533	-	(2,083)	-	-
Benefit payments	(341,844)	(303,076)	(300,161)	(309,740)	(329,088)	(326,344)	(310,068)	(333,910)	(323,028)	(326,696)
Net change in total pension liability	$ 248,023	$ (6,461)	$ 95,333	$ 72,051	$ 430,331	$ 28,352	$ (106,221)	$ (722,338)	$ 9,577	$ 218,233
Total pension liability - beginning	5,424,982	5,431,443	5,336,110	5,264,059	4,833,728	4,805,376	4,911,597	5,633,935	5,624,358	5,406,125
Total pension liability - ending (a)	$ 5,673,005	$ 5,424,982	$ 5,431,443	$ 5,336,110	$ 5,264,059	$ 4,833,728	$ 4,805,376	$ 4,911,597	$ 5,633,935	$ 5,624,358
Plan fiduciary net position										
Contributions - employer	$ 37,417	$ 37,066	$ 72,870	$ 69,787	$ 172,977	$ 71,848	$ 35,474	$ 34,223	$ 46,775	$ 141,960
Contributions - employee	33,673	32,733	28,721	27,480	46,975	18,712	18,156	18,030	18,866	57,024
Net investment income	518,537	337,337	(3,496)	1,218,563	86,204	291,814	322,742	499,637	70,476	196,357
Benefit payments	(341,844)	(303,076)	(300,161)	(309,740)	(329,088)	(326,344)	(310,068)	(333,910)	(323,028)	(326,696)
Administrator charges	(3,640)	(3,480)	(3,492)	(3,154)	(2,999)	(3,073)	(2,943)	(3,099)	(2,864)	(2,775)
Other	101	135	126	114	316	(183)	(280)	(435)	(31)	(42)
Net change in plan fiduciary net position	$ 244,244	$ 100,715	$ (205,432)	$ 1,003,050	$ (25,615)	$ 52,774	$ 63,081	$ 214,446	$ (189,806)	$ 65,828
Plan fiduciary net position - beginning	5,443,451	5,342,736	5,548,168	4,545,118	4,570,733	4,517,959	4,454,878	4,240,432	4,430,238	4,364,410
Plan fiduciary net position - ending (b)	$ 5,687,695	$ 5,443,451	$ 5,342,736	$ 5,548,168	$ 4,545,118	$ 4,570,733	$ 4,517,959	$ 4,454,878	$ 4,240,432	$ 4,430,238
School Division's net pension liability (asset) - ending (a) - (b)	$ (14,690)	$ (18,469)	$ 88,707	$ (212,058)	$ 718,941	$ 262,995	$ 287,417	$ 456,719	$ 1,393,503	$ 1,194,120
Plan fiduciary net position as a percentage of the total pension liability	100.26%	100.34%	98.37%	103.97%	86.34%	94.56%	94.02%	90.70%	75.27%	78.77%
Covered payroll	$ 765,897	$ 738,992	$ 650,673	$ 617,464	$ 646,002	$ 395,683	$ 378,456	$ 371,866	$ 380,778	$ 1,158,779
School Division's net pension liability (asset) as a percentage of covered payroll	-1.92%	-2.50%	13.63%	-34.34%	111.29%	66.47%	75.94%	122.82%	365.96%	103.05%

Exhibit 16

County of Giles, Virginia
Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
Pension Plans
For the Measurement Dates of June 30, 2015 through June 30, 2024

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (6)
2024	0.15630%	$ 14,671,779	$ 16,679,343	87.96%	84.52%
2023	0.15519%	15,685,371	15,433,058	101.63%	82.45%
2022	0.14487%	13,792,491	13,475,216	102.35%	82.61%
2021	0.14683%	11,398,556	12,967,773	87.90%	85.46%
2020	0.15190%	22,109,805	13,290,287	166.36%	71.47%
2019	0.15087%	19,855,350	12,638,082	157.11%	73.51%
2018	0.15536%	18,270,000	12,552,260	145.55%	74.81%
2017	0.15393%	18,930,000	12,130,823	156.05%	72.92%
2016	0.15625%	21,897,000	11,912,257	183.82%	68.28%
2015	0.15660%	19,710,000	11,641,598	169.31%	70.68%

County of Giles, Virginia
Schedule of Employer Contributions
Pension Plans
For the Years Ended June 30, 2016 through June 30, 2025

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					
2025	$ 1,052,953	$ 1,052,953	$ -	$ 8,512,150	12.37%
2024	882,351	882,351	-	7,609,531	11.60%
2023	813,163	813,163	-	6,961,043	11.68%
2022	731,136	731,136	-	6,537,332	11.18%
2021	714,484	714,484	-	6,388,367	11.18%
2020	672,104	672,104	-	6,259,366	10.74%
2019	611,120	611,120	-	5,853,324	10.44%
2018	647,351	647,351	-	5,850,228	11.07%
2017	634,582	634,582	-	5,604,478	11.32%
2016	658,143	658,143	-	5,447,257	12.08%
Component Unit School Board (nonprofessional)					
2025	$ 62,368	$ 62,368	$ -	$ 866,156	7.20%
2024	37,417	37,417	-	765,897	4.89%
2023	37,072	37,072	-	738,992	5.02%
2022	72,871	72,871	-	650,673	11.20%
2021	69,787	69,787	-	617,464	11.30%
2020	119,446	119,446	-	646,002	18.49%
2019	71,849	71,849	-	395,683	18.16%
2018	35,474	35,474	-	378,456	9.37%
2017	35,143	35,143	-	371,866	9.45%
2016	46,766	46,766	-	380,778	12.28%
Component Unit School Board (professional)					
2025	$ 2,553,697	$ 2,553,697	$ -	$ 17,971,127	14.21%
2024	2,636,255	2,636,255	-	16,679,343	15.81%
2023	2,454,134	2,454,134	-	15,433,058	15.90%
2022	2,152,214	2,152,214	-	13,475,216	15.97%
2021	2,077,175	2,077,175	-	12,967,773	16.02%
2020	2,018,914	2,018,914	-	13,290,287	15.19%
2019	1,933,434	1,933,434	-	12,638,082	15.30%
2018	2,009,000	2,009,000	-	12,552,260	16.01%
2017	1,752,000	1,752,000	-	12,130,823	14.44%
2016	1,662,000	1,662,000	-	11,912,257	13.95%
Component Unit IDA					
2025	$ 25,939	$ 25,939	$ -	$ 209,691	12.37%
2024	22,321	22,321	-	192,500	11.60%
2023	20,567	20,567	-	176,065	11.68%
2022	17,312	17,312	-	154,788	11.18%
2021	15,040	15,040	-	132,990	11.31%
2020	10,315	10,315	-	100,550	10.26%
2019	9,817	9,817	-	93,019	10.55%
2018	10,287	10,287	-	92,969	11.06%
2017	10,340	10,340	-	102,799	10.06%
2016	10,905	10,905	-	72,944	14.95%

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

County of Giles, Virginia
Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2025

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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 expectency. 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 Giles, Virginia
Schedule of Changes in Total OPEB Liability and Related Ratios - Health Insurance
Component Unit School Board
For the Measurement Dates of June 30, 2018 through June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	$ 179,669	$ 223,056	$ 291,582	$ 359,427	$ 247,461	$ 220,015	$ 202,470	$ 211,563
Interest	243,045	224,129	208,991	139,152	131,100	185,794	189,144	177,659
Economic/demographic gains or losses	-	-	494,145	-	(798,524)	-	-	-
Changes in assumptions	(493,054)	(128,206)	(427,819)	(715,813)	1,057,329	509,434	409,870	(166,961)
Differences between expected and actual experience	(759,964)	-	-	-	-	-	1,327	-
Benefit payments	(206,371)	(256,822)	(266,312)	(241,548)	(236,903)	(398,924)	(396,853)	(409,480)
Net change in total OPEB liability	$ (1,036,675)	$ 62,157	$ 300,587	$ (458,782)	$ 400,463	$ 516,319	$ 405,958	$ (187,219)
Total OPEB liability - beginning	6,106,868	6,044,711	5,744,124	6,202,906	5,802,443	5,286,124	4,880,166	5,067,385
Total OPEB liability - ending	$ 5,070,193	$ 6,106,868	$ 6,044,711	$ 5,744,124	$ 6,202,906	$ 5,802,443	$ 5,286,124	$ 4,880,166
Covered-employee payroll	$ 17,702,696	$ 17,694,006	$ 17,694,006	$ 12,321,655	$ 12,321,655	$ 11,753,666	$ 11,753,666	$ 11,037,600
School Board's total OPEB liability as a percentage of covered-employee payroll	28.64%	34.51%	34.16%	46.62%	50.34%	49.37%	44.97%	44.21%

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

County of Giles, Virginia
Schedule of County's Share of Total OPEB Liability - Health Insurance
For the Years Ended June 30, 2018 through June 30, 2025

Date (1)	Employer's Proportion of the Total OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Total OPEB Liability (Asset) (3)	Employer's Covered Employee Payroll (4)	Employer's Proportionate Share of the Total OPEB Liability (Asset) as a Percentage of Covered Employee Payroll (3)/(4) (5)
Primary Government:				
2025	90.91%	$ 612,764	$ 8,735,274	7.01%
2024	89.38%	887,174	6,904,019	12.85%
2023	89.31%	920,142	6,899,176	13.34%
2022	90.31%	1,300,439	6,413,944	20.28%
2021	91.17%	1,417,796	6,475,321	21.90%
2020	91.45%	1,732,232	6,893,486	25.13%
2019	91.99%	1,600,032	5,880,027	27.21%
2018	92.25%	1,249,186	5,171,074	24.16%
Component Unit Industrial Development Authority:				
2025	1.47%	$ 9,877	$ 140,807	7.01%
2024	1.51%	15,002	116,750	12.85%
2023	1.40%	14,395	107,936	13.34%
2022	1.28%	18,424	90,872	20.27%
2021	1.25%	19,419	88,692	21.89%
2020	1.25%	23,624	94,011	25.13%
2019	1.28%	22,264	81,818	27.21%
2018	1.30%	17,604	72,872	24.16%

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

County of Giles, Virginia
Notes to Required Supplementary Information - School Board OPEB
For the Year Ended June 30, 2025

Valuation Date: 1/1/2025
Measurement Date: 6/30/2025

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal
Healthcare Cost Trend Rates	5.90% in 2025 then decreasing to an ultimate rate of 3.90% over 49 years
Discount Rate	5.20% for fiscal year ending June 30, 2025 3.93% for fiscal year ending June 30, 2024
Salary Increase Rates	5.35% to 3.50% depending on years of service; 5.95% to 3.50% for teachers depending on years of service
Inflation	2.50%
Mortality Rates (General Employee)	Pre-Retirement – Pub-2010 Amount Weighted General Employee Rates projected generationally females set forward 2 years. 25% of deaths are assumed to be service-related. Post-Retirement – Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females. Post-Disablement – Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years. Beneficiaries and Survivors – Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.
Mortality Rates (Teachers)	Pre-Retirement – Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males. 5% of deaths are assumed to be service-related. 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.

County of Giles, Virginia
Notes to Required Supplementary Information - Primary Government and Component Unit IDA OPEB
For the Year Ended June 30, 2025

Valuation Date: 1/1/2025
Measurement Date: 6/30/2025

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal
Healthcare Cost Trend Rates	5.90% in 2025 then decreasing to an ultimate rate of 3.90% over 49 years
Discount Rate	5.20% for fiscal year ending June 30, 2025 3.93% for fiscal year ending June 30, 2024
Salary Increase Rates	5.35% to 3.50% depending on years of service; 4.75% to 3.50% for public safety employees depending on years of service
Inflation	2.50%
Mortality Rates (General Employee)	Pre-Retirement – Pub-2010 Amount Weighted General Employee Rates projected generationally females set forward 2 years. 25% of deaths are assumed to be service-related. Post-Retirement – Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females. Post-Disablement – Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years. Beneficiaries and Survivors – Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.
Mortality Rates (Public Safety Employee)	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. 35% of deaths are assumed to be service-related. 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.

County of Giles, 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, 2024

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:					
2024	0.0297%	$ 330,869	$ 7,612,848	4.35%	73.41%
2023	0.0297%	356,634	7,005,689	5.09%	69.30%
2022	0.0300%	361,612	6,531,858	5.54%	67.21%
2021	0.0312%	363,738	6,451,047	5.64%	67.45%
2020	0.0305%	507,824	6,263,156	8.11%	52.64%
2019	0.0296%	482,372	5,852,331	8.24%	52.00%
2018	0.0309%	469,538	5,566,890	8.43%	51.22%
2017	0.0305%	458,076	5,336,911	8.58%	48.86%
Component Unit School Board: (nonprofessional)					
2024	0.0030%	$ 33,254	$ 765,897	4.34%	73.41%
2023	0.0031%	37,658	738,992	5.10%	69.30%
2022	0.0030%	36,002	650,673	5.53%	67.21%
2021	0.0030%	34,812	617,464	5.64%	67.45%
2020	0.0031%	52,402	646,002	8.11%	52.64%
2019	0.0020%	32,871	395,683	8.31%	52.00%
2018	0.0020%	30,000	378,456	7.93%	51.22%
2017	0.0020%	30,000	371,866	8.07%	48.86%
Component Unit School Board: (professional)					
2024	0.0650%	$ 724,903	$ 16,679,343	4.35%	73.41%
2023	0.0656%	786,390	15,433,058	5.10%	69.30%
2022	0.0619%	745,938	13,475,216	5.54%	67.21%
2021	0.0628%	731,279	12,967,773	5.64%	67.45%
2020	0.0646%	1,077,734	13,290,287	8.11%	52.64%
2019	0.0645%	1,049,424	12,638,082	8.30%	52.00%
2018	0.0660%	1,003,000	12,553,021	7.99%	51.22%
2017	0.0658%	990,000	12,131,169	8.16%	48.86%
Component Unit Industrial Development Authority:					
2024	0.0008%	$ 8,370	$ 192,583	4.35%	73.41%
2023	0.0007%	8,918	175,177	5.09%	69.30%
2022	0.0010%	12,019	217,094	5.54%	67.21%
2021	0.0004%	4,289	76,060	5.64%	67.45%
2020	0.0004%	7,846	96,760	8.11%	52.64%
2019	0.0007%	11,178	94,012	11.89%	52.00%
2018	0.0005%	7,462	101,390	7.36%	51.22%
2017	0.0005%	7,924	97,201	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 Giles, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2016 through June 30, 2025

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:					
2025	$ 40,008	$ 40,008	$ -	$ 8,512,149	0.47%
2024	41,110	41,110	-	7,612,848	0.54%
2023	37,831	37,831	-	7,005,689	0.54%
2022	35,272	35,272	-	6,531,858	0.54%
2021	34,836	34,836	-	6,451,047	0.54%
2020	32,569	32,569	-	6,263,156	0.52%
2019	30,430	30,430	-	5,852,331	0.52%
2018	30,528	30,528	-	5,566,890	0.55%
2017	29,226	29,226	-	5,336,911	0.55%
Component Unit School Board: (nonprofessional)					
2025	$ 4,071	$ 4,071	$ -	$ 866,156	0.47%
2024	4,136	4,136	-	765,897	0.54%
2023	3,991	3,991	-	738,992	0.54%
2022	3,514	3,514	-	650,673	0.54%
2021	3,334	3,334	-	617,464	0.54%
2020	3,359	3,359	-	646,002	0.52%
2019	2,000	2,000	-	395,683	0.51%
2018	2,000	2,000	-	378,456	0.53%
2017	2,000	2,000	-	371,866	0.54%
2016	1,828	1,828	-	380,779	0.48%
Component Unit School Board: (professional)					
2025	$ 84,464	$ 84,464	$ -	$ 17,971,127	0.47%
2024	90,068	90,068	-	16,679,343	0.54%
2023	83,408	83,408	-	15,433,058	0.54%
2022	72,766	72,766	-	13,475,216	0.54%
2021	70,026	70,026	-	12,967,773	0.54%
2020	69,109	69,109	-	13,290,287	0.52%
2019	66,000	66,000	-	12,638,082	0.52%
2018	65,000	65,000	-	12,553,021	0.52%
2017	63,000	63,000	-	12,131,169	0.52%
2016	57,184	57,184	-	11,913,257	0.48%
Component Unit Industrial Development Authority:					
2025	$ 986	$ 986	$ -	$ 209,690	0.47%
2024	1,040	1,040	-	192,583	0.54%
2023	946	946	-	175,177	0.54%
2022	1,172	1,172	-	217,094	0.54%
2021	411	411	-	76,060	0.54%
2020	503	503	-	96,760	0.52%
2019	489	489	-	94,012	0.52%
2018	485	485	-	101,390	0.48%
2017	506	506	-	97,201	0.52%

Schedule is intended to show information for 10 years. Prior to 2017, the IDA's information was consolidated in the County's totals and presented in the County's report. Therefore sufficient information to allocate the prior year balances is not available. Additional years will be included as they become available.

County of Giles, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2025

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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 Giles, Virginia
Schedule of Changes in the Employer's Net OPEB Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2020 through June 30, 2024

	2024	2023	2022	2021	2020
Total HIC OPEB Liability					
Service cost	$ 840	$ 903	$ 882	$ 1,118	$ -
Interest	5,864	9,238	6,200	5,601	-
Benefit changes	-	-	-	-	82,988
Differences between expected and actual experience	(31,140)	(57,559)	(3,290)	-	-
Changes of assumptions	-	-	43,729	2,558	-
Benefit payments	(2,504)	(2,490)	(2,591)	-	-
Net change in total HIC OPEB liability	$ (26,940)	$ (49,908)	$ 44,930	$ 9,277	$ 82,988
Total HIC OPEB Liability - beginning	87,287	137,195	92,265	82,988	-
Total HIC OPEB Liability - ending (a)	$ 60,347	$ 87,287	$ 137,195	$ 92,265	$ 82,988
Plan fiduciary net position					
Contributions - employer	$ 13,327	$ 12,858	$ 11,322	$ 10,744	$ -
Net investment income	3,725	1,754	(242)	1,363	-
Benefit payments	(2,504)	(2,490)	(2,591)	-	-
Administrator charges	(55)	(47)	(36)	(47)	-
Other	(2)	5	95	-	-
Net change in plan fiduciary net position	$ 14,491	$ 12,080	$ 8,548	$ 12,060	$ -
Plan fiduciary net position - beginning	32,688	20,608	12,060	-	-
Plan fiduciary net position - ending (b)	$ 47,179	$ 32,688	$ 20,608	$ 12,060	$ -
Employer's net HIC OPEB liability- ending (a) - (b)	$ 13,168	$ 54,599	$ 116,587	$ 80,205	$ 82,988
Plan fiduciary net position as a percentage of the total HIC OPEB liability	358.29%	59.87%	17.68%	15.04%	0.00%
Covered payroll	$ 765,897	$ 738,992	$ 650,673	$ 617,464	$ 617,464
Employer's net HIC OPEB liability as a percentage of covered payroll	1.72%	7.39%	17.92%	12.99%	13.44%

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.

Exhibit 27

County of Giles, Virginia
Schedule of Employer Contributions
Component Unit School Board (nonprofessional)
Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2021 through June 30, 2025

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)
2025	$ 15,071	$ 15,071	$ -	$ 866,156	1.74%
2024	13,327	13,327	-	765,897	1.74%
2023	12,858	12,858	-	738,992	1.74%
2022	11,322	11,322	-	650,673	1.74%
2021*	10,744	10,744	-	617,464	1.74%

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

*The Component Unit School Board (nonprofessional) entered into the HIC plan in fiscal year 2021.

County of Giles, Virginia
Notes to Required Supplementary Information
Component Unit School Board (nonprofessional)
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2025

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, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 though June 30, 2020. 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 Giles, Virginia
Schedule of School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2024

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2024	0.15568%	$ 1,799,113	$ 16,679,343	10.79%	21.82%
2023	0.15480%	1,875,032	15,433,058	12.15%	17.90%
2022	0.14458%	1,805,871	13,475,216	13.40%	15.08%
2021	0.14663%	1,882,098	12,967,773	14.51%	13.15%
2020	0.15160%	1,977,647	13,290,287	14.88%	9.95%
2019	0.15067%	1,972,417	12,638,082	15.61%	8.97%
2018	0.15522%	1,971,000	12,553,021	15.70%	8.08%
2017	0.15371%	1,950,000	12,131,169	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.

Exhibit 30

County of Giles, Virginia
Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2016 through June 30, 2025

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)
2025	$ 217,451	$ 217,451	$ -	$ 17,971,127	1.21%
2024	201,820	201,820	-	16,679,343	1.21%
2023	186,740	186,740	-	15,433,058	1.21%
2022	163,050	163,050	-	13,475,216	1.21%
2021	156,910	156,910	-	12,967,773	1.21%
2020	159,483	159,483	-	13,290,287	1.20%
2019	152,000	152,000	-	12,638,082	1.20%
2018	154,000	154,000	-	12,553,021	1.23%
2017	135,000	135,000	-	12,131,169	1.11%
2016	126,281	126,281	-	11,913,257	1.06%

County of Giles, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2025

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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

Other Supplementary Information

County of Giles, Virginia
Capital Improvements Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2025

	County Capital Improvements Fund			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 248,020	$ 248,020
Commonwealth	-	-	337,765	337,765
Total revenues	$ -	$ -	$ 585,785	$ 585,785
EXPENDITURES				
Current:				
Education	$ -	$ -	$ 1,812,964	$ (1,812,964)
Community development	-	-	112,767	(112,767)
Capital projects	1,450,000	2,916,199	2,916,198	1
Debt service:				
Principal retirement	655,882	1,038,940	657,637	381,303
Interest and other fiscal charges	140,617	207,169	395,659	(188,490)
Bond issuance costs	-	-	189,231	(189,231)
Total expenditures	$ 2,246,499	$ 4,162,308	$ 6,084,456	$ (1,922,148)
Excess (deficiency) of revenues over (under) expenditures	$ (2,246,499)	$ (4,162,308)	$ (5,498,671)	$ (1,336,363)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 2,246,499	$ 4,162,308	$ 3,170,745	$ (991,563)
Transfers out	-	-	(80,045)	(80,045)
Issuance of bond and loan	-	-	11,892,576	11,892,576
Premium on bond issuance	-	-	821,922	821,922
Total other financing sources (uses)	$ 2,246,499	$ 4,162,308	$ 15,805,198	$ 11,642,890
Net change in fund balances	$ -	$ -	$ 10,306,527	$ 10,306,527
Fund balances - beginning	-	-	797,754	797,754
Fund balances - ending	$ -	$ -	$ 11,104,281	$ 11,104,281

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
MAJOR GOVERNMENTAL FUNDS

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

School Activity Fund - The School Activity Fund accounts for and reports the operations of the individual schools.

County of Giles, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2025

	School Operating Fund	School Activity Fund	Total School Fund
ASSETS			
Cash and cash equivalents	$ 5,090,895	$ -	$ 5,090,895
Cash in custody of others	733,878	-	733,878
Cash held at schools	-	1,216,737	1,216,737
Due from other governmental units	7,399,302	-	7,399,302
Inventories	65,119	-	65,119
Prepaid items	678,167	-	678,167
Total assets	$ 13,967,361	$ 1,216,737	$ 15,184,098
LIABILITIES			
Accounts payable	$ 7,438,056	$ -	$ 7,438,056
Retainage payable	758,009	-	758,009
Accrued payroll	3,209,503	-	3,209,503
Unearned revenue	950,317	-	950,317
Total liabilities	$ 12,355,885	$ -	$ 12,355,885
FUND BALANCES			
Nonspendable:			
Prepaid items	$ 678,167	$ -	$ 678,167
Inventories	65,119	-	65,119
Restricted:			
School cafeteria	868,190	-	868,190
School activity fund	-	1,216,737	1,216,737
Total fund balances	$ 1,611,476	$ 1,216,737	$ 2,828,213
Total liabilities and fund balances	$ 13,967,361	$ 1,216,737	$ 15,184,098

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balances per above		$ 2,828,213
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, not being depreciated	$ 16,446,473	
Capital assets being depreciated	45,555,933	
Accumulated depreciation	(38,585,923)	23,416,483
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Net pension asset		14,690
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	$ 6,215,250	
OPEB related items	1,327,108	7,542,358
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB liabilities	$ (7,640,631)	
Compensated absences	(3,199,077)	
Net pension liability	(14,671,779)	(25,511,487)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	$ (2,723,100)	
OPEB related items	(2,362,395)	(5,085,495)
Net position of governmental activities		$ 3,204,762

County of Giles, 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, 2025

	School Operating Fund	School Activity Fund*	Total School Fund
REVENUES			
Revenue from the use of money and property	$ 315	$ -	$ 315
Charges for services	178,159	1,014,918	1,193,077
Miscellaneous	24,925	-	24,925
Recovered costs	906,960	-	906,960
Intergovernmental:			
Local government	12,783,475	-	12,783,475
Commonwealth	46,790,496	-	46,790,496
Federal	3,461,837	-	3,461,837
Total revenues	$ 64,146,167	$ 1,014,918	$ 65,161,085
EXPENDITURES			
Current:			
Education	$ 63,360,193	$ 1,406,352	$ 64,766,545
Total expenditures	$ 63,360,193	$ 1,406,352	$ 64,766,545
Excess (deficiency) of revenues over (under) expenditures	$ 785,974	$ (391,434)	$ 394,540
OTHER FINANCING SOURCES (USES)			
Transfers in	$ 27,995	$ 400,158	$ 428,153
Transfers out	(400,158)	(27,995)	(428,153)
Total other financing sources (uses)	$ (372,163)	$ 372,163	$ -
Net change in fund balances	$ 413,811	$ (19,271)	$ 394,540
Fund balances - beginning	1,197,665	1,236,008	2,433,673
Fund balances - ending	$ 1,611,476	$ 1,216,737	$ 2,828,213

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		$ 394,540
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 detail of items supporting this adjustment.		
Capital asset additions	$ 12,188,917	
Depreciation expense	(1,014,813)	11,174,104
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	$ (66,793)	
Change in OPEB related items	156,476	
Change in pension related items	1,103,637	1,193,320
Change in net position of governmental activities		$ 12,761,964

*The School Activity Fund does not require a legally adopted budget.

County of Giles, 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, 2025

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ 150	$ 150	$ 315	$ 165
Charges for services	55,896	55,896	178,159	122,263
Miscellaneous	7,100	7,100	24,925	17,825
Recovered costs	543,501	543,501	906,960	363,459
Intergovernmental:				
Local government	7,518,352	16,683,650	12,783,475	(3,900,175)
Commonwealth	35,590,822	35,590,822	46,790,496	11,199,674
Federal	5,263,525	5,263,525	3,461,837	(1,801,688)
Total revenues	$ 48,979,346	$ 58,144,644	$ 64,146,167	$ 6,001,523
EXPENDITURES				
Current:				
Education*	$ 48,979,346	$ 58,144,644	$ 63,360,193	$ (5,215,549)
Total expenditures	$ 48,979,346	$ 58,144,644	$ 63,360,193	$ (5,215,549)
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ 785,974	$ 785,974
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ 27,995	$ 27,995
Transfers out	-	-	(400,158)	(400,158)
Total other financing sources (uses)	$ -	$ -	$ (372,163)	$ (372,163)
Net change in fund balances	$ -	$ -	$ 413,811	$ 413,811
Fund balances - beginning	-	-	1,197,665	1,197,665
Fund balances - ending	$ -	$ -	$ 1,611,476	$ 1,611,476

* Expenditures include $7,902,670 in accounts payable at year end that were not anticipated during the appropriation process.

DISCRETELY PRESENTED COMPONENT UNIT – INDUSTRIAL DEVELOPMENT AUTHORITY
PROPRIETARY FUNDS

Operating Fund – The Industrial Development Authority Fund accounts for operations of the Giles County Industrial Development Fund. Financing is provided by the grant funding as well as contributions from the General Fund.

Exhibit 36

County of Giles, Virginia
Statement of Net Position
Component Unit - Industrial Development Authority
June 30, 2025

	Industrial Development Authority
ASSETS	
Current assets:	
Cash and cash equivalents	$ 58,521
Accounts receivable (net of allowance for uncollectibles)	28,455
Lease receivable, current	324,111
Prepaid expenses	19,731
Total current assets	$ 430,818
Noncurrent assets:	
Lease receivable	$ 2,899,271
Lease purchase receivable	542,492
Inventories (land and buildings held for resale)	1,657,220
Capital assets:	
Capital assets, not being depreciated	2,428,049
Capital assets, net of accumulated depreciation	5,698,993
Total capital assets	$ 8,127,042
Total noncurrent assets	$ 13,226,025
Total assets	$ 13,656,843
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	$ 60,347
OPEB related items	2,482
Total deferred outflows of resources	$ 62,829
LIABILITIES	
Current liabilities:	
Accounts payable	$ 37,014
Accrued interest payable	21,895
Bonds payable - current portion	478,051
Total current liabilities	$ 536,960
Noncurrent liabilities:	
Net OPEB liabilities	$ 18,247
Net pension liability	82,385
Bonds payable - net of current portion	2,284,581
Total noncurrent liabilities	$ 2,385,213
Total liabilities	$ 2,922,173
DEFERRED INFLOWS OF RESOURCES	
Pension related items	$ 18,567
OPEB related items	10,081
Lease related items	3,170,077
Deferred amount on refunding	10,667
Total deferred inflows of resources	$ 3,209,392
NET POSITION	
Net investment in capital assets	$ 5,353,743
Unrestricted	2,234,364
Total net position	$ 7,588,107

Exhibit 37

County of Giles, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Component Unit - Industrial Development Authority
For the Year Ended June 30, 2025

		Industrial Development Authority
OPERATING REVENUES		
Charges for services:		
Rental of property	$	311,824
Lease revenue		350,686
Miscellaneous		7,858
Total operating revenues	$	670,368
OPERATING EXPENSES		
Salaries	$	158,421
Fringes		57,196
Contracted services		21,932
Repair and maintenance		889
Insurance		31,828
Miscellaneous		22,684
Utilities		26,748
Depreciation/amortization		256,860
Economic development		622,782
Total operating expenses	$	1,199,340
Operating income (loss)	$	(528,972)
NONOPERATING REVENUES (EXPENSES)		
Interest income	$	49,919
Loss on disposal of assets		(125,010)
County contributions		626,034
Interest expense		(56,676)
Total nonoperating revenues (expenses)	$	494,267
Income (loss) before contributions	$	(34,705)
Capital contributions and construction grants		343,129
Change in net position	$	308,424
Net position - beginning		7,279,683
Net position - ending	$	7,588,107

Exhibit 38

County of Giles, Virginia
Statement of Cash Flows
Component Unit - Industrial Development Authority
For the Year Ended June 30, 2025

	Component Unit Industrial Development Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 608,387
Payments to suppliers	(731,560)
Payments to employees	(217,144)
Net cash provided by (used for) operating activities	$ (340,317)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Contribution from Primary Government	$ 626,034
Net cash provided by (used for) noncapital financing activities	$ 626,034
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	$ (102,482)
Principal payments on bonds	(466,617)
Contributions in aid of construction	343,129
Interest payments	(61,966)
Net cash provided by (used for) capital and related financing activities	$ (287,936)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	$ 49,919
Net cash provided by (used for) investing activities	$ 49,919
Net increase (decrease) in cash and cash equivalents	$ 47,700
Cash and cash equivalents - beginning	10,821
Cash and cash equivalents - ending	$ 58,521
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	$ (528,972)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation expense	$ 256,860
(Increase) decrease in accounts receivable	(28,455)
(Increase) decrease in prepaid expenses	(4,689)
(Increase) decrease in lease receivable	317,160
(Increase) decrease in deferred outflows of resources	(6,494)
Increase (decrease) in accounts payable	(8)
Increase (decrease) in net OPEB liabilities	(5,673)
Increase (decrease) in net pension liability	(2,989)
Increase (decrease) in deferred inflows of resources	(337,057)
Total adjustments	$ 188,655
Net cash provided by (used for) operating activities	$ (340,317)

Other Statistical Information

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Water Department	Total	
2024-25	$ 3,275,862	$ 1,470,789	$ 8,235,281	$ 2,538,424	$ 7,396,266	$ 11,061,500	$ 1,386,004	$ 2,049,207	$ 837,875	$ 1,902,305	$ 40,153,513	
2023-24	3,018,824	1,148,247	6,684,740	2,248,597	6,631,423	5,697,513	836,726	1,994,415	369,955	1,707,826	30,338,266	
2022-23	2,176,683	1,160,268	5,237,292	2,231,371	6,194,056	9,050,807	315,640	1,774,616	365,971	1,689,486	30,196,190	
2021-22	2,123,805	1,045,058	5,358,413	1,690,047	5,811,465	6,836,454	699,986	2,074,120	485,550	1,612,809	27,737,707	(1)
2020-21	2,090,547	1,148,849	5,720,493	2,672,241	6,275,967	8,578,152	741,098	1,509,885	457,160	1,932,259	31,126,651	
2019-20	2,152,759	977,293	5,169,637	1,252,009	6,192,832	9,093,400	545,562	1,539,562	688,105	1,954,116	29,565,275	
2018-19	2,107,469	976,432	4,811,215	1,667,513	6,134,500	8,867,987	669,231	2,079,776	724,825	1,930,481	29,969,429	
2017-18	2,135,564	908,019	5,008,127	2,036,218	5,759,377	9,015,261	668,902	3,139,891	683,365	1,773,159	31,127,883	
2016-17	1,951,788	974,122	4,964,595	623,864	5,461,798	7,225,328	671,035	1,928,771	743,619	1,561,238	26,106,158	
2015-16	1,441,831	797,006	4,007,034	1,319,630	4,795,609	8,788,324	528,821	1,816,107	927,185	1,649,943	26,071,490	

(1) Decrease in government-wide expenses in 2021-22 is related to the COVID-19 pandemic.

Table 2

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

	PROGRAM REVENUES			GENERAL REVENUES						
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Gain on Sale of Assets	Transfer of Operations	Total
2024-25	$ 1,426,365	$ 7,949,701	$ 591,035	$ 20,010,757	$ 2,991,272	$ 1,608,829	$ 912,897	$ 1,810,254	$ -	$ 2,960,143	$ 40,261,253
2023-24	1,420,912	8,373,527	-	19,192,295	3,421,116	1,457,683	776,710	1,801,422	18,166	-	36,461,831
2022-23	1,421,685	9,328,576	226,828	18,653,368	2,875,709	671,158	247,254	1,782,094	-	-	35,206,672
2021-22	1,400,776	9,539,147	119,988	17,655,983	2,822,477	59,221	812,000	1,804,553	-	-	34,214,145
2020-21	1,401,703	10,076,862	6,583	16,945,691	2,583,191	81,065	120,892	2,042,646	-	-	33,258,633
2019-20	1,342,171	7,326,385	239,106	16,498,586	2,241,131	132,814	95,846	2,355,704	-	-	30,231,743
2018-19	1,363,371	6,565,680	817,448	15,505,911	2,344,259	103,459	104,102	2,492,667	-	-	29,296,897
2017-18	1,416,939	6,489,215	502,432	14,912,778	2,108,762	123,490	528,908	1,714,833	-	-	27,797,357
2016-17	1,305,764	6,342,111	-	14,956,758	1,981,807	123,129	171,794	1,753,834	-	-	26,635,197
2015-16	1,282,060	5,559,330	162,150	13,738,261	2,104,456	132,912	160,325	1,746,646	-	-	24,886,140

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Debt Service	Total
2024-25	$ 2,948,964	$ 1,296,399	$ 7,261,953	$ 2,212,636	$ 7,135,471	$ 65,695,241	$ 1,016,315	$ 1,628,767	$ 826,546	$ 2,266,891	$ 92,289,183
2023-24	2,960,793	1,156,294	6,971,366	2,099,831	8,869,153	51,424,627	835,515	2,521,761	732,246	1,686,590	79,258,176
2022-23	2,454,031	1,102,297	5,558,212	2,014,675	6,169,943	45,681,410	1,077,072	1,650,133	501,706	1,674,533	67,884,012
2021-22	2,296,532	1,011,947	5,523,583	1,514,065	5,901,453	41,042,818	798,345	1,972,166	490,599	1,816,302	62,367,810
2020-21	2,076,832	1,001,162	5,339,207	2,393,291	6,212,624	30,434,983	714,507	1,421,693	322,004	1,696,243	51,612,546
2019-20	2,241,607	916,792	5,397,498	1,104,254	6,227,801	28,661,505	566,209	1,464,590	297,788	2,146,041	49,024,085
2018-19	1,986,623	866,789	5,394,576	1,435,251	6,275,422	28,583,048	646,503	1,969,673	458,994	2,471,754	50,088,633
2017-18	2,137,491	882,239	5,383,062	3,617,256	5,965,561	27,556,952	666,223	3,069,168	436,263	2,351,878	52,066,093
2016-17	1,995,494	926,525	5,195,900	3,191,385	5,551,415	27,037,329	685,394	2,093,270	356,710	2,436,804	49,470,226
2015-16	1,997,836	784,958	4,623,190	1,353,497	4,901,844	26,086,780	693,810	1,734,767	563,217	2,918,832	45,658,731

(1) Includes General, Special Revenue, and Capital Projects funds of the Primary Government and its Discretely Presented Component Unit - School Board. Excludes non-operating capital project expenditures.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit - School Board and contribution from School Board to the Capital Improvements Fund.

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2024-25	$ 19,908,840	$ 2,991,272	$ 36,218	$ 17,440	$ 1,609,144	$ 1,946,383	$ 961,663	$ 3,588,285	$ 60,603,323	$ 91,662,568
2023-24	19,172,278	3,421,116	40,508	33,392	1,462,430	2,058,809	490,364	3,358,373	51,940,596	81,977,866
2022-23	18,625,624	2,875,709	64,167	50,280	676,763	1,869,899	326,144	2,958,780	45,442,920	72,890,286
2021-22	17,692,791	2,822,477	42,247	25,595	71,236	1,455,402	674,498	2,516,073	44,825,780	70,126,099
2020-21	17,026,144	2,583,191	46,169	29,879	81,428	1,029,120	91,580	2,194,822	34,110,117	57,192,450
2019-20	16,513,348	2,241,131	80,657	8,984	133,198	1,019,372	211,434	2,047,516	29,307,885	51,563,525
2018-19	15,483,836	2,344,259	44,149	59,320	103,937	1,101,355	146,499	2,790,734	28,427,753	50,501,842
2017-18	15,023,419	2,108,762	46,163	37,391	123,839	1,136,977	629,648	2,066,639	26,767,621	47,940,459
2016-17	14,883,081	1,981,807	41,617	11,634	126,728	1,147,965	257,991	2,561,897	25,843,221	46,855,941
2015-16	13,716,313	2,104,456	44,814	33,190	131,849	1,042,098	179,437	2,296,096	25,285,297	44,833,550

(1) Includes General, Special Revenue, and Capital Projects 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.

Table 5

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

Fiscal Year	Total Tax Levy (1,2)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1,2)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,3)	Percent of Delinquent Taxes to Tax Levy
2024-25	$ 21,068,533	$ 20,437,242	97.004%	$ 474,821	$ 20,912,063	99.26%	$ 977,098	4.64%
2023-24	20,226,954	19,639,774	97.097%	525,408	20,165,182	99.69%	867,529	4.29%
2022-23	19,683,392	19,111,932	97.097%	507,322	19,619,254	99.67%	840,442	4.27%
2021-22	18,647,820	18,249,457	97.864%	489,764	18,739,221	100.49%	794,236	4.26%
2020-21	17,884,624	17,256,992	96.491%	798,177	18,055,169	100.95%	807,697	4.52%
2019-20	17,435,939	17,016,483	97.594%	536,018	17,552,501	100.67%	1,125,011	6.45%
2018-19	16,470,042	16,002,227	97.160%	524,127	16,526,354	100.34%	901,506	5.47%
2017-18	15,880,882	15,508,069	97.652%	534,678	16,042,747	101.02%	904,894	5.70%
2016-17	15,928,638	15,379,762	96.554%	563,468	15,943,230	100.09%	913,294	5.73%
2015-16	14,755,944	14,342,221	97.196%	454,873	14,797,094	100.28%	897,336	6.08%

(1) Exclusive of penalties and interest.

(2) Includes amounts paid under the Personal Property Tax Relief Act.

(3) Amounts have not been reduced for taxes deemed uncollectible under audit.

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes (1)	Machinery and Tools	Public Utilities (2)	Merchants Capital	Common Carrier	Total
2024-25	$ 1,184,676,600	$ 297,310,595	$ 298,344,762	$ 101,150,892	$ 29,501,531	$ 1,030,805	$ 1,912,015,185
2023-24	1,186,820,550	257,286,071	296,347,906	102,458,470	28,829,412	1,247,900	1,872,990,309
2022-23	1,177,278,300	246,221,309	282,074,559	111,446,868	25,749,538	1,185,900	1,843,956,474
2021-22	1,166,485,500	218,716,740	282,099,746	114,175,028	24,677,414	815,400	1,806,969,828
2020-21	1,159,388,800	202,931,965	265,367,284	117,299,750	28,787,458	1,233,548	1,775,008,805
2019-20	1,116,738,150	201,373,670	260,510,116	115,919,234	25,340,459	1,185,600	1,721,067,229
2018-19	1,071,431,550	190,409,034	253,406,732	110,651,785	26,009,136	1,068,967	1,652,977,204
2017-18	1,065,428,900	188,297,356	219,296,669	110,106,196	24,865,920	1,172,100	1,609,167,141
2016-17	1,060,918,050	186,038,501	225,237,446	107,143,331	25,021,646	1,062,601	1,605,421,575
2015-16	1,057,108,100	179,900,764	359,672,173	141,544,743	23,023,871	954,318	1,762,203,969

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

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

Table 7

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

Fiscal Year	Real Estate (2)	Personal Property	Machinery and Tools	Merchant's Capital	Common Carrier
2024-25	$ 0.68	2.02/2.05	$ 2.05	$ 0.86	$ 1.12
2023-24	0.68	2.02/2.05	2.05	0.86	1.12
2022-23	0.68	2.02/2.05	2.05	0.86	1.12
2021-22	0.65/0.68	2.02	2.02	0.83	1.12
2020-21	0.65	2.02	2.02	0.83	1.12
2019-20	0.67/0.65	2.02	2.02	0.83	1.12
2018-19	0.63/0.67	1.98	1.98	0.83	1.08
2017-18	0.63	1.98	2.16	0.83	1.08
2016-17	0.63	1.98	2.16	0.83	1.01
2015-16	0.61	1.96	1.06	0.81	1.01

(1) Per $100 of assessed value.
(2) Mobile home tax rates are the same as the real estate rate.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross and Net Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2024-25	16,787	$ 1,184,677	$ 15,688,509	1.32%	$ 935
2023-24	16,787	1,186,821	6,013,673	0.51%	358
2022-23	16,787	1,177,278	6,574,629	0.56%	392
2021-22	16,787	1,166,486	7,135,157	0.61%	425
2020-21	16,787	1,159,389	7,596,544	0.66%	453
2019-20	17,286	1,116,738	7,858,727	0.70%	455
2018-19	17,286	1,071,432	14,728,685	1.37%	852
2017-18	17,286	1,065,429	20,866,490	1.96%	1,207
2016-17	17,286	1,060,918	20,088,519	1.89%	1,162
2015-16	17,286	1,057,108	21,475,282	2.03%	1,242

(1) U.S. Census Bureau

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

(3) Includes all long-term general obligation bonds and lease revenue bonds of the Primary Government-Governmental Activities. Excludes landfill closure/post-closure care liability, literary loans, leases, and finance purchases of the Primary Government-Governmental Activities and all debt of the Primary Government-Business-type Activities and Component Units.

Table 9

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

Fiscal Year	Principal (2)	Interest	Total Debt Service	Total General Governmental Expenditures (1)	Ratio of Debt Service to General Governmental Expenditures
2024-25	$ 1,386,534	$ 691,126	$ 2,077,660	$ 92,289,183	2.25%
2023-24	1,208,599	477,991	1,686,590	79,258,176	2.13%
2022-23	1,165,453	509,080	1,674,533	67,884,012	2.47%
2021-22	1,199,677	531,783	1,731,460	62,367,810	2.78%
2020-21	1,161,481	534,762	1,696,243	51,612,546	3.29%
2019-20	1,580,041	435,570	2,015,611	49,024,085	4.11%
2018-19	1,676,323	679,357	2,355,680	50,088,633	4.70%
2017-18	1,578,844	773,034	2,351,878	52,066,093	4.52%
2016-17	1,527,632	909,172	2,436,804	49,470,226	4.93%
2015-16	1,913,399	1,005,433	2,918,832	45,658,731	6.39%

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

(2) See Table 3 for excluded refunding amounts.

COMPLIANCE SECTION

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

To the Board of Supervisors
County of Giles, Virginia
Pearisburg, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Giles, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County of Giles, Virginia's basic financial statements, and have issued our report thereon dated March 3, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Giles, 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 the County of Giles, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Giles, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as item 2025-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Giles, 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*.

County of Giles, Virginia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County of Giles, Virginia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County of Giles, Virginia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
March 3, 2026

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

To the Board of Supervisors
County of Giles, Virginia
Pearisburg, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Giles, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Giles, Virginia's major federal programs for the year ended June 30, 2025. The County of Giles, 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, the County of Giles, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
March 3, 2026

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/ State Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number			Federal Expenditures
DEPARTMENT OF AGRICULTURE:					
Pass Through Payments:					
Virginia Department of Education:					
Child and Adult Care Food Program	10.558	APE700270000			$ 101,898
Child Nutrition Cluster:					
Virginia Department of Agriculture:					
Food Distribution-Schools (Note 3)	10.555	Not available	$ 165,558		
Virginia Department of Education:					
National School Lunch Program	10.555	APE402540000, APE411080000	810,538	$ 976,096	
School Breakfast Program	10.553	APE402530000		391,672	
Summer Food Service Program for Children	10.559	APE603020000, APE603030000		147,257	$ 1,515,025
Virginia Department of Social Services:					
SNAP Cluster:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010124, 0010125, 0040124, 0040125			354,178
Virginia Department of Education:					
Forest Service Schools and Roads Cluster:					
Schools and Roads - Grants to States	10.665	APE438410000			11,191
Total Department of Agriculture					$ 1,982,292
DEPARTMENT OF THE TREASURY:					
Virginia Department of Education:					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available			$ 10,000
Total Department of the Treasury					$ 10,000
DEPARTMENT OF HEALTH AND HUMAN SERVICES:					
Pass Through Payments:					
Virginia Department of Social Services:					
Guardianship Assistance	93.090	1110124, 1110125			$ 321
Title IV-E Prevention Program	93.472	1140124, 1140125			5,907
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950123, 0950124, 0980120			27,371
Temporary Assistance for Needy Families	93.558	0400124, 0400125			183,994
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500125			276
Low-Income Home Energy Assistance	93.568	0600424, 0600425			35,791
CCDF Cluster:					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760124, 0760125			36,962
Adoption and Legal Guardianship Incentive Payments Program	93.603	1130122, 1130123			5,854
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900123, 0900124			759
Foster Care - Title IV-E	93.658	1100124, 1100125			149,616
Adoption Assistance	93.659	1120124, 1120125			1,014,641
Social Services Block Grant	93.667	1000124, 1000125			170,100
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150123, 9150124			1,193
Children's Health Insurance Program	93.767	0540124, 0540125			3,581
Medicaid Cluster:					
Medical Assistance Program	93.778	1200124, 1200125			297,464
Total Department of Health and Human Services					$ 1,933,830
DEPARTMENT OF JUSTICE:					
Pass Through Payments:					
Virginia Department of Criminal Justice Services:					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	124569			$ 2,241
Crime Victim Assistance	16.575	122648			42,357
Total Department of Justice					$ 44,598
DEPARTMENT OF HOMELAND SECURITY:					
Pass Through Payments:					
Virginia Department of Emergency Management:					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	776002			$ 13,990
Emergency Management Performance Grants	97.042	775001			7,500
Total Department of Homeland Security					$ 21,490

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/ State Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number		Federal Expenditures
DEPARTMENT OF EDUCATION:				
Pass Through Payments:				
Virginia Department of Education:				
Title I Grants to Local Educational Agencies	84.010	APE429010000		$ 554,184
Special Education Cluster (IDEA):				
Special Education-Grants to States	84.027	APE402870000, APE430710000	$ 691,598	
Special Education-Preschool Grants	84.173	APE625210000, APE402860000	2,819	694,417
Career and Technical Education: Basic Grants to States	84.048	APE600310000, APE600311005		49,569
Supporting Effective Instruction State Grant	84.367	APE614800000		75,268
Student Support and Academic Enrichment Program	84.424	APE602810000		42,794
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	APE501750000, APE501930000, APE501890000, APE452780000, APE501830000		407,491
Total Department of Education				$ 1,823,723
DEPARTMENT OF TRANSPORTATION:				
Pass Through Payments:				
Virginia Department of Motor Vehicles:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	55351/54318		$ 4,788
Alcohol Open Container Requirements	20.607	55355/54342		3,752
Total Department of Transportation				$ 8,540
Total Expenditures of Federal Awards				$ 5,824,473

Notes to Schedule of Expenditures of Federal Awards:

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of County of Giles, Virginia under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of County of Giles, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of County of Giles, Virginia.

Note 2 -- Summary of Significant Accounting Policies

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

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

(3) The County did not elect the 15% de minimis indirect cost rate because they only request direct costs for reimbursement.

Note 3 -- Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. For the year ending June 30th, Giles County reported the use of $165,558 in commodities.

Note 4 -- Loans and Loan Guarantees

The County did not have any loans or loan guarantees which are subject to reporting requirements for the current year.

Note 5 -- Subrecipients:

The County did not have any subrecipients for the year ended June 30, 2025.

Note 6 -- Relationship to the 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 - Intergovernmental Revenue	$ 2,595,585
Less: Payments in lieu of taxes	(232,949)
Total primary government	$ 2,362,636
Component Units:	
School Board	$ 3,461,837
Total Federal Expenditures per Basic Financial Statements	$ 5,824,473
Federal expenditures per the Schedule of Expenditures of Federal Awards	$ 5,824,473

County of Giles, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

Assistance Listing #	Name of Federal Program or Cluster
10.553/10.555/10.559	Child Nutrition Cluster
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance Program
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

2025-001

Criteria:	Identification of a material adjustment to the financial statements that was not detected by the entity's internal controls indicates that a material weakness exists.
Condition:	The financial statements, as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP).
Cause:	The School Board and Industrial Development Authority (IDA) did not identify and post all material year end closing/adjusting entries.
Effect:	There is a reasonable possibility that a misstatement of the IDA's and School Board's financial statements will not be prevented or detected by the IDA's and School Board's internal controls over financial reporting.
Recommendation:	The IDA and School Board should review the auditor's proposed audit adjustments for 2025 and develop a plan
Management's Response:	Management will review the auditor's proposed audit adjustments for 2025 and will develop a plan of action

Section IV - Status of Prior Audit Findings and Questioned Costs

There were no prior year findings to report.

County of Giles, Virginia

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

2024-001

Condition:	The financial statements, as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP).
Recommendation:	The County and School Board should review the auditor's proposed audit adjustments for 2024 and develop a plan to ensure the trial balances and related schedules are accurately presented for audit.
Current Status:	Finding 2024-001 was repeated in the current year as 2025-001.