

County of Wythe, Virginia

Financial Statements



Fiscal Year Ended June 30, 2025

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

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

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INTRODUCTORY SECTION

COUNTY OF WYTHE, VIRGINIA

BOARD OF SUPERVISORS

Brian Vaught, Chair

Rolland Cook, Vice Chair
Ryan Lawson
Jamie Smith

Jesse Burnett
J. W. "Dicky" Morgan, Jr.
Stacy Terry

Martha Collins, Clerk

COUNTY SCHOOL BOARD

Peggy Wagy, Chair

Ann Manley, Vice Chair
Chalmer Frye
Steven King

Hilary Billings
Don Goode
Julia Tomiak

Catrina Hall, Clerk

SOCIAL SERVICES BOARD

Audra Lucas, Chair

Maggie Harless, Vice Chair
Sandra Thomas

Phyliss Hurt
Brian Vaught

Kimberly Ayers, Clerk

OTHER OFFICIALS

Judge of the Circuit Court Josiah T. Showalter, Jr.
Clerk of the Circuit Court Jeremiah Musser
Judge of the General District Court Gino Williams
Judge of the Juvenile & Domestic Relations Court Bradley Dalton
Commonwealth's Attorney Mike Jones
Commissioner of the Revenue Adam Linkous
Treasurer Lori Guynn
Sheriff Charles Foster
Superintendent of Schools Dr. G Wesley Poole
Director of Social Services Kimberly Ayers
County Administrator Stephen Bear
County Attorney Scot S. Farthing

FINANCIAL SECTION



Independent Auditors' Report

**To the Honorable Members of
the Board of Supervisors of the
County of Wythe, 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 unit, each major fund, and the aggregate remaining fund information of the County of Wythe, 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 Wythe, Virginia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Wythe, 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 Wythe, 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 22 to the financial statements, in 2025, the County of Wythe, Virginia adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 22 to the financial statements, in 2025, the County of Wythe, Virginia restated beginning balances to reflect the requirements of GASB Statement No. 101. 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 Wythe, 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 the County of Wythe, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Wythe, 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 opinion on the basic financial statements is 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 Wythe, Virginia's basic financial statements. The accompanying individual fund financial statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory 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 November 28, 2025, on our consideration of the County of Wythe, 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 Wythe, 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 Wythe, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
November 28, 2025

Basic Financial Statements

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

	Primary Government			Component Unit
	Governmental	Business-type	Total	School Board
	Activities	Activities		
ASSETS				
Cash and cash equivalents	\$ 63,519,465	\$ 8,991,628	\$ 72,511,093	\$ 6,950,279
Receivables (net of allowance for uncollectibles):				
Taxes receivable	3,506,096	-	3,506,096	-
Accounts receivable	1,831,152	581,881	2,413,033	265,366
Leases receivable	1,951,467	-	1,951,467	-
Due from other governmental units	3,196,137	2,381,729	5,577,866	2,120,432
Inventories	-	-	-	86,275
Prepaid expenses	87,324	-	87,324	1,196,725
Land held for resale	574,443	-	574,443	-
Restricted assets:				
Cash and cash equivalents	829,108	7,435,231	8,264,339	-
Capital assets, not being depreciated/amortized	6,958,696	4,615,163	11,573,859	2,048,790
Capital assets, net of accumulated depreciation/amortization	72,456,655	39,892,436	112,349,091	42,877,422
Total assets	<u>\$ 154,910,543</u>	<u>\$ 63,898,068</u>	<u>\$ 218,808,611</u>	<u>\$ 55,545,289</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 2,216,964	\$ 118,160	\$ 2,335,124	\$ 9,609,579
OPEB related items	269,897	14,666	284,563	1,690,384
Total deferred outflows of resources	<u>\$ 2,486,861</u>	<u>\$ 132,826</u>	<u>\$ 2,619,687</u>	<u>\$ 11,299,963</u>
LIABILITIES				
Accounts payable	\$ 1,116,383	\$ 180,849	\$ 1,297,232	\$ 335,874
Construction and retainage payables	-	394,231	394,231	-
Salaries payable	428,658	25,909	454,567	3,782,390
Customer deposits	-	29,269	29,269	-
Accrued interest payable	423,338	62,355	485,693	-
Unearned revenue	-	-	-	658,579
Deposits held in escrow	7,000	-	7,000	-
Long-term liabilities:				
Due within one year	4,152,219	1,678,910	5,831,129	1,724,654
Due in more than one year	50,496,621	24,661,083	75,157,704	33,023,155
Total liabilities	<u>\$ 56,624,219</u>	<u>\$ 27,032,606</u>	<u>\$ 83,656,825</u>	<u>\$ 39,524,652</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes paid in advance	\$ 150,988	\$ -	\$ 150,988	\$ -
Lease related items	1,756,399	-	1,756,399	-
Pension related items	1,211,798	62,771	1,274,569	4,136,360
OPEB related items	288,430	16,135	304,565	1,510,172
Total deferred inflows of resources	<u>\$ 3,407,615</u>	<u>\$ 78,906</u>	<u>\$ 3,486,521</u>	<u>\$ 5,646,532</u>
NET POSITION				
Net investment in capital assets	\$ 28,967,454	\$ 22,868,896	\$ 51,836,350	\$ 44,913,595
Restricted:				
Law library	6,913	-	6,913	-
Property seizure	220,566	-	220,566	-
Bond covenants	-	2,577,522	2,577,522	-
Courtroom security	138,491	-	138,491	-
Clerk's records grant	30,016	-	30,016	-
JAG	2,940	-	2,940	-
Electronic summons	194,778	-	194,778	-
Concealed weapons	52,124	-	52,124	-
Opioid settlement receivable	1,446,951	-	1,446,951	-
School activity fund	-	-	-	1,577,969
School cafeterias	-	-	-	953,048
Unrestricted (deficit)	66,305,337	11,472,964	77,778,301	(25,770,544)
Total net position	<u>\$ 97,365,570</u>	<u>\$ 36,919,382</u>	<u>\$ 134,284,952</u>	<u>\$ 21,674,068</u>

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

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	School Board	
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	\$ 1,779,890	\$ 3,491	\$ 583,754	\$ -	\$ (1,192,645)	\$ -	\$ (1,192,645)	\$ -	\$ -
Judicial administration	1,827,793	13,852	1,192,563	-	(621,378)	-	(621,378)	-	-
Public safety	11,678,462	1,290,906	3,192,400	-	(7,195,156)	-	(7,195,156)	-	-
Public works	3,842,878	48,695	-	-	(3,794,183)	-	(3,794,183)	-	-
Health and welfare	9,834,992	181,156	7,519,113	-	(2,134,723)	-	(2,134,723)	-	-
Education	14,322,901	-	-	-	(14,322,901)	-	(14,322,901)	-	-
Parks, recreation, and cultural	1,051,395	99,063	4,500	-	(947,832)	-	(947,832)	-	-
Community development	1,257,769	173,710	755,370	-	(328,689)	-	(328,689)	-	-
Interest on long-term debt	1,260,738	-	-	-	(1,260,738)	-	(1,260,738)	-	-
Total governmental activities	\$ 46,856,818	\$ 1,810,873	\$ 13,247,700	\$ -	\$ (31,798,245)	\$ -	\$ (31,798,245)	\$ -	\$ -
Business-type activities:									
Water and sewer	\$ 5,049,745	\$ 4,213,615	\$ -	\$ 3,976,702	\$ -	\$ 3,140,572	\$ 3,140,572	\$ -	\$ -
Total business-type activities	\$ 5,049,745	\$ 4,213,615	\$ -	\$ 3,976,702	\$ -	\$ 3,140,572	\$ 3,140,572	\$ -	\$ -
Total primary government	\$ 51,906,563	\$ 6,024,488	\$ 13,247,700	\$ 3,976,702	\$ (31,798,245)	\$ 3,140,572	\$ (28,657,673)	\$ -	\$ -
COMPONENT UNIT:									
School Board	\$ 63,107,357	\$ 2,713,412	\$ 45,422,344	\$ 1,641,027	\$ -	\$ -	\$ -	\$ (13,330,574)	\$ -
Total component unit	\$ 63,107,357	\$ 2,713,412	\$ 45,422,344	\$ 1,641,027	\$ -	\$ -	\$ -	\$ (13,330,574)	\$ -
General revenues:									
General property taxes					\$ 27,514,819	\$ -	\$ 27,514,819	\$ -	\$ -
Other local taxes:									
Local sales and use taxes					5,639,118	-	5,639,118	-	-
Consumers' utility taxes					778,648	-	778,648	-	-
Motor vehicle licenses					498,476	-	498,476	-	-
Bank stock taxes					55,476	-	55,476	-	-
Taxes on recordation and wills					200,711	-	200,711	-	-
Hotel and motel room taxes					329,715	-	329,715	-	-
Restaurant food taxes					1,445,173	-	1,445,173	-	-
Admission tax					48,452	-	48,452	-	-
Cigarette tax					346,170	-	346,170	-	-
Unrestricted revenues from use of money					2,517,235	389,427	2,906,662	148,068	148,068
Miscellaneous					1,220,686	-	1,220,686	4,053	4,053
Payments from the County of Wythe, Virginia					-	-	-	17,776,968	17,776,968
Grants and contributions not restricted to specific programs					2,646,874	-	2,646,874	-	-
Transfers					(873,533)	873,533	-	-	-
Total general revenues					\$ 42,368,020	\$ 1,262,960	\$ 43,630,980	\$ 17,929,089	\$ 17,929,089
Change in net position					\$ 10,569,775	\$ 4,403,532	\$ 14,973,307	\$ 4,598,515	\$ 4,598,515
Net position - beginning, as previously reported					\$ 86,952,042	\$ 32,558,489	\$ 119,510,531	\$ 18,252,462	\$ 18,252,462
Restatement					(156,247)	(42,639)	(198,886)	(1,176,909)	(1,176,909)
Net position - beginning, as restated					\$ 86,795,795	\$ 32,515,850	\$ 119,311,645	\$ 17,075,553	\$ 17,075,553
Net position - ending					\$ 97,365,570	\$ 36,919,382	\$ 134,284,952	\$ 21,674,068	\$ 21,674,068

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

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

	<u>General</u>	<u>County Capital Projects</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 55,912,771	\$ 7,606,694	\$ 63,519,465
Receivables (net of allowance for uncollectibles):			
Property taxes receivable	3,506,096	-	3,506,096
Accounts receivable	1,823,877	7,275	1,831,152
Leases receivable	1,951,467	-	1,951,467
Due from other governmental units	3,196,137	-	3,196,137
Prepaid items	87,324	-	87,324
Restricted assets:			
Cash and cash equivalents	829,108	-	829,108
Land held for resale	574,443	-	574,443
Total assets	<u>\$ 67,881,223</u>	<u>\$ 7,613,969</u>	<u>\$ 75,495,192</u>
LIABILITIES			
Accounts payable	\$ 1,116,383	\$ -	\$ 1,116,383
Salaries payable	428,658	-	428,658
Deposits held in escrow	7,000	-	7,000
Total liabilities	<u>\$ 1,552,041</u>	<u>\$ -</u>	<u>\$ 1,552,041</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	\$ 3,343,996	\$ -	\$ 3,343,996
Unavailable revenue-land held for resale	574,443	-	574,443
Unavailable revenue-opioid settlement receivable	987,651	-	987,651
Lease related items	1,951,467	-	1,951,467
Total deferred inflows of resources	<u>\$ 6,857,557</u>	<u>\$ -</u>	<u>\$ 6,857,557</u>
FUND BALANCES			
Nonspendable			
Prepaid expenses	\$ 87,324	\$ -	\$ 87,324
Restricted			
Law library	6,913	-	6,913
Property seizure	220,566	-	220,566
Capital projects	183,280	-	183,280
Courtroom security	138,491	-	138,491
Clerk's records grant	30,016	-	30,016
JAG	2,940	-	2,940
Electronic summons	194,778	-	194,778
Concealed weapons	52,124	-	52,124
Opioid settlement receivable	459,300	-	459,300
Committed for capital projects	2,383,207	7,613,969	9,997,176
Assigned			
Police activity	328,487	-	328,487
Unassigned	55,384,199	-	55,384,199
Total fund balances	<u>\$ 59,471,625</u>	<u>\$ 7,613,969</u>	<u>\$ 67,085,594</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 67,881,223</u>	<u>\$ 7,613,969</u>	<u>\$ 75,495,192</u>

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

County of Wythe, 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	\$	67,085,594
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets not being depreciated/amortized	\$ 6,958,696	
Capital assets being depreciated/amortized	102,015,247	
Accumulated depreciation/amortization	<u>(29,558,592)</u>	79,415,351
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the funds. These amounts are as follows:		
Unavailable revenue - property taxes	\$ 3,193,008	
Leases receivable related items	195,068	
Land held for resale	574,443	
Unavailable revenue - opioid settlement receivable	<u>987,651</u>	4,950,170
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 2,216,964	
OPEB related items	<u>269,897</u>	2,486,861
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds	\$ (43,610,584)	
Literary loans	(7,013,263)	
Accrued interest payable	(423,338)	
Unamortized bond premium	(1,247)	
Lease liabilities	(6,083)	
Compensated absences	(705,808)	
Net OPEB liabilities	(1,100,265)	
Net pension liability	<u>(2,211,590)</u>	(55,072,178)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (1,211,798)	
OPEB related items	<u>(288,430)</u>	(1,500,228)
Net position of governmental activities	<u>\$</u>	<u>97,365,570</u>

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

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

	<u>General</u>	<u>County Capital Projects</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 26,815,003	\$ -	\$ 26,815,003
Other local taxes	9,341,939	-	9,341,939
Permits, privilege fees, and regulatory licenses	331,356	-	331,356
Fines and forfeitures	530,404	-	530,404
Revenue from the use of money and property	2,491,332	289,167	2,780,499
Charges for services	543,594	23,554	567,148
Miscellaneous	1,347,319	-	1,347,319
Recovered costs	2,092,044	-	2,092,044
Intergovernmental	15,894,574	-	15,894,574
Total revenues	<u>\$ 59,387,565</u>	<u>\$ 312,721</u>	<u>\$ 59,700,286</u>
EXPENDITURES			
Current:			
General government administration	\$ 3,218,837	\$ -	\$ 3,218,837
Judicial administration	1,943,275	-	1,943,275
Public safety	14,211,734	-	14,211,734
Public works	3,691,447	-	3,691,447
Health and welfare	10,091,268	-	10,091,268
Education	16,072,923	-	16,072,923
Parks, recreation, and cultural	900,732	-	900,732
Community development	930,697	-	930,697
Nondepartmental	6,228	-	6,228
Capital projects	4,655,344	-	4,655,344
Debt service:			
Principal retirement	3,548,620	-	3,548,620
Interest and other fiscal charges	1,297,067	-	1,297,067
Total expenditures	<u>\$ 60,568,172</u>	<u>\$ -</u>	<u>\$ 60,568,172</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,180,607)</u>	<u>\$ 312,721</u>	<u>\$ (867,886)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 605,220	\$ 2,239,223	\$ 2,844,443
Transfers out	(2,496,355)	(1,221,621)	(3,717,976)
Issuance of general obligation bonds	1,495,000	-	1,495,000
Sale of capital assets	20,399	-	20,399
Total other financing sources (uses)	<u>\$ (375,736)</u>	<u>\$ 1,017,602</u>	<u>\$ 641,866</u>
Net change in fund balances	\$ (1,556,343)	\$ 1,330,323	\$ (226,020)
Fund balances - beginning	61,027,968	6,283,646	67,311,614
Fund balances - ending	<u>\$ 59,471,625</u>	<u>\$ 7,613,969</u>	<u>\$ 67,085,594</u>

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

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

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

Net change in fund balances - total governmental funds \$ (226,020)

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 outlays	\$ 10,254,097	
Depreciation/amortization expense	(2,895,854)	7,358,243

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

Disposal of assets	\$ (83,902)	
Early termination of leased asset	23,186	(60,716)

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

Property taxes	\$ 699,816	
Opioid settlement	(126,633)	
Leases receivable	118,701	
Land held for resale	(26,951)	\$ 664,933

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

Debt issued or incurred:		
Issuance of general obligation bonds	\$ (1,495,000)	
Principal repayments:		
General obligation bonds, literary loans, and lease liabilities	3,548,620	2,053,620

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	\$ (27,212)	
Change in accrued interest payable	11,765	
Change in OPEB related items	79,981	
Change in pension related items	713,803	
Amortization of bond premium	1,378	779,715

Change in net position of governmental activities \$ 10,569,775

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

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

	Enterprise Funds		
	Water	Sewer	Total
	Department	Department	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,634,126	\$ 5,357,502	\$ 8,991,628
Accounts receivable (net of allowance)	396,543	185,338	581,881
Due from other governmental units	2,377,198	4,531	2,381,729
Total unrestricted current assets	\$ 6,407,867	\$ 5,547,371	\$ 11,955,238
Restricted current assets:			
Cash and cash equivalents	\$ 7,428,331	6,900	\$ 7,435,231
Total restricted current assets	\$ 7,428,331	\$ 6,900	\$ 7,435,231
Total current assets	\$ 13,836,198	\$ 5,554,271	\$ 19,390,469
Noncurrent assets:			
Capital assets, not being depreciated/amortized	\$ 1,714,083	\$ 2,901,080	\$ 4,615,163
Capital assets, net of accumulated depreciation/amortization	22,033,034	17,859,402	39,892,436
Total capital assets	\$ 23,747,117	\$ 20,760,482	\$ 44,507,599
Total noncurrent assets	\$ 23,747,117	\$ 20,760,482	\$ 44,507,599
Total assets	\$ 37,583,315	\$ 26,314,753	\$ 63,898,068
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 52,090	\$ 66,070	\$ 118,160
OPEB related items	7,108	7,558	14,666
Total deferred outflows of resources	\$ 59,198	\$ 73,628	\$ 132,826
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 154,931	\$ 25,918	\$ 180,849
Construction and retainage payable	-	394,231	394,231
Salaries payable	15,504	10,405	25,909
Customers' deposits	22,369	6,900	29,269
Accrued interest payable	39,259	23,096	62,355
Compensated absences - current portion	33,567	27,797	61,364
Bonds payable - current portion	865,501	752,045	1,617,546
Total current liabilities	\$ 1,131,131	\$ 1,240,392	\$ 2,371,523
Noncurrent liabilities:			
Compensated absences - net of current portion	\$ 11,189	\$ 9,265	\$ 20,454
Bonds payable - net of current portion	18,010,793	6,444,573	24,455,366
Net pension liability	61,375	62,340	123,715
Net OPEB liabilities	30,534	31,014	61,548
Total noncurrent liabilities	\$ 18,113,891	\$ 6,547,192	\$ 24,661,083
Total liabilities	\$ 19,245,022	\$ 7,787,584	\$ 27,032,606
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 29,741	\$ 33,030	\$ 62,771
OPEB related items	8,005	8,130	16,135
Total deferred inflows of resources	\$ 37,746	\$ 41,160	\$ 78,906
NET POSITION			
Net investment in capital assets	\$ 9,699,263	\$ 13,169,633	\$ 22,868,896
Restricted for bond covenants	2,577,522	-	2,577,522
Unrestricted	6,082,960	5,390,004	11,472,964
Total net position	\$ 18,359,745	\$ 18,559,637	\$ 36,919,382

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

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

	Enterprise Funds		Total
	Water Department	Sewer Department	
OPERATING REVENUES			
Charges for services:			
Water and sewer billings	\$ 2,623,847	\$ 1,575,865	\$ 4,199,712
Miscellaneous	7,996	5,907	13,903
Total operating revenues	<u>\$ 2,631,843</u>	<u>\$ 1,581,772</u>	<u>\$ 4,213,615</u>
OPERATING EXPENSES			
Personnel services	\$ 254,453	\$ 323,478	\$ 577,931
Fringe benefits	86,262	107,269	193,531
Professional services	15,054	4,500	19,554
Operating expenses	648,727	488,332	1,137,059
Purchase of water - regional plant	476,640	-	476,640
Repair and maintenance	210,853	123,223	334,076
Depreciation	940,426	779,781	1,720,207
Total operating expenses	<u>\$ 2,632,415</u>	<u>\$ 1,826,583</u>	<u>\$ 4,458,998</u>
Operating income (loss)	<u>\$ (572)</u>	<u>\$ (244,811)</u>	<u>\$ (245,383)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	\$ 315,670	\$ 73,757	\$ 389,427
Gain on sale of assets	1,912	-	1,912
Interest expense	(460,644)	(132,015)	(592,659)
Total nonoperating revenues (expenses)	<u>\$ (143,062)</u>	<u>\$ (58,258)</u>	<u>\$ (201,320)</u>
Income (loss) before capital contributions and transfers	<u>\$ (143,634)</u>	<u>\$ (303,069)</u>	<u>\$ (446,703)</u>
Capital contributions	1,301,882	2,674,820	3,976,702
Transfers in	872,894	83,920	956,814
Transfers out	(83,281)	-	(83,281)
Change in net position	<u>\$ 1,947,861</u>	<u>\$ 2,455,671</u>	<u>\$ 4,403,532</u>
Total net position - beginning, as previously reported	\$ 16,428,961	\$ 16,129,528	\$ 32,558,489
Restatements	(17,077)	(25,562)	(42,639)
Total net position - beginning, as restated	<u>\$ 16,411,884</u>	<u>\$ 16,103,966</u>	<u>\$ 32,515,850</u>
Total net position - ending	<u>\$ 18,359,745</u>	<u>\$ 18,559,637</u>	<u>\$ 36,919,382</u>

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

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

	Enterprise Funds		
	Water Department	Sewer Department	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 2,630,736	\$ 1,579,166	\$ 4,209,902
Payments to suppliers	(1,253,681)	(606,104)	(1,859,785)
Payments to and for employees	(339,485)	(445,016)	(784,501)
Net cash provided by (used for) operating activities	<u>\$ 1,037,570</u>	<u>\$ 528,046</u>	<u>\$ 1,565,616</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	\$ (83,281)	\$ -	\$ (83,281)
Transfers from other funds	872,894	83,920	956,814
Net cash provided by (used for) noncapital financing activities	<u>\$ 789,613</u>	<u>\$ 83,920</u>	<u>\$ 873,533</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital asset additions	\$ (383,818)	\$ (1,641,081)	\$ (2,024,899)
Construction grants	1,689,953	2,765,856	4,455,809
Principal payments on bonds	(5,346,025)	(2,217,895)	(7,563,920)
Proceeds from indebtedness	4,500,000	2,747,860	7,247,860
Interest expense	(474,129)	(137,569)	(611,698)
Proceeds from sales of capital assets	1,912	-	1,912
Net cash provided by (used for) capital and related financing activities	<u>\$ (12,107)</u>	<u>\$ 1,517,171</u>	<u>\$ 1,505,064</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	\$ 315,670	\$ 73,757	\$ 389,427
Net cash provided by (used for) investing activities	<u>\$ 315,670</u>	<u>\$ 73,757</u>	<u>\$ 389,427</u>
Net increase (decrease) in cash and cash equivalents	\$ 2,130,746	\$ 2,202,894	\$ 4,333,640
Cash and cash equivalents - beginning (including \$2,382,552 of restricted cash)	8,931,711	3,161,508	12,093,219
Cash and cash equivalents - ending (including \$7,435,231 of restricted cash)	<u>\$ 11,062,457</u>	<u>\$ 5,364,402</u>	<u>\$ 16,426,859</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (572)	\$ (244,811)	\$ (245,383)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 940,426	\$ 779,781	\$ 1,720,207
(Increase) decrease in accounts receivable	5,856	(806)	5,050
(Increase) decrease in deferred outflows of resources	(24,135)	(31,506)	(55,641)
Increase (decrease) in customer deposits	(6,963)	(1,800)	(8,763)
Increase (decrease) in accounts payable	97,593	9,951	107,544
Increase (decrease) in salaries payable	2,250	(638)	1,612
Increase (decrease) in compensated absences	3,410	(2,325)	1,085
Increase (decrease) in net pension liability	14,125	12,757	26,882
Increase (decrease) in net OPEB liabilities	996	17	1,013
Increase (decrease) in deferred inflows of resources	4,584	7,426	12,010
Total adjustments	<u>\$ 1,038,142</u>	<u>\$ 772,857</u>	<u>\$ 1,810,999</u>
Net cash provided by (used for) operating activities	<u>\$ 1,037,570</u>	<u>\$ 528,046</u>	<u>\$ 1,565,616</u>
Noncash investing, capital, and financing activities:			
Capital asset additions included in accounts payable at end of year	\$ -	\$ 394,231	\$ 394,231

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

County of Wythe, Virginia
Statement of Fiduciary Net Position
June 30, 2025

	Custodial Fund
	Special Welfare
ASSETS	
Cash and cash equivalents	\$ 23,495
Total assets	\$ 23,495
NET POSITION	
Restricted - amounts held for special welfare clients	\$ 23,495
Total net position	\$ 23,495

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

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

	Custodial Fund	Special Welfare
ADDITIONS		
Gifts, donations, and aid	\$	28,859
Revenue from the use of money		984
Total additions	\$	29,843
Deductions		
Special welfare payments	\$	34,044
Total deductions	\$	34,044
Net increase (decrease) in fiduciary net position	\$	(4,201)
Total net position, beginning of year	\$	27,696
Total net position, end of year	\$	23,495

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

COUNTY OF WYTHE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity:

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

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

Discretely Presented Component Unit -

The component unit column in the financial statements includes the financial data of the County's discretely presented component unit. It is reported in a separate column to emphasize that it is legally separate from the County.

The Wythe County School Board (“the 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. Separate financial statements are not issued for the Component Unit - School Board.

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 Counties of Wythe and Grayson participate in supporting the Wythe/Grayson Regional Library. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the year ended June 30, 2025, the County contributed \$449,860 to the Library.

The Counties of Wythe and Smyth participate in supporting the Smyth/Wythe Airport Authority. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the year ended June 30, 2025, the County contributed \$60,156 to the Airport.

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) and its discretely presented component units. Governments will report all capital assets in the government-wide statement of net position and will report depreciation expense - the cost of "using up" capital assets - in the statement of activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets, net of related debt; 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 accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

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

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenue. 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 *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. The general fund includes the activities of the Law Library, Property Seizure, the Police Activity, Courtroom Security, Clerks Records, Electronic Summons, Concealed Weapons, and JAG funds.

The *County Capital Projects Fund* accounts for and reports financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. It accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

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

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

The government reports the following major proprietary funds:

The *water department fund and sewer department fund* account for the activities of the County water and sewer system, which includes water distribution and sewage collections systems throughout the County.

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 agent or custodian for individuals, private organizations, other governmental units, or other funds. Custodial funds include the special welfare fund.

The School Board reports the following major governmental 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 contests, club dues, fundraisers, etc., and from any and all activities of the individual schools.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's water and sewer function and various other functions of the government.

Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds, consist of Enterprise 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 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 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.

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

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

1. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and 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. Accordingly, investments totaling \$14,447,823 are reported as cash and cash equivalents in the accompanying financial statements.

2. Investments

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

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 of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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 on 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 \$1,667,689 on June 30, 2025. This allowance consists of delinquent taxes in the amount of \$351,819, delinquent water and sewer bills of \$1,101,882, delinquent EMS bills of \$213,988.

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

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

6. Use of Estimates

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

7. Inventory

Land held for resale includes land, land improvement, and infrastructure at the Progress Park located in Wythe County. This inventory is valued at original cost. Fair market value cannot be determined as comparable sites do not exist within the vicinity of the County.

8. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, lease, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 (amount not rounded) (except for intangible right-to-use lease assets with an initial, individual cost of more than \$20,000) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

As the County and Component Unit School Board 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 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.

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

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

8. Capital Assets (Continued)

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease assets, and infrastructure of the primary government, as well as the component unit, are 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
Lease land	20
Buildings and improvements	40
Infrastructure	20-40
Machinery and equipment	4-30
Lease machinery and equipment	3-5
Subscription asset	3-5

9. Compensated Absences

A liability for compensated absences for leave time has been recognized 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, three types of leave qualify for liability recognition for compensated absences - vacation/personal, sick, and compensatory leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. The County accrues salary-related payments associated with the payment of vacation and sick. The School Board accrues salary-related payments associated with the payment of vacation/personal and sick. The Social Services department accrues salary-related payments associated with the payment of vacation, sick, and compensatory.

10. Pensions

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

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

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

11. Other Postemployment Benefits (OPEB)

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

12. Long-term Obligations

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

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

13. Net Position

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/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.

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

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

14. Net Position Flow Assumption

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

15. 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 one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has several types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivables, opioid settlement receivables, lease related items, and land held for resale are reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30th, property taxes paid in advance, the value of land held for resale, lease related items, and opioid settlement receivable which are deferred and recognized as an inflow of resources in the period that the amounts become available. Under the accrual basis, tax amounts prepaid are reported as deferred inflows are resources. In addition, certain items related to pension, OPEB, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

16. Fund Balance

In governmental funds types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance". The County of Wythe, Virginia'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 - 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).

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

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

16. Fund Balance (Continued)

Restricted - 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 - 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 - 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 - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

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

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

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

17. Leases and Subscription-Based IT Arrangements

The County and School Board have 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.

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 and School Board recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$20,000, individually or in the aggregate, in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). 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 School Board recognizes intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities with an initial value of \$20,000, individually or in the aggregate, in the government-wide financial statements. At the commencement of the subscription, the subscription liability is measured at the present value of payments expected to be made during the subscription liability term (less any contract incentives). 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.

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

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

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

Key Estimates and Judgments

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

- The County and School Board 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 and School Board 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.

The County and School Board monitor changes in circumstances that would require a remeasurement or modification of its leases. The County and School Board 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 budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund and the School Operating Fund.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

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

A. Budgetary information

4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and the Capital Projects Fund. The School Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project.
8. All budgetary data presented in the accompanying financial statements is the revised budget as of June 30.

B. Excess of expenditures over appropriations

For fiscal year 2025, the school capital projects expenditures exceeded appropriations.

C. Deficit fund equity

On June 30, 2025, there were no funds with deficit fund equity.

Note 3-Deposits and Investments:

A. Deposits

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

Note 3-Deposits and Investments: (Continued)

B. 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 and Poor’s rating scale.

County's Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
SNAP (State Non-arbitrage Pool)	\$ 4,831,567
VIP (Virginia Investment Pool)	9,616,256
Total	\$ 14,447,823

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Note 3-Deposits and Investments: (Continued)

B. 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)	\$ 4,831,567	\$ 4,831,567
VACO/VML Virginia Investment Pool (VIP)	9,616,256	9,616,256
Total	<u>\$ 14,447,823</u>	<u>\$ 14,447,823</u>

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 Investment Pool (VIP). VIP is a Section 115 governmental fund created under the Joint Exercise of Powers statute of the Commonwealth of Virginia to provide political subdivisions with an investment vehicle to pool surplus funds and to invest such funds into one or more investment portfolios under the direction and daily supervision of a professional fund manager. The VIP Trust is governed by a Board of Trustees. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County has measured fair value of the above VACO/VML Investment Pool investment at the net asset value (NAV). VACO/VML VIP allows the County to have the option to have access to withdrawal funds twice a month, with a five-day period notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources, one-time outlays (disasters, immediate capital needs, state budget cuts, and etc.).

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.

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 4-Due from Other Governmental Units:

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

	Primary Government		Component Unit-School Board
	Governmental Activities	Business-type Activities	
<u>Local Government:</u>			
New River Valley Regional Water Authority	\$ -	\$ 1,354,471	\$ -
Town of Wytheville	-	1,022,727	-
Bristol Transportation District Regional Improvement Commission	941,860	-	-
<u>Commonwealth of Virginia:</u>			
Local sales tax	954,578	-	-
Local communication tax	78,966	-	-
State sales tax	-	-	917,576
Categorical aid	330,749	-	-
Non-categorical aid	74,700	-	-
Virginia public assistance funds	173,458	-	-
Community services act	361,875	-	-
Other categorical aid	-	4,531	-
<u>Federal Government:</u>			
Virginia public assistance funds	249,871	-	-
Categorical aid	30,080	-	1,202,856
Totals	<u>\$ 3,196,137</u>	<u>\$ 2,381,729</u>	<u>\$ 2,120,432</u>

The County constructed certain debt financed assets that are used by the New River Regional Water Authority and the Town of Wytheville, Virginia. The County has recorded a receivable in the Water Fund of \$2,377,198 for repayment of shared construction costs. The County bills these entities as debt service payments are due for the related projects.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 5-Interfund Transfers/Component Unit Contributions:

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

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ 605,220	\$ 2,496,355
County Capital Projects Fund	2,239,223	1,221,621
Water Fund	872,894	83,281
Sewer Fund	83,920	-
Component Unit-School Board:		
School Operating Fund	52,474	745,630
School Activity Fund	745,630	52,474
Total	<u>\$ 4,599,361</u>	<u>\$ 4,599,361</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization. There were no interfund obligations on June 30, 2025.

Primary government contributions to the component unit for the year ended June 30, 2025, consisted of the following:

Component Unit:	
School Board	<u>\$ 16,026,946</u>

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 6-Long-Term Obligations:

Primary Government - Governmental Activities Obligations:

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

	Balance July 1, 2024, as restated	Adjustment**	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2025
Direct borrowings and placements:					
General obligation bonds	\$ 45,143,396	\$ -	\$ 1,495,000	\$ (3,027,812)	\$ 43,610,584
GO bond premium	2,625	-	-	(1,378)	1,247
Literary loans	7,514,211	-	-	(500,948)	7,013,263
Lease liabilities	646,282	(620,339)	-	(19,860)	6,083
Compensated absences*	678,596	-	27,212	-	705,808
Net OPEB liabilities	1,205,984	-	281,088	(386,807)	1,100,265
Net pension liability	1,929,084	-	5,586,832	(5,304,326)	2,211,590
Total	\$ 57,120,178	\$ (620,339)	\$ 7,390,132	\$ (9,241,131)	\$ 54,648,840

*The change in the compensated absences liability is presented as a net change.

**Prior period lease liabilities were adjusted by \$620,339 and prior period leased assets were adjusted by \$597,153 (net adjustment of \$23,186)

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	\$ 3,618,623	\$ 1,242,796	\$ 3,312	\$ 21
2027	3,688,367	1,155,544	2,771	6
2028	3,556,583	1,071,175	-	-
2029	3,630,324	989,568	-	-
2030	3,585,193	906,072	-	-
2031-2035	17,371,387	3,306,266	-	-
2036-2040	12,034,370	1,315,127	-	-
2041-2045	3,139,000	248,187	-	-
Totals	\$ 50,623,847	\$ 10,234,735	\$ 6,083	\$ 27

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 6-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Obligations: (Continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements:						
General Obligation Bonds:						
VPSA GO bond	4.255%-5.1%	10/24/06	2027	\$ 3,593,557	\$ 403,660	\$ 200,263
VACO/VML Series 2017	3.05%	12/12/17	2038	10,000,000	7,199,000	458,000
2020A GO bond	1.73%	10/15/20	2040	17,093,093	12,411,561	1,170,398
2020B GO bond	2.14%	10/15/20	2038	9,482,000	7,495,000	506,000
2021 GO Bond	1.44%	9/20/21	2029	12,115,000	11,376,000	505,000
2022A GO Bond	2.57%	3/30/22	2043	800,000	466,921	114,239
2024 GO Bond	5.86%	6/26/24	2044	2,900,000	2,809,000	85,000
2024 GO Bond	3.50%	11/7/24	2040	1,495,000	1,449,442	78,775
Total General Obligation Bonds					<u>\$ 43,610,584</u>	<u>\$ 3,117,675</u>
Add: Unamortized premium on						
\$3,593,557 GO bond	n/a	10/24/06	2027	102,414	\$ 1,247	\$ 928
Total Unamortized Premiums					<u>\$ 1,247</u>	<u>\$ 928</u>
Total General Obligation Bonds and Unamortized Premiums					<u>\$ 43,611,831</u>	<u>\$ 3,118,603</u>
Literary Loans:						
State Literary Fund Loan	2.00%	10/1/18	2039	7,500,000	\$ 5,250,000	\$ 375,000
State Literary Fund Loan	2.00%	10/1/18	2039	2,518,951	1,763,263	125,948
Total Literary Loans					<u>\$ 7,013,263</u>	<u>\$ 500,948</u>
Total Direct Borrowings and Placements					<u>\$ 50,625,094</u>	<u>\$ 3,619,551</u>
Lease Liabilities:						
Social Services Postage Meter	0.45%	5/27/22	2027	16,480	\$ 6,083	\$ 3,312
Total Lease Liabilities					<u>\$ 6,083</u>	<u>\$ 3,312</u>
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 705,808	\$ 529,356
Net OPEB Liabilities	n/a	n/a	n/a	n/a	1,100,265	-
Net Pension Liability	n/a	n/a	n/a	n/a	2,211,590	-
Total Other Obligations					<u>\$ 4,017,663</u>	<u>\$ 529,356</u>
Total Long-Term Obligations					<u>\$ 54,648,840</u>	<u>\$ 4,152,219</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 6-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Obligations: (Continued)

The County’s general obligation bonds and literary loans are subject to the state aid intercept program. Under terms of the program, the County’s State aid is redirected to bond holders to cure any event(s) of default.

In an event of default occurs with VPSA bonds, 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.

Primary Government - Business-type Activities Obligations:

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

	Balance July 1, 2024, as restated	Increase/ Issuances	Decrease/ Retirements	Balance June 30, 2025
Direct borrowings and placements:				
General obligation and revenue bonds	\$ 26,389,887	\$ 7,247,860	\$ (7,563,920)	\$ 26,073,827
General obligation bond discount	(1,830)	-	915	(915)
Compensated absences*	80,733	1,085	-	81,818
Net OPEB liabilities	60,535	22,018	(21,005)	61,548
Net pension liability	96,833	322,591	(295,709)	123,715
	<u>\$ 26,626,158</u>	<u>\$ 7,593,554</u>	<u>\$ (7,879,719)</u>	<u>\$ 26,339,993</u>
Total				

*The change in the compensated absences liability is presented as a net change.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 6-Long-Term Obligations: (Continued)

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

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	\$ 1,618,461	\$ 619,402
2027	6,801,845	464,498
2028	815,604	322,179
2029	829,517	308,561
2030	843,629	294,639
2031-2035	4,161,995	1,256,629
2036-2040	3,439,708	891,832
2041-2045	2,901,558	582,040
2046-2050	2,707,747	314,288
2051-2055	1,686,997	113,098
2056-2060	266,766	8,778
Totals	<u>\$ 26,073,827</u>	<u>\$ 5,175,944</u>

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 6-Long-Term Obligations: (Continued)

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

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Direct Borrowings and Placements:						
General Obligation and Revenue Bonds						
VRA GO Bond	0.00%	5/15/12	2033	\$ 1,369,871	\$ 482,032	\$ 68,493
VRA GO Bond	0.65%	9/30/16	2029	2,103,600	1,349,116	106,257
Rural Development Bond*	2.375%	3/31/10	2040	1,100,000	298,817	9,020
Rural Development Bond	2.375%	6/29/11	2051	640,000	494,165	14,100
Rural Development Bond	2.375%	6/14/11	2051	3,316,000	2,564,763	72,936
Rural Development Bond	2.375%	8/11/10	2049	1,065,000	768,425	24,714
Rural Development Bond	2.125%	11/16/12	2052	1,374,000	1,094,506	30,060
Rural Development Bond	2.125%	10/7/15	2055	3,754,000	3,203,027	78,109
Rural Development Bond	2.500%	5/19/16	2056	1,358,000	1,167,416	28,903
Rural Development Bond	3.500%	5/19/16	2056	684,000	596,107	13,570
GO Bond	4.36%	12/15/05	2026	5,900,000	435,223	435,223
GO Bond	2.00%	11/19/14	2020	151,809	82,798	4,976
VML/VACO Series 2017	2.25%	12/20/2017	2026	3,184,693	427,440	427,440
Rural Development Bond	2.13%	9/19/2019	2060	1,252,000	1,129,537	22,803
GO Bond	1.73%	10/15/2020	2040	701,118	515,439	48,602
VRA GO Bond**	0.00%	6/23/2021	2046	668,300	586,441	13,053
Rural Development Bond	1.50%	8/3/2021	2060	286,000	234,854	6,268
2023 GO Sewer Bond	0.00%	4/6/2023	2028	465,180	457,019	16,322
2022B GO Bond Water	2.57%	3/30/2022	2043	2,050,000	1,189,000	93,000
2022B GO Bond Sewer	2.57%	3/30/2022	2043	1,461,000	1,799,000	84,000
2024 GO Sewer Bond	0.50%	11/22/2024	2055	1,284,794	1,198,702	20,612
2024 GO Note	4.30%	8/30/2024	2027	6,000,000	6,000,000	-
Total General Obligation and Revenue Bonds					\$ 26,073,827	\$ 1,618,461
Less: Unamortized GO Bond discount					\$ (915)	\$ (915)
Total Direct Borrowings and Placements					\$ 26,072,912	\$ 1,617,546
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 81,818	\$ 61,364
Net OPEB Liabilities	n/a	n/a	n/a	n/a	61,548	-
Net Pension Liability	n/a	n/a	n/a	n/a	123,715	-
Total Other Obligations					\$ 267,081	\$ 61,364
Total Long-term obligations					\$ 26,339,993	\$ 1,678,910

* Loan issued by Carroll County PSA in the amount of \$5,000,000 with an underlying agreement that Wythe County is responsible for 7.9733% of such loan.

** As of June 30, 2025, entire bond has not been drawn down.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 6-Long-Term Obligations: (Continued)

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

Details of long-term obligations: (Continued)

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

In an event of default occurs with VRA bonds, the principal of the bond(s) may be declared immediately due and payable to the register owner of the bond(s) by written notice to the County.

Note 7-Long-Term Obligations - Component Unit:

Discretely Presented Component Unit - School Board Obligations:

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

	Balance July 1, 2024, as restated	Increase	Decrease	Balance June 30, 2025
Lease liabilities	\$ 606	\$ 14,741	\$ (2,730)	\$ 12,617
Compensated absences	2,269,216	26,520	-	2,295,736
Net OPEB liabilities	7,573,758	1,708,597	(1,429,240)	7,853,115
Net pension liability	26,142,816	11,633,758	(13,190,233)	24,586,341
 Total	 \$ 35,986,396	 \$ 13,383,616	 \$ (14,622,203)	 \$ 34,747,809

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

Year Ending June 30,	Lease Liabilities	
	Principal	Interest
2026	\$ 2,852	\$ 276
2027	2,923	206
2028	2,995	134
2029	3,069	60
2030	778	3
Totals	\$ 12,617	\$ 679

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

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

Discretely Presented Component Unit - School Board Obligations: (Continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Lease Liabilities:						
Postage Meter	2.44%	10/1/24	2030	\$ 14,741	\$ 12,617	\$ 2,852
Total Lease Liabilities					<u>\$ 12,617</u>	<u>\$ 2,852</u>
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 2,295,736	\$ 1,721,802
Net OPEB Liabilities	n/a	n/a	n/a	n/a	7,853,115	-
Net Pension Liability	n/a	n/a	n/a	n/a	24,586,341	-
Total Long-term obligations					<u>\$ 34,747,809</u>	<u>\$ 1,724,654</u>

Note 8-Pension Plans:

Aggregate Pension Information

The following is a summary of deferred outflows, deferred inflows, net pension liabilities, and pension expense for the year ended June 30, 2025.

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 2,335,124	\$ 1,274,569	\$ 2,335,305	\$ 643,101	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	280,874	197,260	527,628	154,269
School Board Professional	-	-	-	-	9,328,705	3,939,100	24,058,713	2,043,294
Totals	<u>\$ 2,335,124</u>	<u>\$ 1,274,569</u>	<u>\$ 2,335,305</u>	<u>\$ 643,101</u>	<u>\$ 9,609,579</u>	<u>\$ 4,136,360</u>	<u>\$ 24,586,341</u>	<u>\$ 2,197,563</u>

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Note 8-Pension Plans: (Continued)

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of the public-school divisions are automatically covered by the VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by a Virginia Retirement System (the System) along with plans for other groups in the Commonwealth of Virginia. However, several entities whose financial information is not included in the primary government report, participate in the VRS plan through Wythe County and the participating entities report their proportionate information on the basis of a cost-sharing plan.

Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

Note 8-Pension Plans: (Continued)

Benefit Structures (Continued)

- 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.

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.

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 11.27% from July-October and 11.78% from November-June of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

Note 8-Pension Plans: (Continued)

Contributions (Continued)

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 \$1,375,646 and \$1,083,292 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 \$39,255 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 \$38,069 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$3,925,524 for the year ended June 30, 2025.

Net Pension Liability

On June 30, 2025, the County reported a liability of \$2,335,305 for its proportionate share of the net pension liability. The County's net pension liability was measured as of June 30, 2024. 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. In order to allocate the net pension liability to all employers included in the plan, the County is required to determine its proportionate share of the net pension liability. Contributions as of June 30, 2024 and 2023 were used as a basis for allocation to determine the County's proportionate share of the net pension liability. On June 30, 2024 and 2023, the County's proportion was 98.37% and 98.77%, respectively.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Wythe County's Retirement Plan and the 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.

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

Note 8-Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 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

Note 8-Pension Plans: (Continued)

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

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Wythe County's 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

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

Note 8-Pension Plans: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (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:

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

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

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Note 8-Pension Plans: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	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%.

Note 8-Pension Plans: (Continued)

Discount Rate

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

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

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

	Rate		
1% Decrease	Current Discount	1% Increase	
(5.75%)	(6.75%)	(7.75%)	

County’s proportionate share of the County Retirement Plan Net Pension Liability (Asset)	\$ 7,935,883	\$ 2,335,305	\$ (2,234,766)
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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2025, the County recognized pension expense of \$643,101. 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.

Note 8-Pension Plans: (Continued)

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

On June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 955,243	\$ 90,324
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,235	9,369
Net difference between projected and actual earnings on pension plan investments	-	1,174,876
Employer contributions subsequent to the measurement date	1,375,646	-
Total	\$ 2,335,124	\$ 1,274,569

\$1,375,646 reported as deferred outflows of resources related to pensions resulting from the County'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	Primary Government
2026	\$ (287,237)
2027	449,743
2028	(229,106)
2029	(248,491)

Note 8-Pension Plans: (Continued)

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 (Nonprofessional)

Additional information related to the plan description, plan contribution requirements, actuarial assumptions, long-term expected rate of return, and discount rate is included in the first section of this note.

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:

	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	83
Inactive members:	
Vested inactive members	13
Non-vested inactive members	40
Inactive members active elsewhere in VRS	30
Total inactive members	83
Active members	59
Total covered employees	<u>225</u>

Contributions

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2025 was 8.67% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

Note 8-Pension Plans: (Continued)

Component Unit School Board (nonprofessional) (Continued)

Contributions (Continued)

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 \$171,675 and \$145,076 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 \$14,056 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 \$6,088 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$1,405,570 for the year ended June 30, 2025.

Net Pension Liability

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

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Note 8-Pension Plans: (Continued)

Component Unit School Board (nonprofessional) (Continued)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
	(a)	(b)	(a) - (b)
Balances at June 30, 2023	\$ 7,365,202	\$ 6,878,515	\$ 486,687
Changes for the year:			
Service cost	\$ 142,709	\$ -	\$ 142,709
Interest	489,141	-	489,141
Differences between expected and actual experience	277,198	-	277,198
Contributions - employer	-	145,076	(145,076)
Contributions - employee	-	72,447	(72,447)
Net investment income	-	655,104	(655,104)
Benefit payments, including refunds of employee contributions	(522,755)	(522,755)	-
Administrative expenses	-	(4,562)	4,562
Other changes	-	42	(42)
Net changes	\$ 386,293	\$ 345,352	\$ 40,941
Balances at June 30, 2024	\$ 7,751,495	\$ 7,223,867	\$ 527,628

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	\$ 1,292,986	\$ 527,628	\$ (106,057)

Note 8-Pension Plans: (Continued)

Component Unit School Board (nonprofessional) (Continued)

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

For the year ended June 30, 2025, the Component Unit School Board (nonprofessional) recognized pension expense of \$154,269. On June 30, 2025, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 109,199	\$ -
Net difference between projected and actual earnings on pension plan investments	-	197,260
Employer contributions subsequent to the measurement date	<u>171,675</u>	<u>-</u>
Total	<u>\$ 280,874</u>	<u>\$ 197,260</u>

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Note 8-Pension Plans: (Continued)

Component Unit School Board (nonprofessional) (Continued)

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

\$171,675 reported as deferred outflows of resources related to pensions resulting from the Component Unit School Board’s (nonprofessional) contributions subsequent to the measurement date will be recognized as an increase 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:

<u>Year ended June 30</u>	<u>Component Unit School Board (nonprofessional)</u>
2026	\$ (69,223)
2027	57,706
2028	(36,294)
2029	(40,250)

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 regarding the plan description is included in the first section of this note.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division’s contractually required employer contribution rate for the year ended June 30, 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 division were \$4,024,067 and \$4,322,729 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 \$105,070 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 \$57,639 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$10,506,992 for the year ended June 30, 2025.

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

On June 30, 2025, the school division reported a liability of \$24,058,713 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. On June 30, 2024, the school division's proportion was 0.2563% as compared to 0.2538% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized pension expense of \$2,043,294. 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.

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Note 8-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 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% - 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 a Modified MP-2020 Improvement Scale that is 75% of the standard rates

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Note 8-Pension Plans: (Continued)

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

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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)	<u>\$ 9,386,934</u>
 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.

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Note 8-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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

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

	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)	\$ 44,696,374	\$ 24,058,713	\$ 7,157,126

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.

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 9-Capital Assets:

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

Primary Government:

	Beginning Balance	Adjustments*	Increases	Decreases	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated/amortized:					
Land	\$ 4,112,379	\$ -	\$ -	\$ -	\$ 4,112,379
Construction in progress	23,817,582	-	5,718,179	(26,689,444)	2,846,317
Total capital assets not being depreciated/amortized	<u>\$ 27,929,961</u>	<u>\$ -</u>	<u>\$ 5,718,179</u>	<u>\$ (26,689,444)</u>	<u>\$ 6,958,696</u>
Capital assets, being depreciated/amortized:					
Lease land	\$ 670,339	\$ (620,339)	\$ -	\$ -	\$ 50,000
Buildings and improvements	55,890,016	-	27,300,974	-	83,190,990
Infrastructure	3,448,465	-	210,993	-	3,659,458
Machinery and equipment	11,410,254	-	3,713,395	(25,330)	15,098,319
Lease machinery and equipment	511,717	-	-	(495,237)	16,480
Total capital assets being depreciated/amortized	<u>\$ 71,930,791</u>	<u>\$ (620,339)</u>	<u>\$ 31,225,362</u>	<u>\$ (520,567)</u>	<u>\$ 102,015,247</u>
Accumulated depreciation/amortization:					
Lease land	\$ (25,055)	\$ 23,186	\$ (2,498)	\$ -	\$ (4,367)
Buildings and improvements	(16,811,129)	-	(1,624,021)	-	(18,435,150)
Infrastructure	(3,004,210)	-	(169,949)	-	(3,174,159)
Machinery and equipment	(6,959,439)	-	(1,000,603)	25,330	(7,934,712)
Lease machinery and equipment	(322,756)	-	(98,783)	411,335	(10,204)
Total accumulated depreciation/amortization	<u>\$ (27,122,589)</u>	<u>\$ 23,186</u>	<u>\$ (2,895,854)</u>	<u>\$ 436,665</u>	<u>\$ (29,558,592)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 44,808,202</u>	<u>\$ (597,153)</u>	<u>\$ 28,329,508</u>	<u>\$ (83,902)</u>	<u>\$ 72,456,655</u>
Governmental activities capital assets, net	<u>\$ 72,738,163</u>	<u>\$ (597,153)</u>	<u>\$ 34,047,687</u>	<u>\$ (26,773,346)</u>	<u>\$ 79,415,351</u>

**Prior period lease liabilities were adjusted by \$620,339 and prior period leased assets were adjusted by \$597,153 (net adjustment of \$23,186)

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COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 9-Capital Assets: (Continued)

Primary Government: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 260,205	\$ -	\$ -	\$ 260,205
Construction in progress	5,648,785	2,301,304	(3,595,131)	4,354,958
Total capital assets not being depreciated	<u>\$ 5,908,990</u>	<u>\$ 2,301,304</u>	<u>\$ (3,595,131)</u>	<u>\$ 4,615,163</u>
Capital assets, being depreciated:				
Infrastructure	\$ 64,901,947	\$ 3,608,711	\$ -	\$ 68,510,658
Machinery and equipment	789,245	100,933	-	890,178
Total capital assets being depreciated	<u>\$ 65,691,192</u>	<u>\$ 3,709,644</u>	<u>\$ -</u>	<u>\$ 69,400,836</u>
Accumulated depreciation:				
Infrastructure	\$ (27,335,839)	\$ (1,634,199)	\$ -	\$ (28,970,038)
Machinery and equipment	(452,354)	(86,008)	-	(538,362)
Total accumulated depreciation	<u>\$ (27,788,193)</u>	<u>\$ (1,720,207)</u>	<u>\$ -</u>	<u>\$ (29,508,400)</u>
Total capital assets being depreciated, net	<u>\$ 37,902,999</u>	<u>\$ 1,989,437</u>	<u>\$ -</u>	<u>\$ 39,892,436</u>
Business-type activities capital assets, net	<u>\$ 43,811,989</u>	<u>\$ 4,290,741</u>	<u>\$ (3,595,131)</u>	<u>\$ 44,507,599</u>

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

Governmental activities:	
General government administration	\$ 218,969
Judicial administration	11,793
Public safety	823,571
Public works	373,498
Health and welfare	62,135
Education	953,329
Parks, recreation, and culture	56,203
Community development	396,356
Total depreciation/amortization expense- governmental activities	<u>\$ 2,895,854</u>
Business type activities:	
Water and sewer	\$ 1,720,207
Total depreciation expense-Primary Government	<u>\$ 4,616,061</u>

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 9-Capital Assets: (Continued)

Discretely Presented Component Unit-School Board:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 774,089	\$ -	\$ -	\$ 774,089
Construction in progress	18,476,899	1,309,038	(18,511,236)	1,274,701
Total capital assets not being depreciated/amortized	<u>\$ 19,250,988</u>	<u>\$ 1,309,038</u>	<u>\$ (18,511,236)</u>	<u>\$ 2,048,790</u>
Capital assets, being depreciated/amortized:				
Buildings and improvements	\$ 46,470,590	\$ 19,131,530	\$ -	\$ 65,602,120
Machinery and equipment	11,282,235	1,702,825	(56,497)	12,928,563
Lease machinery and equipment	7,861	14,741	(7,861)	14,741
Subscription asset	268,170	-	-	268,170
Total capital assets being depreciated/amortized	<u>\$ 58,028,856</u>	<u>\$ 20,849,096</u>	<u>\$ (64,358)</u>	<u>\$ 78,813,594</u>
Accumulated depreciation/amortization:				
Buildings and improvements	\$ (25,795,549)	\$ (1,169,066)	\$ -	\$ (26,964,615)
Machinery and equipment	(8,192,937)	(717,561)	56,497	(8,854,001)
Lease machinery and equipment	(7,252)	(3,415)	7,861	(2,806)
Subscription asset	(38,040)	(76,710)	-	(114,750)
Total accumulated depreciation/amortization	<u>\$ (34,033,778)</u>	<u>\$ (1,966,752)</u>	<u>\$ 64,358</u>	<u>\$ (35,936,172)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 23,995,078</u>	<u>\$ 18,882,344</u>	<u>\$ -</u>	<u>\$ 42,877,422</u>
Governmental activities capital assets, net	<u>\$ 43,246,066</u>	<u>\$ 20,191,382</u>	<u>\$ (18,511,236)</u>	<u>\$ 44,926,212</u>

All depreciation/amortization of the component-unit School Board is posted to the education function in the financial statements.

Note 10-Risk Management:

The County and School Board are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The County and School Board participate with other localities in a public entity risk pool for their coverage of worker's compensation with the Virginia Municipal League Pool and public officials' liability with the Virginia Association of Counties Group Self Insurance Risk Pool. The County pays an annual premium to the pools for its general insurance coverage. The agreement for the formation of the pools provides that the pool will be self-sustaining through member premiums. The County and School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 11-Commitments and Contingent Liabilities:

Federal programs in which the County and its component unit participate were audited in accordance with the provisions of U.S. Office of Management and Budget Uniform Guidance. Pursuant to the provisions of Uniform Guidance all major programs and certain other programs were tested for compliance with applicable grant requirements. While no material 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.

The County was involved in major construction projects during the fiscal year as presented below, along with the anticipated funding source.

Project	Original Contract Amount	Outstanding at June 30, 2025
County		
Fort Chiswell South Sewer Phase 1	\$ 1,021,447	\$ 468,489
Fort Chiswell South Sewer Phase 1 - Pump Station Installation	634,150	531,883
Totals	<u>\$ 1,655,597</u>	<u>\$ 1,000,372</u>

The County, Joint Industrial Development Authority of Wythe County, Wytheville, and Rural Retreat (“IDA”), and Blue Star Manufacturing, LLC (“Company”) entered into a performance agreement on September 12, 2022. The County and IDA agreed to transfer land in its industrial park at a substantial discount to its market value to the Company. The Company agreed to make capital investments of approximately \$715,324,032 and create and maintain 2,464 new jobs at the facility by March 31, 2027.

The County, Joint Industrial Development Authority of Wythe County, Wytheville, and Rural Retreat (“IDA”), and Arx VA I, LLC (“Company”) entered into performance agreement on May 30, 2025 whereby the County would transfer land (held for resale) in the Progress Park Industrial Park to the IDA and the IDA would transfer that same land to the Company. Terms of the agreement require the company to make capital investments of approximately \$500,000,000 by September 1, 2028.

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Note 12-Surety Bonds:

Primary Government:

<u>Fidelity & Deposit Company of Maryland-Surety:</u>	
Jeremiah Musser, Clerk of the Circuit Court	\$ 1,500,000
Lori Guynn, Treasurer	400,000
Adam Linkous, Commissioner of the Revenue	3,000
Charles Foster, Sheriff	30,000
<u>Aetna Casualty and Surety - Surety:</u>	
All social services employees: blanket bond	\$ 100,000
<u>United States Fidelity and Guaranty Company-Surety:</u>	
Stephen Bear, County Administrator	\$ 2,000
Martha Collins, Clerk	2,000

Component Unit - School Board:

<u>United States Fire Insurance Company - Surety:</u>	
Catrina Hall, Clerk of the School Board	\$ 25,000
All school board employees: blanket bond	10,000

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 13-Unearned and Deferred/Unavailable Revenue:

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

	<u>Government-wide</u> <u>Governmental</u> <u>Activities</u>	<u>Balance Sheet</u> <u>Governmental</u> <u>Funds</u>
Primary Government:		
Deferred/unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for funding of current expenditures	\$ -	\$ 3,193,008
Prepaid property taxes due subsequent to June 30, 2025 but paid in advance by the taxpayers	150,988	150,988
Unavailable opioid settlement receivable not available for funding of current expenditures	-	987,651
Unavailable revenue represents the proceeds of land held for resale of which are not available for funding of current expenditures	-	574,443
Total deferred/unavailable revenue	<u>\$ 150,988</u>	<u>\$ 4,906,090</u>
Component Unit-School Board:		
Unspent ALL in Implementation PPA funds received during the current fiscal year	<u>\$ 658,579</u>	<u>\$ 658,579</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 14-Aggregate Other Postemployment Benefits Information:

The following is a summary of deferred outflows, deferred inflows, net OPEB liabilities, and OPEB expense for the year ended June 30, 2025.

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Program								
County	\$ 168,579	\$ 72,302	\$ 445,152	\$20,269	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	22,476	18,263	72,870	481
School Board Professional	-	-	-	-	335,490	203,898	1,169,486	14,551
Health Insurance Credit Program	-	-	-	-	39,586	-	182,749	32,541
Teacher Health Insurance Credit Program	-	-	-	-	498,032	245,911	2,902,410	202,198
County Stand-Alone Plan	115,984	232,263	716,661	2,767	-	-	-	-
School Stand-Alone Plan	-	-	-	-	794,800	1,042,100	3,525,600	(62,000)
Totals	\$ 284,563	\$ 304,565	\$ 1,161,813	\$23,036	\$ 1,690,384	\$ 1,510,172	\$ 7,853,115	\$ 187,771

Note 15-Other Postemployment Benefits - Health Insurance - County:

Plan Description

In addition to the pension benefits, the County administers a cost-sharing defined benefit healthcare plan. Several entities participate in the defined benefit healthcare plan through the County and the participating entities report their proportionate information on the basis of a cost-sharing plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County’s pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

The County administers a cost-sharing healthcare plan (“the Plan”). The Plan provides for participation by eligible retirees of the County and their dependents in the health and dental insurance programs available to County employees. The Plan will provide retiring employees the option to continue health and dental insurance offered by the County. An eligible County retiree may receive this benefit until the retiree is eligible to receive Medicare. To be eligible for this benefit a retiree must have 10 years of service with the County and the employee must have attained the age of fifty (50). Alternatively, an employee is also eligible to participate at age fifty-five (55) with 5 years of service. The benefits, employee contributions and the employer contributions are governed by the County Board and can be amended through Board action. The Plan does not issue a publicly available financial report.

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 \$40,334.

Note 15-Other Postemployment Benefits - Health Insurance - County: (Continued)

Total OPEB Liability

On June 30, 2025, the County reported a liability of \$716,661 for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of July 1, 2024. The County's total OPEB liability was determined by an actuarial valuation performed as of July 1, 2024. On July 1, 2024, and 2023, the County's proportion was 98.37% and 98.77%, respectively.

Actuarial Assumptions

The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Salaries are assumed to increase 2.50%
Discount Rate	4.09%

For employees the mortality is based on the PUB - 2010 Amount-Weighted General Mortality Table - Employees with MP-2021 Projection Scale Fully Generational and PUB - 2010 Amount-Weighted Safety Mortality Table - Employees with MP-2021 Projection Scale Fully Generational.

For retirees the mortality is based on the PUB - 2010 Amount-Weighted General Mortality Table - Retiree with MP-2021 Projection Scale Fully Generational and PUB - 2010 Amount-Weighted Safety Mortality Table - Retiree with MP-2021 Projection Scale Fully Generational.

For surviving spouses the mortality is based on the PUB - 2010 Amount-Weighted Mortality Table - Contingent Survivor with MP-2021 Projection Scale Fully Generational.

For disabled retirees the mortality is based on the PUB - 2010 Amount-Weighted Non-Safety Mortality Table - Disabled Retiree with MP-2021 Projection Scale Fully Generational and PUB - 2010 Amount-Weighted Safety Mortality Table - Disabled Retiree with MP-2021 Projection Scale Fully Generational.

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

Discount Rate

The discount rate has been set equal to 4.09% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date.

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Note 15-Other Postemployment Benefits - Health Insurance - County: (Continued)

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.09%) or one percentage point higher (5.09%) than the current discount rate:

Rate		
1% Decrease (3.09%)	Current Discount (4.09%)	1% Increase (5.09%)
\$ 779,129	\$ 716,661	\$ 661,079

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

The following presents the total OPEB liability of the County, 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 (6.00% for fiscal year ended 2025 decreasing to an ultimate rate of 4.00%) or one percentage point higher (8.00% for fiscal year ended 2025 decreasing to an ultimate rate of 6.00%) than the current healthcare cost trend rates (7.00% for fiscal year ended 2025 decreasing to an ultimate rate of 5.00%):

Rates		
1% Decrease (as noted above)	Healthcare Cost Trend (as noted above)	1% Increase (as noted above)
\$ 649,077	\$ 716,661	\$ 796,148

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 15-Other Postemployment Benefits - Health Insurance - County: (Continued)

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 \$2,767. On June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 16,822	\$ 218,294
Change in assumptions	58,828	13,969
Employer contributions subsequent to the measurement date	<u>40,334</u>	<u>-</u>
Total	<u>\$ 115,984</u>	<u>\$ 232,263</u>

\$40,334 reported as deferred outflows of resources related to OPEB resulting from the County’s contributions subsequent to the measurement date will be recognized as a reduction of the net 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 OPEB will be recognized in the OPEB expense in future reporting periods as follows:

Year Ended June 30

2025	\$ (42,990)
2026	(51,745)
2027	(20,954)
2028	(21,151)
2029	(19,773)

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 16-Other Postemployment Benefits - Health Insurance - Component Unit School Board:

Plan Description

In addition to the pension benefits described in Note 8, the School Board administers a single employer defined benefit healthcare plan, The Wythe County Public Schools Other Postemployment Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board’s pension plans. The plan does not issue a publicly available financial report.

**Note 16-Other Postemployment Benefits - Health Insurance - Component Unit School Board:
 (Continued)**

Benefits Provided

The Component Unit School Board administers a single-employer healthcare plan (“the Plan”). The Plan provides for participation by eligible retirees of the School Board and their dependents in the health and dental insurance programs available to School Board employees. The Plan will provide retiring employees the option to continue health and dental insurance offered by the School Board. An eligible School Board retiree may receive this benefit until the retiree is eligible to receive Medicare. To be eligible for this benefit a retiree must have 10 years of service with the School Board and the employee must have attained the age of fifty (50). Alternatively, an employee is also eligible to participate at age fifty-five (55) with 5 years of service. The benefits, employee contributions and the employer contributions are governed by the School Board and can be amended through Board action.

Plan Membership

On July 1, 2024 (measurement date), the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	27
Active employees	<u>609</u>
Total	<u><u>636</u></u>

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 School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2025 was \$158,100.

Total OPEB Liability

The School Board’s total OPEB liability was measured as of July 1, 2024. The total OPEB liability was determined by an actuarial valuation performed as of July 1, 2024.

Actuarial Assumptions

The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Salaries are assumed to increase 2.50% annually.
Discount Rate	4.09%

**Note 16-Other Postemployment Benefits - Health Insurance - Component Unit School Board:
 (Continued)**

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

The following amounts present the total OPEB liability of the 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 (3.09%) or one percentage point higher (5.09%) than the current discount rate:

Rate		
1% Decrease (3.09%)	Current Discount (4.09%)	1% Increase (5.09%)
\$ 3,814,100	\$ 3,525,600	\$ 3,258,900

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

The following presents the total OPEB liability of the 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 (6.00% for fiscal year ended 2025 decreasing to an ultimate rate of 4.00%) or one percentage point higher (8.00% for fiscal year ended 2025 decreasing to an ultimate rate of 6.00%) than the current healthcare cost trend rates (7.00% for fiscal year ended 2025 decreasing to an ultimate rate of 5.00%):

Rates		
1% Decrease (as noted above)	Healthcare Cost Trend (as noted above)	1% Increase (as noted above)
\$ 3,187,800	\$ 3,525,600	\$ 3,914,900

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**Note 16-Other Postemployment Benefits - Health Insurance - Component Unit School Board:
 (Continued)**

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

For the year ended June 30, 2025, the School Board recognized OPEB expense in the amount of \$(62,000). On June 30, 2025, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 298,600	\$ 723,900
Net difference between projected and actual earnings on plan investments	-	318,200
Change in assumptions	338,100	-
Employer contributions subsequent to the measurement date	158,100	-
Total	<u>\$ 794,800</u>	<u>\$ 1,042,100</u>

\$158,100 reported as deferred outflows of resources related to OPEB resulting from the School Board’s contributions subsequent to the measurement date will be recognized as a reduction of the net 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 OPEB will be recognized in the OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2026	\$ (295,300)
2027	(192,900)
2028	(42,300)
2029	17,700
2030	63,200
Thereafter	44,200

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 17-Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

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

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Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.18% 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 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 payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the Group Life Insurance Plan from the County were \$55,692 and \$55,309 for the years ended June 30, 2025 and June 30, 2024, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (nonprofessional) were \$9,306 and \$9,055 for the years ended June 30, 2025 and June 30, 2024, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (professional) were \$133,097 and \$145,304 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

County of Wythe, Virginia Group Life Insurance Plan

On June 30, 2025, the entity reported a liability of \$445,152 for its proportionate share of the Net GLI OPEB Liability. 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. On June 30, 2024, the participating employer's proportion was 0.0399% as compared to 0.0377% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$20,269. 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 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

Component Unit School Board (nonprofessional) Group Life Insurance Plan

On June 30, 2025, the entity reported a liability of \$72,870 for its proportionate share of the Net GLI OPEB Liability. 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. On June 30, 2024, the participating employer's proportion was 0.0065% as compared to 0.0070% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$481. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Component Unit School Board (professional) Group Life Insurance Plan

On June 30, 2025, the entity reported a liability of \$1,169,486 for its proportionate share of the Net GLI OPEB Liability. 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. On June 30, 2024, the participating employer's proportion was 0.1048% as compared to 0.1054% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$14,551. 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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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

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 School Board (nonprofessional)		Component Unit School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 70,211	\$ 10,873	\$ 11,493	\$ 1,780	\$ 184,455	\$ 28,567
Net difference between projected and actual earnings on GLI OPEB plan investments	-	37,522	-	6,142	-	98,575
Change in assumptions	2,538	22,061	415	3,611	6,666	57,957
Changes in proportion	40,138	1,846	1,262	6,730	11,272	18,799
Employer contributions subsequent to the measurement date	55,692	-	9,306	-	133,097	-
Total	\$ 168,579	\$ 72,302	\$ 22,476	\$ 18,263	\$ 335,490	\$ 203,898

\$55,692, \$9,306, and \$133,097 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 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 School Board (nonprofessional)	Component Unit School Board (professional)
2026	\$ (6,278)	\$ (4,523)	\$ (58,667)
2027	17,497	(182)	21,165
2028	8,417	(924)	5,095
2029	9,845	163	13,771
2030	11,104	373	17,131

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Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 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 referenced in the VRS Annual Report.

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 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

Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 4,196,055
Plan Fiduciary Net Position	<u>3,080,133</u>
GLI Net OPEB Liability (Asset)	<u>\$ 1,115,922</u>
 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.

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Note 17-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 Partnerships	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%.

Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the 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 contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 692,270	\$ 445,152	\$ 245,514
Component Unit School Board's (nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	\$ 113,322	\$ 72,870	\$ 40,190
Component Unit School Board's (professional) proportionate share of the GLI Plan Net OPEB Liability	\$ 1,818,703	\$ 1,169,486	\$ 645,004

Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

GLI Plan Fiduciary Net Position

Detailed information about the GLI 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 18-Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 18-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	46
Vested inactive members	3
Active members	84
Total covered employees	<u><u>133</u></u>

Contributions

The contribution requirements for active employees are 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 (nonprofessional) contractually required employer contribution rate for the year ended June 30, 2025 was 0.97% 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 \$19,207 and \$16,265 for the years ended June 30, 2025 and June 30, 2024, respectively.

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.

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Note 18-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 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%-5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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Note 18-Health Insurance Credit (HIC) 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. 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

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Note 18-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	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 Partnerships	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%.

Note 18-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 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

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 197,981	\$ 14,310	\$ 183,671
Changes for the year:			
Service cost	\$ 1,530	\$ -	\$ 1,530
Interest	12,850	-	12,850
Differences between expected and actual experience	2,278	-	2,278
Contributions - employer	-	16,265	(16,265)
Net investment income	-	1,306	(1,306)
Benefit payments	(18,292)	(18,292)	-
Other changes	-	9	(9)
Net changes	\$ (1,634)	\$ (712)	\$ (922)
Balances at June 30, 2024	\$ 196,347	\$ 13,598	\$ 182,749

Note 18-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) net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Component Unit School Board’s (nonprofessional)			
Net HIC OPEB Liability	\$ 199,283	\$ 182,749	\$ 168,412

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 \$32,541. On 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’s (nonprofessional) HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,810	\$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	129	-
Change in assumptions	11,440	-
Employer contributions subsequent to the measurement date	19,207	-
Total	<u>\$ 39,586</u>	<u>\$ -</u>

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Note 18-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)

\$19,207 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:

<u>Year Ended June 30</u>		
2026	\$	17,149
2027		3,193
2028		117
2029		(80)

HIC Plan Data

Information about the VRS Political Subdivision HIC Program 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 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

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

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Note 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Plan Description (Continued)

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees are 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 \$342,655 and \$325,588 for the years ended June 30, 2025 and June 30, 2024, respectively.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

At June 30, 2025, the school division reported a liability of \$2,902,410 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit OPEB Liability was measured as of June 30, 2024 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The school division’s proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division’s actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 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 Health Insurance Credit Program was 0.2512% as compared to 0.2489% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized VRS Teacher Employee HIC OPEB expense of \$202,198. Since there was a change in proportionate share measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 132,715
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	1,513	-
Change in assumptions	70,189	3,038
Change in proportion and differences between actual and expected contributions	83,675	110,158
Employer contributions subsequent to the measurement date	342,655	-
Total	\$ 498,032	\$ 245,911

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Note 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

\$342,655 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:

<u>Year Ended June 30</u>		
2026	\$	(38,052)
2027		(33,260)
2028		(14,645)
2029		(6,680)
2030		3,723
Thereafter		(1,620)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Plan was based on an actuarial valuation as of June 30, 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%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation

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Note 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 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 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Net Teacher Employee HIC OPEB Liability

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

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Note 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	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 Partnerships	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	<u>100.00%</u>		<u>7.07%</u>
		Expected arithmetic nominal return**	<u>7.07%</u>

*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, 2024, 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 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 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	\$ 3,300,764	\$ 2,902,410	\$ 2,564,768

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 20-Line of Duty Act (LODA) (OPEB Benefits):

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County’s LODA coverage is fully covered or “insured” through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County’s LODA premium for the year ended June 30, 2025 was \$43,564.

Note 21-Leases Receivable:

The following is a summary of lessor activity of the County for the year ended June 30, 2025:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	\$ 2,214,731	\$ -	\$ (263,264)	\$ 1,951,467	\$ 45,778

Lease revenue recognized during the year was \$381,965.

Details of leases receivable:

Lease Description	Lease Origination Date*	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One Year
Health department building	12/1/2022	2028	Monthly	1.50%	\$ 454,113	\$ 184,045
APEX Center	1/1/2024	2033	Monthly	2.43%	1,497,354	114,704
Total					\$ 1,951,467	\$ 298,749

There are no variable payments for any of the leases above

*Date shown is the original lease commencement date. GASB Statement No. 87 was implemented as of July 1, 2021.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 22-Adoption of Accounting Principle:

The County and School Board implemented provision of the Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. The objective of Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The change in accounting principle resulted in the following restatement of net position:

	Primary Government			Enterprise Funds			Component Unit
	Governmental	Business-Type	Total	Water	Sewer	Total	School
	Activities	Activities		Department	Department		Board
Net position, as reported, June 30, 2024	\$86,952,042	\$32,558,489	\$119,510,531	\$16,428,961	\$16,129,528	\$32,558,489	\$18,252,462
Restatement for GASB 101 implementation	(156,247)	(42,639)	(198,886)	(17,077)	(25,562)	(42,639)	(1,176,909)
Net position, as restated, June 30, 2024	\$86,795,795	\$32,515,850	\$119,311,645	\$16,411,884	\$16,103,966	\$32,515,850	\$17,075,553

Note 23-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, *Disclosures 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 Guide 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 Wythe, 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	\$ 25,895,320	\$ 25,895,320	\$ 26,815,003	\$ 919,683
Other local taxes	9,132,000	9,132,000	9,341,939	209,939
Permits, privilege fees, and regulatory licenses	175,000	175,000	331,356	156,356
Fines and forfeitures	632,000	632,000	530,404	(101,596)
Revenue from the use of money and property	1,846,089	1,846,089	2,491,332	645,243
Charges for services	378,500	378,500	543,594	165,094
Miscellaneous	759,000	773,600	1,347,319	573,719
Recovered costs	2,186,084	2,186,084	2,092,044	(94,040)
Intergovernmental	14,476,635	14,667,781	15,894,574	1,226,793
Total revenues	\$ 55,480,628	\$ 55,686,374	\$ 59,387,565	\$ 3,701,191
EXPENDITURES				
Current:				
General government administration	\$ 3,559,380	\$ 3,900,255	\$ 3,218,837	\$ 681,418
Judicial administration	1,952,833	2,090,121	1,943,275	146,846
Public safety	12,307,263	15,904,188	14,211,734	1,692,454
Public works	3,695,574	4,479,724	3,691,447	788,277
Health and welfare	10,895,493	10,930,493	10,091,268	839,225
Education	14,982,472	17,570,824	16,072,923	1,497,901
Parks, recreation, and cultural	998,226	1,012,726	900,732	111,994
Community development	1,115,858	1,115,858	930,697	185,161
Nondepartmental	3,600	3,600	6,228	(2,628)
Capital projects	2,814,918	9,063,057	4,655,344	4,407,713
Debt service:				
Principal retirement	3,548,620	3,548,620	3,548,620	-
Interest and other fiscal charges	1,353,167	1,267,167	1,297,067	(29,900)
Total expenditures	\$ 57,227,404	\$ 70,886,633	\$ 60,568,172	\$ 10,318,461
Excess (deficiency) of revenues over (under) expenditures	\$ (1,746,776)	\$ (15,200,259)	\$ (1,180,607)	\$ 14,019,652
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 728,652	\$ 728,652	\$ 605,220	\$ (123,432)
Transfers out	-	-	(2,496,355)	(2,496,355)
Issuance of general obligation bonds	900,000	900,000	1,495,000	595,000
Sale of capital assets	5,000	5,000	20,399	15,399
Total other financing sources (uses)	\$ 1,633,652	\$ 1,633,652	\$ (375,736)	\$ (2,009,388)
Net change in fund balances	\$ (113,124)	\$ (13,566,607)	\$ (1,556,343)	\$ 12,010,264
Fund balances - beginning	113,124	13,566,607	61,027,968	47,461,361
Fund balances - ending	\$ -	\$ -	\$ 59,471,625	\$ 59,471,625

County of Wythe, Virginia
 Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)
 For the Measurement Dates of June 30, 2015 through June 30, 2024

Date (1)	Proportion of the Net Pension Liability (Asset) (NPLA) (2)	Proportionate Share of the NPLA (3)	Covered Payroll (4)	Proportionate Share of the NPLA as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (Asset) (6)
Primary Government					
2024	98.37%	\$ 2,335,305	10,179,688	22.94%	95.05%
2023	98.77%	2,025,917	8,815,130	22.98%	95.40%
2022	98.69%	2,185,693	7,735,055	28.26%	94.87%
2021	98.56%	274,788	7,463,513	3.68%	99.34%
2020	96.25%	5,915,942	7,451,177	79.40%	84.70%
2019	95.20%	3,193,067	6,376,852	50.07%	91.14%
2018	95.66%	1,923,366	6,523,683	29.48%	94.30%
2017	96.16%	1,841,338	6,519,560	28.24%	94.37%
2016	96.35%	3,656,416	6,168,475	59.28%	88.53%
2015	96.42%	2,513,192	6,040,131	41.61%	92.90%
Component Unit School Board (professional)					
2024	0.2563%	\$ 24,058,713	26,908,124	89.41%	84.52%
2023	0.2538%	25,656,129	24,819,550	103.37%	82.45%
2022	0.2457%	23,387,351	22,510,176	103.90%	82.61%
2021	0.2456%	19,064,614	21,293,933	89.53%	85.46%
2020	0.2485%	36,156,000	21,533,806	167.90%	71.47%
2019	0.2527%	33,255,440	20,985,461	158.47%	73.51%
2018	0.2585%	30,404,000	20,774,929	146.35%	74.81%
2017	0.2652%	32,609,000	20,823,957	156.59%	72.92%
2016	0.2678%	37,532,000	20,401,102	183.97%	68.28%
2015	0.2741%	34,501,000	20,379,338	169.29%	70.68%

County of Wythe, Virginia
 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Component Unit School Board (nonprofessional)
 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	\$ 142,709	\$ 143,526	\$ 128,628	\$ 140,664	\$ 142,476	\$ 134,549	\$ 132,216	\$ 121,007	\$ 136,260	\$ 149,645
Interest	489,141	481,398	466,299	432,040	436,571	428,825	417,302	414,940	412,919	398,722
Changes in assumptions	-	-	238,420	-	-	164,871	-	(31,193)	-	-
Differences between expected and actual experience	277,198	(6,121)	132,678	74,820	(153,501)	83,874	29,714	(54,011)	(67,963)	90,642
Benefit payments	(522,755)	(483,792)	(553,844)	(460,205)	(525,140)	(415,806)	(413,447)	(420,552)	(484,117)	(388,295)
Net change in total pension liability	\$ 386,293	\$ 135,011	\$ 173,761	\$ 425,739	\$ (99,594)	\$ 396,313	\$ 165,785	\$ 30,191	\$ (2,901)	\$ 250,714
Total pension liability - beginning	\$ 7,365,202	\$ 7,230,191	\$ 7,056,430	\$ 6,630,691	\$ 6,730,285	\$ 6,333,972	\$ 6,168,187	\$ 6,137,996	\$ 6,140,897	\$ 5,890,183
Total pension liability - ending (a)	\$ 7,751,495	\$ 7,365,202	\$ 7,230,191	\$ 7,056,430	\$ 6,630,691	\$ 6,730,285	\$ 6,333,972	\$ 6,168,187	\$ 6,137,996	\$ 6,140,897
Plan fiduciary net position										
Contributions - employer	\$ 145,076	\$ 143,433	\$ 108,107	\$ 105,519	\$ 113,181	\$ 109,285	\$ 116,776	\$ 115,538	\$ 133,755	\$ 134,262
Contributions - employee	72,447	71,443	65,565	64,965	67,883	65,072	63,367	62,491	59,098	60,221
Net investment income	655,104	425,037	(2,798)	1,565,108	113,225	386,449	418,789	639,326	90,042	247,316
Benefit payments	(522,755)	(483,792)	(553,844)	(460,205)	(525,140)	(415,806)	(413,447)	(420,552)	(484,117)	(388,295)
Administrator charges	(4,562)	(4,361)	(4,492)	(4,068)	(4,059)	(3,986)	(3,737)	(3,850)	(3,593)	(3,530)
Other	42	171	158	146	(132)	(243)	(368)	(562)	(39)	(51)
Net change in plan fiduciary net position	\$ 345,352	\$ 151,931	\$ (387,304)	\$ 1,271,465	\$ (235,042)	\$ 140,771	\$ 181,380	\$ 392,391	\$ (204,854)	\$ 49,923
Plan fiduciary net position - beginning	\$ 6,878,515	\$ 6,726,584	\$ 7,113,888	\$ 5,842,423	\$ 6,077,465	\$ 5,936,694	\$ 5,795,314	\$ 5,362,923	\$ 5,567,777	\$ 5,517,854
Plan fiduciary net position - ending (b)	\$ 7,223,867	\$ 6,878,515	\$ 6,726,584	\$ 7,113,888	\$ 5,842,423	\$ 6,077,465	\$ 5,936,694	\$ 5,755,314	\$ 5,362,923	\$ 5,567,777
School Division's net pension liability (asset) - ending (a) - (b)	\$ 527,628	\$ 486,687	\$ 503,607	\$ (57,458)	\$ 788,268	\$ 652,820	\$ 397,278	\$ 412,873	\$ 775,073	\$ 573,120
Plan fiduciary net position as a percentage of the total pension liability	93.19%	93.39%	93.03%	100.81%	88.11%	90.30%	93.73%	93.31%	87.37%	90.67%
Covered payroll	\$ 1,676,769	\$ 1,635,877	\$ 1,486,996	\$ 1,432,655	\$ 1,468,734	\$ 1,415,719	\$ 1,355,799	\$ 1,329,756	\$ 1,240,650	\$ 1,228,806
School Division's net pension liability (asset) as a percentage of covered payroll	31.47%	29.75%	33.87%	-4.01%	53.67%	46.11%	29.30%	31.05%	62.47%	46.64%

County of Wythe, 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	\$ 1,375,646	\$ 1,375,646	\$ -	\$ 11,848,137	11.61%
2024	1,083,292	1,083,292	-	10,179,688	10.64%
2023	948,952	948,952	-	8,815,130	10.77%
2022	792,183	792,183	-	7,735,055	10.24%
2021	728,445	728,445	-	7,463,513	9.76%
2020	569,220	569,220	-	7,451,177	7.64%
2019	504,820	504,820	-	6,376,852	7.92%
2018	548,796	548,796	-	6,523,683	8.41%
2017	553,130	553,130	-	6,519,560	8.48%
2016	709,867	709,867	-	6,168,475	11.51%
Component Unit School Board (Nonprofessional)					
2025	\$ 171,675	\$ 171,675	\$ -	\$ 1,980,100	8.67%
2024	145,076	145,076	-	1,676,769	8.65%
2023	143,433	143,433	-	1,635,877	8.77%
2022	109,190	109,190	-	1,486,996	7.34%
2021	105,519	105,519	-	1,432,655	7.37%
2020	113,181	113,181	-	1,468,734	7.71%
2019	109,285	109,285	-	1,415,719	7.72%
2018	116,776	116,776	-	1,355,799	8.61%
2017	115,538	115,538	-	1,329,756	8.69%
2016	133,755	133,755	-	1,240,650	10.78%
Component Unit School Board (Professional)					
2025	\$ 4,024,067	\$ 4,024,067	\$ -	\$ 28,318,560	14.21%
2024	4,322,729	4,322,729	-	26,908,124	16.06%
2023	4,007,037	4,007,037	-	24,819,550	16.14%
2022	3,649,243	3,649,243	-	22,510,176	16.21%
2021	3,468,853	3,468,853	-	21,293,933	16.29%
2020	3,302,199	3,302,199	-	21,533,806	15.33%
2019	3,237,661	3,237,661	-	20,985,461	15.43%
2018	3,359,679	3,359,679	-	20,774,929	16.17%
2017	3,028,364	3,028,364	-	20,823,957	14.54%
2016	2,853,193	2,853,193	-	20,401,102	13.99%

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

County of Wythe, 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, valuations 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 expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Component Unit School Board - Professional Employees:

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

County of Wythe, Virginia
Schedule of County's Proportionate Share of the Total Health Insurance OPEB Liability
For the Measurement Dates of July 1, 2017 through July 1, 2024

Date (1)	Proportion of the Total OPEB Liability (Asset) (TOLA) (2)	Proportionate Share of the TOLA (3)	Covered- Employee Payroll (4)	Proportionate Share of the TOLA as a Percentage of Covered-Employee Payroll (3)/(4) (5)
2024	98.37%	\$ 716,661	\$ 9,768,043	7.34%
2023	98.77%	814,033	8,056,373	10.10%
2022	98.69%	770,807	8,049,847	9.58%
2021	98.56%	922,398	7,321,724	12.60%
2020	96.25%	849,408	7,150,316	11.88%
2019	95.62%	767,083	5,440,144	14.10%
2018	95.66%	741,073	5,442,289	13.62%
2017	95.66%	991,422	5,837,938	16.98%

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

County of Wythe, Virginia
 Schedule of Changes in Total Health Insurance OPEB Liability and Related Ratios
 Component Unit School Board
 For the Measurement Dates of July 1, 2017 through July 1, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability								
Service cost	\$ 146,000	\$ 142,500	\$ 211,900	\$ 190,500	\$ 177,200	\$ 168,800	\$ 197,600	\$ 192,800
Interest	119,500	109,000	70,300	85,000	141,300	165,600	183,100	178,300
Changes in assumptions	111,600	(40,700)	(479,700)	380,500	178,700	186,300	(437,300)	-
Differences between expected and actual experience	278,800	86,400	(268,400)	(296,500)	(1,360,100)	(383,600)	(256,900)	-
Benefit payments	(158,100)	(161,500)	(181,400)	(195,000)	(195,000)	(216,800)	(239,500)	(239,500)
Net change in total OPEB liability	\$ 497,800	\$ 135,700	\$ (647,300)	\$ 164,500	\$ (1,057,900)	\$ (79,700)	\$ (553,000)	\$ 131,600
Total OPEB liability - beginning	3,027,800	2,892,100	3,539,400	3,374,900	4,432,800	4,512,500	5,065,500	4,933,900
Total OPEB liability - ending	\$ 3,525,600	\$ 3,027,800	\$ 2,892,100	\$ 3,539,400	\$ 3,374,900	\$ 4,432,800	\$ 4,512,500	\$ 5,065,500
Covered-employee payroll	\$ 28,714,600	\$ 25,176,000	\$ 25,176,000	\$ 21,850,300	\$ 21,850,300	\$ 21,538,700	\$ 21,538,700	\$ 20,624,300

Component Unit School Board's total OPEB liability as a percentage of covered-employee payroll

	12.28%	12.03%	11.49%	16.20%	15.45%	20.58%	20.95%	24.56%
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Schedule is intended to show information for 10 years. Additional years will be included as they become available.

County of Wythe, Virginia
 Notes to Required Supplementary Information - County and Component Unit School Board Health Insurance OPEB
 For the Year Ended June 30, 2025

Primary Government

Valuation Date: 7/1/2024
 Measurement Date: 7/1/2024

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 actuarial cost method
Discount Rate	4.09%
Inflation	2.50%
Healthcare Trend Rate	7.00% for fiscal year end 2025, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increase Rates	Salaries are assumed to increase 2.50% annually.
Retirement Age	The average age at retirement is 62.
Mortality Rates	For employees the mortality is based on the PUB - 2010 Amount-Weighted General Mortality Table - Employees with MP-2021 Projection Scale Fully Generational and PUB - 2010 Amount-Weighted Safety Mortality Table - Employees with MP-2021 Projection Scale Fully Generational. For retirees the mortality is based on the PUB - 2010 Amount-Weighted General Mortality Table - Retiree with MP-2021 Projection Scale Fully Generational and PUB - 2010 Amount-Weighted Safety Mortality Table - Retiree with MP-2021 Projection Scale Fully Generational. For surviving spouses the mortality is based on the PUB - 2010 Amount-Weighted Mortality Table - Contingent Survivor with MP-2021 Projection Scale Fully Generational. For disabled retirees the mortality is based on the PUB - 2010 Amount-Weighted Non-Safety Mortality Table - Disabled Retiree with MP-2021 Projection Scale Fully Generational and PUB - 2010 Amount-Weighted Safety Mortality Table - Disabled Retiree with MP-2021 Projection Scale Fully Generational.

Component Unit School Board

Valuation Date: 7/1/2024
 Measurement Date: 7/1/2024

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 actuarial cost method
Discount Rate	4.09%
Inflation	2.50%
Healthcare Trend Rate	7.00% for fiscal year end 2025, decreasing 0.25% per year to an ultimate rate of 5.00%
Salary Increase Rates	Salaries are assumed to increase 2.50% annually.
Retirement Age	The average age at retirement is 62.
Mortality Rates	For employees the mortality is based on the PUB - 2010 Amount-Weighted Teachers Mortality Table - Employees with MP-2021 Projection Scale Fully Generational. For retirees the mortality is based on the PUB - 2010 Amount-Weighted Teachers Mortality Table - Retiree with MP-2021 Projection Scale Fully Generational. For surviving spouses the mortality is based on the PUB - 2010 Amount-Weighted Mortality Table - Contingent Survivor with MP-2021 Projection Scale Fully Generational. For disabled retirees the mortality is based on the PUB - 2010 Amount-Weighted Non-Safety Mortality Table - Disabled Retiree with MP-2021 Projection Scale Fully Generational.

County of Wythe, Virginia
 Schedule of Employer'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	0.0399%	\$ 445,152	\$ 10,242,484	4.35%	73.41%
2023	0.0377%	452,486	8,887,222	5.09%	69.30%
2022	0.0377%	453,368	8,189,244	5.54%	67.21%
2021	0.0367%	426,287	7,507,607	5.68%	67.45%
2020	0.0365%	594,478	7,325,551	8.12%	52.64%
2019	0.0327%	530,139	6,376,851	8.31%	52.00%
2018	0.0344%	522,299	6,523,683	8.01%	51.22%
2017	0.0354%	532,726	6,519,560	8.17%	48.86%
Component Unit School Board (nonprofessional)					
2024	0.0065%	\$ 72,870	\$ 1,676,769	4.35%	73.41%
2023	0.0070%	83,352	1,635,926	5.10%	69.30%
2022	0.0068%	82,360	1,486,996	5.54%	67.21%
2021	0.0070%	82,081	1,449,080	5.66%	67.45%
2020	0.0072%	120,824	1,487,842	8.12%	52.64%
2019	0.0071%	116,187	1,417,544	8.20%	52.00%
2018	0.0071%	108,000	1,355,799	7.97%	51.22%
2017	0.0072%	108,000	1,329,756	8.12%	48.86%
Component Unit School Board (professional)					
2024	0.1048%	\$ 1,169,486	\$ 26,908,124	4.35%	73.41%
2023	0.1054%	1,263,717	24,819,630	5.09%	69.30%
2022	0.1044%	1,257,197	22,711,685	5.54%	67.21%
2021	0.1040%	1,210,725	21,430,397	5.65%	67.45%
2020	0.1044%	1,741,431	21,549,379	8.08%	52.64%
2019	0.1073%	1,745,894	21,028,211	8.30%	52.00%
2018	0.1092%	1,658,000	20,774,929	7.98%	51.22%
2017	0.1129%	1,699,000	20,823,957	8.16%	48.86%

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

County of Wythe, 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	\$ 55,692	\$ 55,692	\$ -	\$ 11,849,246	0.47%
2024	55,309	55,309	-	10,242,484	0.54%
2023	47,991	47,991	-	8,887,222	0.54%
2022	44,223	44,223	-	8,189,244	0.54%
2021	40,823	40,823	-	7,507,607	0.54%
2020	38,116	38,116	-	7,325,551	0.52%
2019	33,160	33,160	-	6,376,851	0.52%
2018	33,739	33,739	-	6,523,683	0.52%
2017	33,958	33,958	-	6,519,560	0.52%
2016	33,034	29,918	3,116	6,168,475	0.49%
Component Unit School Board (nonprofessional)					
2025	\$ 9,306	\$ 9,306	\$ -	\$ 1,980,100	0.47%
2024	9,055	9,055	-	1,676,769	0.54%
2023	8,834	8,834	-	1,635,926	0.54%
2022	8,030	8,030	-	1,486,996	0.54%
2021	7,888	7,888	-	1,449,080	0.54%
2020	7,748	7,748	-	1,487,842	0.52%
2019	7,371	7,371	-	1,417,544	0.52%
2018	7,051	7,051	-	1,355,799	0.52%
2017	6,915	6,915	-	1,329,756	0.52%
2016	5,946	5,946	-	1,240,650	0.48%
Component Unit School Board (professional)					
2025	\$ 133,097	\$ 133,097	\$ -	\$ 28,318,560	0.47%
2024	145,304	145,304	-	26,908,124	0.54%
2023	134,026	134,026	-	24,819,630	0.54%
2022	122,643	122,643	-	22,711,685	0.54%
2021	115,914	115,914	-	21,430,397	0.54%
2020	111,698	111,698	-	21,549,379	0.52%
2019	109,348	109,348	-	21,028,211	0.52%
2018	108,031	108,031	-	20,774,929	0.52%
2017	108,289	108,289	-	20,823,957	0.52%
2016	98,014	98,014	-	20,401,102	0.48%

County of Wythe, 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 Wythe, Virginia
 Schedule of Changes in the Component Unit School Board (nonprofessional) Net OPEB Liability and Related Ratios
 Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Total HIC OPEB Liability								
Service cost	\$ 1,530	\$ 1,576	\$ 2,663	\$ 3,552	\$ 2,694	\$ 2,703	\$ 2,000	\$ 2,000
Interest	12,850	12,769	9,319	9,270	9,908	10,626	10,000	11,000
Changes in benefit terms	-	-	-	-	2,048	-	-	-
Differences between expected and actual experience	2,278	4,887	20,574	5,347	(3,640)	(3,647)	5,000	-
Changes of assumptions	-	-	40,228	2,170	3,036	-	-	-
Benefit payments	(18,292)	(17,676)	(23,500)	(21,068)	(19,855)	(15,620)	(16,000)	(16,000)
Other	-	-	-	-	-	617	-	-
Net change in total HIC OPEB liability	\$ (1,634)	\$ 1,556	\$ 49,284	\$ (729)	\$ (8,845)	\$ (2,285)	\$ 1,000	\$ (3,000)
Total HIC OPEB Liability - beginning	197,981	196,425	147,141	147,870	156,715	159,000	158,000	161,000
Total HIC OPEB Liability - ending (a)	\$ 196,347	\$ 197,981	\$ 196,425	\$ 147,141	\$ 147,870	\$ 156,715	\$ 159,000	\$ 158,000
Plan fiduciary net position								
Contributions - employer	\$ 16,265	\$ 15,868	\$ 12,233	\$ 11,951	\$ 12,034	\$ 11,429	\$ 11,000	\$ 11,000
Net investment income	1,306	-	213	2,904	410	1,507	2,000	3,000
Benefit payments	(18,292)	(17,676)	(23,500)	(21,068)	(19,855)	(15,620)	(16,000)	(16,000)
Administrator charges	9	-	(12)	(12)	(30)	(30)	-	-
Other	-	689	15,666	-	-	209	(1,000)	1,000
Net change in plan fiduciary net position	\$ (712)	\$ (1,119)	\$ 4,600	\$ (6,225)	\$ (7,441)	\$ (2,505)	\$ (4,000)	\$ (1,000)
Plan fiduciary net position - beginning	14,310	15,429	10,829	17,054	24,495	27,000	31,000	32,000
Plan fiduciary net position - ending (b)	\$ 13,598	\$ 14,310	\$ 15,429	\$ 10,829	\$ 17,054	\$ 24,495	\$ 27,000	\$ 31,000
Component Unit School Board's (nonprofessional) net HIC OPEB liability - ending (a) - (b)	\$ 182,749	\$ 183,671	\$ 180,996	\$ 136,312	\$ 130,816	\$ 132,220	\$ 132,000	\$ 127,000
Plan fiduciary net position as a percentage of the total HIC OPEB liability	6.93%	7.23%	7.85%	7.36%	11.53%	15.63%	16.98%	19.62%
Covered payroll	\$ 1,676,769	\$ 1,635,877	\$ 1,486,996	\$ 1,432,655	\$ 1,468,734	\$ 1,415,719	\$ 1,355,799	\$ 1,329,756
Component Unit School Board's (nonprofessional) net HIC OPEB liability as a percentage of covered payroll	10.90%	11.23%	12.17%	9.51%	8.91%	9.34%	9.74%	9.55%

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 Wythe, Virginia
 Schedule of Component Unit School Board's (professional) Share of Net OPEB Liability
 Teacher Health Insurance Credit (HIC) Program
 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	0.2512% \$	2,902,410 \$	26,908,124	10.79%	21.82%
2023	0.2489%	3,015,218	24,817,769	12.15%	17.90%
2022	0.2415%	3,016,697	22,510,176	13.40%	15.08%
2021	0.2411%	3,094,942	21,293,933	14.53%	13.15%
2020	0.2444%	3,187,847	21,500,625	14.83%	9.95%
2019	0.2502%	3,275,885	20,985,461	15.61%	8.97%
2018	0.2567%	3,259,000	20,774,929	15.69%	8.08%
2017	0.2639%	3,347,000	20,823,957	16.07%	7.04%

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

County of Wythe, Virginia
 Schedule of Employer Contributions
 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)
Component Unit School Board (nonprofessional)					
2025	\$ 19,207	\$ 19,207	-	\$ 1,980,100	0.97%
2024	16,265	16,265	-	1,676,769	0.97%
2023	15,868	15,868	-	1,635,877	0.97%
2022	12,342	12,342	-	1,486,996	0.83%
2021	11,951	11,951	-	1,432,655	0.83%
2020	12,038	12,038	-	1,468,734	0.82%
2019	11,757	11,757	-	1,415,719	0.83%
2018	10,843	10,843	-	1,355,799	0.80%
2017	11,000	11,000	-	1,329,756	0.83%
2016	9,538	9,538	-	1,240,650	0.77%
Component Unit School Board (professional)					
2025	\$ 342,655	\$ 342,655	-	\$ 28,318,560	1.21%
2024	325,588	325,588	-	26,908,124	1.21%
2023	300,295	300,295	-	24,817,769	1.21%
2022	272,373	272,373	-	22,510,176	1.21%
2021	258,889	258,889	-	21,293,933	1.22%
2020	257,119	257,119	-	21,500,625	1.20%
2019	251,826	251,826	-	20,985,461	1.20%
2018	255,531	255,531	-	20,774,929	1.23%
2017	231,155	231,155	-	20,823,957	1.11%
2016	216,447	216,447	-	20,401,102	1.06%

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

Component Unit School Board (nonprofessional)

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:

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

Component Unit School Board (professional)

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)	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 Wythe, Virginia
 Capital Projects 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				
Revenue from the use of money and property	\$ 260,000	\$ 260,000	\$ 289,167	\$ 29,167
Charges for services	16,100	16,100	23,554	7,454
Total revenues	\$ 276,100	\$ 276,100	\$ 312,721	\$ 36,621
 Excess (deficiency) of revenues over (under) expenditures	\$ 276,100	\$ 276,100	\$ 312,721	\$ 36,621
 OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 2,239,223	\$ 2,239,223
Transfers out	(1,397,488)	(1,397,488)	(1,221,621)	175,867
Total other financing sources (uses)	\$ (1,397,488)	\$ (1,397,488)	\$ 1,017,602	\$ 2,415,090
 Net change in fund balances	\$ (1,121,388)	\$ (1,121,388)	\$ 1,330,323	\$ 2,451,711
Fund balances - beginning	1,121,388	1,121,388	6,283,646	5,162,258
Fund balances - ending	\$ -	\$ -	\$ 7,613,969	\$ 7,613,969

**DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
MAJOR GOVERNMENTAL FUNDS**

School Operating Fund - The School Operating Fund accounts for and reports 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 Wythe, Virginia
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	\$ 5,359,102	\$ 1,591,177	\$ 6,950,279
Receivables (net of allowance for uncollectibles):			
Accounts receivable	265,366	-	265,366
Due from other governmental units	2,120,432	-	2,120,432
Inventories (restricted for school cafeterias)	86,275	-	86,275
Prepaid items	1,196,725	-	1,196,725
Total assets	<u>\$ 9,027,900</u>	<u>\$ 1,591,177</u>	<u>\$ 10,619,077</u>
LIABILITIES			
Liabilities:			
Accounts payable	\$ 322,666	\$ 13,208	\$ 335,874
Salaries payable	3,782,390	-	3,782,390
Unearned revenue	658,579	-	658,579
Total liabilities	<u>\$ 4,763,635</u>	<u>\$ 13,208</u>	<u>\$ 4,776,843</u>
FUND BALANCES			
Nonspendable			
Inventories	\$ 86,275	-	\$ 86,275
Prepaid items	1,196,725	-	1,196,725
Restricted:			
School activity fund	-	1,577,969	1,577,969
School cafeterias	953,048	-	953,048
Unassigned	2,028,217	-	2,028,217
Total fund balances	<u>\$ 4,264,265</u>	<u>\$ 1,577,969</u>	<u>\$ 5,842,234</u>
Total liabilities and fund balances	<u>\$ 9,027,900</u>	<u>\$ 1,591,177</u>	<u>\$ 10,619,077</u>

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

Total fund balances per above	\$ 5,842,234
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets not being depreciated/amortized	\$ 2,048,790
Capital assets being depreciated/amortized	78,813,594
Accumulated depreciation/amortization	<u>(35,936,172)</u>
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Pension related items	\$ 9,609,579
OPEB related items	<u>1,690,384</u>
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Lease liabilities	\$ (12,617)
Compensated absences	(2,295,736)
Net OPEB liabilities	(7,853,115)
Net pension liability	<u>(24,586,341)</u>
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	
Pension related items	\$ (4,136,360)
OPEB related items	<u>(1,510,172)</u>
Net position (deficit) of governmental activities	<u>\$ 21,674,068</u>

County of Wythe, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2025

	<u>School Operating Fund</u>	<u>School Activity Fund*</u>	<u>Total School Fund</u>
REVENUES			
Revenue from the use of money and property	\$ 148,068	\$ -	\$ 148,068
Charges for services	604,787	2,108,625	2,713,412
Miscellaneous	4,053	-	4,053
Recovered costs	624,361	-	624,361
Intergovernmental	63,090,317	-	63,090,317
Total revenues	<u>\$ 64,471,586</u>	<u>\$ 2,108,625</u>	<u>\$ 66,580,211</u>
EXPENDITURES			
Current:			
Education	\$ 59,146,285	\$ 2,777,566	\$ 61,923,851
Capital projects	3,820,663	-	3,820,663
Debt service:			
Principal retirement	2,730	-	2,730
Interest and other fiscal charges	222	-	222
Total expenditures	<u>\$ 62,969,900</u>	<u>\$ 2,777,566</u>	<u>\$ 65,747,466</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,501,686</u>	<u>\$ (668,941)</u>	<u>\$ 832,745</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 52,474	\$ 745,630	\$ 798,104
Transfers out	(745,630)	(52,474)	(798,104)
Issuance of lease liabilities	14,741	-	14,741
Sale of capital assets	6,620	-	6,620
Total other financing sources (uses)	<u>\$ (671,795)</u>	<u>\$ 693,156</u>	<u>\$ 21,361</u>
Net change in fund balances	\$ 829,891	\$ 24,215	\$ 854,106
Fund balances - beginning	3,434,374	1,553,754	4,988,128
Fund balances - ending	<u>\$ 4,264,265</u>	<u>\$ 1,577,969</u>	<u>\$ 5,842,234</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:			
Net change in fund balances - total governmental funds - per above			\$ 854,106
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 outlays		\$ 3,646,898	
Depreciation/amortization expense		<u>(1,966,752)</u>	1,680,146
The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.			
Debt issued or incurred:			
Issuance of lease liabilities		\$ (14,741)	
Principal repayments:			
Lease liabilities		<u>2,730</u>	(12,011)
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		\$ (26,520)	
Change in OPEB related items		464,612	
Change in pension related items		<u>1,638,182</u>	2,076,274
Change in net position of governmental activities			<u>\$ 4,598,515</u>

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

County of Wythe, 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			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 148,068	\$ 148,068
Charges for services	1,288,275	1,288,275	604,787	(683,488)
Miscellaneous	-	-	4,053	4,053
Recovered costs	380,000	380,000	624,361	244,361
Intergovernmental	58,960,227	64,461,308	63,090,317	(1,370,991)
Total revenues	<u>\$ 60,628,502</u>	<u>\$ 66,129,583</u>	<u>\$ 64,471,586</u>	<u>\$ (1,657,997)</u>
EXPENDITURES				
Current:				
Education	\$ 60,625,550	\$ 63,550,880	\$ 59,146,285	\$ 4,404,595
Capital projects	-	3,447,831	3,820,663	(372,832)
Debt service:				
Principal retirement	2,730	2,730	2,730	-
Interest and other fiscal charges	222	222	222	-
Total expenditures	<u>\$ 60,628,502</u>	<u>\$ 67,001,663</u>	<u>\$ 62,969,900</u>	<u>\$ 4,031,763</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (872,080)</u>	<u>\$ 1,501,686</u>	<u>\$ 2,373,766</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 52,474	\$ 52,474
Transfers out	-	-	(745,630)	(745,630)
Issuance of lease liabilities	-	-	14,741	14,741
Sale of capital assets	-	-	6,620	6,620
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (671,795)</u>	<u>\$ (671,795)</u>
Net change in fund balances	\$ -	\$ (872,080)	\$ 829,891	\$ 1,701,971
Fund balances - beginning	-	872,080	3,434,374	2,562,294
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,264,265</u>	<u>\$ 4,264,265</u>

Statistical Information

Table 1

County of Wythe, 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	Non-departmental	Interest on Long-Term Debt	Water/Sewer Department	Total
2024-25	\$ 1,779,890	\$ 1,827,793	\$ 11,678,462	\$ 3,842,878	\$ 9,834,992	\$ 14,322,901	\$ 1,051,395	\$ 1,257,769	\$ -	\$ 1,260,738	\$ 5,049,745	\$ 51,906,563
2023-24	869,119	1,915,361	9,460,018	3,577,288	9,702,544	17,194,056	816,281	1,668,658	-	1,208,614	4,798,598	51,210,537
2022-23	1,068,139	1,461,023	8,204,953	4,362,744	9,338,634	21,933,170	720,607	2,048,338	2,170	1,249,799	4,808,117	55,197,694
2021-22	2,475,710	1,566,120	8,085,822	2,629,945	8,965,094	15,328,975	654,180	14,825,939	-	1,229,966	4,893,207	60,654,958
2020-21	2,405,893	1,656,324	8,111,446	4,443,048	11,083,463	13,491,919	618,110	2,301,827	-	1,418,111	4,363,186	49,893,327
2019-20	1,691,818	1,465,861	7,512,947	3,594,343	7,930,667	13,572,672	608,950	1,268,938	-	1,585,273	4,107,787	43,339,256
2018-19	1,254,724	1,242,975	6,803,794	2,558,930	7,390,268	17,061,608	612,628	1,010,793	-	1,642,176	3,978,183	43,556,079
2017-18	1,436,286	1,295,981	6,351,152	2,319,128	7,483,031	14,282,432	603,606	571,414	-	1,107,291	3,799,874	39,250,195
2016-17	2,077,350	1,397,035	5,933,755	2,421,854	7,059,375	14,076,234	587,212	1,132,949	-	1,134,619	3,625,177	39,445,560
2015-16	1,962,812	1,415,646	6,054,094	2,227,414	6,796,270	14,417,669	546,211	1,407,644	-	1,217,966	3,318,125	39,363,851

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES							Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs			
2024-25	\$ 6,024,488	\$ 13,247,700	\$ 3,976,702	\$	\$ 27,514,819	\$ 9,341,939	\$ 2,906,662	\$ 1,220,686	\$ 2,646,874	\$ 66,879,870		
2023-24	6,244,469	13,497,389	846,455		26,151,750	9,327,467	4,095,902	1,617,649	2,378,600	64,159,681		
2022-23	6,208,145	12,438,707	89,765		26,117,756	9,053,575	2,431,074	678,645	2,415,602	59,433,269		
2021-22	5,043,265	12,697,577	341,225		22,487,548	8,265,108	467,865	759,331	2,448,962	52,510,881		
2020-21	5,069,025	14,431,099	266,457		22,612,055	7,226,182	1,020,574	14,695	2,372,208	53,012,295		
2019-20	4,660,873	9,111,997	264,800		21,801,978	6,551,370	1,254,952	46,009	2,477,320	46,169,299		
2018-19	4,780,969	8,718,675	209,009		21,207,545	6,323,967	1,357,857	46,375	2,480,225	45,124,622		
2017-18	5,169,249	8,557,870	1,973,133		19,774,868	6,268,739	1,185,342	403,052	2,541,688	45,873,941		
2016-17	5,393,714	8,309,992	1,097,712		18,926,937	5,908,026	1,101,874	292,421	2,459,363	43,490,039		
2015-16	4,957,694	7,877,176	824,304		18,844,528	5,796,378	1,104,094	326,712	2,475,547	42,206,433		

Table 3

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

Fiscal Year	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation & Cultural	Community Development	Non-Departmental	Debt Service	Capital Projects	Totals
2024-25	\$ 3,218,837	\$ 1,943,275	\$ 14,211,734	\$ 3,691,447	\$ 10,091,268	\$ 61,969,828	\$ 900,732	\$ 930,697	\$ 6,228	\$ 4,848,639	\$ 8,476,007	\$ 110,288,692
2023-24	2,976,725	1,982,513	9,565,086	3,510,233	9,866,753	58,324,411	756,657	1,267,837	338	4,889,888	23,530,430	116,670,871
2022-23	2,677,487	1,568,025	8,085,761	2,728,311	9,411,685	54,831,456	705,829	1,330,255	-	5,189,549	19,945,447	106,473,805
2021-22	2,846,117	1,566,899	7,429,137	2,403,973	9,093,591	50,060,277	689,078	821,944	-	5,068,602	2,991,666	82,971,284
2020-21	2,929,124	1,478,694	8,517,010	2,206,047	10,881,405	46,741,585	461,101	1,892,650	-	4,575,675	2,854,185	82,537,476
2019-20	1,828,190	1,427,165	7,036,194	2,146,372	7,950,908	46,463,419	582,640	830,650	-	4,916,109	3,562,468	76,744,115
2018-19	1,702,335	1,295,561	6,579,742	2,035,896	7,519,151	54,030,893	618,432	760,131	-	4,129,790	3,897,373	82,569,304
2017-18	1,698,557	1,380,955	6,422,831	1,987,056	7,669,206	43,931,720	589,712	499,811	-	11,816,639	5,858,262	81,854,749
2016-17	2,004,152	1,437,378	5,723,203	1,915,022	7,234,170	43,535,284	568,641	489,361	-	3,792,409	2,269,432	68,969,052
2015-16	1,966,330	1,523,426	6,125,887	1,905,660	6,991,520	42,053,220	535,211	988,124	-	3,880,823	2,239,793	68,209,994

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

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

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits Privilege Fees and Regulatory Licenses	Fines and Forfeitures	Revenue from use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2024-25	\$ 26,815,003	\$ 9,341,939	\$ 331,356	\$ 530,404	\$ 2,928,567	\$ 3,280,560	\$ 1,351,372	\$ 2,716,405	\$ 62,957,945	\$ 110,253,551
2023-24	26,009,099	9,327,467	526,672	672,743	3,867,863	3,331,658	1,388,899	2,777,378	66,649,700	114,551,479
2022-23	25,469,935	9,053,575	936,233	543,401	2,465,844	3,102,957	816,309	2,506,009	59,105,148	103,999,411
2021-22	22,672,294	8,265,108	370,711	609,517	665,462	2,396,002	44,436	1,273,622	49,636,856	85,934,008
2020-21	22,397,874	7,226,182	192,555	962,297	991,369	1,547,241	34,292	1,105,480	49,858,054	84,315,344
2019-20	21,608,077	6,551,370	127,253	1,024,193	1,207,202	1,323,662	49,309	1,043,556	41,955,346	74,889,968
2018-19	21,183,656	6,323,967	111,736	1,384,273	1,312,068	1,618,251	86,593	1,223,719	40,458,571	73,702,834
2017-18	19,580,830	6,268,739	118,142	1,465,260	1,134,598	1,753,069	599,810	1,336,262	28,414,328	60,671,038
2016-17	18,951,683	5,908,026	127,241	1,692,160	1,050,864	1,547,688	560,990	978,447	28,064,662	58,881,761
2015-16	18,524,308	5,796,378	77,292	1,399,738	1,017,302	1,624,708	556,491	1,259,319	38,488,738	68,744,274

(1) Includes General and Capital Projects Funds of the Primary Government and includes discretely presented Component Unit School Board.

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

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of		Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
						Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes		
2024-25	\$ 27,576,737	\$ 25,119,058	91.09%	\$ 1,227,025	\$ 26,346,083	95.54%	\$ 3,405,555	12.35%	
2023-24	26,297,266	24,513,003	93.22%	1,044,833	25,557,836	97.19%	2,644,119	10.05%	
2022-23	26,884,873	25,002,059	93.00%	236,004	25,238,063	93.87%	2,686,631	9.99%	
2021-22	22,745,190	21,807,401	95.88%	482,534	22,289,935	98.00%	2,063,315	9.07%	
2020-21	21,958,017	21,405,886	97.49%	610,333	22,016,219	100.27%	2,014,265	9.17%	
2019-20	21,632,076	20,804,933	96.18%	483,929	21,288,862	98.41%	2,050,519	9.48%	
2018-19	20,968,362	20,299,321	96.81%	572,654	20,871,975	99.54%	1,850,051	8.82%	
2017-18	19,463,749	18,875,600	96.98%	451,463	19,327,063	99.30%	1,797,257	9.23%	
2016-17	18,774,651	18,215,033	97.02%	473,797	18,688,830	99.54%	1,597,819	8.51%	
2015-16	18,627,762	17,781,494	95.46%	465,647	18,247,141	97.96%	1,474,061	7.91%	

(1) Exclusive of penalties and interest. Reduced by tax sharing payments.

Table 6

County of Wythe, Virginia
Assessed Value of Taxable Property (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate/ Mobile Homes	Personal Property	Public Service Companies	Total
2024-25	\$ 2,922,651,513	\$ 754,362,320	\$ 325,881,626	\$ 4,002,895,459
2023-24	2,916,200,695	672,511,447	371,776,072	3,960,488,214
2022-23	2,886,776,786	674,415,785	428,181,910	3,989,374,481
2021-22	2,382,771,817	549,388,227	365,607,316	3,297,767,360
2020-21	2,378,550,000	523,473,212	360,075,487	3,262,098,699
2019-20	2,358,339,797	497,596,841	359,338,718	3,215,275,356
2018-19	2,350,208,822	477,594,738	322,166,589	3,149,970,149
2017-18	2,335,399,637	478,348,830	310,470,506	3,124,218,973
2016-17	2,282,641,328	474,626,902	260,499,067	3,017,767,297
2015-16	2,274,033,452	475,988,249	229,662,169	2,979,683,870

(1) Assessed at 100% of fair market value.

Table 7

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

Fiscal Year	Real Estate/ Mobile Homes	Personal Property	Machinery and Tools	Merchant's Capital
2024-25	\$ 0.51	\$ 2.22	\$ 1.50	\$ 0.56
2023-24	0.51	2.22	1.50	0.56
2022-23	0.51	2.22	1.50	0.56
2021-22	0.54	2.32	1.50	0.56
2020-21	0.54	2.32	1.50	0.56
2019-20	0.54	2.32	1.50	0.56
2018-19	0.54	2.32	1.50	0.56
2017-18	0.49	2.32	1.50	0.56
2016-17	0.49	2.27	1.50	0.56
2015-16	0.49	2.27	1.50	0.56

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Gross Assessed Value	Gross and Net Bonded Debt (2)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2024-25	\$ 27,915	\$ 4,002,895,459	76,697,674	1.92%	2,748
2023-24	28,104	3,960,488,214	79,047,494	2.00%	2,813
2022-23	28,111	3,989,374,481	80,834,522	2.03%	2,876
2021-22	28,290	3,297,767,360	86,074,399	2.61%	3,043
2020-21	28,754	3,262,098,699	73,770,572	2.26%	2,566
2019-20	28,754	3,215,275,356	73,770,572	2.29%	2,566
2018-19	28,754	3,149,970,149	74,062,436	2.35%	2,576
2017-18	29,235	3,124,218,973	70,108,141	2.24%	2,398
2016-17	29,235	3,017,767,297	62,473,464	2.07%	2,137
2015-16	29,235	2,979,683,870	61,034,667	2.05%	2,088

(1) United States Bureau of the Census

(2) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.
Excludes landfill closure/postclosure care liability, lease liabilities, subscription liabilities
compensated absences, net pension liability, and net OPEB liabilities.

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures (2)	Ratio of Debt Service to General Governmental Expenditures
2024-25	\$ 3,548,620	\$ 1,297,067	\$ 4,845,687	\$ 101,812,685	4.759%
2023-24	3,640,366	1,185,089	4,825,455	93,140,441	5.181%
2022-23	3,938,370	1,238,157	5,176,527	86,528,358	5.982%
2021-22	3,846,898	1,093,712	4,940,610	79,979,618	6.177%
2020-21	2,936,600	1,639,075	4,575,675	79,683,291	5.742%
2019-20	3,327,110	1,578,999	4,906,109	73,181,647	6.704%
2018-19 (3)	10,234,024	1,389,758	11,623,782	78,671,931	14.775%
2017-18 (3)	10,651,394	1,165,245	11,816,639	75,996,487	15.549%
2016-17	2,592,749	1,199,660	3,792,409	66,699,620	5.686%
2015-16	1,898,541	951,619	2,850,160	65,970,201	4.320%

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

(2) Excludes capital project expenditures.

(3) Includes early redemption of the County's bonds.

COMPLIANCE SECTION



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

**To the Honorable Members of
the Board of Supervisors of the
County of Wythe, 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 unit, each major fund, and the aggregate remaining fund information of the County of Wythe, 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 Wythe, Virginia's basic financial statements and have issued our report thereon dated November 28, 2025.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-003 to be material weaknesses.

Report on Internal Control over Financial Reporting (continued)

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2025-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Wythe, 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 Wythe, Virginia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County of Wythe, Virginia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County of Wythe, 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
November 28, 2025



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

To the Honorable Members of
the Board of Supervisors of the
County of Wythe, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Wythe, 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 Wythe, Virginia's major federal programs for the year ended June 30, 2025. The County of Wythe, 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 Wythe, 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 Wythe, 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 Wythe, 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 Wythe, 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 Wythe, 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 Wythe, 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 Wythe, 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 Wythe, 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 Wythe, 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
November 28, 2025

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:				
Direct Payments:				
Community Facilities Loans and Grants	10.766	Not applicable		\$ 1,495,000
Pass Through Payments:				
<i>Virginia Department of Agriculture and Consumer Services:</i>				
<i>Child Nutrition Cluster:</i>				
Food Distribution (Note C)	10.555	Not available	\$ 256,096	
<i>Virginia Department of Education:</i>				
National School Lunch Program	10.555	APE402540000	1,548,694	\$ 1,804,790
Summer Food Service Program for Children	10.559	APE603020000; APE603030000		18,733
School Breakfast Program	10.553	APE402530000		719,773
<i>Total Child Nutrition Cluster</i>				2,543,296
<i>Forest Service School and Roads Cluster:</i>				
Schools and Roads - Grants to States	10.665	APE438410000		10,092
<i>Virginia Department of Social Services:</i>				
<i>SNAP Cluster:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010124; 0010125; 0040124; 0040125		743,317
Total Department of Agriculture				\$ 4,791,705
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Pass Through Payments:				
<i>Virginia Office of Children's Services:</i>				
Social Services Block Grant	93.667	Not available	\$ 20,043	
<i>Virginia Department of Social Services:</i>				
Social Services Block Grant	93.667	1000124; 1000125	306,461	\$ 326,504
Temporary Assistance for Needy Families	93.558	0400124; 0400125		316,491
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950123; 0950124; 0980120		23,018
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500124; 0500125		3,463
Low-Income Home Energy Assistance	93.568	0600424; 0600425		65,428
<i>CCDF Cluster:</i>				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760124; 0760125		63,823
Chafee Education and Training Vouchers Program	93.599	9160123		8,654
Adoption and Legal Guardianship Incentive Payments Program	93.603	1130122; 1130123		2,600
Stephanie Tubbs Jones - Child Welfare Services Program	93.645	0900123; 0900124		1,177
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150123; 9150124		5,152
Children's Health Insurance Program	93.767	0540124; 0540125		7,986
<i>Medicaid Cluster:</i>				
Medical Assistance Program	93.778	1200124; 1200125		635,724
Foster Care - Title IV-E	93.658	1100124; 1100125		298,655
Adoption Assistance	93.659	1120124; 1120125		854,365
Title IV-E Prevention Program	93.472	1140124; 1140125		12,623
Guardianship Assistance	93.090	1110124; 1110125		11,272
Total Department of Health and Human Services				\$ 2,636,935
DEPARTMENT OF HOMELAND SECURITY:				
Pass Through Payments:				
<i>Virginia Department of Emergency Management:</i>				
Emergency Management Performance Grants	97.042	EMP-2024-EP-05008		\$ 13,017
Total Department of Homeland Security				\$ 13,017
DEPARTMENT OF THE TREASURY:				
Pass Through Payments:				
<i>Virginia Department of Education:</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	APE452770000; APE452900000	\$ 372,547	
<i>Virginia Tourism Corporation:</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP1026	370,621	
<i>Virginia Department of Elections:</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	723012	53,480	\$ 796,648
Total Department of the Treasury				\$ 796,648

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

Federal Grantor/ State Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF JUSTICE:			
Pass Through Payments:			
<i>Virginia Department of Criminal Justice Services:</i>			
Violence Against Women - Formula Grants	16.588	15JOVW23GG00605STOP	\$ 25,570
Crime Victim Assistance	16.575	15POVC22GG00681ASSI	59,590
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020MUBX0035	93,391
Total Department of Justice			\$ 178,551
DEPARTMENT OF EDUCATION:			
Pass Through Payments:			
<i>Virginia Department of Education:</i>			
Supporting Effective Instruction State Grants	84.367	APE61480000	\$ 162,288
Rural Education	84.358	APE434810000	92,446
Title I Grants to Local Educational Agencies	84.010	APE429010000	1,564,506
<i>Special Education Cluster (IDEA):</i>			
Special Education-Grants to States	84.027	APE430710000	\$ 743,096
Special Education-Preschool Grants	84.173	APE625210000	32,541
<i>Total Special Education Cluster (IDEA)</i>			775,637
Career and Technical Education-Basic Grants to States	84.048	APE600310000	114,595
Student Support and Academic Enrichment Program	84.424	APE602810000; APE601550000	405,674
<i>Education Stabilization Fund:</i>			
COVID-19 American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	APE501750000; APE501930000; APE411170000; APE501830000	1,679,841
Total Department of Education			\$ 4,794,987
Total Expenditure of Federal Awards			\$ 13,211,843

See accompanying Notes to Schedule of Expenditures of Federal Awards.

County of Wythe, 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? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over financial reporting:

 Material weakness(es) identified? No

 Significant deficiency(ies) identified? None reported

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

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

Identification of major programs:

Assistance Listing #	Name of Federal Program or Cluster
10.766	Community Facilities Loans and Grants
10.553/10.555/10.559	Child Nutrition Cluster
93.778	Medicaid Cluster
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

County of Wythe, Virginia

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

Section II - Financial Statement Findings

2025-001	Material Weakness
Criteria:	Identification of adjustments to the financial statements that were not detected by the entity's internal controls indicates that a material weakness in internal controls may exist.
Condition:	Adjustments were proposed to the County and School Board's financial statements to ensure such statements complied with Generally Accepted Accounting Principles.
Cause:	The County and School Board failed to identify all year end accounting adjustments necessary for the books to be prepared in accordance with current reporting standards; however, we noted significant improvement in the closing process at the County and School Board in the past few years.
Effect:	There is reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected by the entity's internal controls over financial reporting.
Recommendation:	We recommend that the County and School Board review the proposed adjusting entries with their consulting accountant and consider same in future accounting periods. We further recommend that the County continue using a consulting accountant as financial reporting standards have become more complex in recent years.
Management's Response:	The County plans on continuing the use of a consultant to assist in closing the books to improve financial data presented in the annual financial report.
2025-002	Significant Deficiency
Criteria:	A key concept of internal controls is the segregation of duties. No one employee should have access to both accounting records and related assets.
Condition:	A proper segregation of duties has not been established over collections in the Treasurer's Office in that people with the responsibility for recording entries in the books and performing bank reconciliations are also involved in collecting funds from customers.
Cause:	The Treasurer's office has limited staffing and resources.
Effect:	There is reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected by the entity's internal controls over financial reporting.
Recommendation:	The County should review tasks performed by Treasurer's Office personnel and implement changes as necessary to create a proper segregation of duties.
Management's Response:	Management will review controls in relation to current staffing levels and consider implementing compensating controls to address audit concerns.

County of Wythe, Virginia

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

2025-003	Material Weakness
Criteria:	Bank reconciliations should be prepared in a timely manner each month and reconciled to the ledger and any discrepancies should be investigated.
Condition:	The operating account reconciliation did not agree with the County's books. Given increases in the volume of credit card and other electronic transactions, the reconciliation process has become challenging and time consuming.
Cause:	The Treasurer's Office has experienced staff turnover.
Effect:	Although the unknown variance is immaterial compared to the financial statements, there is reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected by the entity's internal controls over financial reporting.
Recommendation:	The monthly bank reconciliation should be reviewed in detail and agreed to the ledger prior to the ending of the following month. Any differences between the ledger and the reconciliation should be investigated and adjustments should be made to the ledger or reconciliation as appropriate to ensure that the two balance each month. Additionally, the County should consider allocating additional resources (such as county software (Munis) built in reconciliations) and time to this function.
Management's Response:	Management will review its procedures to ensure that the bank reconciliation is agreed to the ledger monthly and consider allocating more resources to this function.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

County of Wythe, Virginia

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

2024-001

Condition: Adjustments were proposed to the County and School Board's financial statements to ensure such statements complied with Generally Accepted Accounting Principles.

Recommendation: We recommend that the County and School Board continue using a consultant to assist in closing the books to ensure the number of adjustments will continue to decrease.

Current Status: Finding 2024-001 is repeated in the current year as finding 2025-001 as a material weakness.

2024-002

Condition: A proper segregation of duties has not been established over collections in the Treasurer's Office in that people with the responsibility for recording entries in the books and performing bank reconciliations are also involved in collecting funds from customers.

Recommendation: The County should review tasks performed by Treasurer's Office personnel and implement changes as necessary to create a proper segregation of duties.

Current Status: Finding 2024-002 is repeated in the current year as finding 2025-002.

2024-003

Condition: The operating account reconciliation did not agree with the County's books. Given increases in the volume of credit card and other electronic transactions, the reconciliation process has become challenging and time consuming.

Recommendation: The monthly bank reconciliation should be reviewed in detail and agreed to the ledger prior to the ending of the following month. Any differences between the ledger and the reconciliation should be investigated and adjustments should be made to the ledger or reconciliation as appropriate to ensure that the two balance each month. Additionally, the County should consider allocating additional resources (such as county software (Munis) built in reconciliations) and time to this function.

Current Status: Finding 2024-003 is repeated in the current year as finding 2025-003.