



# Dinwiddie County Water Authority

(A Component Unit of the County of Dinwiddie, Virginia)

## Financial Report

June 30, 2025

# **Dinwiddie County Water Authority**

**June 30, 2025**

## **Board of Directors**

David E. Blaha, Chairman

Thomas B. Wray, Vice Chairman

Gene R. Witt, Secretary and Treasurer

Robert G. Perkins

Cleveland E. Hudspeth

# Dinwiddie County Water Authority

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## Independent Auditor's Report

To the Board of Directors and Management of  
Dinwiddie County Water Authority  
Dinwiddie, Virginia

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the business-type activities of the Dinwiddie County Water Authority (the "Authority"), a component unit of the County of Dinwiddie, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Dinwiddie County Water Authority, as of June 30, 2025, and the respective changes in financial positions 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 Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Dinwiddie County Water Authority and to meet our 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 opinion.

#### *Change in Accounting Principle*

As described in Note 2 to the financial statements, in 2025, the Authority adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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 Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority'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 Authority'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.

## *Other Matters*

### Summarized Comparative Information

We have previously audited the Authority's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 8, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information, as listed 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 Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Dinwiddie County Water Authority's basic financial statements. The accompanying financial information, listed as supplementary information in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedules of operating expenses 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 Board of Directors listing but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does 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 other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2025, on our consideration of the Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.

*Brown, Edwards & Company, L.L.P.*

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia  
October 15, 2025

# Dinwiddie County Water Authority

## Management's Discussion and Analysis

June 30, 2025

As management of the Dinwiddie County Water Authority, we offer readers of the Dinwiddie County Water Authority's financial statements this narrative overview and analysis of the financial activities of Dinwiddie County Water Authority for the fiscal years ended June 30, 2025 and 2024.

### Summary of Dinwiddie County Water Authority Operations

The Dinwiddie County Water Authority (DCWA or the Authority) staff consists of 13 employees. DCWA maintains two water distribution pump stations, 26 wastewater pump stations, five elevated water tanks (four on DCWA and one on McKenney), one well system (Lew Jones - approximately 26 customers), one wastewater treatment plant, approximately 82 miles of water lines, and approximately 66 miles of wastewater collection lines.

Water is purchased from the Appomattox River Water Authority (ARWA) and distributed to the Authority's customers through the Main Water Pump Station on Ferndale Avenue (across from the Ferndale Park) and Booster Water Pump Station located on Central State's property on the north side of Boydton Plank Road then through the Authority's pipe network. The Lew Jones subdivision is served by a community well. Water service is also provided to a few customers adjacent to the County of Prince George by the County of Prince George and near the Town of McKenney by the Town of McKenney.

Wastewater service in the north end of Dinwiddie County is collected in the Authority's gravity collection system and various wastewater pump stations and sent through three metering stations: one adjacent to the Dominion Energy campus, one on Piney Beach, and one near the City of Petersburg along Rohoic Creek. The Authority pays the City of Petersburg for the right to "transport" wastewater through their collection system to the South Central Wastewater Authority (SCWWA). The Authority then pays SCWWA to treat the wastewater.

Wastewater service to the Courthouse area is provided by a small collection system around the Courthouse area. Wastewater is also collected by various pump stations from the Interstate 85 rest stops, Dinwiddie Middle School, Dinwiddie High School, Dinwiddie Fire Department, and twenty five (25) residential and commercial connections. In the Courthouse area itself, there are some additional pump stations that serve the Pamplin building and Dinwiddie Elementary School. The wastewater collected is then sent to the Authority's Courthouse Wastewater Treatment Plant for treatment and effluent discharge to Stony Creek.

### Financial Highlights

Selected financial information for 2025 and 2024 is as follows:

	2025	2024	Change
Total capital assets	\$ 17,061,409	\$ 17,742,876	\$ (681,470)
Total assets and deferred outflows of resources	\$ 26,054,483	\$ 26,820,107	\$ (765,624)
Total long-term liabilities	\$ 1,489,830	\$ 1,716,552	\$ (226,722)
Total liabilities and deferred inflows of resources	\$ 2,787,361	\$ 3,293,868	\$ (506,507)
Total operating revenues	\$ 4,015,370	\$ 3,989,165	\$ 26,205
Total operating expenses, excluding depreciation	\$ 3,592,556	\$ 3,650,709	\$ (58,153)
Change in net position	\$ (259,117)	\$ (351,199)	\$ 92,082
Net position:			
Net investment in capital assets	\$ 15,316,642	\$ 15,468,668	\$ (151,626)
Restricted	201,430	195,536	5,894
Unrestricted	7,749,050	7,862,435	(113,385)
Total net position, end of year	\$ 23,267,122	\$ 23,526,239	\$ (259,117)

# Dinwiddie County Water Authority

## Management's Discussion and Analysis

June 30, 2025

- Operating revenues increased from fiscal year 2024 to fiscal year 2025 by \$26,205 or approximately 0.66%. The increase was primarily due to an increase in water and sewer rates over the prior year.
- The Authority's activities are divided into three operating funds: Fund 10 - the Operating (Main System) Fund, Fund 20 - the Courthouse Fund, and Fund 80 - the Church Road Fund. Total operating expenses excluding depreciation are \$58,153 or approximately 1.59% lower in fiscal year 2025 than fiscal year 2024. This was due to decreased costs related to sewage treatment.
- The Courthouse Fund operating expenses, excluding depreciation, increased by \$21,154 or approximately 8.64% from FY2024. This increase is attributed to increased costs for repair and maintenance.
- The Church Road System Fund, Fund 80, realized an \$10,616 or approximately 4.98% decrease in operating expenses. The majority of this decrease is a result of decreased water use.
- During 2025, the Authority's liabilities decreased by \$524,649 or approximately 18.03%. The reduction in liabilities is primarily the result of regularly scheduled debt service.
- Dinwiddie County will participate in the required nutrient improvements for SCWWA. The Project's estimated costs increased dramatically due to changing economic conditions, with the last estimates for the original project growing in excess of \$200 million. The project was revisited to be constructed in phases and thereby realizing substantial savings. Additionally, SCWWA has received and is in the process of applying for more grant funding to supplement the project costs. The project time was extended by Acts of the General Assembly. DCWA retains its liability of 10% of the costs for an estimate of not to exceed \$65,000.
- The Authority participated with the developer of the Lake Jordan Subdivision to oversize the water line through the development adjacent to Route 1 from 8" to 16" in FY07. The oversizing cost of the water line is being reimbursed to the developer through reduced water connection fees for the developer per the Authority's Rules and Regulations. This reimbursement is still in effect for FY2025. During FY2025, there was one connection that met the criteria for developer reimbursement. To date, the subdivision has not been built out.
- The unrestricted cash and cash equivalents decreased by \$110,229 or approximately 11.86%. The decrease was due to tank improvements and pump maintenance.
- The Authority continues to pay off debt service and interest on the existing bonds. This is illustrated by a reduction from FY2024 to FY2025 in long-term and total liabilities.

# Dinwiddie County Water Authority

## Management's Discussion and Analysis

June 30, 2025

### Authority Highlights for 2025

- DCWA has maintained continued compliance with the Department of Environmental Quality for the effluent from the CHSTP Wastewater Facility.
- DCWA has maintained continued compliance with the Virginia Department of Health/Office of Drinking Water, for the DCWA Central Water System and the Lew Jones Subdivision Water System.
- Continued annual funding of the capital improvement program.
- We continue our flushing program for the Lake Jordan Subdivision to improve our water quality in that area.
- DEQ continues to approve the reduced staffing hours for the Courthouse treatment plant operations.
- DEQ has approved re-issuance of the Rohoic Creek WWTP VPDES Permit.
- DCWA has made substantial improvements to the Lew Jones System, completed in March 2025.
- Implemented 4% rate increase per rate model in FY-2025.
- Contracted with two new On-call engineering firms.
- Updated Rate Study / Model for rate changes effective FY-2025.
- HDR Engineers is now running both the Water and Sewer modeling software.
- Upgraded phone system and hardware.
- Performed ongoing internal testing and remediation of server infrastructure.
- Replaced or updated all office computers to run on Windows 11 operating system.
- Replaced primary and backup firewalls.

### Overview of the Financial Statements

The Authority's basic financial statements are comprised of two components: (1) financial statements and (2) notes to the financial statements. Additionally, supplementary combining information by fund accounts is included.

The financial statements of the Authority offer short and long-term financial information about its activities. The statement of net position provides information about the nature and amounts of the Authority's cash, investments, and receivables (assets), and its obligations to creditors (liabilities). All of the Authority's current fiscal year revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. These statements measure whether the Authority successfully recovered all of its costs through user charges from its customers. The statement of cash flows provides information on the Authority's cash receipts, cash payments, and net changes in cash resulting from operating, investing, capital, and non-capital financial activities. It also provides insight on the source of cash, the use of cash, and cash changes during the reporting period.

### Economic Conditions

The Authority continues to operate under sound management. Overall finances for the Authority for fiscal year 2025 as viewed by management, including the Board of Directors, are considered sound.



# **Basic Financial Statements**

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# Dinwiddie County Water Authority

## Statement of Net Position

June 30, 2025

	<u>2025</u>	<u>For Comparative Purposes Only 2024</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents (Note 3)	\$ 819,611	\$ 929,910
Accounts receivable, net	593,935	600,978
Interest receivable	924	975
Lease receivable, current portion (Note 5)	20,547	18,994
Total current assets	<u>1,435,017</u>	<u>1,550,857</u>
<b>RESTRICTED ASSETS</b>		
Cash and cash equivalents (Note 3)	228,077	213,120
Net pension asset (Note 9)	201,430	195,536
Total restricted assets	<u>429,507</u>	<u>408,656</u>
<b>CAPITAL ASSETS (Note 4)</b>		
Nondepreciable	340,144	451,644
Subscription assets, net	3,370	11,459
Depreciable, net	16,717,892	17,279,773
Total capital assets	<u>17,061,406</u>	<u>17,742,876</u>
<b>OTHER ASSETS</b>		
Cash and cash equivalents, rate stabilization fund (Note 3)	740,765	706,353
Cash and cash equivalents, board designated (Note 3)	5,911,445	5,883,455
Lease receivable, less current portion (Note 5)	320,620	341,167
Total other assets	<u>6,972,830</u>	<u>6,930,975</u>
Total assets	<u>25,898,760</u>	<u>26,633,364</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amount on bond refunding	-	573
Pension deferrals (Note 9)	136,758	170,782
OPEB deferrals (Note 10)	18,965	15,388
Total deferred outflows of resources	<u>155,723</u>	<u>186,743</u>
	<u><b>\$ 26,054,483</b></u>	<u><b>\$ 26,820,107</b></u>

# Dinwiddie County Water Authority

## Statement of Net Position

June 30, 2025

	<u>2025</u>	<u>For Comparative Purposes Only 2024</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 310,847	\$ 381,227
Accrued interest payable	3,181	5,239
Bonds payable, current portion (Note 7)	223,000	458,000
Unearned connection fees	126,592	127,325
Subscription liability, current portion (Note 6)	3,534	8,247
Total current liabilities	<u>667,154</u>	<u>980,038</u>
<b>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>		
Customer deposits	<u>228,077</u>	<u>213,120</u>
<b>LONG-TERM LIABILITIES</b>		
Bonds payable, less current portion (Note 7)	1,452,000	1,675,000
Net OPEB liability (Note 10)	37,830	38,018
Subscription liability, less current portion (Note 6)	-	3,534
Total long-term liabilities	<u>1,489,830</u>	<u>1,716,552</u>
Total liabilities	<u>2,385,061</u>	<u>2,909,710</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension deferrals (Note 9)	92,928	47,509
OPEB deferrals (Note 10)	7,154	7,568
Lease deferrals (Note 5)	302,218	329,081
Total deferred inflows of resources	<u>402,300</u>	<u>384,158</u>
<b>NET POSITION</b>		
Net investment in capital assets	15,316,642	15,468,268
Restricted (Note 8)	201,430	195,536
Unrestricted	7,749,050	7,862,435
Total net position	<u>23,267,122</u>	<u>23,526,239</u>
	<u><b>\$ 26,054,483</b></u>	<u><b>\$ 26,820,107</b></u>

**Dinwiddie County Water Authority**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
Year Ended June 30, 2025

	<b>2025</b>	<b>For Comparative Purposes Only 2024</b>
<b>OPERATING REVENUES</b>		
Sewer charges	\$ 1,719,886	\$ 1,645,506
Sale of water	1,901,168	1,796,602
Miscellaneous	40,848	166,419
County use and operation fees	260,605	286,943
Penalty and service charges	91,612	92,492
Fire hydrant rental	1,251	1,203
Total operating revenues	4,015,370	3,989,165
<b>OPERATING EXPENSES, other than depreciation</b>		
Water, source of supply	492,340	485,249
Water, pumping	58,417	50,838
Water, transmission and distribution	159,577	158,808
Sewage, pumping	199,478	186,777
Sewage, treatment	872,154	951,489
Sewage, transmission and distribution	144,817	131,834
Maintenance shop	252,270	216,837
Customer accounts	477,880	466,920
Administrative	935,623	1,001,957
Total operating expenses, other than depreciation	3,592,556	3,650,709
Operating income before depreciation	422,814	338,456
<b>DEPRECIATION AND AMORTIZATION</b>	(1,096,260)	(1,078,685)
Operating loss	(673,446)	(740,229)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Service and connection fees	101,557	63,255
Interest earned	318,265	343,392
Lease revenue (Note 5)	26,938	26,937
Lease interest income (Note 5)	11,375	11,970
Interest expense	(43,806)	(56,524)
Total nonoperating revenues	414,329	389,030
Change in net position	(259,117)	(351,199)
<b>NET POSITION</b>		
Beginning of year	23,526,239	23,877,438
End of year	\$ 23,267,122	\$ 23,526,239

# Dinwiddie County Water Authority

## Statement of Cash Flows

Year Ended June 30, 2025

	2025	For Comparative Purposes Only 2024
<b>OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$ 3,996,522	\$ 3,818,572
Cash receipts from other income	40,848	166,223
Cash payments to employees for services	(956,153)	(905,491)
Cash payments for water related services and supplies	(658,606)	(645,570)
Cash payments for sewage related services and supplies	(954,814)	(1,006,637)
Cash payments for shop maintenance expenses	(167,267)	(137,995)
Cash payments for customer accounts expenses	(205,770)	(206,082)
Cash payments for administrative expenses	(660,717)	(448,032)
Net cash provided by operating activities	434,043	634,988
<b>NONCAPITAL FINANCING ACTIVITIES</b>		
Service and connection fees	100,824	183,132
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(405,029)	(459,242)
Payments received on leases	30,495	29,607
Subscription liability payments	(8,247)	(7,925)
Interest paid	(45,291)	(56,802)
Principal retired	(458,000)	(448,000)
Net cash used by capital and related financing activities	(886,072)	(942,362)
<b>INVESTING ACTIVITIES</b>		
Interest received	318,265	343,392
Net increase (decrease) in cash and cash equivalents	(32,940)	219,150
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	7,732,838	7,513,688
End of year	\$ 7,699,898	\$ 7,732,838

# Dinwiddie County Water Authority

## Statement of Cash Flows

Year Ended June 30, 2025

	2025	For Comparative Purposes Only 2024
<b>RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION</b>		
Cash and cash equivalents, current assets	\$ 819,611	\$ 929,910
Cash and cash equivalents, restricted assets	228,077	213,120
Cash and cash equivalents, rate stabilization fund	740,765	706,353
Cash and cash equivalents, board designated	5,911,445	5,883,455
	<b>\$ 7,699,898</b>	<b>\$ 7,732,838</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (673,446)	\$ (740,229)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	1,096,260	1,078,685
Amortization of sewer contract costs	186,869	186,869
Changes in current assets and liabilities:		
Accounts receivable, net	7,043	(22,526)
Accounts payable and accrued expenses	(267,010)	40,443
Change in customer deposits	14,957	18,352
Net pension asset and related deferred inflows/outflows of resources	73,549	74,234
Net OPEB liability and related deferred inflows/outflows of resources	(4,179)	(840)
Net cash provided by operating activities	<b>\$ 434,043</b>	<b>\$ 634,988</b>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Contributed capital	<b>\$ -</b>	<b>\$ 191,818</b>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITY</b>		
Acquisition of construction of capital assets included in accounts payable at year-end	<b>\$ 66,230</b>	<b>\$ 130,400</b>

# Dinwiddie County Water Authority

## Notes to Basic Financial Statements

June 30, 2025

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### Note 1 – Organization and Nature of Business

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Dinwiddie County Water Authority (the “Authority”) was created by the Board of Supervisors of Dinwiddie County, Virginia under the provisions of the Virginia Water and Sewer Authorities Act. The Act provides that the Authority is subject in all respects to the jurisdiction of the Virginia State Water Control Board pursuant to the provisions of the State Water Control Law. The Authority was established for the purpose of providing and maintaining water and sewer facilities to residential and commercial customers within Dinwiddie County and is constantly improving and expanding its facilities to serve a greater number of residents and businesses.

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### Note 2 – Summary of Significant Accounting Policies

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#### *Reporting Entity*

The Authority is considered a component unit of Dinwiddie County (County) for governmental accounting standards purposes. The criteria for including the Authority within the County’s reporting entity, as set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statement No. 14 and No. 34*, is financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit’s board and either the ability to impose the primary government’s will or the possibility that the component unit will provide a financial benefit to, or impose a financial burden on, the primary government. The Authority’s Board of Directors is appointed by the Board of Supervisors of Dinwiddie County. The Authority and Dinwiddie County have Support Agreements, whereby the County will, subject to appropriation, pay the Authority budgeted amounts for debt service of the Series 2012 Water System Revenue Refunding Bond, for operation and maintenance of the Church Road System, and for deficiencies in the operating revenues of the Authority’s main water and sewer system. The Support Agreements also require the Director of the Authority to notify the County Administrator if in any month the Authority is unable to make its required debt service payment, and to request an appropriation from the Board of Directors to make up any deficiency. The existence of these Support Agreements satisfies the criteria of “imposing a financial burden on the primary government,” thus making the County financially accountable for the Authority. The bond was paid off during the year.

#### *Basis of Accounting*

The Authority utilizes the economic resources measurement focus and the accrual basis of accounting in preparing its financial statements where revenues are recognized when earned and expenses when incurred.

#### *Fund Accounting*

For internal reporting purposes, the accounts of the Authority are organized on the basis of funds which are divided based on the geographic location of the customers served. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenses as appropriate. The following funds have been consolidated for financial reporting purposes and all inter-fund balances and activity have been removed:

#### Operating Fund

The Operating Fund is used to account for activities which are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the Authority's business activities are accounted for through the Operating Fund.

# Dinwiddie County Water Authority

## Notes to Basic Financial Statements

June 30, 2025

### Courthouse Fund

The Courthouse Fund accounts for the operations of the courthouse facilities.

### Church Road System Fund

The Church Road System Fund accounts for the operations of the Church Road Water System facilities in accordance with the Series 1999 Water System Revenue Bond (replaced in fiscal year 2014 with the Series 2012 Water System Revenue Refunding Bond) Trust Agreement. The bonds were paid off during the year ended June 30, 2025.

### *Cash and Cash Equivalents*

For the purposes of the statement of cash flows, the Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

### *Accounts Receivable*

The Authority evaluates its accounts receivable individually. A charge to income to absorb possible credit losses is provided when, in the opinion of management, it is appropriate. At June 30, 2025, \$31,155 of accounts receivable were not considered collectible and, as such, an allowance has been recorded.

### *Unbilled Receivables*

Unbilled receivables represent an estimate of the amount of July billings subsequent to year end that relates to service provided prior to year-end. At June 30, 2025, unbilled receivables of \$338,517 were included in accounts receivable on the statement of net position. These amounts are considered to be fully collectible and, as such, no allowance has been recorded.

### *Capital Assets*

Capital assets are stated at cost and are depreciated using the straight-line method based on estimated useful lives of 5 to 50 years. When assets are disposed, the related costs and accumulated depreciation are removed from the respective accounts and any profit or loss on disposition is recognized currently.

Developer paid infrastructure is capitalized when ownership is transferred to the Authority. Such contributions are recognized at the estimated fair market value and are included as contributed capital on the statement of revenues, expenses, and changes in net position and are depreciated using the straight-line method based on estimated lives of 50 years.

Depreciable lives are as follows:

Buildings	20 – 40 years
Equipment	5 – 25 years
Infrastructure	10 – 50 years
Subscription	3 years

Maintenance and ordinary repairs are charged to expense as incurred. Expenditures which materially increase values, change capacities, or extend useful lives are capitalized.

# Dinwiddie County Water Authority

## Notes to Basic Financial Statements

June 30, 2025

### *Leases*

At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date less any lease incentives. Subsequent to the initial measurement and recognition, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Authority uses its estimated borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee. The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows if certain changes occur that are expected to significantly affect the amount of the lease receivable.

### *South Central Wastewater Authority (SCWWA) Treatment Plant Rights*

The Authority and other participating localities have an agreement with SCWWA to benefit from a certain wastewater treatment plant owned by SCWWA. The Authority and other participating localities are not authorized to hold legal title to the plant; thus, SCWWA holds title to these assets. Through long-term contracts, the risks and benefits of operating and maintaining the assets have been transferred to the Authority and other participating localities and thus have been included in the Authority's capital assets as purchased capacity. The Authority and other participating localities are responsible for a portion of the debt incurred for these facilities. Unamortized sewer contract costs are being amortized over forty years using the straight-line method and are included in operating fund capital assets. The amortization of \$186,869 for fiscal year 2025 is included in sewage-treatment expense (see Notes 4 and 11).

### *Deferred Amount on Refunding*

The deferred amount on refunding, resulting from the advance refunding of the Series 1999 Revenue Bonds is being amortized using the effective interest method over the life of the Series 2012 Bond. The amortization of \$573 is included in interest expense for fiscal year 2025.

### *Compensated Absences*

All salaried and full-time hourly employees are granted vacation benefits in varying amounts to specified maximums depending on length of service with the Authority. Vacation may be accumulated up to 40 hours. Sick leave is earned each month and may be accumulated without limit. The Authority accrues accumulated unpaid vacation and sick leave and associated employee costs when earned (or estimated to be earned) by the employee. The balances are included in accounts payable and accrued expenses on the statement of net position. Employees who retire from the Authority will be paid 25% of sick leave accumulated, up to a maximum of \$2,500.

# Dinwiddie County Water Authority

## Notes to Basic Financial Statements

June 30, 2025

### *Operating Revenues and Expenses*

The Authority's policy is to report all revenues and expenses resulting from providing and maintaining water and sewer facilities to residential and commercial customers as operating revenues and expenses.

### *Credit Risk*

Financial instruments that potentially subject the Authority to concentrations of credit risk consist principally of cash, cash equivalents, and trade accounts receivable. The Authority places its cash and cash equivalents with high credit quality financial institutions whose credit ratings are monitored by management to minimize credit risk. The concentration of credit risk for accounts receivable is limited due to the mixture of customers between commercial and residential, and support agreements with Dinwiddie County.

The Authority has an agreement with the Commonwealth of Virginia, Department of Mental Health, Mental Retardation and Substance Abuse Services (DMHMRSAS) for the acceptance of wastewater generated at DMHMRSAS facilities. DMHMRSAS shall reimburse the Authority for the costs of all changes and improvements for the purpose of metering their flow. DMHMRSAS will pay the Authority, on a monthly basis, in accordance with the Authority's published service rates. The agreement shall remain in effect until 2036. Revenues of \$193,504 for the year ended June 30, 2025, are included in water and sewer charges on the statement of revenues, expenses, and changes in net position.

### *Pensions*

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

### *Other Post-Employment Benefits*

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program other post-employment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's 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.

# Dinwiddie County Water Authority

## Notes to Basic Financial Statements

June 30, 2025

### *Deferred Outflows/Inflows of Resources*

In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. These items represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenues) until then. The Authority has the following items that qualify for reporting in these categories:

- Contributions subsequent to the measurement date for pensions and OPEB are always a deferred outflow; this will be applied to the net pension or OPEB liability in the next fiscal year.
- Differences between expected and actual experience for economic/demographic factors in the measurement of the total pension or OPEB liability. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- Differences resulting from a change in proportion of the collective net OPEB liability. This difference will be recognized in OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- Difference between projected and actual earnings on pension and OPEB plan investments. This difference will be recognized in pension or OPEB expense over the closed five-year period and may be reported as a deferred outflow or inflow as appropriate.
- Differences resulting from changes in actuarial assumptions on pension plan or OPEB valuations. These differences will be recognized in pension or OPEB expense over the estimated remaining service life of employees subject to the plan and may be reported as a deferred inflow or outflow as appropriate.
- Lease-related amounts are recognized at the inception of the lease or at the time of implementation of GASB 87 for the lease where the Authority is the lessor. The deferred inflows of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

### *Net Position*

When net position resources are available for a specific purpose in more than one classification, it is the Authority's policy to use the most restricted funds first.

### *Risk Management*

The Authority carries commercial insurance for various risks of loss including property, workers' compensation, theft, general liability, errors and omissions, employee health and accident, and public officials' liability. There have been no claims which have exceeded the amount insured resulting from these risks during the current year and there was no reduction in coverage during fiscal year 2025.

### *Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses and disclosure of contingent assets and liabilities for the reported periods. Actual results could differ from those estimates and assumptions.

### *Adoption of New Accounting Standard*

Effective July 1, 2024, the Authority adopted GASB Statement No. 101, *Compensated Absences*. Statement No. 101 provides guidance on the recognition and measurement guidance for compensated absences. The adoption of this

# Dinwiddie County Water Authority

## Notes to Basic Financial Statements

June 30, 2025

standard did not have a material impact on the Authority's financial statements but did change how compensated absences are determined if material. No restatement of prior period net position was necessary.

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### Note 3 – Cash, Cash Equivalents, and Investments

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#### *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.

Cash and cash equivalents consist of the following:

Petty cash	\$ 800
Demand deposits, local banks	1,022,673
Local Government Investment Pool (LGIP)	6,676,425
	<u>\$ 7,699,898</u>

#### *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 and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

#### *Concentration of Credit Risk*

The Policy establishes limitations on portfolio composition by issuer in order to control concentration of credit risk. No more than 5% of the Authority's portfolio will be invested in the securities of any one issuer with the exception of: (1) the U.S. government or agencies thereof, (2) fully insured/collateralized certificates of deposit or repurchase agreements that are collateralized by the U.S. government or agencies thereof, and (3) mutual funds whereby the portfolio is limited to U.S. government or agency securities. At June 30, 2025, the Authority's deposits with LGIP were rated AAAM by Standard & Poor's.

#### *External Investment Pools*

The fair value of the positions in the LGIP is the same as the value of the pool shares. As these pools are not United States Security and Exchange Commission (SEC) registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

#### *Designations and Restrictions*

Some cash and cash equivalents have been designated by the board to offset the impact of future rate changes for customers, and also to fund future capital improvements.

# Dinwiddie County Water Authority

## Notes to Basic Financial Statements

June 30, 2025

Also, some cash and cash equivalents are restricted for refundable customer deposits. See also Note 8.

### Note 4 – Capital Assets

Capital assets owned by the Authority consist of the following:

	July 1, 2024	Increases	Decreases	June 30, 2025
Operating Fund:				
Capital assets, non-depreciable:				
Construction in progress	\$ 130,400	\$ -	\$ (130,400)	\$ -
Land and improvements	321,244	-	-	321,244
Total capital assets, non-depreciable	451,644	-	(130,400)	321,244
Capital assets, depreciable:				
Unamortized sewer contract costs	7,389,111	-	-	7,389,111
Buildings	263,647	14,800	(3,140)	275,307
Equipment	1,646,772	206,232	(52,391)	1,800,613
Infrastructure	25,680,655	316,968	-	25,997,623
Subscriptions	24,266	-	-	24,266
Total capital assets, depreciable	35,004,451	538,000	(55,531)	35,486,920
Accumulated depreciation for:				
Unamortized sewer contract costs	(5,146,664)	(186,869)	-	(5,333,533)
Buildings	(195,971)	(5,736)	3,140	(198,567)
Equipment	(981,243)	(99,568)	52,391	(1,028,420)
Infrastructure	(15,583,921)	(574,442)	-	(16,158,363)
Subscriptions	(12,807)	(8,089)	-	(20,896)
Total accumulated depreciation	(21,920,606)	(874,704)	55,531	(22,739,779)
Total capital assets, depreciable, net	13,083,845	(336,704)	-	12,747,141
Operating Fund capital assets, net	13,535,489	(336,704)	(130,400)	13,068,385
Courthouse Fund:				
Capital assets, non-depreciable:				
Construction in progress	-	18,900	-	18,900
Total capital assets, non-depreciable	-	18,900	-	18,900
Capital assets, depreciable:				
Buildings	2,633,460	-	-	2,633,460
Equipment	782,961	70,667	-	853,628
Infrastructure	4,420,266	20,788	-	4,441,054
Total capital assets, depreciable	7,836,687	91,455	-	7,928,142
Accumulated depreciation for:				
Buildings	(1,956,986)	(29,074)	-	(1,986,060)
Equipment	(287,812)	(39,183)	-	(326,995)
Infrastructure	(3,256,428)	(194,028)	-	(3,450,456)
Total accumulated depreciation	(5,501,226)	(262,285)	-	(5,763,511)
Courthouse Fund capital assets, net	2,335,461	(151,930)	-	2,183,531

# Dinwiddie County Water Authority

## Notes to Basic Financial Statements

June 30, 2025

	July 1, 2024	Increases	Decreases	June 30, 2025
Church Road System Fund:				
Capital assets, depreciable:				
Buildings	1,025,547	-	-	1,025,547
Equipment	10,000	-	-	10,000
Infrastructure	4,031,883	83,704	-	4,115,587
Total capital assets, depreciable	5,067,430	83,704	-	5,151,134
Accumulated depreciation for:				
Buildings	(512,802)	(20,136)	-	(532,938)
Equipment	(9,833)	(167)	-	(10,000)
Infrastructure	(2,672,869)	(125,837)	-	(2,798,706)
Total accumulated depreciation	(3,195,504)	(146,140)	-	(3,341,644)
Church Road System capital assets, net	1,871,926	(62,436)	-	1,809,490
	<b>\$ 17,742,876</b>	<b>\$ (551,070)</b>	<b>\$ (130,400)</b>	<b>\$ 17,061,406</b>

### Note 5 – Lease Receivable / Deferred Inflow of Resources

The Authority is a lessor for a noncancellable communications site lease with a wireless communications services company for the use of land owned by the Authority. The Authority uses a discount rate of 3.25%. As of June 30, 2025, the outstanding balance of the lease receivable was \$341,167, of which \$20,547 is current. The related deferred inflow of resources was \$302,218, as of June 30, 2025. During 2025, the Authority recognized lease revenue of \$26,938 and interest revenue of \$11,375, both of which are included in nonoperating revenues on the statement of revenues, expenses, and changes in net position

Future maturities of the lease receivable are as follows:

Year Ending	Principal	Interest	Total
2026	\$ 20,547	\$ 10,786	\$ 31,333
2027	22,179	10,095	32,274
2028	23,893	9,349	33,242
2029	25,693	8,545	34,238
2030	27,583	7,683	35,266
2031-2035	169,688	23,159	192,847
2036-2040	51,584	1,130	52,714
	<b>\$ 341,167</b>	<b>\$ 70,747</b>	<b>\$ 411,914</b>

# Dinwiddie County Water Authority

## Notes to Basic Financial Statements

June 30, 2025

### Note 6 – Subscription-Based Information Technology Arrangements

The Authority has a subscription-based information technology arrangement (“SBITA”) for the use of Microsoft licensing and cloud backup storage. The Authority uses a discount rate of 3.98%. As of June 30, 2025, the Authority’s SBITA amortization and interest expense were \$8,089 and \$292 respectively, which is included in the statement of revenues, expenses, and changes in net position in depreciation expense and interest expense, respectively. Payments of \$714 are due annually through November 2025. The following is a summary of changes in the subscription liability reported on the statement of net position for the fiscal year ended June 30, 2025:

Intangible right-to-use subscription liability - July 1, 2024	\$ 11,781
Subtractions	<u>(8,247)</u>
Balance - June 30, 2025	3,534
Less - current portion of intangible right-to-use subscription liability	<u>(3,534)</u>
Intangible right-to-use subscription liability - June 30, 2025	<u><u>\$ -</u></u>

Future maturities are as follows:

Year Ending	Principal	Interest	Total
2026	<u>\$ 3,534</u>	<u>\$ 35</u>	<u>\$ 3,569</u>

A SBITA asset totaling \$24,266, offset by accumulated amortization of \$20,896, is included in subscription asset, net in the statement of net position as of June 30, 2025. See Note 4.

### Note 7 – Bonds Payable

Bonds payable consists of the following:

Description	Original Amount	Amount Outstanding June 30, 2025
Series 2016A - Main System Bonds: \$3,486,000 due in annual installments ranging from \$186,000 to \$257,000, through 2032, bearing a 2.27% interest. The revenues of the Authority’s Water and Sewer System, exclusive of the Courthouse and Church Road System Funds, are pledged to pay the principal and interest of the bonds. No debt service reserve is required.	<u>\$ 3,486,000</u>	<u>\$ 1,675,000</u>
Total bonds payable		<u><u>\$ 1,675,000</u></u>
Bonds payable, current		<u>\$ 223,000</u>
Bonds payable, noncurrent		<u>1,452,000</u>
		<u><u>\$ 1,675,000</u></u>

# Dinwiddie County Water Authority

## Notes to Basic Financial Statements

June 30, 2025

Activity in the bonds payable and related accounts for fiscal year 2025 follows:

Description	Balance June 30, 2024	Issued	Retired	Balance June 30, 2025	Amount Due Within One Year
Total bonds outstanding	<b>\$ 2,133,000</b>	<b>\$ -</b>	<b>\$ 458,000</b>	<b>\$ 1,675,000</b>	<b>\$ 223,000</b>

Future principal and interest obligations related to bond indebtedness are as follows:

Year Ending	Principal	Interest	Total
2026	\$ 223,000	\$ 36,763	\$ 259,763
2027	228,000	31,667	259,667
2028	234,000	26,457	260,457
2029	239,000	21,111	260,111
2030	244,000	15,663	259,663
2031-2032	507,000	13,007	520,007
	<b>\$ 1,675,000</b>	<b>\$ 144,668</b>	<b>\$ 1,819,668</b>

### Note 8 – Restricted Net Position

Restricted net position represents the portion of total net position held for capital projects and pensions. The components are as follows:

Cash and cash equivalents, restricted:	
Customer deposits	\$ 228,077
Net pension asset	201,430
Less customer deposit liability	(228,077)
	<b>\$ 201,430</b>
Net position restricted for:	
Pension	<b>\$ 201,430</b>

### Note 9 – Defined Benefit Pension Plan

The Authority contributes to the Virginia Retirement System (VRS), an agent, multiple employer-defined benefit pension plan administered by the VRS.

#### *Plan Description*

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

# Dinwiddie County Water Authority

## Notes to Basic Financial Statements

June 30, 2025

The System administers three different benefit structures for covered employees - Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are available at:

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>
- <https://www.varetirement.org/hybrid.html>

### *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:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	10
Inactive members:	
Vested	1
Nonvested	6
Active elsewhere in VRS	3
Total inactive members	<u>20</u>
Active members	<u>13</u>
Total covered employees	<u><u>33</u></u>

### *Contributions*

The contributions 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 Authority's contractually required contribution rate for the year ended June 30, 2025, was 3.90% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$35,700 and \$-0- for the years ended June 30, 2025 and 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 \$3,664 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 \$4,665 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$366,362 for the year ended June 30, 2025.

# Dinwiddie County Water Authority

## Notes to Basic Financial Statements

June 30, 2025

### *Net Pension Asset/Liability*

The net pension asset/liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension asset/liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension asset/liability was determined by an actuarial valuation performed as of June 30, 2023, rolled forward to the measurement date of June 30, 2024.

### *Actuarial Assumptions*

The total pension liability for General Employees in the Authority'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% - 5.35%
Investment rate of return	6.75% net of pension plan investment expenses, including inflation

Mortality rates: General employees - 15 to 20% of deaths are assumed to be service related. Public Safety Employees - 45% to 70% of deaths are assumed to be service related. Mortality is projected using the applicable Pub-2010 Mortality Table and a Modified MP-2020 Improvement Scale with various setbacks or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2023, valuation was 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 are as follows:

General employees - Largest 10 - Non-Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rates to better fit experience; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; no change to disability rates; no change to salary scale; no change to line of duty disability; and no change to discount rate.

### *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:

# Dinwiddie County Water Authority

## Notes to Basic Financial Statements

June 30, 2025

Asset Class (Strategy)	Target 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%)
	<b>100.00%</b>		<b>7.07%</b>

\* Expected arithmetic nominal return

\* The above allocation provides for a one-year 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

### *Discount Rate*

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees. For the year ended June 30, 2024, the employer contribution is 100% of the actuarially determined employer contribution rate from the June 30, 2023, actuarial valuations. From July 1, 2024, on, participating employers 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.

# Dinwiddie County Water Authority

## Notes to Basic Financial Statements

June 30, 2025

### Changes in Net Pension Asset

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) – (b)
Balances at June 30, 2023	\$ 3,176,114	\$ 3,371,650	\$ (195,536)
Changes for the year:			
Service cost	72,637	-	72,637
Interest	216,850	-	216,850
Difference between expected and actual experience	70,039	-	70,039
Contributions - employee	-	40,050	(40,050)
Net investment income	-	327,404	(327,404)
Benefit payments, including refunds of employee contributions	(72,304)	(72,304)	-
Administrative expense	-	(2,104)	2,104
Other changes	-	70	(70)
Net changes	287,222	293,116	(5,894)
Balances at June 30, 2024	<u>\$ 3,463,336</u>	<u>\$ 3,664,766</u>	<u>\$ (201,430)</u>

### Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following represents the net pension asset of the Authority calculated using the discount rate of 6.75%, as well as what the net position asset would be if it were calculated using a stated discount rate that is one-percentage-point lower (5.75%) or one-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Authority's net pension liability (asset)	\$ 229,498	\$ (201,430)	\$ (561,018)

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

For the year ending June 30, 2025, the Authority recognized pension expense of \$109,248. At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 101,058	\$ -
Employer contributions made subsequent to measurement date	35,700	-
Net difference between projected and actual earnings on plan investments	-	92,928
	<u>\$ 136,758</u>	<u>\$ 92,928</u>

# Dinwiddie County Water Authority

## Notes to Basic Financial Statements

June 30, 2025

The \$35,700 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the fiscal year ending June 30, 2026. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending June 30,	Increase (Reduction) to Pension Expense
2026	\$ 751
2027	46,267
2028	(18,693)
2029	(20,195)

### *Pension Plan Data*

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2024 Annual Report. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <https://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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## **Note 10 – Other Post-Employment Benefits**

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In addition to its participation in the pension plan offered through the Virginia Retirement System (VRS), the Authority also participates in a multiple-employer, cost-sharing other post-employment benefit plan, described as follows.

### *Group Life Insurance Program*

All full-time teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

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

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>.

### *Contributions*

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program 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 1.21% of covered employee compensation. This rate

# Dinwiddie County Water Authority

## Notes to Basic Financial Statements

June 30, 2025

was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability, with the exception of GLI which was also combined with employee contributions. Contribution to the GLI Program from the entity were \$4,302 and \$2,832 for the years ended June 30, 2025 and 2024, respectively.

### *GLI OPEB Liabilities, GLI OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB*

At June 30, 2025, the Authority reported a liability of \$37,830 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 Authority's actuarially determined employer contributions to the GLI program 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 Authority's proportion was 0.00339% as compared to 0.00317% at June 30, 2023.

For the year ended June 30, 2025, the Authority recognized GLI OPEB expense of \$1,989. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 5,967	\$ 924
Changes of assumptions	216	1,875
Employer contributions made subsequent to measurement date	4,302	-
Changes in proportionate share	8,480	1,166
Net difference between projected and actual earnings on plan investments	-	3,189
	<b>\$ 18,965</b>	<b>\$ 7,154</b>

The \$4,302 of deferred outflows of resources related to the GLI OPEB resulting from the Authority'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 and inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future periods as follows:

<b>Year Ending June 30,</b>	<b>Increase (Reduction) to OPEB Expense</b>
2026	\$ (435)
2027	2,662
2029	2,127
2029	2,171
2030	984

# Dinwiddie County Water Authority

## Notes to Basic Financial Statements

June 30, 2025

### *Actuarial Assumptions*

The total GLI OPEB liability was based on an actuarial valuation date 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%
Locality - hazardous duty employees	3.50 - 4.75%
Teachers	3.50 – 5.95%
Healthcare cost trend rates:	
Under age 65	7.25 – 4.25%
Ages 65 and older	6.50 - 4.25%
Investment rate of return, net of expenses, including inflation	6.75%

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 9.

### *Net GLI OPEB Liability*

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

Total GLI OPEB liability	\$ 4,196,055
Plan fiduciary net position	(3,080,133)
Employers' Net GLI OPEB Liability	<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 VRS actuary and each plan's fiduciary net position is reported in the VRS financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the VRS notes to the financial statements and required supplementary information.

### *Long-Term Expected Rate of Return*

The long-term expected rate of return on VRS 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 OPEB 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 weighing 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:

# Dinwiddie County Water Authority

## Notes to Basic Financial Statements

June 30, 2025

Asset Class (Strategy)	Target 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%)
	<b>100.00%</b>		<b>7.07%</b>
		* Expected arithmetic nominal return	<b>7.07%</b>

\* The above allocation provides for a one-year expected return of 7.07% (including 2.50% inflation assumed). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is 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 inflation of 2.50%.

### *Discount Rate*

The discount rate used to measure the GLI OPEB 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 Guidance, 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. Through the fiscal year ending June 30, 2024, the rate contributed by the employer 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, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB plans' 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.

# Dinwiddie County Water Authority

## Notes to Basic Financial Statements

June 30, 2025

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

The following presents the Authority's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the Authority'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:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Authority's proportionate share of the GLI program net OPEB liability	\$ 58,830	\$ 37,830	\$ 20,864

### *OPEB Plan Fiduciary Net Position*

Detailed information about the various VRS OPEB plan 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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### **Note 11 – Purchase Agreements and Other Commitments**

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The County of Dinwiddie has a contract with the Appomattox River Water Authority (ARWA) for the purchase of an adequate supply of filtered water for the inhabitants of Dinwiddie County. That amount is then, by agreement, billed to the Authority. Water purchases for resale under this agreement for the year ended June 30, 2025, were \$479,224. ARWA is in the initial stages of an improvement project which will be financed through the issuance of bonds of approximately \$25,000,000. The County of Dinwiddie will be responsible for 6.75% of the debt service costs, which are expected to be passed on to the Authority. No additional debt is expected to be needed from the Authority.

The Authority and Dinwiddie County along with the City of Petersburg, City of Colonial Heights, Chesterfield County, and Prince George County are the members of the South Central Wastewater Authority (SCWWA). The SCWWA is a regional authority created to own and operate the existing 20 million gallon wastewater treatment facility located in the City of Petersburg. This agreement is in effect until the SCWWA's RLF Bond, the City of Petersburg's debt and any other SCWWA bonds have been paid or are deemed no longer outstanding and all incorporating subdivisions have unanimously agreed to such termination.

The agreement with SCWWA for wastewater conveyance expires July 2036. Sewage disposal charges were \$613,876 for the year ended June 30, 2025. This amount is subject to final adjustment, which is not known until the following fiscal year; therefore, the final adjustment is not reflected in these financial statements. However, the impact is not expected to be significant. The Authority's cost of \$7,389,111 for ten percent of sewer treatment capacity and the connection fee to SCWWA are being amortized over forty years. SCWWA is in the initial stages of a nutrient improvements project. The decision has been made to complete the project in stages due to high costs. The initial phase will cost approximately \$35,000,000. Thus far, SCWWA has secured grant funding of up to \$86,000,000 to partially finance this project. A portion of the project is expected to be financed through the issuance of bonds. Dinwiddie County will be responsible for 10% of the debt service costs. No additional debt is expected to be needed from the Authority.

# Dinwiddie County Water Authority

## Notes to Basic Financial Statements

June 30, 2025

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### Note 12 – Related Parties

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The Authority's relationship with SCWWA is discussed at Note 11. The Authority has also entered into several support agreements with Dinwiddie County related to the Courthouse and Church Road systems. There were no payments received from the County in the current year pursuant to these agreements.

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### Note 13 – New Accounting Standards

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In April 2024, the GASB issued **Statement No. 103**, *Financial Reporting Model Improvements*. This statement 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 as well as addresses certain application issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

In September 2024, the GASB issued **Statement No. 104**, *Disclosure of Certain Capital Assets*. This statement requires certain information regarding capital assets to be presented by major class. Certain types of capital assets are to be disclosed separately in the capital assets note disclosures required by Statement No. 34. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.



# **Required Supplementary Information**

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**Dinwiddie County Water Authority**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability and Related Ratios**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>TOTAL PENSION LIABILITY</b>										
Service cost	\$ 72,637	\$ 49,956	\$ 34,751	\$ 32,332	\$ 58,261	\$ 66,235	\$ 61,857	\$ 64,942	\$ 61,551	\$ 63,717
Interest	216,850	185,256	173,444	172,972	158,008	146,915	135,261	130,860	126,276	117,114
Changes of assumptions	-	-	-	95,062	-	68,939	-	(28,942)	-	-
Differences between expected and actual experience	70,039	282,955	14,772	(277,608)	51,977	4,649	4,527	(77,997)	(93,322)	6,145
Benefit payments, including refunds of employee contributions	(72,304)	(73,254)	(53,100)	(47,950)	(45,150)	(44,186)	(26,148)	(25,823)	(32,217)	(79,952)
Net change in total pension liability:	287,222	444,913	169,867	(25,192)	223,096	242,552	175,497	63,040	62,288	107,024
Total pension liability, beginning	3,176,114	2,731,201	2,561,334	2,586,526	2,363,430	2,120,878	1,945,381	1,882,341	1,820,053	1,713,029
Total pension liability, ending (a)	<u>\$ 3,463,336</u>	<u>\$ 3,176,114</u>	<u>\$ 2,731,201</u>	<u>\$ 2,561,334</u>	<u>\$ 2,586,526</u>	<u>\$ 2,363,430</u>	<u>\$ 2,120,878</u>	<u>\$ 1,945,381</u>	<u>\$ 1,882,341</u>	<u>\$ 1,820,053</u>
<b>PLAN FIDUCIARY NET POSITION</b>										
Contributions, employer	\$ -	\$ -	\$ 19,774	\$ 18,635	\$ 11,926	\$ 13,802	\$ 34,268	\$ 34,106	\$ 44,072	\$ 42,791
Contributions, employee	40,050	34,123	25,891	23,694	24,078	26,642	27,240	26,279	25,387	24,649
Net investment income	327,404	207,460	(4,264)	696,244	47,735	157,608	160,569	233,304	33,384	79,789
Benefit payments	(72,304)	(73,254)	(53,100)	(47,950)	(45,150)	(44,186)	(26,148)	(25,823)	(32,217)	(79,952)
Administrative expenses	(2,104)	(2,054)	(1,988)	(1,691)	(1,604)	(1,521)	(1,331)	(1,288)	(1,096)	(1,090)
Other changes	70	80	76	65	(57)	(100)	(145)	(210)	(14)	(18)
Net change in plan fiduciary net position	293,116	166,355	(13,611)	688,997	36,928	152,245	194,453	266,368	69,516	66,169
Plan fiduciary net position, beginning	3,371,650	3,205,295	3,218,906	2,529,909	2,492,981	2,340,736	2,146,283	1,879,915	1,810,399	1,744,230
Plan fiduciary net position, ending (b)	<u>\$ 3,664,766</u>	<u>\$ 3,371,650</u>	<u>\$ 3,205,295</u>	<u>\$ 3,218,906</u>	<u>\$ 2,529,909</u>	<u>\$ 2,492,981</u>	<u>\$ 2,340,736</u>	<u>\$ 2,146,283</u>	<u>\$ 1,879,915</u>	<u>\$ 1,810,399</u>
Authority's net pension liability (asset), ending (a) - (b)	<u>\$ (201,430)</u>	<u>\$ (195,536)</u>	<u>\$ (474,094)</u>	<u>\$ (657,572)</u>	<u>\$ 56,617</u>	<u>\$ (129,551)</u>	<u>\$ (219,858)</u>	<u>\$ (200,902)</u>	<u>\$ 2,426</u>	<u>\$ 9,654</u>
Plan fiduciary net position as a percentage of the total pension liability	105.8%	106.2%	117.4%	125.7%	97.8%	105.5%	110.4%	110.3%	99.9%	99.5%
Covered payroll*	<u>\$ 870,122</u>	<u>\$ 745,896</u>	<u>\$ 554,720</u>	<u>\$ 507,443</u>	<u>\$ 496,419</u>	<u>\$ 540,347</u>	<u>\$ 544,800</u>	<u>\$ 525,576</u>	<u>\$ 507,747</u>	<u>\$ 492,984</u>
Net pension liability (asset) as a percentage of covered payroll	-23.1%	-26.2%	-85.5%	-129.6%	11.4%	-24.0%	-40.4%	-38.2%	0.5%	2.0%

Notes:

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2015 information was presented in the entity's fiscal year 2016 financial report.

**Dinwiddie County Water Authority**  
**Required Supplementary Information**  
**Schedule of Employer's Share of Net GLI OPEB Liability**

<b>Fiscal Year Ended June 30,*</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Employer's proportion of the net OPEB liability	0.33900%	0.00317%	0.00255%	0.00246%	0.00241%	0.00276%	0.00286%	0.00285%
Employer's proportionate share of the net OPEB liability	\$ 37,830	\$ 38,018	\$ 30,704	\$ 28,641	\$ 40,219	\$ 44,913	\$ 43,000	\$ 43,000
Employer's covered payroll	\$ 870,122	\$ 745,896	\$ 554,720	\$ 507,443	\$ 496,419	\$ 540,347	\$ 544,800	\$ 525,576
Employer's proportionate share of the net OPEB liability as a percentage of its covered payroll	4.35%	5.10%	5.54%	5.64%	8.10%	8.31%	7.89%	8.18%
Plan fiduciary net position as a percentage of the total OPEB liability	73.41%	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

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

Note: Information in this schedule is presented for the year in which information is available. Information will be added each year until a full 10-year trend is presented.

# Dinwiddie County Water Authority

## Required Supplementary Information Schedules of Employer Contributions

### Schedules of Employer Contributions - Pension

Fiscal year Ended June 30,	Contractually required contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
2025	\$ 35,700	\$ 35,700	\$ -	\$ 915,360	3.90%
2024	\$ -	\$ -	\$ -	\$ 870,122	0.00%
2023	\$ -	\$ -	\$ -	\$ 745,896	0.00%
2022	\$ 23,631	\$ 23,631	\$ -	\$ 554,720	4.26%
2021	\$ 21,617	\$ 21,617	\$ -	\$ 507,443	4.26%
2020	\$ 13,254	\$ 13,254	\$ -	\$ 496,419	2.67%
2019	\$ 14,427	\$ 14,427	\$ -	\$ 540,347	2.67%
2018	\$ 34,272	\$ 34,272	\$ -	\$ 544,800	6.29%
2017	\$ 33,059	\$ 33,059	\$ -	\$ 525,576	6.29%
2016	\$ 44,072	\$ 44,072	\$ -	\$ 507,747	8.68%

### Schedules of Employer Contributions - OPEB

Fiscal year Ended June 30,	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
2025	\$ 4,302	\$ 4,302	\$ -	\$ 915,360	0.47%
2024	\$ 2,832	\$ 2,832	\$ -	\$ 870,122	0.33%
2023	\$ 4,028	\$ 4,028	\$ -	\$ 745,896	0.54%
2022	\$ 2,995	\$ 2,995	\$ -	\$ 554,720	0.54%
2021	\$ 2,740	\$ 2,740	\$ -	\$ 507,443	0.54%
2020	\$ 2,581	\$ 2,581	\$ -	\$ 496,419	0.52%
2019	\$ 2,810	\$ 2,810	\$ -	\$ 540,347	0.52%
2018	\$ 2,833	\$ 2,833	\$ -	\$ 544,800	0.52%
2017	\$ 2,733	\$ 2,733	\$ -	\$ 525,576	0.52%

Note: Information in this schedule is presented for the year in which information is available. Information will be added each year until a full 10-year trend is presented.

**Dinwiddie County Water Authority**  
**Notes to Required Supplementary Information**  
June 30, 2025

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**Note 1 – Changes of Benefit Terms**

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*Pension*

There have been no actuarially material changes to the Virginia Retirement System (the “System”) benefit provisions since the prior actuarial valuation.

*Other Postemployment Benefits (OPEB)*

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

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**Note 2 – Changes of Assumptions**

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The actuarial assumptions used in the June 30, 2023, valuation was 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:

*Largest 10 - Non-Hazardous Duty:*

- Update mortality table to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

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

- Update mortality table to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to line of duty rates.
- No change to discount rate.



# **Supplementary Information**

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# Dinwiddie County Water Authority

## Combining Statement of Net Position

June 30, 2025

	Operating Fund	Courthouse Fund	Church Road System Fund	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 470,307	\$ 289,052	\$ 60,252	\$ 819,611
Accounts receivable, net	456,890	7,229	129,816	593,935
Interest receivable	924	-	-	924
Lease receivable, current portion	20,547	-	-	20,547
Due (to) from other funds	(381,867)	6,682	375,185	-
Total current assets	566,801	302,963	565,253	1,435,017
<b>RESTRICTED ASSETS</b>				
Cash and cash equivalents	227,202	875	-	228,077
Net pension asset	187,898	13,262	270	201,430
Total restricted assets	415,100	14,137	270	429,507
<b>CAPITAL ASSETS</b>				
Nondepreciable	321,244	18,900	-	340,144
Subscription assets, net	3,370	-	-	3,370
Depreciable, net	12,743,771	2,164,631	1,809,490	16,717,892
Total capital assets	13,068,385	2,183,531	1,809,490	17,061,406
<b>OTHER ASSETS</b>				
Cash and cash equivalents, rate stabilization fund	740,765	-	-	740,765
Cash and cash equivalents, board designated	3,860,525	548,581	1,502,339	5,911,445
Lease receivable, less current portion	320,620	-	-	320,620
Total other assets	4,921,910	548,581	1,502,339	6,972,830
Total assets	18,972,196	3,049,212	3,877,352	25,898,760
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension deferrals	127,570	9,004	184	136,758
OPEB deferrals	17,691	1,248	26	18,965
Total deferred outflows of resources	145,261	10,252	210	155,723
	<b>\$ 19,117,457</b>	<b>\$ 3,059,464</b>	<b>\$ 3,877,562</b>	<b>\$ 26,054,483</b>

# Dinwiddie County Water Authority

## Combining Statement of Net Position

June 30, 2025

	Operating Fund	Courthouse Fund	Church Road System Fund	Total
<b>LIABILITIES</b>				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 250,515	\$ 8,041	\$ 52,291	\$ 310,847
Accrued interest payable	3,181	-	-	3,181
Bonds payable, current portion	223,000	-	-	223,000
Unearned connection fees	126,592	-	-	126,592
Subscription liability, current portion	3,534	-	-	3,534
Total current liabilities	606,822	8,041	52,291	667,154
CURRENT LIABILITIES PAYABLE FROM RESTRICTED				
ASSETS				
Customer deposits	227,202	875	-	228,077
LONG-TERM LIABILITIES				
Bonds payable, less current portion	1,452,000	-	-	1,452,000
Net OPEB liability	35,288	2,491	51	37,830
Total liabilities	2,321,312	11,407	52,342	2,385,061
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension deferrals	86,685	6,118	125	92,928
OPEB deferrals	6,673	471	10	7,154
Lease deferrals	302,218	-	-	302,218
Total deferred inflows of resources	395,576	6,589	135	402,300
<b>NET POSITION</b>				
Net investment in capital assets	11,323,621	2,183,531	1,809,490	15,316,642
Restricted	187,898	13,262	270	201,430
Unrestricted	4,889,050	844,675	2,015,325	7,749,050
Total net position	16,400,569	3,041,468	3,825,085	23,267,122
	<b>\$ 19,117,457</b>	<b>\$ 3,059,464</b>	<b>\$ 3,877,562</b>	<b>\$ 26,054,483</b>

# Dinwiddie County Water Authority

## Combining Statement of Revenues, Expenses, and Changes in Net Position Year Ended June 30, 2025

	Operating Fund	Courthouse Fund	Church Road System Fund	Total
<b>OPERATING REVENUES</b>				
Sewer charges	\$ 1,693,208	\$ 26,678	\$ -	\$ 1,719,886
Sale of water	1,212,578	-	688,590	1,901,168
County use and operation fees	-	260,605	-	260,605
Penalty and service charges	91,612	-	-	91,612
Fire hydrant rental	1,251	-	-	1,251
Miscellaneous	40,399	449	-	40,848
Total operating revenues	3,039,048	287,732	688,590	4,015,370
<b>OPERATING EXPENSES</b>				
Water, source of supply	341,268	-	151,072	492,340
Water, pumping	40,979	-	17,438	58,417
Water, transmission and distribution	158,244	-	1,333	159,577
Sewage, pumping	159,561	39,917	-	199,478
Sewage, treatment	803,840	68,314	-	872,154
Sewage, transmission and distribution	131,824	12,993	-	144,817
Maintenance shop	179,782	72,488	-	252,270
Customer accounts	476,607	417	856	477,880
Administrative	832,170	71,771	31,682	935,623
Total operating expenses, other than depreciation	3,124,275	265,900	202,381	3,592,556
Total operating (loss) income before depreciation	(85,227)	21,832	486,209	422,814
<b>DEPRECIATION AND AMORTIZATION</b>	(687,835)	(262,285)	(146,140)	(1,096,260)
Operating (loss) income	(773,062)	(240,453)	340,069	(673,446)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Lease revenue	26,938	-	-	26,938
Interest earned	222,480	25,815	69,970	318,265
Lease interest income	11,375	-	-	11,375
Service and connection fees	101,557	-	-	101,557
Interest expense	(41,614)	-	(2,192)	(43,806)
Total nonoperating revenues	320,736	25,815	67,778	414,329
(Loss) income before transfers	(452,326)	(214,638)	407,847	(259,117)
<b>TRANSFERS</b>	45,498	-	(45,498)	-
Change in net position	(406,828)	(214,638)	362,349	(259,117)
<b>NET POSITION</b>				
Beginning of year	16,807,397	3,256,106	3,462,736	23,526,239
End of year	\$ 16,400,569	\$ 3,041,468	\$ 3,825,085	\$ 23,267,122

# Dinwiddie County Water Authority

## Combining Statement of Cash Flows

Year Ended June 30, 2025

	Operating Fund	Courthouse Fund	Church Road System Fund	Total
<b>OPERATING ACTIVITIES</b>				
Cash receipts from customers	\$ 3,032,046	\$ 286,145	\$ 678,331	\$ 3,996,522
Cash receipts from other income	40,399	449	-	40,848
Cash payments to employees for services	(890,851)	(64,002)	(1,300)	(956,153)
Cash payments for water related services and supplies	(487,707)	-	(170,899)	(658,606)
Cash payments for sewage related services and supplies	(835,673)	(119,141)	-	(954,814)
Cash payments for shop maintenance expenses	(116,746)	(50,521)	-	(167,267)
Cash payments for customer accounts expenses	(205,046)	(599)	(125)	(205,770)
Cash payments for administrative expenses	(595,339)	(33,819)	(31,559)	(660,717)
Net cash provided (used) by operating activities	(58,917)	18,512	474,448	434,043
<b>NONCAPITAL FINANCING ACTIVITIES</b>				
Service and connection fees	100,824	-	-	100,824
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(210,970)	(110,355)	(83,704)	(405,029)
Payments received on leases	30,495	-	-	30,495
Subscription liability payments	(8,247)	-	-	(8,247)
Interest paid	(42,053)	-	(3,238)	(45,291)
Principal retired	(218,000)	-	(240,000)	(458,000)
Net cash used by capital and related financing activities	(448,775)	(110,355)	(326,942)	(886,072)
<b>INVESTING ACTIVITIES</b>				
Transfers from (to) other funds	320,498	-	(320,498)	-
Interest received	222,480	25,815	69,970	318,265
Net cash provided (used) by investing activities	542,978	25,815	(250,528)	318,265
Net increase (decrease) in cash and cash equivalents	136,110	(66,028)	(103,022)	(32,940)
<b>CASH AND CASH EQUIVALENTS</b>				
Beginning of year	5,162,689	904,536	1,665,613	7,732,838
End of year	<b>\$ 5,298,799</b>	<b>\$ 838,508</b>	<b>\$ 1,562,591</b>	<b>\$ 7,699,898</b>

# Dinwiddie County Water Authority

## Combining Statement of Cash Flows

Year Ended June 30, 2025

	Operating Fund	Courthouse Fund	Church Road System Fund	Total
<b>RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION</b>				
Cash and cash equivalents, current assets	\$ 470,307	\$ 289,052	\$ 60,252	\$ 819,611
Cash and cash equivalents, restricted assets	227,202	875	-	228,077
Cash and cash equivalents, rate stabilization fund	740,765	-	-	740,765
Cash and cash equivalents, board designated	3,860,525	548,581	1,502,339	5,911,445
	<b>\$ 5,298,799</b>	<b>\$ 838,508</b>	<b>\$ 1,562,591</b>	<b>\$ 7,699,898</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating (loss) income	\$ (773,062)	\$ (240,453)	\$ 340,069	\$ (673,446)
Adjustments to reconcile to net cash provided by operating activities:				
Depreciation and amortization	687,835	262,285	146,140	1,096,260
Amortization of sewer costs	186,869	-	-	186,869
Change in current assets and liabilities:				
Accounts receivable, net	18,440	(1,138)	(10,259)	7,043
Accounts payable and accrued expenses	(258,276)	(7,109)	(1,625)	(267,010)
Change in customer deposits	14,957	-	-	14,957
Net pension asset and related deferred inflows/outflows of resources	68,178	5,239	132	73,549
Net OPEB liability and related deferred inflows/outflows of resources	(3,858)	(312)	(9)	(4,179)
Net cash provided (used) by operating activities	<b>\$ (58,917)</b>	<b>\$ 18,512</b>	<b>\$ 474,448</b>	<b>\$ 434,043</b>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITY</b>				
Acquisition and construction of capital assets included in accounts payable at year end	<b>\$ 66,230</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 66,230</b>

**Dinwiddie County Water Authority**  
**Schedule of Operating Expenses - Operating Fund**  
Year Ended June 30, 2025

	<b>Water Source of Supply</b>	<b>Water Pumping</b>	<b>Water Transmission and Distribution</b>	<b>Sewage Pumping</b>	<b>Sewage Treatment</b>	<b>Sewage Transmission and Distribution</b>	<b>Maintenance Shop</b>	<b>Customer Accounts</b>	<b>Administrative</b>	<b>Total</b>
Salaries	\$ -	\$ 5,090	\$ 47,694	\$ 38,271	\$ -	\$ 34,412	\$ 63,036	\$ 271,561	\$ 443,656	\$ 903,720
Cost of sewage treatment	-	-	-	-	616,971	28,523	-	-	-	645,494
Payroll taxes and fringe benefits	-	1,105	20,346	16,327	-	14,681	26,892	122,856	190,467	392,674
Cost of purchased water	341,268	-	-	-	-	-	-	-	-	341,268
Repairs and maintenance	-	-	87,244	70,950	-	-	34,689	-	36,328	229,211
Amortization	-	-	-	-	186,869	-	-	-	-	186,869
Professional services	-	-	1,495	-	-	-	-	-	83,342	84,837
Supplies and tools	-	10,428	-	-	-	54,165	13,529	4,610	-	82,732
Utilities	-	24,356	1,465	34,013	-	43	-	-	8,290	68,167
Office expense	-	-	-	-	-	-	-	29,569	36,246	65,815
Vehicle expense	-	-	-	-	-	-	41,636	-	-	41,636
Postage	-	-	-	-	-	-	-	35,704	1,614	37,318
Insurance	-	-	-	-	-	-	-	-	18,708	18,708
Payroll service	-	-	-	-	-	-	-	-	9,422	9,422
Telephone	-	-	-	-	-	-	-	6,470	-	6,470
Uniform rental	-	-	-	-	-	-	-	5,837	-	5,837
Dues and subscription	-	-	-	-	-	-	-	-	4,097	4,097
	<b>\$ 341,268</b>	<b>\$ 40,979</b>	<b>\$ 158,244</b>	<b>\$ 159,561</b>	<b>\$ 803,840</b>	<b>\$ 131,824</b>	<b>\$ 179,782</b>	<b>\$ 476,607</b>	<b>\$ 832,170</b>	<b>\$ 3,124,275</b>

**Dinwiddie County Water Authority**  
**Schedule of Operating Expenses - Courthouse Fund**  
Year Ended June 30, 2025

	<b>Sewage Pumping</b>	<b>Sewage Treatment</b>	<b>Sewage Transmission and Distribution</b>	<b>Maintenance Shop</b>	<b>Customer Accounts</b>	<b>Administrative</b>	<b>Total</b>
Salaries	\$ 535	\$ -	\$ 1,548	\$ 21,967	\$ -	\$ 39,919	\$ 63,969
Repairs and maintenance	-	44,498	-	19,241	-	-	63,739
Supplies and tools	31,786	9,544	11,167	-	-	-	52,497
Utilities	7,500	-	-	29,141	-	-	36,641
Professional services	-	-	-	-	-	15,262	15,262
Cost of sewage treatment	-	10,388	-	-	-	-	10,388
Payroll taxes and fringe benefits	96	-	278	2,139	246	6,871	9,630
Insurance	-	-	-	-	-	6,028	6,028
Telephone	-	3,884	-	-	-	-	3,884
Office expense	-	-	-	-	171	3,691	3,862
	<b><u>\$ 39,917</u></b>	<b><u>\$ 68,314</u></b>	<b><u>\$ 12,993</u></b>	<b><u>\$ 72,488</u></b>	<b><u>\$ 417</u></b>	<b><u>\$ 71,771</u></b>	<b><u>\$ 265,900</u></b>

## Dinwiddie County Water Authority

### Schedule of Operating Expenses - Church Road System Fund Year Ended June 30, 2025

	<b>Water Source of Supply</b>	<b>Water Pumping</b>	<b>Water Transmission and Distribution</b>	<b>Customer Accounts</b>	<b>Administrative</b>	<b>Total</b>
Cost of purchased water	\$ 151,072	\$ -	\$ -	\$ -	\$ -	\$ 151,072
Insurance	-	-	-	-	15,971	15,971
Utilities	-	15,229	-	-	-	15,229
Professional services	-	-	-	-	8,576	8,576
Office expense	-	-	-	-	7,135	7,135
Supplies and tools	-	1,543	1,333	-	-	2,876
Salaries	-	569	-	731	-	1,300
Payroll taxes and fringe benefits	-	97	-	125	-	222
	<b><u>\$ 151,072</u></b>	<b><u>\$ 17,438</u></b>	<b><u>\$ 1,333</u></b>	<b><u>\$ 856</u></b>	<b><u>\$ 31,682</u></b>	<b><u>\$ 202,381</u></b>



# **Compliance Section**

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## **Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors of the  
Dinwiddie County Water Authority  
Dinwiddie, 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 Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of the Dinwiddie County Water Authority (the “Authority”), a component unit of the County of Dinwiddie, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority’s basic financials, and have issued our report thereon dated October 15, 2025.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority’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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses, as item 2025-001, that we consider to be a significant deficiency.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

## Dinwiddie County Water Authority's Response to Findings

*Government Auditing Standards* require the auditor to perform limited procedures on the Authority's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Authority's response was not subject to the 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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia  
October 15, 2025

# Dinwiddie County Water Authority

## Summary of Compliance Matters

June 30, 2025

As more fully described in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the Authority's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

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### State Compliance Matters

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#### Code of Virginia

- Cash and Investment Laws
- Conflicts of Interest Act
- Local Retirement Systems
- Procurement Laws
- Uniform Disposition of Unclaimed Property Act

# Dinwiddie County Water Authority

## Schedule of Findings and Responses

June 30, 2025

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### A – Summary of Auditor’s Results

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- a. The auditor’s report expresses an unmodified opinion on the financial statements.
- b. One significant deficiency relating to the audit of the financial statements was reported in the Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
- c. No instances of noncompliance material to the finding statements were disclosed.

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### B – Findings – Financial Statement Audit

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#### *2025-001: Proposed Audit Adjustments (Significant Deficiency)*

Condition and Criteria As part of our audit, we proposed multiple significant financial statement adjustments related to pension, other post-employment benefits, fixed assets, and accounts receivable. These are reviewed and approved by management; however, we believe that this review would only detect material misstatements, and that a misstatement that is more than inconsequential may not be prevented or detected.

Cause Due to the small size of the Authority, there is a limited accounting staff, which does not allow for the hiring of an accountant with the background needed to prepare GAAP compliant financial statement level adjustments.

Effect Financial statements and related disclosures prepared on a GAAP basis may be misstated by an amount that is material.

Recommendation Management will meet regularly with the auditors to keep up to date on changes in GAAP and continue to review the draft GAAP financial statements and related disclosures prior to issuance.

View of Responsible Officials Recommendations made by auditors will be implemented.

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### Note 3 – Findings for Commonwealth of Virginia Law, Regulations, Contracts, and Grants

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None noted.

# Dinwiddie County Water Authority

## Schedule of Findings and Responses

June 30, 2025

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### Note 4 – Status of Prior Year Findings

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#### *2024-001: Proposed Audit Adjustments (Significant Deficiency)*

Condition and Criteria As part of our audit, we proposed multiple significant adjustments related to pensions, other post-employment benefits, fixed assets, and accounts receivable. These are reviewed and approved by management; however, we believe that this review would only detect material misstatements, and that a misstatement that is more than inconsequential may not be prevented or detected.

Recommendation Management will meet regularly with the auditors to keep up to date on changes in GAAP and continue to review the draft GAAP financial statements and related disclosures prior to issuance.

Current Status This is still a finding in the current year. See 2025-001.