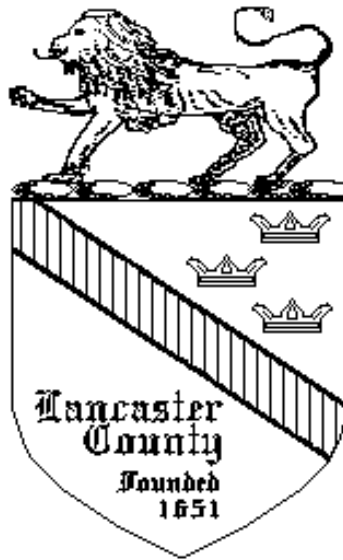


COUNTY OF LANCASTER, VIRGINIA



ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2025

COUNTY OF LANCASTER, VIRGINIA

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
JUNE 30, 2025**

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COUNTY OF LANCASTER, VIRGINIA

BOARD OF SUPERVISORS

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

COUNTY SCHOOL BOARD

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

SOCIAL SERVICES BOARD

Alan Rock	Kathleen Conroy, Chair	Myra Palin
Sandy Ball		Liza Carter

OTHER OFFICIALS

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

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

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FINANCIAL REPORT
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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Lancaster, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County of Lancaster, Virginia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Lancaster, Virginia, as of and for the year ended June 30, 2025, and the respective changes in financial position and, where applicable, cashflows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of County of Lancaster, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Changes in Accounting Principles

As described in Note 23 to the financial statements, in 2025, the County adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 24 to the financial statements, in 2025, the County restated beginning balances to reflect the requirements of GASB Statement No. 101. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about County of Lancaster, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2025, on our consideration of County of Lancaster, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Lancaster, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Lancaster, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 26, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The administrative management staff of the County of Lancaster, Virginia offers the readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2025. Please read it in conjunction with the County's basic financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$25,177,051 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenses and other financing sources over revenues and other financing uses by \$24,331,338 (Exhibit 5) after making contributions totaling \$12,420,983 to the School Board.

- As of the close of the current fiscal year; the County's funds reported ending fund balances of \$44,752,912 a decrease of \$24,331,338 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,614,164 or 12% of total general fund expenditures and other uses.
- The combined long-term obligations decreased \$2,281,674 during the current fiscal year.

Overview of the Financial Statements

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

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

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

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Lancaster, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

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Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$25,916,344 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Position:

County of Lancaster, Virginia's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 50,468,492	\$ 73,704,022	\$ 27,771	\$ 36,987	\$ 50,496,263	\$ 73,741,009
Capital assets	65,248,637	37,387,080	865,454	918,302	66,114,091	38,305,382
Total assets	\$ 115,717,129	\$ 111,091,102	\$ 893,225	\$ 955,289	\$ 116,610,354	\$ 112,046,391
Deferred outflows of resources	\$ 1,335,959	\$ 1,622,912	\$ -	\$ -	\$ 1,335,959	\$ 1,622,912
Current liabilities	\$ 5,358,403	\$ 4,500,224	\$ 7,192	\$ 851	\$ 5,365,595	\$ 4,501,075
Long-term liabilities outstanding	85,464,495	87,742,455	146,740	150,454	85,611,235	87,892,909
Total liabilities	\$ 90,822,898	\$ 92,242,679	\$ 153,932	\$ 151,305	\$ 90,976,830	\$ 92,393,984
Deferred inflows of resources	\$ 1,053,139	\$ 809,561	\$ -	\$ -	\$ 1,053,139	\$ 809,561
Net position:						
Net investment in capital assets	\$ 16,741,529	\$ 10,764,061	\$ 718,714	\$ 767,848	\$ 17,460,243	\$ 11,531,909
Restricted:						
Forfeited asset	11,168	11,168	-	-	11,168	11,168
Wetlands special project	10,409	10,409	-	-	10,409	10,409
Unrestricted	8,413,945	8,876,136	20,579	36,136	8,434,524	8,912,272
Total net position	\$ 25,177,051	\$ 19,661,774	\$ 739,293	\$ 803,984	\$ 25,916,344	\$ 20,465,758

Government-wide Financial Analysis (Continued)

The County's net position increased \$5,450,586 during the current fiscal year. The following table summarizes the County's Statement of Activities:

County of Lancaster, Virginia's Changes in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Charges for services	\$ 1,007,160	\$ 864,324	\$ 16,811	\$ 26,434	\$ 1,023,971	\$ 890,758
Operating grants and contributions	13,271,971	5,328,639	-	-	13,271,971	5,328,639
General property taxes	24,623,816	20,684,351	-	-	24,623,816	20,684,351
Other local taxes	3,330,978	3,176,199	-	-	3,330,978	3,176,199
Grants and other contributions not restricted	1,180,249	1,206,095	-	-	1,180,249	1,206,095
Other general revenues	3,312,576	4,371,459	36	72	3,312,612	4,371,531
Transfers	(5,760)	(5,760)	5,760	5,760	-	-
Total revenues	\$ 46,720,990	\$ 35,625,307	\$ 22,607	\$ 32,266	\$ 46,743,597	\$ 35,657,573
General government administration	\$ 2,388,062	\$ 2,274,710	\$ -	\$ -	\$ 2,388,062	\$ 2,274,710
Judicial administration	1,180,090	1,170,724	-	-	1,180,090	1,170,724
Public safety	9,719,851	8,761,442	-	-	9,719,851	8,761,442
Public works	7,206,868	1,745,724	87,298	84,640	7,294,166	1,830,364
Health and welfare	2,889,305	2,985,861	-	-	2,889,305	2,985,861
Education	13,481,524	13,766,876	-	-	13,481,524	13,766,876
Parks, recreation, and cultural	246,948	245,594	-	-	246,948	245,594
Community development	666,113	718,957	-	-	666,113	718,957
Interest and other fiscal charges	3,426,952	3,128,645	-	-	3,426,952	3,128,645
Total expenses	\$ 41,205,713	\$ 34,798,533	\$ 87,298	\$ 84,640	\$ 41,293,011	\$ 34,883,173
Change in net position	\$ 5,515,277	\$ 826,774	\$ (64,691)	\$ (52,374)	\$ 5,450,586	\$ 774,400
Net position, beginning of year	19,661,774	18,835,000	803,984	856,358	20,465,758	19,691,358
Net position, end of year	\$ 25,177,051	\$ 19,661,774	\$ 739,293	\$ 803,984	\$ 25,916,344	\$ 20,465,758

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$44,752,912 a decrease of \$24,331,338 in comparison with the prior year. Approximately 19% of this total amount constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

The County Capital Projects Fund accounts for all major public improvements. At the end of the fiscal year, the fund balance was \$36,118,321 with \$35,599,579 of restricted unspent bond proceeds.

During the year, actual revenues and other sources exceeded budgetary estimates of the General Fund by \$5,268,352. Budgetary estimates exceeded actual expenditures and other uses by \$9,105,844. The combination of the two resulted in a positive variance of \$14,374,196.

Capital Asset and Debt Administration

- Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2025, amounted to \$65,248,637 (net of accumulated depreciation). This investment in capital assets includes land, assets under lease, buildings and system, and machinery and equipment.

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

Long-term debt - At the end of the current fiscal year, the County had total bonded debt outstanding of \$77,299,603. Of this amount, \$71,420,000 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., lease revenue bonds, revenue bonds and equipment purchase agreement).

The County's total debt decreased \$1,630,370 during the current fiscal year.

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

Economic Factors and Future Years' Budgets and Rates

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

All these factors were considered in preparing the County's budget for the 2026 fiscal year.

The fiscal year 2026 budget increased by approximately 8% mostly due to continued work on capital projects. All property tax rates remained the same as in 2025.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	School Board	Broadband Authority	IDA
ASSETS						
Cash and cash equivalents	\$ 12,229,376	\$ 25,786	\$ 12,255,162	\$ 1,081,958	\$ 66,646	\$ 87,033
Receivables (net of allowance for uncollectibles):						
Taxes receivable	1,082,943	-	1,082,943	-	-	-
Accounts receivable	407,912	1,985	409,897	185,078	-	-
Due from other governmental units	1,041,052	-	1,041,052	1,127,619	-	-
Leases receivable	107,399	-	107,399	-	-	-
Prepaid expenses	231	-	231	67,578	-	-
Restricted assets:						
Cash and cash equivalents- unspent bond proceeds	35,599,579	-	35,599,579	-	-	-
Capital assets (net of accumulated depreciation/amortization):						
Land and land improvements	2,754,114	-	2,754,114	6,271	-	-
Buildings and improvements	16,141,729	865,454	17,007,183	11,409,554	-	-
Machinery and equipment	1,235,252	-	1,235,252	1,175,528	-	-
Infrastructure	1,530,391	-	1,530,391	-	-	-
Lease building	-	-	-	31,188	-	-
Lease improvements	672,068	-	672,068	-	-	-
Lease equipment	39,492	-	39,492	1,932	-	-
Construction in progress	42,875,591	-	42,875,591	2,876,773	-	-
Total assets	\$ 115,717,129	\$ 893,225	\$ 116,610,354	\$ 17,963,479	\$ 66,646	\$ 87,033
DEFERRED OUTFLOWS OF RESOURCES						
Pension related items	\$ 1,246,270	\$ -	\$ 1,246,270	\$ 2,536,953	\$ -	\$ -
OPEB related items	89,689	-	89,689	235,521	-	-
Total deferred outflows of resources	\$ 1,335,959	\$ -	\$ 1,335,959	\$ 2,772,474	\$ -	\$ -
Total Assets and Deferred Outflows of Resources	\$ 117,053,088	\$ 893,225	\$ 117,946,313	\$ 20,735,953	\$ 66,646	\$ 87,033
LIABILITIES						
Accounts payable	\$ 2,313,730	\$ 7,192	\$ 2,320,922	\$ 444,337	\$ -	\$ -
Accrued liabilities	-	-	-	777,469	-	-
Retainage payable	1,451,092	-	1,451,092	177,733	-	-
Accrued interest payable	1,126,162	-	1,126,162	-	-	-
Due to other governmental units	465,673	-	465,673	-	-	-
Unearned revenue	1,746	-	1,746	-	-	-
Long-term liabilities:						
Due within one year	1,070,956	3,766	1,074,722	217,207	-	-
Due in more than one year	84,393,539	142,974	84,536,513	9,353,021	-	-
Total liabilities	\$ 90,822,898	\$ 153,932	\$ 90,976,830	\$ 10,969,767	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - property taxes	\$ 70,673	\$ -	\$ 70,673	\$ -	\$ -	\$ -
Lease related items	106,777	-	106,777	-	-	-
Pension related items	827,313	-	827,313	1,864,032	-	-
OPEB related items	48,376	-	48,376	362,638	-	-
Total deferred inflows of resources	\$ 1,053,139	\$ -	\$ 1,053,139	\$ 2,226,670	\$ -	\$ -
NET POSITION						
Net investment in capital assets	\$ 16,741,529	\$ 718,714	\$ 17,460,243	\$ 15,289,571	\$ -	\$ -
Restricted:						
Forfeited assets	11,168	-	11,168	-	-	-
Wetlands special project	10,409	-	10,409	-	-	-
Unrestricted (deficit)	8,413,945	20,579	8,434,524	(7,750,055)	66,646	87,033
Total net position (deficit)	\$ 25,177,051	\$ 739,293	\$ 25,916,344	\$ 7,539,516	\$ 66,646	\$ 87,033
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 117,053,088	\$ 893,225	\$ 117,946,313	\$ 20,735,953	\$ 66,646	\$ 87,033

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

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

	Program Revenues			
<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,388,062	\$ 71,393	\$ 427,615	\$ -
Judicial administration	1,180,090	33,551	641,220	-
Public safety	9,719,851	890,954	2,955,973	-
Public works	7,206,868	11,262	-	-
Health and welfare	2,889,305	-	1,747,163	-
Education	13,481,524	-	7,500,000	-
Parks, recreation, and cultural	246,948	-	-	-
Community development	666,113	-	-	-
Interest on long-term debt	3,426,952	-	-	-
Total governmental activities	<u>\$ 41,205,713</u>	<u>\$ 1,007,160</u>	<u>\$ 13,271,971</u>	<u>\$ -</u>
Business-type activities:				
Sewer	\$ 87,298	\$ 16,811	\$ -	\$ -
Total business-type activities	<u>\$ 87,298</u>	<u>\$ 16,811</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u><u>\$ 41,293,011</u></u>	<u><u>\$ 1,023,971</u></u>	<u><u>\$ 13,271,971</u></u>	<u><u>\$ -</u></u>
COMPONENT UNITS:				
School Board	\$ 20,041,494	\$ 4,685	\$ 7,144,883	\$ -
Broadband Authority	60	-	-	-
IDA	21,312	12,473	-	-
Total component units	<u><u>\$ 20,062,866</u></u>	<u><u>\$ 17,158</u></u>	<u><u>\$ 7,144,883</u></u>	<u><u>\$ -</u></u>
General revenues:				
General property taxes				
Other local taxes:				
Local sales and use taxes				
Motor vehicle licenses				
Other local taxes				
Unrestricted revenues from use of money				
Miscellaneous				
Payments from Lancaster County				
Grants and contributions not restricted to specific programs				
Contribution to sewer fund				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position (deficit) - beginning, as previously reported				
Restatement				
Net position (deficit) - beginning, restated				
Net position (deficit) - ending				

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

Net (Expense) Revenue and Changes in Net Position							
Primary Government				Component Units			
Governmental Activities	Business-type Activities	Total	School Board	Broadband Authority	IDA		
\$ (1,889,054)	\$ -	\$ (1,889,054)	\$ -	\$ -	\$ -		
(505,319)	-	(505,319)	-	-	-		
(5,872,924)	-	(5,872,924)	-	-	-		
(7,195,606)	-	(7,195,606)	-	-	-		
(1,142,142)	-	(1,142,142)	-	-	-		
(5,981,524)	-	(5,981,524)	-	-	-		
(246,948)	-	(246,948)	-	-	-		
(666,113)	-	(666,113)	-	-	-		
(3,426,952)	-	(3,426,952)	-	-	-		
\$ (26,926,582)	\$ -	\$ (26,926,582)	\$ -	\$ -	\$ -		
\$ -	\$ (70,487)	\$ (70,487)	\$ -	\$ -	\$ -		
\$ -	\$ (70,487)	\$ (70,487)	\$ -	\$ -	\$ -		
\$ (26,926,582)	\$ (70,487)	\$ (26,997,069)	\$ -	\$ -	\$ -		
\$ -	\$ -	\$ -	\$ (12,891,926)	\$ -	\$ -		
-	-	-	-	(60)	-		
-	-	-	-	-	(8,839)		
\$ -	\$ -	\$ -	\$ (12,891,926)	\$ (60)	\$ (8,839)		
\$ 24,623,816	\$ -	\$ 24,623,816	\$ -	\$ -	\$ -		
2,642,185	-	2,642,185	-	-	-		
211,254	-	211,254	-	-	-		
477,539	-	477,539	-	-	-		
3,065,108	36	3,065,144	1,619	-	1,144		
247,468	-	247,468	500,259	-	-		
-	-	-	18,693,237	-	-		
1,180,249	-	1,180,249	-	-	-		
-	5,760	5,760	-	-	-		
(5,760)	-	(5,760)	-	-	-		
\$ 32,441,859	\$ 5,796	\$ 32,447,655	\$ 19,195,115	\$ -	\$ 1,144		
\$ 5,515,277	\$ (64,691)	\$ 5,450,586	\$ 6,303,189	\$ (60)	\$ (7,695)		
20,152,840	803,984	20,956,824	2,194,007	66,706	94,728		
(491,066)	-	(491,066)	(957,680)	-	-		
\$ 19,661,774	\$ 803,984	\$ 20,465,758	\$ 1,236,327	\$ 66,706	\$ 94,728		
\$ 25,177,051	\$ 739,293	\$ 25,916,344	\$ 7,539,516	\$ 66,646	\$ 87,033		

FUND FINANCIAL STATEMENTS

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

	<u>General</u>	<u>County Special Revenue</u>	<u>County Capital Projects</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 11,688,692	\$ 21,942	\$ 518,742	\$ 12,229,376
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,082,943	-	-	1,082,943
Accounts receivable	407,912	-	-	407,912
Leases receivable	107,399	-	-	107,399
Due from other governmental units	1,041,052	-	-	1,041,052
Prepaid items	231	-	-	231
Restricted assets:				
Cash and cash equivalents	-	-	35,599,579	35,599,579
Total assets	<u>\$ 14,328,229</u>	<u>\$ 21,942</u>	<u>\$ 36,118,321</u>	<u>\$ 50,468,492</u>
LIABILITIES				
Accounts payable	\$ 2,313,730	\$ -	\$ -	\$ 2,313,730
Retainage payable	1,451,092	-	-	1,451,092
Due to other governmental units	465,673	-	-	465,673
Unearned revenue	-	1,746	-	1,746
Total liabilities	<u>\$ 4,230,495</u>	<u>\$ 1,746</u>	<u>\$ -</u>	<u>\$ 4,232,241</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 1,109,584	\$ -	\$ -	\$ 1,109,584
Unavailable revenue - opioid settlement	266,978	-	-	266,978
Lease related items	106,777	-	-	106,777
Total deferred inflows of resources	<u>\$ 1,483,339</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,483,339</u>
FUND BALANCES				
Nonspendable	\$ 231	\$ -	\$ -	\$ 231
Restricted	-	18,344	35,599,579	35,617,923
Committed	-	1,852	518,742	520,594
Unassigned	8,614,164	-	-	8,614,164
Total fund balances	<u>\$ 8,614,395</u>	<u>\$ 20,196</u>	<u>\$ 36,118,321</u>	<u>\$ 44,752,912</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,328,229</u>	<u>\$ 21,942</u>	<u>\$ 36,118,321</u>	<u>\$ 50,468,492</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 44,752,912

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

Capital assets, cost	\$ 83,973,109	
Accumulated depreciation/amortization	(18,724,472)	65,248,637

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

Unavailable revenue - property taxes	\$ 1,038,911	
Unavailable revenue - opioid settlement	266,978	1,305,889

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

Pension related items	\$ 1,246,270	
OPEB related items	89,689	1,335,959

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

Revenue bonds	\$ (5,604,000)	
General obligations bond	(71,420,000)	
Accrued interest payable	(1,126,162)	
Equipment purchase agreements	(128,863)	
Lease liabilities	(628,357)	
Bond premium	(5,393,117)	
Net pension liability	(1,056,856)	
Net OPEB liability	(288,801)	
Compensated absences	(944,501)	(86,590,657)

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

Pension related items	\$ (827,313)	
OPEB related items	(48,376)	(875,689)

Net position of governmental activities		\$ 25,177,051
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The notes to the financial statements are an integral part of this statement.

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

	<u>General</u>	<u>County Special Revenue</u>	<u>County Capital Projects</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 24,402,433	\$ -	\$ -	\$ 24,402,433
Other local taxes	3,330,978	-	-	3,330,978
Permits, privilege fees, and regulatory licenses	320,860	-	-	320,860
Fines and forfeitures	58,022	-	-	58,022
Revenue from the use of money and property	719,570	26	2,416,905	3,136,501
Charges for services	556,885	-	-	556,885
Miscellaneous	244,559	-	-	244,559
Recovered costs	26,483	-	-	26,483
Intergovernmental:				
Commonwealth	12,647,349	-	-	12,647,349
Federal	1,804,871	-	-	1,804,871
Total revenues	<u>\$ 44,112,010</u>	<u>\$ 26</u>	<u>\$ 2,416,905</u>	<u>\$ 46,528,941</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,013,018	\$ -	\$ -	\$ 2,013,018
Judicial administration	1,099,514	-	-	1,099,514
Public safety	9,580,198	-	-	9,580,198
Public works	1,992,328	-	-	1,992,328
Health and welfare	2,949,864	-	-	2,949,864
Education	12,428,977	-	-	12,428,977
Parks, recreation, and cultural	204,498	-	-	204,498
Community development	678,989	-	-	678,989
Capital projects	35,204,870	-	-	35,204,870
Debt service:				
Principal retirement	1,731,838	-	-	1,731,838
Interest and other fiscal charges	3,598,396	-	-	3,598,396
Total expenditures	<u>\$ 71,482,490</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,482,490</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (27,370,480)</u>	<u>\$ 26</u>	<u>\$ 2,416,905</u>	<u>\$ (24,953,549)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 27,816,025	\$ -	\$ -	\$ 27,816,025
Transfers out	(5,760)	(3,259)	(27,812,766)	(27,821,785)
Issuance of leases	627,971	-	-	627,971
Total other financing sources (uses)	<u>\$ 28,438,236</u>	<u>\$ (3,259)</u>	<u>\$ (27,812,766)</u>	<u>\$ 622,211</u>
Net change in fund balances	\$ 1,067,756	\$ (3,233)	\$ (25,395,861)	\$ (24,331,338)
Fund balances - beginning	7,546,639	23,429	61,514,182	69,084,250
Fund balances - ending	<u>\$ 8,614,395</u>	<u>\$ 20,196</u>	<u>\$ 36,118,321</u>	<u>\$ 44,752,912</u>

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

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

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

Net change in fund balances - total governmental funds		\$ (24,331,338)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense and transfers in the current period. The following is a summary of items supporting this adjustment:

Capital asset additions	\$ 34,949,049	
Depreciation/amortization expense	(815,238)	34,133,811

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

Property taxes	\$ 221,383	
Opioid settlement	<u>2,909</u>	224,292

Transfer of joint tenancy assets to Component Unit from Primary Government	<u>\$ (6,272,254)</u>	(6,272,254)
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The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The following is a summary of items supporting this adjustment:

Principal retirement of county lease revenue bonds	\$ 1,126,000	
Principal retirement of school general obligation bond	445,000	
Principal retirement of equipment purchase agreements	55,656	
Principal retirement of leases	105,182	
Issuance of leases	<u>(627,971)</u>	1,103,867

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

The following is a summary of items supporting this adjustment:

Amortization of bond premium	\$ 148,960	
Change in compensated absences	(110,027)	
Pension expense	568,696	
OPEB expense	26,786	
Change in accrued interest payable	<u>22,484</u>	656,899

Change in net position of governmental activities		<u><u>\$ 5,515,277</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Lancaster, Virginia
Statement of Net Position
Proprietary Fund
June 30, 2025

	Enterprise Fund
	<u>Sewer</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 25,786
Accounts receivables, net of allowance for uncollectibles	1,985
Total current assets	<u>\$ 27,771</u>
Noncurrent assets:	
Capital assets:	
Buildings and improvements	\$ 865,454
Total assets	<u>\$ 893,225</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 7,192
Bonds payable - current portion	3,766
Total current liabilities	<u>\$ 10,958</u>
Noncurrent liabilities:	
Bonds payable	\$ 142,974
Total noncurrent liabilities	<u>\$ 142,974</u>
Total liabilities	<u>\$ 153,932</u>
NET POSITION	
Net investment in capital assets	\$ 718,714
Unrestricted	20,579
Total net position	<u>\$ 739,293</u>

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

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

	<u>Enterprise Fund</u>
	<u>Sewer</u>
OPERATING REVENUES	
Charges for services:	
Sewer fees	\$ 16,811
Total operating revenues	<u>\$ 16,811</u>
OPERATING EXPENSES	
Repairs and maintenance	\$ 32,405
Depreciation	52,848
Total operating expenses	<u>\$ 85,253</u>
Operating income (loss)	<u>\$ (68,442)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest expense	\$ (2,045)
Interest income	36
Total nonoperating revenues (expenses)	<u>\$ (2,009)</u>
Income before contributions and transfers	<u>\$ (70,451)</u>
Transfers in	<u>\$ 5,760</u>
Change in net position	\$ (64,691)
Net position - beginning	803,984
Net position - ending	<u><u>\$ 739,293</u></u>

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

County of Lancaster, Virginia
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2025

	<u>Enterprise Fund</u>
	<u>Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 16,201
Payments for operating expenses	(26,064)
Net cash provided by (used for) operating activities	<u>\$ (9,863)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	<u>\$ 5,760</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on bonds	\$ (3,714)
Interest payments	(2,045)
Net cash provided by (used for) capital and related financing activities	<u>\$ (5,759)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>\$ 36</u>
Net increase (decrease) in cash and cash equivalents	\$ (9,826)
Cash and cash equivalents - beginning	35,612
Cash and cash equivalents - ending	<u><u>\$ 25,786</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (68,442)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	52,848
(Increase) decrease in accounts receivable	(610)
Increase (decrease) in accounts payable	6,341
Total adjustments	<u>\$ 58,579</u>
Net cash provided by (used for) operating activities	<u><u>\$ (9,863)</u></u>

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

County of Lancaster, Virginia
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2025

	Custodial <u>Fund</u>
	Special <u>Welfare</u>
ASSETS	
Cash and cash equivalents	\$ 34,720
Total assets	<u>\$ 34,720</u>
NET POSITION	
Restricted for Individuals for Special Welfare	\$ 34,720
Total net position	<u>\$ 34,720</u>

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

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

**Custodial
Fund**

**Special
Welfare**

ADDITIONS

Participant fees	\$ 1,056
Total additions	<u>\$ 1,056</u>

DEDUCTIONS

Recipient payments	\$ 1,214
Total deductions	<u>\$ 1,214</u>

Net increase (decrease) in fiduciary net position	\$ (158)
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Net position - beginning	34,878
Net position - ending	<u><u>\$ 34,720</u></u>

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

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COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2025

Note 1—Summary of Significant Accounting Policies:

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

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

Government-wide and Fund Financial Statements

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

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

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

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

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2025

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

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

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units on June 30, 2025.

Discretely Presented Component Units. The School Board members are elected by the citizens of Lancaster County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County can approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2025.

The Industrial Development Authority is responsible for industrial and commercial development in the County. The Authority consists of seven members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2025. The Industrial Development Authority does not issue a separate financial report.

The Broadband Authority is responsible for internet access development in the County. The Authority consists of five members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2025. The Broadband Authority does not issue a separate financial report.

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2025

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

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

None

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

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

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

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

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

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2025

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

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

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

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

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

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

1. Governmental Funds

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

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

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

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

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

1. Governmental Funds (Continued)

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

2. Proprietary Funds

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

Enterprise Funds

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

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

4. Component Unit

Governmental Funds:

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

Special Revenue Funds:

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2025

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

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

4. Component Unit (Continued)

Special Revenue Funds: (Continued)

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

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

E. Cash and Cash Equivalents

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

F. Investments

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

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

G. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$100,128 on June 30, 2025 is comprised solely of property taxes.

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2025

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

G. Receivables and Payables (Continued)

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

H. Capital Assets

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

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

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

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2025

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

I. Leases

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

Lessee

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

Lessor

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

Key Estimates and Judgments

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

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

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2025

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

J. Compensated Absences

The liability for compensated absences represents amounts owed to employees for earned but unused vacation and other leave benefits. In accordance with GASB Statement No. 101, *Compensated Absences*, this liability is recognized when the leave is attributable to services already rendered, the leave accumulates, and it is probable that the leave will be used or paid. The liability is measured using the pay rates in effect as of the reporting date, including salary-related payments that are directly and incrementally associated with payments for compensated absences. The portion of the liability expected to be paid within one year is reported as a current liability in the financial statements.

K. Pensions

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

L. Other Postemployment Benefits (OPEB)

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

M. Use of Estimates

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

N. Net Position

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2025

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

N. Net Position (Continued)

- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

O. Deferred Outflows/Inflows of Resources

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

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

P. Fund Balance

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

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund).
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

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

P. Fund Balance (Continued)

- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of a resolution committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the resolution remains in place until the resources have been spent for the specified purpose or the Board adopts another resolution to remove or revise the limitation.
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

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

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COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

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

P. Fund Balance (Continued)

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

	General Fund	Major Special Revenue Fund County Special Revenue Fund	Major Capital Projects Fund County Capital Projects Fund	Total
Fund Balances:				
Nonspendable:				
Prepaid items	\$ 231	\$ -	\$ -	\$ 231
Total Nonspendable	<u>\$ 231</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231</u>
Restricted:				
Forfeited assets	\$ -	\$ 7,922	\$ -	\$ 7,922
Capital improvements	-	-	35,599,579	35,599,579
Wetlands special project	-	10,422	-	10,422
Total Restricted	<u>\$ -</u>	<u>\$ 18,344</u>	<u>\$ 35,599,579</u>	<u>\$ 35,617,923</u>
Committed:				
Sheriff's K-9 Unit	\$ -	\$ 1,852	\$ -	\$ 1,852
Capital Improvements	-	-	518,742	518,742
Total Committed	<u>\$ -</u>	<u>\$ 1,852</u>	<u>\$ 518,742</u>	<u>\$ 520,594</u>
Unassigned	<u>\$ 8,614,164</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,614,164</u>
Total	<u>\$ 8,614,395</u>	<u>\$ 20,196</u>	<u>\$ 36,118,321</u>	<u>\$ 44,752,912</u>

Q. Long-term Obligations

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

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2025

Note 2—Stewardship, Compliance, and Accounting:

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

1. On or before March 30th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each fund can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Special Revenue Fund, and County Capital Projects Fund of the primary government and the School Operating Fund, School Cafeteria Fund, and School Textbook Fund of the School Board.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units.
8. All budgetary data presented in the accompanying financial statements is the original budget at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.
9. Expenditures and Appropriations
Expenditures exceeded appropriations in the County Special Revenue and School Cafeteria funds at June 30, 2025.

Note 3—Deposits and Investments:

Deposits

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2025

Note 3—Deposits and Investments: (Continued)

Investments

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

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2025 were rated by Standard & Poor’s and the ratings are presented below using Standard & Poor’s rating scale.

County's Rated Debt Investments' Values		
Rated Debt Investments	Fair Quality Rating	
	AAAm	AA+f
Local Government Investment Pool	\$ 8,315	\$ -
VACo/VML Virginia Investment Pool	10,112,520	265,642
State Non-Arbitrage Program	35,599,579	-
Total	\$ 45,720,414	\$ 265,642

External Investment Pools

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

Fair Value Measurements

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

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COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

Note 3—Deposits and Investments: (Continued)

Interest Rate Risk

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

Investment Maturities (in years)			
Investment Type	Fair Value	Less Than 1 Year	1-5 Years
Local Government Investment Pool	\$ 8,315	\$ 8,315	\$ -
VACo/VML Virginia Investment Pool	10,112,520	9,846,878	265,642
State Non-Arbitrage Program	35,599,579	35,599,579	-
Total	<u>\$45,720,414</u>	<u>\$45,454,772</u>	<u>\$ 265,642</u>

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COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

Note 4—Due to/from Other Governments:

On June 30, 2025, the County has receivables from other governments as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
County of Lancaster	\$ -	\$ 465,673
Commonwealth of Virginia:		
Local sales tax	479,947	278,948
Welfare	5,069	-
Rolling stock tax	6	-
Local jails	14,710	-
Constitutional officer reimbursements	217,304	-
Additional tax on deeds	8,133	-
Moped/ATV tax	420	-
Children's services act	106,287	-
E-911 wireless	83,923	-
Communications tax	34,297	-
Forest land management	21,558	-
VHDA fees	2,432	-
Federal Government:		
School fund grants	-	382,998
Violence against women	7,980	-
Welfare	58,986	-
Total due from other governments	<u>\$ 1,041,052</u>	<u>\$ 1,127,619</u>

At June 30, 2025, amounts due to other governmental units are as follows:

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

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COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2025:

Primary Government:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
<i>Governmental Activities:</i>				
Capital assets not subject to depreciation/amortization:				
Land and land improvements	\$ 2,754,114	\$ -	\$ -	\$ 2,754,114
Construction in progress	26,921,667	33,834,284	17,880,360	42,875,591
Total capital assets not subject to depreciation/amortization	\$ 29,675,781	\$33,834,284	\$17,880,360	\$ 45,629,705
Capital assets subject to depreciation/amortization:				
Buildings and improvements	\$ 8,067,541	\$ -	\$ -	\$ 8,067,541
Infrastructure	2,752,785	-	-	2,752,785
Machinery and equipment	5,573,715	506,577	26,597	6,053,695
Lease improvements	146,226	717,215	-	863,441
Lease equipment	81,715	-	-	81,715
Jointly owned assets	1,616,639	18,907,588	-	20,524,227
Total capital assets subject to depreciation/amortization	\$ 18,238,621	\$20,131,380	\$ 26,597	\$ 38,343,404
Accumulated depreciation/amortization:				
Buildings and improvements	\$ 3,563,746	\$ 177,065	\$ -	\$ 3,740,811
Infrastructure	1,070,117	152,277	-	1,222,394
Machinery and equipment	4,542,462	302,578	26,597	4,818,443
Lease improvements	98,704	92,669	-	191,373
Lease equipment	25,653	16,570	-	42,223
Jointly owned assets	1,226,640	74,079	(7,408,509)	8,709,228
Total accumulated depreciation/amortization	\$ 10,527,322	\$ 815,238	\$ (7,381,912)	\$ 18,724,472
Total capital assets subject to depreciation/amortization, net	\$ 7,711,299	\$19,316,142	\$ 7,408,509	\$ 19,618,932
Governmental activities capital assets, net	\$ 37,387,080	\$53,150,426	\$25,288,869	\$ 65,248,637

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

Note 5—Capital Assets: (Continued)

Primary Government: (Continued)

A summary of proprietary fund capital assets on June 30, 2025 follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
<i>Business-type activities:</i>				
Capital assets subject to depreciation:				
Buildings and improvements	\$ 1,321,205	\$ -	\$ -	\$ 1,321,205
Accumulated depreciation:				
Buildings and improvements	\$ 402,903	\$ 52,848	\$ -	\$ 455,751
Total capital assets subject to depreciation, net	\$ 918,302	\$ (52,848)	\$ -	\$ 865,454
Business-type activities capital assets, net	\$ 918,302	\$ (52,848)	\$ -	\$ 865,454

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COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

Note 5—Capital Assets: (Continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2025:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
<i>Component Unit-School Board:</i>				
Capital assets not subject to depreciation/amortization:				
Land and land improvements	\$ 6,271	\$ -	\$ -	\$ 6,271
Construction in progress	2,392,483	484,290	-	2,876,773
Total capital assets not subject to depreciation/amortization	\$ 2,398,754	\$ 484,290	\$ -	\$ 2,883,044
Capital assets subject to depreciation/amortization:				
Buildings and improvements	\$ 1,765,170	\$ 40,485	\$ -	\$ 1,805,655
Machinery and equipment	5,692,246	203,992	-	5,896,238
Lease building	86,369	-	-	86,369
Lease equipment	18,923	-	-	18,923
Jointly owned assets	18,215,609	-	1,136,255	17,079,354
Total capital assets subject to depreciation/amortization	\$25,778,317	\$ 244,477	\$ 1,136,255	\$ 24,886,539
Accumulated depreciation/amortization:				
Buildings and improvements	\$ 142,582	\$ 85,440	\$ -	\$ 228,022
Machinery and equipment	4,452,326	268,384	-	4,720,710
Lease building	26,391	28,790	-	55,181
Lease equipment	12,358	4,633	-	16,991
Jointly owned assets	13,821,254	834,688	7,408,509	7,247,433
Total accumulated depreciation/amortization	\$18,454,911	\$1,221,935	\$ 7,408,509	\$ 12,268,337
Total capital assets subject to depreciation/amortization, net	\$ 7,323,406	\$ (977,458)	\$ (6,272,254)	\$ 12,618,202
Component unit school board capital assets, net	\$ 9,722,160	\$ (493,168)	\$ (6,272,254)	\$ 15,501,246

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COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

Note 5—Capital Assets: (Continued)

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

Primary Government:		
Governmental activities:		
General government administration	\$	155,159
Judicial administration		138,665
Public safety		361,657
Public works		26,309
Health and welfare		16,919
Education		74,079
Parks, recreation and cultural		42,450
		<u>815,238</u>
Total Governmental activities	\$	815,238
Business-type Activities	\$	52,848
Component Unit School Board	\$	1,221,935

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

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

Fund	Transfers In	Transfers Out
Primary Government:		
General fund	\$ 27,816,025	\$ 5,760
County special revenue	-	3,259
County capital projects fund	-	27,812,766
Sewer	5,760	-
	<u>27,821,785</u>	<u>27,821,785</u>
Total	\$ 27,821,785	\$ 27,821,785

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

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

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2025

Note 7—Long-Term Obligations:

Primary Government:

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

	Balance at July 1, 2024	Restatement	Restated Balance at July 1, 2024	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2025	Amounts Due Within One Year
Governmental Activities Obligations:							
Incurred by County:							
Compensated absences	\$ 343,408	\$ 491,066	\$ 834,474	\$ 193,474	\$ 83,447	\$ 944,501	\$ 94,450
Net pension liability	2,168,996	-	2,168,996	2,930,321	4,042,461	1,056,856	-
Net OPEB liability	311,821	-	311,821	110,367	133,387	288,801	-
Lease liabilities	105,568	-	105,568	627,971	105,182	628,357	86,502
Direct borrowings and placements:							
Lease revenue bonds	6,730,000	-	6,730,000	-	1,126,000	5,604,000	368,000
Bond premium	269,793	-	269,793	-	121,972	147,821	-
Equipment purchase agreements	184,519	-	184,519	-	55,656	128,863	52,004
Total incurred by County	<u>\$10,114,105</u>	<u>\$ 491,066</u>	<u>\$10,605,171</u>	<u>\$ 3,862,133</u>	<u>\$ 5,668,105</u>	<u>\$ 8,799,199</u>	<u>\$ 600,956</u>
Incurred by School Board:							
Direct borrowings and placements:							
General obligation bonds	\$71,865,000	\$ -	\$71,865,000	\$ -	\$ 445,000	\$71,420,000	\$ 470,000
Bond premium	5,272,284	-	5,272,284	-	26,988	5,245,296	-
Total incurred by School Board	<u>\$77,137,284</u>	<u>\$ -</u>	<u>\$77,137,284</u>	<u>\$ -</u>	<u>\$ 471,988</u>	<u>\$76,665,296</u>	<u>\$ 470,000</u>
Total Governmental Activities Obligations	<u>\$87,251,389</u>	<u>\$ 491,066</u>	<u>\$87,742,455</u>	<u>\$ 3,862,133</u>	<u>\$ 6,140,093</u>	<u>\$85,464,495</u>	<u>\$ 1,070,956</u>
Business-type Activities Obligations:							
Direct borrowings and placements:							
Revenue bond	\$ 150,454	\$ -	\$ 150,454	\$ -	\$ 3,714	\$ 146,740	\$ 3,766
Total Business-type Activities Obligations	<u>\$ 150,454</u>	<u>\$ -</u>	<u>\$ 150,454</u>	<u>\$ -</u>	<u>\$ 3,714</u>	<u>\$ 146,740</u>	<u>\$ 3,766</u>
Total Primary Government Obligations	<u>\$87,401,843</u>	<u>\$ 491,066</u>	<u>\$87,892,909</u>	<u>\$ 3,862,133</u>	<u>\$ 6,143,807</u>	<u>\$85,611,235</u>	<u>\$ 1,074,722</u>

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COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	County Obligations				
	Direct Borrowings and Direct Placements				
	Lease				
	Revenue Bond		Equipment Purchase Agreements		
	Principal	Interest	Principal	Interest	
2026	\$ 368,000	\$ 222,114	\$ 52,004	\$ 10,803	
2027	386,000	205,357	40,391	6,644	
2028	403,000	187,778	26,438	3,145	
2029	426,000	169,288	10,030	760	
2030	220,000	155,613	-	-	
2031	229,000	147,099	-	-	
2032	238,000	138,236	-	-	
2033	247,000	129,026	-	-	
2034	257,000	119,467	-	-	
2035	268,000	109,521	-	-	
2036	278,000	99,149	-	-	
2037	289,000	88,391	-	-	
2038	301,000	77,207	-	-	
2039	313,000	65,558	-	-	
2040	325,000	53,445	-	-	
2041	338,000	40,867	-	-	
2042	352,000	27,787	-	-	
2043	366,000	14,163	-	-	
Total	<u>\$ 5,604,000</u>	<u>\$ 2,050,066</u>	<u>\$ 128,863</u>	<u>\$ 21,352</u>	

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COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	School Obligations	
	Direct Borrowings and Placements	
	General Obligation	
	Bonds	
	Principal	Interest
2026	\$ 470,000	\$ 3,293,693
2027	1,370,000	3,246,845
2028	1,440,000	3,175,893
2029	1,515,000	3,101,279
2030	1,595,000	3,022,751
2031	1,680,000	2,940,058
2032	1,760,000	2,853,197
2033	1,855,000	2,763,844
2034	1,945,000	2,671,819
2035	2,040,000	2,575,273
2036	2,140,000	2,478,252
2037	2,235,000	2,380,759
2038	2,335,000	2,278,566
2039	2,435,000	2,181,524
2040	2,525,000	2,089,702
2041	2,625,000	1,990,953
2042	2,735,000	1,884,750
2043	2,850,000	1,764,522
2044	2,990,000	1,629,750
2045	3,125,000	1,488,346
2046	3,275,000	1,340,059
2047	3,430,000	1,184,445
2048	3,595,000	1,021,126
2049	3,770,000	849,597
2050	3,950,000	669,480
2051	4,135,000	480,521
2052	3,705,000	290,249
2053	3,895,000	98,349
Total	\$ 71,420,000	\$ 55,745,602

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	County Obligations	
	Lease Liabilities	
	Principal	Interest
2026	\$ 86,502	\$ 17,591
2027	149,209	14,462
2028	156,889	10,134
2029	155,871	5,678
2030	79,886	1,150
Total	<u>\$ 628,357</u>	<u>\$ 49,015</u>

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COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	Direct Borrowings and Direct Placements Buisness-type Activities	
	Revenue Bond	
	Principal	Interest
2026	\$ 3,766	\$ 1,994
2027	3,818	1,942
2028	3,871	1,889
2029	3,925	1,835
2030	3,979	1,781
2031	4,034	1,726
2032	4,090	1,670
2033	4,146	1,614
2034	4,204	1,556
2035	4,262	1,498
2036	4,321	1,439
2037	4,381	1,379
2038	4,441	1,319
2039	4,503	1,257
2040	4,565	1,195
2041	4,628	1,132
2042	4,692	1,068
2043	4,757	1,003
2044	4,823	937
2045	4,890	870
2046	4,957	803
2047	5,026	734
2048	5,095	665
2049	5,166	594
2050	5,237	523
2051	5,310	450
2052	5,383	377
2053	5,458	302
2054	5,533	227
2055	5,610	150
2056	5,688	72
2057	2,181	7
Total	<u>\$ 146,740</u>	<u>\$ 34,008</u>

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2025

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance	Amount Due Within One Year
Governmental account obligations:						
Compensated absences (payable from the General Fund)					\$ 944,501	\$ 94,450
Net OPEB liability (payable from the General Fund)					\$ 288,801	\$ -
Net pension liability (payable from the General Fund)					\$ 1,056,856	\$ -
Direct borrowings and placements:						
General Obligation Bonds:						
VPSA Bond outstanding \$200,000 plus unamortized premium of \$13,253	0.586%- 5.438%	11/14/10	04/01/26	\$ 2,280,000	\$ 213,253	\$ 200,000
Lease Revenue Refunding Bond outstanding \$785,000 plus unamortized premium of \$147,821	5.125%	11/18/20	10/01/28	4,285,000	932,821	180,000
VPSA Bond outstanding \$11,615,000 plus unamortized premium of \$861,114	2.05%-5.05%	11/10/20	07/15/50	12,345,000	12,476,114	270,000
VPSA Bond outstanding \$59,605,000 plus unamortized premium of \$4,370,929	4.05%-5.05%	11/09/22	07/15/52	59,605,000	63,975,929	-
Lease Revenue Bond outstanding \$4,819,000	3.87%	11/02/22	02/01/43	5,125,000	4,819,000	188,000
Total General Obligation Bonds					\$ 82,417,117	\$ 838,000
Other Long-Term Obligations:						
Equipment Purchase Agreements:						
Equipment Purchase Agreement	6.35%	07/16/21	07/16/25	\$ 54,216	\$ 14,830	\$ 14,830
Equipment Purchase Agreement	7.74%	09/07/22	09/07/26	35,228	14,556	7,007
Equipment Purchase Agreement	8.49%	03/24/23	03/24/27	30,534	16,508	7,918
Equipment Purchase Agreement	9.81%	01/31/24	01/31/28	78,616	46,896	14,194
Equipment Purchase Agreement	7.58%	04/15/24	04/15/29	54,350	36,073	8,055
Total General Equipment Purchase Agreements					\$ 128,863	\$ 52,004
Lease Liabilities:						
Equipment lease - postage equipment	1.45%	11/01/21	02/01/27	\$ 8,973	\$ 2,876	\$ 1,717
Equipment lease - copier	1.34%	07/01/21	03/01/26	5,474	887	887
Equipment lease - copier	1.17%	07/01/21	12/01/25	7,744	880	880
Equipment lease - copier	2.88%	07/09/23	07/08/28	38,754	25,309	8,195
Equipment lease - copier	2.43%	02/20/24	02/19/29	14,827	10,786	2,916
Improvement lease - tower site	1.17%	07/01/21	11/01/25	129,202	12,464	12,464
Improvement lease - tower site	1.34%	07/01/21	02/01/26	17,024	1,940	1,940
Improvement lease - Harper Creek Drive	2.89%	02/01/25	01/31/30	627,971	573,215	57,503
Total Lease Liabilities					\$ 628,357	\$ 86,502
Total long-term obligations incurred by the County					\$ 8,799,199	\$ 600,956
Total long-term obligations incurred by School Board, payable from the General Fund					\$ 76,665,296	\$ 470,000
Total long-term obligations - governmental activities					\$ 85,464,495	\$ 1,070,956
Business-type account obligations:						
Direct borrowings and placements:						
Revenue Bonds:						
Series 2016 Sewer Revenue Bonds	1.38%	12/14/16	12/12/56	\$ 170,000	\$ 146,740	\$ 3,766
Total Revenue Bonds					\$ 146,740	\$ 3,766
Total Direct Borrowings and Placements					\$ 146,740	\$ 3,766
Total long-term obligations - business-type activities					\$ 146,740	\$ 3,766

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2025

Note 7—Long-Term Obligations: (Continued)

Component Unit - School Board:

	Balance at July 1, 2024	Restatement	Restated Balance at July 1, 2024	Increases	Decreases	Balance at June 30, 2025	Amounts Due Within One Year
Component Unit-School Board:							
Compensated absences	\$ 523,005	\$ 957,680	\$ 1,480,685	\$ 524,987	\$ 148,069	\$ 1,857,603	\$ 185,760
Net OPEB liabilities	1,301,965	-	1,301,965	465,047	562,328	1,204,684	-
Net pension liability	7,086,201	-	7,086,201	3,735,813	4,348,015	6,473,999	-
Lease liability	67,285	-	67,285	-	33,343	33,942	31,447
Total Component Unit-School Board	<u>\$ 8,978,456</u>	<u>\$ 957,680</u>	<u>\$ 9,936,136</u>	<u>\$ 4,725,847</u>	<u>\$ 5,091,755</u>	<u>\$ 9,570,228</u>	<u>\$ 217,207</u>

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

Year Ending June 30	Component Unit School Board	
	Lease Liabilities	
	Principal	Interest
2026	\$ 31,447	\$ 534
2027	2,495	6
Total	<u>\$ 33,942</u>	<u>\$ 540</u>

Details of Long-term Obligations:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance Business-Type Activities	Amount Due Within One Year
Compensated absences (payable from the School Fund)					\$ 1,857,603	\$ 185,760
Net OPEB liabilities (payable from the School Fund)					\$ 1,204,684	\$ -
Net pension liability (payable from the School Fund)					\$ 6,473,999	\$ -
<u>Other Long-Term Obligations:</u>						
Lease Liability:						
Equipment lease - copier	0.70%	08/01/21	06/01/26	\$ 29,011	\$ 1,975	\$ 1,975
Building lease	2.85%	08/01/23	07/31/26	86,369	31,967	29,472
Total Lease Liability					<u>\$ 33,942</u>	<u>\$ 31,447</u>
Total long-term obligations - component unit School Board					<u>\$ 9,570,228</u>	<u>\$ 217,207</u>

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2025

Note 8—Lease Receivable:

The County leases land to a tenant for a cell tower site under a lease contract. In fiscal year 2025, the County recognized lease and interest revenue in the amount of \$13,938 and \$2,382, respectively. A description of the lease is as follows:

Lease Description	Interest Rate	Monthly Installments	Start Date	End Date	Payment Frequency	Ending Balance	Due in 1 Year
Cell Tower Site	2.00%	\$ 1,336	2021	2032	Monthly	<u>\$ 107,399</u>	<u>\$ 14,220</u>

There are no variable payments for the lease receivable above.

Expected future payments at June 30, 2025 are as follows:

Year Ended June 30	Governmental Activities	
	Principal	Interest
2026	\$ 14,220	\$ 2,100
2027	14,508	1,812
2028	14,801	1,518
2029	15,101	1,219
2030	15,407	913
2031-2033	33,362	907
Total	<u>\$ 107,399</u>	<u>\$ 8,469</u>

Note 9—Unearned and Deferred/Unavailable Revenue:

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

Unavailable Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$1,109,584 on June 30, 2025.

Unavailable Opioid Settlement Revenue - Unavailable revenue representing opioid settlement income not available for funding of current expenditures totaled \$266,978 on June 30, 2025.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2025 but paid in advance by the taxpayers totaled \$70,673 on June 30, 2025.

Unearned Revenue - Other unearned revenue items totaled \$1,746, of which consists entirely of unspent federal asset forfeiture funds.

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2025

Note 10—Contingent Liabilities:

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

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

The County has entered into a contract for Middle School roof and building renovations. The total contract is for \$82,044,519 with \$1,805,124 payable and \$47,927,747 remaining at year-end.

The County has entered into two contracts for upgrades to public access. The total contracts are for \$4,587,821 with \$94,028 payable and \$1,155,129 remaining on the contracts.

The County has entered into a contract for expansion of refuse center. The total contract is for \$495,265 with \$281,958 remaining on the contract.

The School Board has entered into a contract for building improvements. The total contract is for \$3,554,647 with \$243,249 payable and \$0 remaining on the contract.

Note 11—Litigation:

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

Note 12 —Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance.

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

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays VACO contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of losses. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2025

Note 13—Pension Plans:

Plan Description

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

Benefit Structures

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

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2025

Note 13—Pension Plans: (Continued)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board (Nonprofessional)
Inactive members or their beneficiaries currently receiving benefits	77	42
Inactive members:		
Vested inactive members	14	8
Non-vested inactive members	27	19
Inactive members active elsewhere in VRS	54	7
Active members	107	35
Total covered employees	279	111

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2025

Note 13—Pension Plans: (Continued)

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2025 was 13.31% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$981,094 and \$960,752 for the years ended June 30, 2025 and June 30, 2024, respectively.

The Component Unit School Board's contractually employer required contribution rate for Nonprofessional employees for the year ended June 30, 2025 was 7.72% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's Nonprofessional employees were \$70,282 and \$74,438 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$21,285 and \$5,219 for the County and School Board, respectively, for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$17,829 and \$3,784 for the County and School Board, respectively, for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$2,231,350 and \$523,685 the County and School Board, respectively, for the year ended June 30, 2025.

Net Pension Liability

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

Note 13—Pension Plans: (Continued)

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County’s and Component Unit School Board’s (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 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:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

Note 13—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

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

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COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2025

Note 13—Pension Plans: (Continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

Note 13—Pension Plans: (Continued)

Long-Term Expected Rate of Return

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

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

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

Note 13—Pension Plans: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2024, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 112% of the actuarially determined contribution rate. From July 1, 2024 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2023	\$ 29,739,552	\$ 27,570,556	\$ 2,168,996
Changes for the year:			
Service cost	\$ 894,958	\$ -	\$ 894,958
Interest	2,018,239	-	2,018,239
Differences between expected and actual experience	(83,992)	-	(83,992)
Contributions - employer	-	960,752	(960,752)
Contributions - employee	-	314,038	(314,038)
Net investment income	-	2,683,097	(2,683,097)
Benefit payments, including refunds	(1,469,336)	(1,469,336)	-
Administrative expenses	-	(17,124)	17,124
Other changes	-	582	(582)
Net changes	\$ 1,359,869	\$ 2,472,009	\$ (1,112,140)
Balances at June 30, 2024	\$ 31,099,421	\$ 30,042,565	\$ 1,056,856

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

Note 13—Pension Plans: (Continued)

Changes in Net Pension Liability (Asset)

	Component School Board (Nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 4,393,436	\$ 4,271,099	\$ 122,337
Changes for the year:			
Service cost	\$ 82,129	\$ -	\$ 82,129
Interest	293,843	-	293,843
Differences between expected and actual experience	30,305	-	30,305
Contributions - employer	-	73,780	(73,780)
Contributions - employee	-	41,516	(41,516)
Net investment income	-	410,588	(410,588)
Benefit payments, including refunds	(244,671)	(244,671)	-
Administrative expenses	-	(2,813)	2,813
Other changes	-	81	(81)
Net changes	\$ 161,606	\$ 278,481	\$ (116,875)
Balances at June 30, 2024	\$ 4,555,042	\$ 4,549,580	\$ 5,462

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's Net Pension Liability (Asset)	\$ 4,548,768	\$ 1,056,856	\$ (1,880,939)
Component Unit School Board's (Nonprofessional) Net Pension Liability (Asset)	\$ 458,939	\$ 5,462	\$ (376,497)

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

Note 13—Pension Plans: (Continued)

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

For the year ended June 30, 2025, the County and Component Unit School Board (Nonprofessional) recognized pension expense of \$412,398 and 30,549 respectively. On June 30, 2025, the County and Component Unit School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 265,176	\$ 53,779	\$ 13,086	\$ -
Net difference between projected and actual earnings on pension plan investments	-	773,534	-	119,151
Employer contributions subsequent to the measurement date	981,094	-	70,282	-
Total	\$ 1,246,270	\$ 827,313	\$ 83,368	\$ 119,151

\$981,094 and \$70,282 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (Nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2026	\$ (429,285)	\$ (93,323)
2027	186,395	35,358
2028	(153,407)	(22,752)
2029	(165,840)	(25,348)
2030	-	-
Thereafter	-	-

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2025

Note 13—Pension Plans: (Continued)

Pension Plan Data

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

Component Unit School Board (Professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted because of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employer contribution rate for the year ended June 30, 2025 was 14.21% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,212,430 and \$1,162,202 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$48,123 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 \$54,628 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$4,310,995 the year ended June 30, 2025.

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

On June 30, 2025, the school division reported a liability of \$6,468,537 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2024 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2024, the school division's proportion was 0.06891% as compared to 0.06890% on June 30, 2023.

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

Note 13—Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

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

For the year ended June 30, 2025, the school division recognized pension expense of \$74,237. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,122,200	\$ 133,192
Changes of assumptions	117,413	-
Net difference between projected and actual earnings on pension plan investments	-	890,398
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,542	721,291
Employer contributions subsequent to the measurement date	<u>1,212,430</u>	<u>-</u>
Total	<u>\$ 2,453,585</u>	<u>\$ 1,744,881</u>

\$1,212,430 reported as deferred outflows of resources related to pensions resulting from the school division's contributions after the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2026	\$ (779,403)
2027	363,245
2028	(7,918)
2029	(79,650)
2030	-

Note 13—Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

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

Mortality rates:

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

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

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

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

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

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COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

Note 13—Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions (Continued)

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

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

Net Pension Liability

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

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

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

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

Note 13—Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 12,017,273	\$ 6,468,537	\$ 1,924,298

Pension Plan Fiduciary Net Position

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

Aggregate Pension Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 1,246,270	\$ 827,313	\$ 1,056,856	\$ 412,398	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	83,368	119,151	5,462	30,549
School Board Professional	-	-	-	-	2,453,585	1,744,881	6,468,537	74,237
Totals	\$ 1,246,270	\$ 827,313	\$ 1,056,856	\$ 412,398	\$ 2,536,953	\$ 1,864,032	\$ 6,473,999	\$ 104,786

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2025

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

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2025

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

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.18% 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 the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the County were \$34,644 and \$35,889 for the years ended June 30, 2025 and June 30, 2024, respectively.

Contributions to the GLI Plan from the Component Unit School Board Professional group were \$40,161 and \$40,208 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions to the GLI Plan from the Component Unit School Board Nonprofessional group were \$4,279 and \$5,011 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

On June 30, 2025, the County reported a liability of \$288,801 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board Professional and Nonprofessional groups reported liabilities of \$323,617 and \$40,285, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the County's proportion was 0.02588% as compared to 0.02600% on June 30, 2023. At June 30, 2024, the Component Unit School Board Professional and Nonprofessional groups' proportion was 0.02900% and 0.02969%, respectively as compared to 0.00361% and 0.00353%, respectively on June 30, 2023.

For the year ended June 30, 2025, the County recognized GLI OPEB expense of \$7,856. For the year ended June 30, 2025, the Component Unit School Board Professional group recognized GLI OPEB expense of \$(20,824). For the year ended June 30, 2025, the Component Unit School Board Nonprofessional group recognized GLI OPEB expense of \$(1,075). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

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

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

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

	Primary Government		Component School Board (Professional)		Component School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 45,550	\$ 7,054	\$ 51,042	\$ 7,905	\$ 6,354	\$ 984
Net difference between projected and actual earnings on GLI OPEB plan investments	-	24,343	-	27,278	-	3,396
Change in assumptions	1,646	14,312	1,845	16,038	230	1,996
Changes in proportionate share	7,849	2,667	-	66,745	837	5,629
Employer contributions subsequent to the measurement date	34,644	-	40,161	-	4,279	-
Total	\$ 89,689	\$ 48,376	\$ 93,048	\$ 117,966	\$ 11,700	\$ 12,005

\$34,644, \$40,161, and \$4,279, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board Professional and Nonprofessional group's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

	Primary Government	Component Unit School Board (Professional)	Component Unit School Board (Nonprofessional)
Year Ended June 30			
2026	\$ (11,070)	\$ (40,175)	\$ (3,882)
2027	7,915	(12,759)	(1,107)
2028	2,183	(9,863)	(651)
2029	3,370	(6,060)	283
2030	4,271	3,778	771
Thereafter	-	-	-

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

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

Mortality Rates - Teachers

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2025

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers (Continued)

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2025

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

Actuarial Assumptions: (Continued)

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

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

Actuarial Assumptions: (Continued)

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

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

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

NET GLI OPEB Liability

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

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

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

NET GLI OPEB Liability (Continued)

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

Long-Term Expected Rate of Return

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

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

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$	449,122	\$ 288,801	\$ 159,282
Component School Board (Professional)'s proportionate share of the GLI Plan Net OPEB Liability	\$	503,267	\$ 323,617	\$ 178,484
Component School Board (Nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	\$	62,648	\$ 40,285	\$ 22,218

GLI Plan Fiduciary Net Position

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2025

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

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

Employees Covered by Benefit Terms

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	9
Active members	<u>42</u>
Total covered employees	<u>51</u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board’s contractually required employer contribution rate for the year ended June 30, 2025 was 1.49% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the HIC Plan were \$13,565 and \$13,828 for the years ended June 30, 2025 and June 30, 2024, respectively.

Net HIC OPEB Liability

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

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

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

Actuarial Assumptions (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

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

Long-Term Expected Rate of Return

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

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

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

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

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2024, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 80,658	\$ 25,945	\$ 54,713
Changes for the year:			
Service cost	\$ 1,111	\$ -	\$ 1,111
Interest	5,403	-	5,403
Differences between expected and actual experience	(6,734)	-	(6,734)
Contributions - employer	-	13,827	(13,827)
Net investment income	-	3,105	(3,105)
Benefit payments	(3,437)	(3,437)	-
Administrative expenses	-	(48)	48
Other changes	-	2	(2)
Net changes	\$ (3,657)	\$ 13,449	\$ (17,106)
Balances at June 30, 2024	\$ 77,001	\$ 39,394	\$ 37,607

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School Board's Net HIC OPEB Liability	\$ 44,890	\$ 37,607	\$ 31,315

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

For the year ended June 30, 2025, the School Board's HIC Plan OPEB expense of \$(11,042). At June 30, 2025, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board's HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 27,741
Net difference between projected and actual earnings on HIC OPEB plan investments	-	599
Change in assumptions	121	-
Employer contributions subsequent to the measurement date	13,565	-
Total	\$ 13,686	\$ 28,340

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

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

\$13,565 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board’s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2026	\$	(15,157)
2027		(11,501)
2028		(1,360)
2029		(201)
2030		-
Thereafter		-

HIC Plan Data

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

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

Plan Description

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2025

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

Plan Description (Continued)

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted because of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2025 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$103,240 and \$90,097 for the years ended June 30, 2025 and June 30, 2024, respectively.

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

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

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

At June 30, 2025, the school division reported a liability of \$803,175 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2024 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2024, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.06950% as compared to 0.07007% on June 30, 2023.

For the year ended June 30, 2025, the school division recognized VRS Teacher Employee HIC OPEB expense of \$10,957. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 38,053
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	2,857
Change of assumptions	13,836	-
Changes in proportionate share and differences between actual and expected contributions	11	163,417
Employer contributions subsequent to the measurement date	<u>103,240</u>	<u>-</u>
Total	<u>\$ 117,087</u>	<u>\$ 204,327</u>

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

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

\$103,240 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2026	\$	(55,578)
2027		(48,349)
2028		(40,179)
2029		(26,459)
2030		(17,674)
Thereafter		(2,240)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

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

Actuarial Assumptions (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

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

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

Net Teacher Employee HIC OPEB Liability

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

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,478,105
Plan Fiduciary Net Position		322,457
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<u>1,155,648</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		21.82%

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

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COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2025

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

Long-Term Expected Rate of Return

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

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

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10% including expected inflation of 2.50%.

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

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined rate. From July 1, 2024 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	913,411	\$ 803,175	\$ 709,741

Teacher Employee HIC OPEB Fiduciary Net Position

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

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2025

Note 17–Summary of Other Postemployment Benefit Plans:

Aggregate OPEB Information:

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Program (Note 14):								
County	\$ 89,689	\$ 48,376	\$ 288,801	\$ 7,856	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	11,700	12,005	40,285	(1,075)
School Board Professional	-	-	-	-	93,048	117,966	323,617	(20,824)
Nonprofessional Teacher Health Insurance Credit Program (Note 15)	-	-	-	-	13,686	28,340	37,607	(11,042)
Teacher Health Insurance Credit Program (Note 16)	-	-	-	-	117,087	204,327	803,175	10,957
Totals	\$ 89,689	\$ 48,376	\$ 288,801	\$ 7,856	\$ 235,521	\$ 362,638	\$ 1,204,684	\$ (21,984)

Note 18–Surety Bonds:

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

Note 19–Jointly Governed Organizations:

The County in conjunction with other localities has created the Middle Peninsula/Northern Neck Community Services Board. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$58,224, for operations to the Middle Peninsula/Northern Neck Community Services Board.

Note 20–Postclosure Costs:

Old County Landfill

The County demonstrated financial assurance requirements for postclosure care and corrective action costs, if any, through the submission of a Local Governmental Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code. In addition, the County closed its landfill in August 1996 and is liable for the postclosure monitoring for a period of ten years. The County's ten-year period has expired but they are still required to complete an annual landfill assurance calculation. The amount reported as landfill postclosure liability on June 30, 2025 represents the estimated liability for postclosure monitoring of \$0 over a period of one year. This amount is based on what it would cost to perform all postclosure care in 2025. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

COUNTY OF LANCASTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2025

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

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2025 was \$36,342.

Note 22—Upcoming Pronouncements:

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

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

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

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

Note 23—Change in Accounting Principle:

During the year ended June 30, 2025, the County implemented GASB Statement No. 101, *Compensated Absences*. This Statement establishes recognition and measurement guidance for compensated absences that are attributable to services already rendered and that are expected to be paid or settled. Implementation of this Statement required the recognition of a liability for certain leave benefits previously unrecorded or measured differently under prior standards.

The adoption of GASB 101 resulted in a restatement of beginning net position as shown in Note 24 below.

Note 24—Restatement of Beginning Balances:

The beginning net position as of July 1, 2024, has been restated to reflect the cumulative effect of implementing GASB Statement No. 101, *Compensated Absences*.

The impact of these adjustments on beginning net position is as follows:

	Net Position	
	Governmental Activities	School Board
Balance, June 30, 2024, as previously stated	\$ 20,152,840	\$ 2,194,007
Implementation of GASB 101:		
Compensated absences liability	(491,066)	(957,680)
Balance, July 1, 2024, as restated	\$ 19,661,774	\$ 1,236,327

Note 25-Subsequent Event:

On August 5, 2025, Lancaster County issued a lease revenue bond in the amount of \$9,930,000.

On October 28, 2025, Lancaster County issued a general obligation bond in the amount of \$14,820,000.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 24,507,044	\$ 24,507,044	\$ 24,402,433	\$ (104,611)
Other local taxes	3,173,000	3,173,000	3,330,978	157,978
Permits, privilege fees, and regulatory licenses	298,706	298,706	320,860	22,154
Fines and forfeitures	39,000	39,000	58,022	19,022
Revenue from the use of money and property	545,000	545,000	719,570	174,570
Charges for services	513,850	513,850	556,885	43,035
Miscellaneous	40,000	40,000	244,559	204,559
Recovered costs	30,000	30,000	26,483	(3,517)
Intergovernmental:				
Commonwealth	5,464,870	5,464,870	12,647,349	7,182,479
Federal	1,935,903	1,935,903	1,804,871	(131,032)
Total revenues	<u>\$ 36,547,373</u>	<u>\$ 36,547,373</u>	<u>\$ 44,112,010</u>	<u>\$ 7,564,637</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,286,788	\$ 2,289,825	\$ 2,013,018	\$ 276,807
Judicial administration	1,087,356	1,087,356	1,099,514	(12,158)
Public safety	8,284,357	9,115,136	9,580,198	(465,062)
Public works	1,760,200	1,900,421	1,992,328	(91,907)
Health and welfare	5,494,574	5,494,574	2,949,864	2,544,710
Education	14,244,486	14,244,486	12,428,977	1,815,509
Parks, recreation, and cultural	204,495	204,495	204,498	(3)
Community development	830,987	830,987	678,989	151,998
Capital projects	40,268,413	40,268,413	35,204,870	5,063,543
Debt service:				
Principal retirement	4,511,405	4,511,405	1,731,838	2,779,567
Interest and other fiscal charges	646,996	646,996	3,598,396	(2,951,400)
Total expenditures	<u>\$ 79,620,057</u>	<u>\$ 80,594,094</u>	<u>\$ 71,482,490</u>	<u>\$ 9,111,604</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (43,072,684)</u>	<u>\$ (44,046,721)</u>	<u>\$ (27,370,480)</u>	<u>\$ 16,676,241</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 30,740,281	\$ 30,740,281	\$ 27,816,025	\$ (2,924,256)
Transfers out	-	-	(5,760)	(5,760)
Issuance of leases	-	-	627,971	627,971
Total other financing sources (uses)	<u>\$ 30,740,281</u>	<u>\$ 30,740,281</u>	<u>\$ 28,438,236</u>	<u>\$ (2,302,045)</u>
Net change in fund balances	\$ (12,332,403)	\$ (13,306,440)	\$ 1,067,756	\$ 14,374,196
Fund balances - beginning	1,732,665	1,985,734	7,546,639	5,560,905
Fund balances - ending	<u>\$ (10,599,738)</u>	<u>\$ (11,320,706)</u>	<u>\$ 8,614,395</u>	<u>\$ 19,935,101</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	Final Budget - Positive (Negative)
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 26	\$ 26
Total revenues	\$ -	\$ -	\$ 26	\$ 26
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 26	\$ 26
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (3,259)	\$ (3,259)
Total other financing sources (uses)	\$ -	\$ -	\$ (3,259)	\$ (3,259)
Net change in fund balances	\$ -	\$ -	\$ (3,233)	\$ (3,233)
Fund balances - beginning	-	-	23,429	23,429
Fund balances - ending	\$ -	\$ -	\$ 20,196	\$ 20,196

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

	2024	2023	2022	2021
Total pension liability				
Service cost	\$ 894,958	\$ 934,618	\$ 773,288	\$ 665,198
Interest	2,018,239	1,874,353	1,825,506	1,660,514
Assumption changes	-	-	-	735,233
Differences between expected and actual experience	(83,992)	889,120	(572,157)	(99,082)
Benefit payments	(1,469,336)	(1,584,232)	(1,344,388)	(1,237,266)
Net change in total pension liability	\$ 1,359,869	\$ 2,113,859	\$ 682,249	\$ 1,724,597
Total pension liability - beginning	29,739,552	27,625,693	26,943,444	25,218,847
Total pension liability - ending (a)	\$ 31,099,421	\$ 29,739,552	\$ 27,625,693	\$ 26,943,444
Plan fiduciary net position				
Contributions - employer	\$ 960,752	\$ 891,667	\$ 748,731	\$ 697,698
Contributions - employee	314,038	291,358	309,779	251,379
Net investment income	2,683,097	1,698,288	(30,063)	5,787,528
Benefit payments	(1,469,336)	(1,584,232)	(1,344,388)	(1,237,266)
Administrator charges	(17,124)	(16,946)	(16,541)	(14,297)
Other	582	683	618	546
Net change in plan fiduciary net position	\$ 2,472,009	\$ 1,280,818	\$ (331,864)	\$ 5,485,588
Plan fiduciary net position - beginning	27,570,556	26,289,738	26,621,602	21,136,014
Plan fiduciary net position - ending (b)	\$ 30,042,565	\$ 27,570,556	\$ 26,289,738	\$ 26,621,602
County's net pension liability - ending (a) - (b)	\$ 1,056,856	\$ 2,168,996	\$ 1,335,955	\$ 321,842
Plan fiduciary net position as a percentage of the total pension liability	96.60%	92.71%	95.16%	98.81%
Covered payroll	\$ 6,642,414	\$ 6,124,456	\$ 5,611,129	\$ 5,219,068
County's net pension liability as a percentage of covered payroll	15.91%	35.42%	23.81%	6.17%

Exhibit 14

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

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

	2024	2023	2022	2021
Total pension liability				
Service cost	\$ 82,129	\$ 84,132	\$ 77,314	\$ 89,059
Interest	293,843	281,890	276,469	259,682
Assumption changes	-	-	-	91,928
Differences between expected and actual experience	30,305	74,508	(34,484)	(56,556)
Benefit payments	(244,671)	(278,217)	(213,386)	(212,090)
Net change in total pension liability	\$ 161,606	\$ 162,313	\$ 105,913	\$ 172,023
Total pension liability - beginning	4,393,436	4,231,123	4,125,210	3,953,187
Total pension liability - ending (a)	<u>\$ 4,555,042</u>	<u>\$ 4,393,436</u>	<u>\$ 4,231,123</u>	<u>\$ 4,125,210</u>
Plan fiduciary net position				
Contributions - employer	\$ 73,780	\$ 66,254	\$ 74,214	\$ 77,137
Contributions - employee	41,516	37,425	36,831	38,323
Net investment income	410,588	263,505	(4,253)	938,645
Benefit payments	(244,671)	(278,217)	(213,386)	(212,090)
Administrator charges	(2,813)	(2,713)	(2,681)	(2,368)
Other	81	106	98	88
Net change in plan fiduciary net position	\$ 278,481	\$ 86,360	\$ (109,177)	\$ 839,735
Plan fiduciary net position - beginning	4,271,099	4,184,739	4,293,916	3,454,181
Plan fiduciary net position - ending (b)	<u>\$ 4,549,580</u>	<u>\$ 4,271,099</u>	<u>\$ 4,184,739</u>	<u>\$ 4,293,916</u>
School Division's net pension liability - ending (a) - (b)	\$ 5,462	\$ 122,337	\$ 46,384	\$ (168,706)
Plan fiduciary net position as a percentage of the total pension liability	99.88%	97.22%	98.90%	104.09%
Covered payroll	\$ 928,020	\$ 832,008	\$ 802,907	\$ 812,911
School Division's net pension liability as a percentage of covered payroll	0.59%	14.70%	5.78%	-20.75%

Exhibit 15

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

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

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (6)
2024	0.06891% \$	6,468,537 \$	7,446,007	86.87%	84.52%
2023	0.06890%	6,963,864	6,986,354	99.68%	82.45%
2022	0.07715%	7,345,142	7,316,164	100.40%	82.61%
2021	0.07755%	6,020,282	7,003,596	85.96%	85.46%
2020	0.08312%	12,096,143	7,475,016	161.82%	71.47%
2019	0.09084%	11,955,060	7,813,034	153.01%	73.51%
2018	0.09483%	11,152,000	7,774,073	143.45%	74.81%
2017	0.09644%	11,861,000	7,718,889	153.66%	72.92%
2016	0.09729%	13,634,000	7,438,235	183.30%	68.28%
2015	0.09889%	12,447,000	7,358,567	169.15%	70.68%

County of Lancaster, Virginia
Schedule of Employer Contributions
Pension Plans

For the Years Ended June 30, 2016 through June 30, 2025

Date	Contractually Required Contribution*	Contributions in Relation to Contractually Required Contribution*	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
(1)	(2)	(3)	(4)	(5)	
Primary Government					
2025	\$ 981,094	\$ 981,094	\$ -	\$ 7,371,106	13.31%
2024	960,752	960,752	-	6,642,414	14.46%
2023	891,679	891,679	-	6,124,456	14.56%
2022	748,709	748,709	-	5,611,129	13.34%
2021	693,781	693,781	-	5,219,068	13.29%
2020	595,846	595,846	-	5,099,502	11.68%
2019	576,371	576,371	-	4,893,552	11.78%
2018	499,262	499,262	-	4,899,898	10.19%
2017	476,163	476,163	-	4,640,146	10.26%
2016	581,264	581,264	-	4,553,321	12.77%
Component Unit School Board (nonprofessional)					
2025	\$ 70,282	\$ 70,282	\$ -	\$ 910,393	7.72%
2024	74,438	74,438	-	928,020	8.02%
2023	66,260	66,260	-	832,008	7.96%
2022	74,752	74,752	-	802,907	9.31%
2021	77,298	77,298	-	812,911	9.51%
2020	76,940	76,940	-	895,606	8.59%
2019	76,594	76,594	-	882,678	8.68%
2018	82,760	82,760	-	850,536	9.73%
2017	83,849	83,849	-	850,716	9.86%
2016	90,270	90,270	-	853,609	10.58%
Component Unit School Board (professional)					
2025	\$ 1,212,430	\$ 1,212,430	\$ -	\$ 8,532,228	14.21%
2024	1,162,202	1,162,202	-	7,446,007	15.61%
2023	1,087,694	1,087,694	-	6,986,354	15.57%
2022	1,146,164	1,146,164	-	7,316,164	15.67%
2021	1,097,148	1,097,148	-	7,003,596	15.67%
2020	1,104,482	1,104,482	-	7,475,016	14.78%
2019	1,162,061	1,162,061	-	7,813,034	14.87%
2018	1,224,853	1,224,853	-	7,774,073	15.76%
2017	1,097,411	1,097,411	-	7,718,889	14.22%
2016	1,155,374	1,155,374	-	7,438,235	15.53%

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

Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2025

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

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

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

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

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

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

Component Unit School Board - Professional Employees:

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

County of Lancaster, Virginia

Schedule of County's Share of Net OPEB Liability

Group Life Insurance (GLI) Plan

For the Measurement Dates of June 30, 2017 through June 30, 2024

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government:					
2024	0.02588%	\$ 288,801	\$ 6,646,025	4.35%	73.41%
2023	0.02600%	311,821	6,124,456	5.09%	69.30%
2022	0.02579%	310,657	5,611,129	5.54%	67.21%
2021	0.02530%	294,328	5,219,068	5.64%	67.45%
2020	0.02480%	413,538	5,099,502	8.11%	52.64%
2019	0.02496%	406,166	4,893,552	8.30%	52.00%
2018	0.02580%	392,000	4,905,271	7.99%	51.22%
2017	0.02518%	379,000	4,645,089	8.16%	48.86%
Component Unit School Board (nonprofessional):					
2024	0.00361%	\$ 40,285	\$ 928,020	4.34%	73.41%
2023	0.00353%	42,336	832,008	5.09%	69.30%
2022	0.00369%	44,431	802,907	5.53%	67.21%
2021	0.00390%	45,872	812,911	5.64%	67.45%
2020	0.00440%	72,594	895,606	8.11%	52.64%
2019	0.00450%	73,227	882,678	8.30%	52.00%
2018	0.00447%	68,000	850,536	7.99%	51.22%
2017	0.00461%	70,000	850,716	8.23%	48.86%
Component Unit School Board (professional):					
2024	0.02900%	\$ 323,617	\$ 7,446,007	4.35%	73.41%
2023	0.02969%	356,076	6,992,106	5.09%	69.30%
2022	0.03363%	404,938	7,316,164	5.53%	67.21%
2021	0.03390%	394,921	7,003,596	5.64%	67.45%
2020	0.03640%	607,957	7,496,533	8.11%	52.64%
2019	0.03980%	647,652	7,802,088	8.30%	52.00%
2018	0.04088%	621,000	7,774,073	7.99%	51.22%
2017	0.04185%	629,000	7,718,889	8.15%	48.86%

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

County of Lancaster, Virginia

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

For the Years Ended June 30, 2016 through June 30, 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government:					
2025	\$ 34,644	\$ 34,644	\$ -	\$ 7,371,106	0.47%
2024	35,889	35,889	-	6,646,025	0.54%
2023	33,072	33,072	-	6,124,456	0.54%
2022	30,300	30,300	-	5,611,129	0.54%
2021	28,183	28,183	-	5,219,068	0.54%
2020	26,517	26,517	-	5,099,502	0.52%
2019	25,446	25,446	-	4,893,552	0.52%
2018	25,507	25,507	-	4,905,271	0.52%
2017	24,154	24,154	-	4,645,089	0.52%
2016	21,963	21,963	-	4,575,564	0.48%
Component Unit School Board (nonprofessional):					
2025	\$ 4,279	\$ 4,279	\$ -	\$ 910,393	0.47%
2024	5,011	5,011	-	928,020	0.54%
2023	4,493	4,493	-	832,008	0.54%
2022	4,336	4,336	-	802,907	0.54%
2021	4,390	4,390	-	812,911	0.54%
2020	4,657	4,657	-	895,606	0.52%
2019	4,590	4,590	-	882,678	0.52%
2018	4,423	4,423	-	850,536	0.52%
2017	4,424	4,424	-	850,716	0.52%
2016	4,140	4,140	-	862,531	0.48%
Component Unit School Board (professional):					
2025	\$ 40,161	\$ 40,161	\$ -	\$ 8,544,803	0.47%
2024	40,208	40,208	-	7,446,007	0.54%
2023	37,757	37,757	-	6,992,106	0.54%
2022	39,507	39,507	-	7,316,164	0.54%
2021	37,819	37,819	-	7,003,596	0.54%
2020	38,982	38,982	-	7,496,533	0.52%
2019	40,571	40,571	-	7,802,088	0.52%
2018	40,704	40,704	-	7,774,073	0.52%
2017	40,138	40,138	-	7,718,889	0.52%
2016	35,704	35,704	-	7,438,235	0.48%

County of Lancaster, Virginia

Notes to Required Supplementary Information

Group Life Insurance (GLI) Plan

For the Year Ended June 30, 2025

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

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Lancaster, Virginia

Schedule of Changes in the School Board's Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan - Nonprofessional
For the Measurement Dates of June 30, 2020 through June 30, 2024

	2024	2023	2022	2021	2020
Total HIC OPEB Liability					
Service cost	\$ 1,111	\$ 1,195	\$ 2,780	\$ 1,941	\$ -
Interest	5,403	8,013	8,259	7,300	-
Changes in benefit terms	-	-	-	-	108,146
Differences between expected and actual experience	(6,734)	(44,472)	(10,134)	-	-
Changes of assumptions	-	-	240	3,798	-
Benefit payments	(3,437)	(3,186)	(3,222)	-	-
Net change in total HIC OPEB liability	\$ (3,657)	\$ (38,450)	\$ (2,077)	\$ 13,039	\$ 108,146
Total HIC OPEB Liability - beginning	80,658	119,108	121,185	108,146	-
Total HIC OPEB Liability - ending (a)	\$ 77,001	\$ 80,658	\$ 119,108	\$ 121,185	\$ 108,146
Plan fiduciary net position					
Contributions - employer	\$ 13,827	\$ 12,396	\$ 8,752	\$ 8,861	\$ -
Net investment income	3,105	1,367	(142)	1,225	-
Benefit payments	(3,437)	(3,186)	(3,222)	-	-
Administrator charges	(48)	(39)	(28)	(39)	-
Other	2	-	-	-	-
Net change in plan fiduciary net position	\$ 13,449	\$ 10,538	\$ 5,360	\$ 10,047	\$ -
Plan fiduciary net position - beginning	25,945	15,407	10,047	-	-
Plan fiduciary net position - ending (b)	\$ 39,394	\$ 25,945	\$ 15,407	\$ 10,047	\$ -
School Board's net HIC OPEB liability - ending (a) - (b)	\$ 37,607	\$ 54,713	\$ 103,701	\$ 111,138	\$ 108,146
Plan fiduciary net position as a percentage of the total HIC OPEB liability	51.16%	32.17%	12.94%	8.29%	0.00%
Covered payroll	\$ 928,020	\$ 832,008	\$ 802,907	\$ 812,911	\$ -
School Board's net HIC OPEB liability as a percentage of covered payroll	4.05%	6.58%	12.92%	13.67%	0.00%

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

County of Lancaster, Virginia

Schedule of Employer Contributions
 Health Insurance Credit (HIC) Plan - Nonprofessional
 For the Years Ended June 30, 2021 through June 30, 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	\$ 13,565	\$ 13,565	\$ -	\$ 910,393	1.49%
2024	13,828	13,828	-	928,020	1.49%
2023	12,397	12,397	-	832,008	1.49%
2022	8,752	8,752	-	802,907	1.09%
2021	8,861	8,861	-	812,911	1.09%

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

County of Lancaster, Virginia

Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan - Nonprofessional
For the Year Ended June 30, 2025

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

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

Non-Largest Ten Locality Employers - General Employees

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

County of Lancaster, Virginia

Schedule of County School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2024

Date	Employer's Proportion of the Net HIC OPEB Liability (Asset)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
(1)	(2)	(3)	(4)	(5)	(6)
2024	0.06950% \$	803,175 \$	7,446,007	10.79%	21.82%
2023	0.07007%	848,840	6,986,354	12.15%	17.90%
2022	0.07850%	980,502	7,316,164	13.40%	15.08%
2021	0.07919%	1,016,459	7,003,596	14.51%	13.15%
2020	0.08527%	1,112,361	7,475,016	14.88%	9.95%
2019	0.09249%	1,210,784	7,757,454	15.61%	8.97%
2018	0.09613%	1,221,000	7,774,073	15.71%	8.08%
2017	0.09775%	1,240,000	7,714,656	16.07%	7.04%

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

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

Date	Contributions in Relation to			Contributions	
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	as a % of Covered Payroll (5)
2025	\$ 103,240	\$ 103,240	\$ -	\$ 8,532,228	1.21%
2024	90,097	90,097	-	7,446,007	1.21%
2023	84,535	84,535	-	6,986,354	1.21%
2022	88,526	88,526	-	7,316,164	1.21%
2021	84,744	84,744	-	7,003,596	1.21%
2020	89,700	89,700	-	7,475,016	1.20%
2019	93,089	93,089	-	7,757,454	1.20%
2018	95,543	95,543	-	7,774,073	1.23%
2017	85,633	85,633	-	7,714,656	1.11%
2016	78,634	78,634	-	7,418,330	1.06%

County of Lancaster, Virginia

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

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

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

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

OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES*

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ 1,550,000	\$ 1,550,000	\$ 2,416,905	\$ 866,905
Total revenues	<u>\$ 1,550,000</u>	<u>\$ 1,550,000</u>	<u>\$ 2,416,905</u>	<u>\$ 866,905</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 1,550,000	\$ 1,550,000	\$ 2,416,905	\$ 866,905
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (30,740,281)	\$ (30,740,281)	\$ (27,812,766)	\$ 2,927,515
Total other financing sources (uses)	<u>\$ (30,740,281)</u>	<u>\$ (30,740,281)</u>	<u>\$ (27,812,766)</u>	<u>\$ 2,927,515</u>
Net change in fund balances	\$ (29,190,281)	\$ (29,190,281)	\$ (25,395,861)	\$ 3,794,420
Fund balances - beginning	29,190,281	29,190,281	61,514,182	32,323,901
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,118,321</u>	<u>\$ 36,118,321</u>

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*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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

	School Operating <u>Fund</u>	School Cafeteria <u>Fund</u>	Textbook <u>Fund</u>	School Activity <u>Fund</u>	Total Governmental <u>Funds</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ 253,060	\$ 504,713	\$ 324,185	\$ 1,081,958
Receivables (net of allowance for uncollectibles):					
Accounts receivable	185,078	-	-	-	185,078
Due from other funds	19,763	-	-	-	19,763
Due from other governmental units	1,127,619	-	-	-	1,127,619
Prepaid items	67,578	-	-	-	67,578
Total assets	<u>\$ 1,400,038</u>	<u>\$ 253,060</u>	<u>\$ 504,713</u>	<u>\$ 324,185</u>	<u>\$ 2,481,996</u>
LIABILITIES					
Accounts payable	\$ 444,250	\$ 87	\$ -	\$ -	\$ 444,337
Accrued liabilities	710,477	66,992	-	-	777,469
Retainage payable	177,733	-	-	-	177,733
Due to other funds	-	19,763	-	-	19,763
Total liabilities	<u>\$ 1,332,460</u>	<u>\$ 86,842</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,419,302</u>
FUND BALANCES					
Committed	\$ 67,578	\$ 166,218	\$ 504,713	\$ 324,185	\$ 1,062,694
Total fund balances	<u>\$ 67,578</u>	<u>\$ 166,218</u>	<u>\$ 504,713</u>	<u>\$ 324,185</u>	<u>\$ 1,062,694</u>
Total liabilities and fund balances	<u>\$ 1,400,038</u>	<u>\$ 253,060</u>	<u>\$ 504,713</u>	<u>\$ 324,185</u>	<u>\$ 2,481,996</u>

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

Total fund balances per above		\$ 1,062,694
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, cost	\$ 27,769,583	
Accumulated depreciation	<u>(12,268,337)</u>	15,501,246
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 2,536,953	
OPEB related items	<u>235,521</u>	2,772,474
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	\$ (1,857,603)	
Lease liability	(33,942)	
Net OPEB liabilities	(1,204,684)	
Net pension liability	<u>(6,473,999)</u>	(9,570,228)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (1,864,032)	
OPEB related items	<u>(362,638)</u>	(2,226,670)
Net position (deficit) of governmental activities		<u>\$ 7,539,516</u>

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

	School Operating Fund	School Cafeteria Fund	Textbook Fund	School Activity Fund	Total Governmental Funds
REVENUES					
Revenue from the use of money and property	\$ 1,253	\$ 1,619	\$ -	\$ -	\$ 2,872
Charges for services	-	3,432	-	-	3,432
Miscellaneous	193,063	1,323	-	305,873	500,259
Recovered costs	137,982	-	-	-	137,982
Intergovernmental:					
Local government	12,420,983	-	-	-	12,420,983
Commonwealth	5,032,552	13,725	29,726	-	5,076,003
Federal	1,356,404	712,476	-	-	2,068,880
Total revenues	\$ 19,142,237	\$ 732,575	\$ 29,726	\$ 305,873	\$ 20,210,411
EXPENDITURES					
Current:					
Education	\$ 19,598,868	\$ 654,977	\$ 103,542	\$ 311,085	\$ 20,668,472
Debt service:					
Principal retirement	33,343	-	-	-	33,343
Interest and other fiscal charges	1,413	-	-	-	1,413
Total expenditures	\$ 19,633,624	\$ 654,977	\$ 103,542	\$ 311,085	\$ 20,703,228
Excess (deficiency) of revenues over (under) expenditures	\$ (491,387)	\$ 77,598	\$ (73,816)	\$ (5,212)	\$ (492,817)
Net change in fund balances	\$ (491,387)	\$ 77,598	\$ (73,816)	\$ (5,212)	\$ (492,817)
Fund balances - beginning	558,965	88,620	578,529	329,397	1,555,511
Fund balances - ending	\$ 67,578	\$ 166,218	\$ 504,713	\$ 324,185	\$ 1,062,694

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

Net change in fund balances - total governmental funds - per above \$ (492,817)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. The following is a summary of items supporting this adjustment:

Capital asset additions	\$ 728,767	
Depreciation expense	(1,221,935)	(493,168)

Transfer of joint tenancy assets to Component Unit from Primary Government	\$ 6,272,254	6,272,254
--	--------------	-----------

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

Principal retirement of leases	\$ 33,343	33,343
--------------------------------	-----------	--------

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

Change in compensated absences	\$ (376,918)	
Pension expense	1,177,268	
OPEB expense	183,227	983,577

Change in net position of governmental activities	\$ 6,303,189
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County of Lancaster, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2025

	School Operating Fund				School Cafeteria Fund				Textbook Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final			Original	Final		
REVENUES												
Revenue from the use of money and property	\$ 2,000	\$ 2,000	\$ 1,253	\$ (747)	\$ 1,000	\$ 1,000	\$ 1,619	\$ 619	\$ -	\$ -	\$ -	\$ -
Charges for services	4,500	4,500	-	(4,500)	21,528	21,528	3,432	(18,096)	-	-	-	-
Miscellaneous	6,749	6,750	193,063	186,313	-	-	1,323	1,323	-	-	-	-
Recovered costs	194,000	194,000	137,982	(56,018)	-	-	-	-	-	-	-	-
Intergovernmental:												
Local government	14,116,068	14,116,068	12,420,983	(1,695,085)	-	-	-	-	120,424	120,424	-	(120,424)
Commonwealth	4,431,120	4,431,120	5,032,552	601,432	9,803	9,803	13,725	3,922	30,106	30,106	29,726	(380)
Federal	974,164	974,164	1,356,404	382,240	525,000	572,927	712,476	139,549	-	-	-	-
Total revenues	\$ 19,728,601	\$ 19,728,602	\$ 19,142,237	\$ (586,365)	\$ 557,331	\$ 605,258	\$ 732,575	\$ 127,317	\$ 150,530	\$ 150,530	\$ 29,726	\$ (120,804)
EXPENDITURES												
Current:												
Education	\$ 19,728,601	\$ 19,999,602	\$ 19,598,868	\$ 400,734	\$ 557,331	\$ 605,258	\$ 654,977	\$ (49,719)	\$ 150,530	\$ 150,530	\$ 103,542	\$ 46,988
Debt service:												
Principal retirement	-	-	33,343	(33,343)	-	-	-	-	-	-	-	-
Interest and other fiscal charges	-	-	1,413	(1,413)	-	-	-	-	-	-	-	-
Total expenditures	\$ 19,728,601	\$ 19,999,602	\$ 19,633,624	\$ 365,978	\$ 557,331	\$ 605,258	\$ 654,977	\$ (49,719)	\$ 150,530	\$ 150,530	\$ 103,542	\$ 46,988
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (271,000)	\$ (491,387)	\$ (220,387)	\$ -	\$ -	\$ 77,598	\$ 77,598	\$ -	\$ -	\$ (73,816)	\$ (73,816)
OTHER FINANCING SOURCES (USES)												
Issuance of leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ (271,000)	\$ (491,387)	\$ (220,387)	\$ -	\$ -	\$ 77,598	\$ 77,598	\$ -	\$ -	\$ (73,816)	\$ (73,816)
Fund balances - beginning	-	271,000	558,965	287,965	-	-	88,620	88,620	-	-	578,529	578,529
Fund balances - ending	\$ -	\$ -	\$ 67,578	\$ 67,578	\$ -	\$ -	\$ 166,218	\$ 166,218	\$ -	\$ -	\$ 504,713	\$ 504,713

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*DISCRETELY PRESENTED COMPONENT UNIT
INDUSTRIAL DEVELOPMENT AUTHORITY*

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

ASSETS

Cash and cash equivalents	\$ 87,033
Total assets	<u>\$ 87,033</u>

NET POSITION

Unrestricted	\$ 87,033
Total net position	<u><u>\$ 87,033</u></u>

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

OPERATING REVENUES

Charges for services:

Bond fees	\$ 12,473
Total operating revenues	<u>\$ 12,473</u>

OPERATING EXPENSES

Other expenses	\$ 1,312
Total operating expenses	<u>\$ 1,312</u>

Operating income (loss)	<u>\$ 11,161</u>
-------------------------	------------------

NONOPERATING REVENUES (EXPENSES)

Interest income	\$ 1,144
Grants to small businesses	<u>(20,000)</u>

Total nonoperating revenues (expenses)	<u>\$ (18,856)</u>
--	--------------------

Change in net position	\$ (7,695)
------------------------	------------

Net position - beginning	94,728
Net position - ending	<u><u>\$ 87,033</u></u>

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

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 12,473
Payments for operating activities	(1,312)
Net cash provided by (used for) operating activities	<u>\$ 11,161</u>

**CASH FLOWS FROM NONCAPITAL FINANCING
ACTIVITIES**

Grants to small businesses	<u>\$ (20,000)</u>
----------------------------	--------------------

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>\$ 1,144</u>
Net cash provided by (used for) investing activities	<u>\$ 1,144</u>

Net increase (decrease) in cash and cash equivalents	\$ (7,695)
--	------------

Cash and cash equivalents - beginning	<u>94,728</u>
Cash and cash equivalents - ending	<u><u>\$ 87,033</u></u>

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

Operating income (loss)	\$ 11,161
Net cash provided (used) by operating activities	<u><u>\$ 11,161</u></u>

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*DISCRETELY PRESENTED COMPONENT UNIT
BROADBAND AUTHORITY*

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County of Lancaster, Virginia
Statement of Net Position
Discretely Presented Component Unit - Broadband Authority
June 30, 2025

ASSETS

Cash and cash equivalents	\$ 66,646
Total assets	<u>\$ 66,646</u>

NET POSITION

Unrestricted	\$ 66,646
Total net position	<u><u>\$ 66,646</u></u>

County of Lancaster, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Broadband Authority
For the Year Ended June 30, 2025

OPERATING EXPENSES	
Other expenses	\$ 60
Total operating expenses	<u>\$ 60</u>
 Change in net position	 \$ (60)
 Net position - beginning	 66,706
Net position - ending	<u><u>\$ 66,646</u></u>

County of Lancaster, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Broadband Authority
For the Year Ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Payments for operating activities	\$ (60)
Net cash provided by (used for) operating activities	<u>\$ (60)</u>
Net increase (decrease) in cash and cash equivalents	\$ (60)
Cash and cash equivalents - beginning	66,706
Cash and cash equivalents - ending	<u><u>\$ 66,646</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ (60)
Net cash provided (used) by operating activities	<u><u>\$ (60)</u></u>

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SUPPORTING SCHEDULES

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County of Lancaster, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2025

Schedule 1
Page 1 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 21,133,810	\$ 21,133,810	\$ 20,501,858	\$ (631,952)
Real and personal public service corporation taxes	549,476	549,476	631,128	81,652
Personal property taxes	2,313,258	2,313,258	2,688,124	374,866
Mobile home taxes	33,000	33,000	51,546	18,546
Machinery and tools taxes	7,500	7,500	6,678	(822)
Merchant's capital taxes	130,000	130,000	132,851	2,851
Penalties	250,000	250,000	270,286	20,286
Interest	90,000	90,000	119,962	29,962
Total general property taxes	<u>\$ 24,507,044</u>	<u>\$ 24,507,044</u>	<u>\$ 24,402,433</u>	<u>\$ (104,611)</u>
Other local taxes:				
Local sales and use taxes	\$ 2,500,000	\$ 2,500,000	\$ 2,642,185	\$ 142,185
Consumption tax	40,000	40,000	43,449	3,449
Motor vehicle licenses	205,000	205,000	211,254	6,254
Bank stock taxes	30,000	30,000	51,067	21,067
Taxes on recordation and wills	275,000	275,000	273,153	(1,847)
Tobacco taxes	50,000	50,000	33,200	(16,800)
Hotel and motel room taxes	73,000	73,000	76,670	3,670
Total other local taxes	<u>\$ 3,173,000</u>	<u>\$ 3,173,000</u>	<u>\$ 3,330,978</u>	<u>\$ 157,978</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 5,000	\$ 5,000	\$ 5,159	\$ 159
Land use application fees	3,000	3,000	1,200	(1,800)
Transfer fees	1,000	1,000	919	(81)
Permits and other licenses	289,706	289,706	313,582	23,876
Total permits, privilege fees, and regulatory licenses	<u>\$ 298,706</u>	<u>\$ 298,706</u>	<u>\$ 320,860</u>	<u>\$ 22,154</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 39,000	\$ 39,000	\$ 58,022	\$ 19,022
Revenue from use of money and property:				
Revenue from use of money	\$ 475,000	\$ 475,000	\$ 648,177	\$ 173,177
Revenue from use of property	70,000	70,000	71,393	1,393
Total revenue from use of money and property	<u>\$ 545,000</u>	<u>\$ 545,000</u>	<u>\$ 719,570</u>	<u>\$ 174,570</u>
Charges for services:				
Courthouses maintenance fees	\$ 2,500	\$ 2,500	\$ 2,549	\$ 49
Charges for Commonwealth's Attorney	850	850	986	136
Charges for correction and detention	2,000	2,000	3,001	1,001
Charges for other protection	2,800	2,800	3,178	378
Sheriff's fees	1,000	1,000	1,181	181
Charges for sanitation and waste removal	5,000	5,000	11,262	6,262
Charges for planning and community development	50	50	-	(50)
Charges for ambulance and rescue services	470,000	470,000	504,712	34,712
Charges for health and welfare	1,000	1,000	-	(1,000)
Court fees	28,650	28,650	30,016	1,366
Total charges for services	<u>\$ 513,850</u>	<u>\$ 513,850</u>	<u>\$ 556,885</u>	<u>\$ 43,035</u>

County of Lancaster, Virginia
Schedule of Revenues - Budget and Actual
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 40,000	\$ 40,000	\$ 244,559	\$ 204,559
Recovered costs:				
VHDA	\$ 30,000	\$ 30,000	\$ 26,483	\$ (3,517)
Total recovered costs	\$ 30,000	\$ 30,000	\$ 26,483	\$ (3,517)
Total revenue from local sources	\$ 29,146,600	\$ 29,146,600	\$ 29,659,790	\$ 513,190
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ 230,000	\$ 230,000	\$ 214,918	\$ (15,082)
Motor vehicle carriers' tax	7,000	7,000	22	(6,978)
Mobile home titling tax	17,000	17,000	7,419	(9,581)
Rolling stock tax	-	-	637	637
Additional tax on deeds	105,000	105,000	86,236	(18,764)
Personal property tax relief funds	871,000	871,000	871,017	17
Total noncategorical aid	\$ 1,230,000	\$ 1,230,000	\$ 1,180,249	\$ (49,751)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 303,780	\$ 303,780	\$ 327,528	\$ 23,748
Sheriff	1,492,337	1,492,337	1,722,188	229,851
Commissioner of revenue	102,267	102,267	128,308	26,041
Treasurer	121,633	121,633	149,776	28,143
Registrar/electoral board	71,099	71,099	72,779	1,680
Clerk of the Circuit Court	253,414	253,414	284,249	30,835
Local jails	60,000	60,000	69,828	9,828
Total shared expenses	\$ 2,404,530	\$ 2,404,530	\$ 2,754,656	\$ 350,126
Other categorical aid:				
Public assistance and welfare administration	\$ 1,163,440	\$ 1,163,440	\$ 426,740	\$ (736,700)
Emergency medical services	7,500	7,500	104,122	96,622
Children's services act	400,000	400,000	299,672	(100,328)
Litter control	-	-	22,185	22,185
School construction grant	-	-	7,500,000	7,500,000
DMV - animal tags	400	400	291	(109)
Opioid settlement	40,000	40,000	-	(40,000)
Victim-witness grant	66,000	66,000	14,965	(51,035)
Fire programs fund	37,000	37,000	44,551	7,551
RSAF grant	-	-	162,063	162,063
Rescue squad assistance	56,000	56,000	-	(56,000)
Other state funds	-	-	30,855	30,855
Wireless grant	60,000	60,000	52,724	(7,276)
Department of forestry	-	-	21,558	21,558
Clerk records grant	-	-	32,718	32,718
Total other categorical aid	\$ 1,830,340	\$ 1,830,340	\$ 8,712,444	\$ 6,882,104
Total categorical aid	\$ 4,234,870	\$ 4,234,870	\$ 11,467,100	\$ 7,232,230
Total revenue from the Commonwealth	\$ 5,464,870	\$ 5,464,870	\$ 12,647,349	\$ 7,182,479

County of Lancaster, Virginia
Schedule of Revenues - Budget and Actual
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,930,503	\$ 1,930,503	\$ 1,020,751	\$ (909,752)
BABs subsidy	5,400	5,400	5,064	(336)
American rescue plan act	-	-	749,613	749,613
Victim-witness grant	-	-	29,443	29,443
Total categorical aid	<u>\$ 1,935,903</u>	<u>\$ 1,935,903</u>	<u>\$ 1,804,871</u>	<u>\$ (131,032)</u>
Total revenue from the federal government	<u>\$ 1,935,903</u>	<u>\$ 1,935,903</u>	<u>\$ 1,804,871</u>	<u>\$ (131,032)</u>
Total General Fund	<u>\$ 36,547,373</u>	<u>\$ 36,547,373</u>	<u>\$ 44,112,010</u>	<u>\$ 7,564,637</u>
Special Revenue Fund:				
County Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 26	\$ 26
Total County Special Revenue Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26</u>	<u>\$ 26</u>
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 1,550,000	\$ 1,550,000	\$ 2,416,905	\$ 866,905
Total revenue from use of money and property	<u>\$ 1,550,000</u>	<u>\$ 1,550,000</u>	<u>\$ 2,416,905</u>	<u>\$ 866,905</u>
Total County Capital Projects Fund	<u>\$ 1,550,000</u>	<u>\$ 1,550,000</u>	<u>\$ 2,416,905</u>	<u>\$ 866,905</u>
Total Primary Government	<u>\$ 38,097,373</u>	<u>\$ 38,097,373</u>	<u>\$ 46,528,941</u>	<u>\$ 8,431,568</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 2,000	\$ 2,000	\$ 1,253	\$ (747)
Charges for services:				
Charges for education	\$ 4,500	\$ 4,500	\$ -	\$ (4,500)
Miscellaneous:				
Miscellaneous	\$ 6,749	\$ 6,750	\$ 193,063	\$ 186,313

County of Lancaster, Virginia
Schedule of Revenues - Budget and Actual
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
Other recovered costs	\$ 194,000	\$ 194,000	\$ 137,982	\$ (56,018)
Total revenue from local sources	\$ 207,249	\$ 207,250	\$ 332,298	\$ 125,048
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Lancaster, Virginia	\$ 14,116,068	\$ 14,116,068	\$ 12,420,983	\$ (1,695,085)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,487,363	\$ 1,487,363	\$ 1,515,395	\$ 28,032
Basic school aid	1,386,255	1,386,255	1,306,962	(79,293)
Remedial summer education	4,563	4,563	-	(4,563)
Vocational education	84,224	84,224	83,160	(1,064)
Gifted and talented	12,972	12,972	12,808	(164)
Remedial education	75,200	75,200	16,909	(58,291)
Enrollment loss	17,689	17,689	229,740	212,051
School fringes	291,776	291,776	269,158	(22,618)
Early reading intervention	14,474	14,474	12,771	(1,703)
Class size reduction	58,236	58,236	102,641	44,405
Homebound	1,501	1,501	266	(1,235)
Vocational education - equipment	-	-	234	234
Special education	255,560	255,560	267,637	12,077
GED preparation assistance	8,203	8,203	8,027	(176)
At risk payments	355,275	355,275	731,799	376,524
ESL	2,056	2,056	6,165	4,109
Project graduation	3,181	3,181	3,181	-
PluggedIn Virginia	-	-	4,056	4,056
Mentor teacher program	886	886	2,952	2,066
Technology grant	128,000	128,000	-	(128,000)
SOL algebra readiness	8,706	8,706	8,707	1
Compensation supplement	-	-	56,198	56,198
State infrastructure	200,000	200,000	200,000	-
CTE equipment	-	-	2,835	2,835
Gear Up	35,000	35,000	36,990	1,990
Seclusion and restraint	-	-	12,771	12,771
State bonus	-	-	104,937	104,937
Race to GED	-	-	31,253	31,253
CTE industry certification	-	-	5,000	5,000
Total categorical aid	\$ 4,431,120	\$ 4,431,120	\$ 5,032,552	\$ 601,432
Total revenue from the Commonwealth	\$ 4,431,120	\$ 4,431,120	\$ 5,032,552	\$ 601,432
Revenue from the federal government:				
Categorical aid:				
Title VI-B	\$ 296,479	\$ 296,479	\$ 222,160	\$ (74,319)
Title I	452,293	452,293	438,841	(13,452)
ARPA security grant	-	-	47,820	47,820
Vocational education	32,530	32,530	16,334	(16,196)
Title II, Part A - Improving teacher quality	62,347	62,347	68,053	5,706

County of Lancaster, Virginia
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government: (Continued)				
Title VI - Rural education	\$ 31,979	\$ 31,979	\$ 33,915	\$ 1,936
Title IV Part A	33,536	33,536	125,822	92,286
School improvement	-	-	89,759	89,759
ESSER	-	-	236,899	236,899
JROTC grant	65,000	65,000	76,801	11,801
Total categorical aid	<u>\$ 974,164</u>	<u>\$ 974,164</u>	<u>\$ 1,356,404</u>	<u>\$ 382,240</u>
Total revenue from the federal government	<u>\$ 974,164</u>	<u>\$ 974,164</u>	<u>\$ 1,356,404</u>	<u>\$ 382,240</u>
Total School Operating Fund	<u>\$ 19,728,601</u>	<u>\$ 19,728,602</u>	<u>\$ 19,142,237</u>	<u>\$ (586,365)</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 1,619</u>	<u>\$ 619</u>
Charges for services:				
Cafeteria sales	<u>\$ 21,528</u>	<u>\$ 21,528</u>	<u>\$ 3,432</u>	<u>\$ (18,096)</u>
Miscellaneous:				
Miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,323</u>	<u>\$ 1,323</u>
Total revenue from local sources	<u>\$ 22,528</u>	<u>\$ 22,528</u>	<u>\$ 6,374</u>	<u>\$ (16,154)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	<u>\$ 9,803</u>	<u>\$ 9,803</u>	<u>\$ 13,725</u>	<u>\$ 3,922</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	<u>\$ 525,000</u>	<u>\$ 525,000</u>	<u>\$ 664,549</u>	<u>\$ 139,549</u>
Commodities	<u>-</u>	<u>47,927</u>	<u>47,927</u>	<u>-</u>
Total categorical aid	<u>\$ 525,000</u>	<u>\$ 572,927</u>	<u>\$ 712,476</u>	<u>\$ 139,549</u>
Total revenue from the federal government	<u>\$ 525,000</u>	<u>\$ 572,927</u>	<u>\$ 712,476</u>	<u>\$ 139,549</u>
Total School Cafeteria Fund	<u>\$ 557,331</u>	<u>\$ 605,258</u>	<u>\$ 732,575</u>	<u>\$ 127,317</u>

County of Lancaster, Virginia
Schedule of Revenues - Budget and Actual
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
Textbook Fund:				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Lancaster, Virginia	\$ 120,424	\$ 120,424	\$ -	\$ (120,424)
Total revenues from local governments	<u>\$ 120,424</u>	<u>\$ 120,424</u>	<u>\$ -</u>	<u>\$ (120,424)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Textbook payment	\$ 30,106	\$ 30,106	\$ 29,726	\$ (380)
Total revenue from the Commonwealth	<u>\$ 30,106</u>	<u>\$ 30,106</u>	<u>\$ 29,726</u>	<u>\$ (380)</u>
Total Textbook Fund	<u>\$ 150,530</u>	<u>\$ 150,530</u>	<u>\$ 29,726</u>	<u>\$ (120,804)</u>
School Activity Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 305,873	\$ 305,873
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 305,873</u>	<u>\$ 305,873</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 20,436,462</u>	<u>\$ 20,484,390</u>	<u>\$ 20,210,411</u>	<u>\$ (273,979)</u>

County of Lancaster, Virginia
Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 75,936	\$ 75,936	\$ 74,076	\$ 1,860
General and financial administration:				
County administrator	\$ 712,757	\$ 712,757	\$ 612,835	\$ 99,922
Information Technology	276,388	276,388	175,381	101,007
Legal services	45,000	45,000	45,294	(294)
Commissioner of revenue	380,226	380,226	349,858	30,368
Independent Auditor	48,500	48,500	48,500	-
Treasurer	405,887	405,887	407,223	(1,336)
Board of equalization	-	3,037	3,037	-
Total general and financial administration	\$ 1,868,758	\$ 1,871,795	\$ 1,642,128	\$ 229,667
Board of elections:				
Electoral board and officials	\$ 100,199	\$ 100,199	\$ 68,745	\$ 31,454
Registrar	241,895	241,895	228,069	13,826
Total board of elections	\$ 342,094	\$ 342,094	\$ 296,814	\$ 45,280
Total general government administration	\$ 2,286,788	\$ 2,289,825	\$ 2,013,018	\$ 276,807
Judicial administration:				
Courts:				
Circuit court	\$ 32,300	\$ 32,300	\$ 38,655	\$ (6,355)
General district court	5,550	5,550	11,597	(6,047)
Adult drug court	6,000	6,000	6,000	-
Juvenile and domestic relations court	3,575	3,575	2,294	1,281
Victim/witness assistance	73,906	73,906	59,277	14,629
Court appointed special advocates	5,000	5,000	5,000	-
Library of VA grant	-	-	32,718	(32,718)
Clerk of the circuit court	466,118	466,118	486,323	(20,205)
Total courts	\$ 592,449	\$ 592,449	\$ 641,864	\$ (49,415)
Commonwealth's attorney:				
Commonwealth's attorney	\$ 494,907	\$ 494,907	\$ 457,650	\$ 37,257
Total judicial administration	\$ 1,087,356	\$ 1,087,356	\$ 1,099,514	\$ (12,158)
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,339,299	\$ 3,945,483	\$ 4,511,688	\$ (566,205)
School resource officer	177,604	177,604	195,311	(17,707)
Total law enforcement and traffic control	\$ 3,516,903	\$ 4,123,087	\$ 4,706,999	\$ (583,912)

County of Lancaster, Virginia
Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Fire department	\$ 410,907	\$ 410,907	\$ 375,951	\$ 34,956
Ambulance and rescue services	2,149,008	2,289,938	2,314,402	(24,464)
Forestry service	4,000	4,000	3,962	38
Public safety radio	148,951	148,951	136,051	12,900
Local emergency services	51,100	51,100	35,119	15,981
Total fire and rescue services	<u>\$ 2,763,966</u>	<u>\$ 2,904,896</u>	<u>\$ 2,865,485</u>	<u>\$ 39,411</u>
Correction and detention:				
Sheriff	\$ 1,369,212	\$ 1,452,877	\$ 1,467,921	\$ (15,044)
Probation office	42,461	42,461	41,095	1,366
Total correction and detention	<u>\$ 1,411,673</u>	<u>\$ 1,495,338</u>	<u>\$ 1,509,016</u>	<u>\$ (13,678)</u>
Inspections:				
Building	\$ 330,585	\$ 330,585	\$ 239,903	\$ 90,682
Other protection:				
Animal control	\$ 261,030	\$ 261,030	\$ 253,915	\$ 7,115
Medical examiner	200	200	4,880	(4,680)
Total other protection	<u>\$ 261,230</u>	<u>\$ 261,230</u>	<u>\$ 258,795</u>	<u>\$ 2,435</u>
Total public safety	<u>\$ 8,284,357</u>	<u>\$ 9,115,136</u>	<u>\$ 9,580,198</u>	<u>\$ (465,062)</u>
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 1,328,526	\$ 1,468,747	\$ 1,563,540	\$ (94,793)
Maintenance of general buildings and grounds:				
General properties	\$ 431,674	\$ 431,674	\$ 428,788	\$ 2,886
Total public works	<u>\$ 1,760,200</u>	<u>\$ 1,900,421</u>	<u>\$ 1,992,328</u>	<u>\$ (91,907)</u>
Health and welfare:				
Health:				
Local health department	\$ 249,051	\$ 249,051	\$ 249,051	\$ -
Free health clinic	135,713	135,713	135,713	-
Total health	<u>\$ 384,764</u>	<u>\$ 384,764</u>	<u>\$ 384,764</u>	<u>\$ -</u>
Mental health and mental retardation:				
Community services board	\$ 57,857	\$ 57,857	\$ 58,224	\$ (367)
Welfare:				
Public assistance and welfare administration	\$ 4,202,690	\$ 4,202,690	\$ 1,777,035	\$ 2,425,655
Area agency on aging	84,263	84,263	84,263	-

County of Lancaster, Virginia
Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare: (Continued)				
Children's services act	\$ 700,000	\$ 700,000	\$ 580,578	\$ 119,422
Rappahannock legal services	5,600	5,600	5,600	-
The Haven crisis shelter	4,400	4,400	4,400	-
Food bank	10,000	10,000	10,000	-
Boys and girls club of America	45,000	45,000	45,000	-
Total welfare	<u>\$ 5,051,953</u>	<u>\$ 5,051,953</u>	<u>\$ 2,506,876</u>	<u>\$ 2,545,077</u>
Total health and welfare	<u>\$ 5,494,574</u>	<u>\$ 5,494,574</u>	<u>\$ 2,949,864</u>	<u>\$ 2,544,710</u>
Education:				
Contributions to Community College	\$ 7,994	\$ 7,994	\$ 7,994	\$ -
Contribution to County School Board	14,236,492	14,236,492	12,420,983	1,815,509
Total education	<u>\$ 14,244,486</u>	<u>\$ 14,244,486</u>	<u>\$ 12,428,977</u>	<u>\$ 1,815,509</u>
Parks, recreation, and cultural:				
Parks and recreation:				
YMCA contribution	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Total parks and recreation	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>
Cultural enrichment:				
Museum	\$ 6,500	\$ 6,500	\$ 6,503	\$ (3)
Total cultural enrichment	<u>\$ 6,500</u>	<u>\$ 6,500</u>	<u>\$ 6,503</u>	<u>\$ (3)</u>
Library:				
Library	\$ 147,995	\$ 147,995	\$ 147,995	\$ -
Total parks, recreation, and cultural	<u>\$ 204,495</u>	<u>\$ 204,495</u>	<u>\$ 204,498</u>	<u>\$ (3)</u>
Community development:				
Planning and community development:				
Land use administration	\$ 470,905	\$ 470,905	\$ 412,524	\$ 58,381
Section 8 housing	91,507	91,507	92,459	(952)
Planning district commission	35,965	35,965	27,127	8,838
Broadband authority	100,300	100,300	27,952	72,348
Zoning board	4,313	4,313	3,662	651

County of Lancaster, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development: (Continued)				
Planning and community development: (Continued)				
Other community development	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Total planning and community development	\$ 703,990	\$ 703,990	\$ 564,724	\$ 139,266
Environmental management:				
Contribution to soil and water conservation district	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Wetlands board	14,827	14,827	10,559	4,268
Total environmental management	\$ 29,827	\$ 29,827	\$ 25,559	\$ 4,268
Cooperative extension program:				
Extension office	\$ 64,482	\$ 64,482	\$ 56,018	\$ 8,464
Rebranding initiative	30,000	30,000	30,000	-
Workforce development	2,688	2,688	2,688	-
Total cooperative extension program	\$ 97,170	\$ 97,170	\$ 88,706	\$ 8,464
Total community development	\$ 830,987	\$ 830,987	\$ 678,989	\$ 151,998
Capital projects:				
Landfill closure	\$ 7,000	\$ 7,000	\$ 7,610	\$ (610)
Enhanced emergency telephone system	40,425	40,425	58,206	(17,781)
School projects	35,223,000	35,223,000	26,818,546	8,404,454
Other capital projects	4,997,988	4,997,988	8,320,508	(3,322,520)
Total capital projects	\$ 40,268,413	\$ 40,268,413	\$ 35,204,870	\$ 5,063,543
Debt service:				
Principal retirement	\$ 4,511,405	\$ 4,511,405	\$ 1,731,838	\$ 2,779,567
Interest and other fiscal charges	646,996	646,996	3,598,396	(2,951,400)
Total debt service	\$ 5,158,401	\$ 5,158,401	\$ 5,330,234	\$ (171,833)
Total General Fund	\$ 79,620,057	\$ 80,594,094	\$ 71,482,490	\$ 9,111,604
Total Primary Government	\$ 79,620,057	\$ 80,594,094	\$ 71,482,490	\$ 9,111,604

County of Lancaster, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2025

Schedule 2
Page 5 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 1,335,336	\$ 1,347,337	\$ 1,316,336	\$ 31,001
Instruction costs	15,000,457	14,357,457	14,375,071	(17,614)
Pupil transportation	1,611,951	1,582,951	1,269,428	313,523
Operation and maintenance of school plant	1,780,857	2,711,857	2,638,033	73,824
Total education	\$ 19,728,601	\$ 19,999,602	\$ 19,598,868	\$ 400,734
Debt service:				
Principal retirement	\$ -	\$ -	\$ 33,343	\$ (33,343)
Interest and other fiscal charges	-	-	1,413	(1,413)
Total debt service	\$ -	\$ -	\$ 34,756	\$ (34,756)
Total School Operating Fund	\$ 19,728,601	\$ 19,999,602	\$ 19,633,624	\$ 365,978
Special Revenue Funds:				
School Cafeteria Fund:				
Education:				
School food services:				
School food	\$ 557,331	\$ 557,331	\$ 607,050	\$ (49,719)
Commodities	-	47,927	47,927	-
Total school food services	\$ 557,331	\$ 605,258	\$ 654,977	\$ (49,719)
Total education	\$ 557,331	\$ 605,258	\$ 654,977	\$ (49,719)
Total School Cafeteria Fund	\$ 557,331	\$ 605,258	\$ 654,977	\$ (49,719)
Textbook Fund:				
Education:				
Purchase of textbooks	\$ 150,530	\$ 150,530	\$ 103,542	\$ 46,988
Total Textbook Fund	\$ 150,530	\$ 150,530	\$ 103,542	\$ 46,988
School Activity Fund:				
Education:				
Elementary and secondary schools	\$ -	\$ -	\$ 311,085	\$ (311,085)
Total education	\$ -	\$ -	\$ 311,085	\$ (311,085)
Total School Activity Fund	\$ -	\$ -	\$ 311,085	\$ (311,085)
Total Discretely Presented Component Unit - School Board	\$ 20,436,462	\$ 20,755,390	\$ 20,703,228	\$ 52,162

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STATISTICAL INFORMATION

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Table 1

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

Fiscal Year	General Government Administration		Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Sewer Fund	Total										
2016	\$	1,908,331	\$	799,809	\$	4,952,988	\$	1,310,981	\$	2,586,611	\$	11,439,147	\$	31,285	\$	605,475	\$	255,179	\$	16,483	\$	23,906,289
2017		1,699,686		838,473		5,424,432		1,917,013		2,647,115		10,916,368		210,063		456,267		274,329		17,443		24,401,189
2018		1,449,191		821,911		5,516,169		1,501,261		2,614,466		10,994,217		204,327		659,828		188,793		72,496		24,022,659
2019		1,476,693		911,383		5,408,627		1,336,789		2,885,295		11,164,059		196,072		368,805		252,744		64,389		24,064,856
2020		1,448,143		986,683		6,205,175		1,597,827		3,120,376		11,758,993		210,112		386,699		246,681		75,855		26,036,544
2021		1,708,528		1,022,474		6,755,282		1,641,742		3,046,528		11,205,133		210,068		1,641,608		814,422		72,805		28,118,590
2022		1,136,523		979,643		7,129,556		1,717,083		2,852,234		11,797,326		200,230		678,166		476,035		100,991		27,067,787
2023		1,773,804		1,027,470		7,902,135		1,680,241		2,972,942		9,635,288		222,596		561,496		2,924,542		73,689		28,774,203
2024		2,274,710		1,170,724		8,761,442		1,745,724		2,985,861		13,766,876		245,594		718,957		3,128,645		84,640		34,883,173
2025		2,388,062		1,180,090		9,719,851		7,206,868		2,889,305		13,481,524		246,948		666,113		3,426,952		87,298		41,293,011

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES				Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Misc- ellaneous	Grants and Contributions Not Restricted to Specific Programs	
2016	\$ 508,057	\$ 3,637,999	\$ 163,998	\$ 15,693,176	\$ 1,973,114	\$ 145,471	\$ 114,978	\$ 1,302,796	\$ 23,539,589
2017	496,767	3,318,227	912,601	15,493,614	2,052,020	130,432	589,649	1,314,001	24,307,311
2018	619,374	3,774,048	139,212	17,228,176	2,068,049	139,878	25,129	1,318,972	25,312,838
2019	529,623	4,090,804	-	17,155,371	2,089,980	228,132	58,950	1,278,588	25,431,448
2020	609,139	4,163,799	-	18,951,537	2,377,456	242,362	73,900	1,282,087	27,700,280
2021	740,494	5,594,740	-	19,260,040	2,931,188	279,784	73,589	1,262,185	30,142,020
2022	862,051	5,537,063	-	19,733,081	3,053,868	137,433	88,977	1,235,001	30,647,474
2023	894,958	5,147,440	-	20,946,745	3,141,632	2,840,435	168,955	1,225,936	34,366,101
2024	890,758	5,328,639	-	20,684,351	3,176,199	4,256,365	115,166	1,206,095	35,657,573
2025	1,023,971	13,271,971	-	24,623,816	3,330,978	3,065,144	247,468	1,180,249	46,743,597

Table 3

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

Fiscal Year	General Government Administration			Judicial Administration	Public Safety	Public Works	Health and Welfare	Parks, Recreation, and Cultural			Community Development	Debt Service	Total					
								Education (2)										
2016	\$	1,520,697	\$	683,614	\$	4,992,280	\$	2,583,793	\$	15,300,394	\$	192,866	\$	522,018	\$	1,999,846	\$	29,115,647
2017		1,586,908		701,180		5,165,831		2,628,153		16,151,982		192,816		482,994		1,985,164		30,340,720
2018		1,428,951		721,735		5,459,268		2,649,502		16,286,153		202,898		447,070		1,955,746		30,589,265
2019		1,477,843		820,043		5,337,243		2,977,266		16,628,214		177,992		433,065		1,689,379		30,892,934
2020		1,400,802		819,124		5,880,302		3,043,429		16,767,103		188,047		456,405		1,339,015		31,458,573
2021		1,542,487		839,373		6,204,271		2,935,319		17,261,878		188,003		1,656,325		5,897,672		38,128,341
2022		1,589,585		894,571		7,175,523		2,958,409		19,708,217		178,165		772,216		1,805,112		36,770,855
2023		1,811,059		951,838		7,985,855		3,043,889		19,398,467		193,146		634,406		1,958,149		37,664,728
2024		2,202,883		1,048,416		8,697,070		2,997,451		20,822,895		203,144		754,518		5,931,987		44,377,640
2025		2,013,018		1,099,514		9,580,198		2,949,864		20,676,466		204,498		678,989		5,330,234		44,525,109

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

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

(3) Excludes Capital Projects funds.

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2016	\$ 15,836,307	\$ 1,973,114	\$ 108,799	\$ 10,833	\$ 116,102	\$ 499,186	\$ 223,117	\$ 69,887	\$ 9,976,488	\$ 28,813,833
2017	15,593,585	2,052,020	137,953	24,333	114,374	450,878	109,288	188,360	9,937,141	28,607,932
2018	16,986,495	2,068,049	131,233	30,713	131,014	499,581	115,970	158,505	10,336,901	30,458,461
2019	17,205,483	2,089,980	136,434	27,322	214,763	423,207	199,110	247,597	10,546,143	31,090,039
2020	18,851,409	2,377,456	158,117	27,601	226,629	458,791	303,609	312,366	10,331,857	33,047,835
2021	19,335,694	2,931,188	230,628	23,756	268,934	471,455	437,009	111,741	12,813,216	36,623,621
2022	19,826,934	3,053,868	203,770	27,986	180,007	536,861	956,004	404,034	14,310,260	39,499,724
2023	20,807,948	3,141,632	256,007	38,879	548,720	517,096	392,232	205,736	15,883,394	41,791,644
2024	20,635,384	3,176,199	275,389	38,259	759,894	491,802	660,213	169,673	13,400,143	39,606,956
2025	24,402,433	3,330,978	320,860	58,022	722,468	560,317	744,818	164,465	21,597,103	51,901,464

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

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

(3) Excludes Capital Projects funds.

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2016	\$ 16,395,196	\$ 15,993,536	97.55%	\$ 443,482	\$ 16,437,018	100.26%	\$ 797,241	4.86%
2017	16,223,560	15,813,002	97.47%	379,351	16,192,353	99.81%	794,978	4.90%
2018	17,629,525	17,185,267	97.48%	407,930	17,593,197	99.79%	856,569	4.86%
2019	18,066,621	17,431,376	96.48%	389,234	17,820,610	98.64%	851,654	4.71%
2020	19,674,230	18,955,025	96.34%	474,289	19,429,314	98.76%	933,692	4.75%
2021	19,771,587	19,287,374	97.55%	546,423	19,833,797	100.31%	808,535	4.09%
2022	20,180,297	19,852,491	98.38%	513,666	20,366,157	100.92%	750,305	3.72%
2023	21,488,435	20,915,601	97.33%	420,308	21,335,909	99.29%	878,733	4.09%
2024	21,517,397	23,428,667	108.88%	450,667	23,879,334	110.98%	940,782	4.37%
2025	24,853,316	24,355,660	98.00%	527,542	24,883,202	100.12%	1,084,868	4.37%

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years.

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital	Public Utility (2)	Total
2016	\$ 2,508,388,693	\$ 131,126,404	\$ 276,500	\$ 11,576,166	\$ 57,321,237	\$ 2,708,689,000
2017	2,514,523,163	114,663,537	256,150	11,405,489	59,378,306	2,700,226,645
2018	2,524,855,368	119,572,026	556,950	10,972,495	60,647,781	2,716,604,620
2019	2,539,716,958	124,892,138	448,850	11,394,021	63,956,272	2,740,408,239
2020	2,654,801,825	125,789,911	435,750	11,372,483	67,710,661	2,860,110,630
2021	2,645,661,552	130,162,943	451,850	12,194,971	78,250,287	2,866,721,603
2022	2,667,079,943	142,537,620	453,150	11,679,684	86,652,632	2,908,403,029
2023	2,686,783,130	191,516,777	498,850	12,426,928	84,656,501	2,975,882,186
2024	2,709,165,973	180,454,202	780,850	13,364,534	76,171,984	2,979,937,543
2025	3,783,277,273	187,422,492	115,150	13,003,570	104,688,762	4,088,507,247

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

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

Table 7

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

Fiscal Year	Real Estate		Personal Property		Merchant's Capital		Machinery and Tools	
2016	\$	0.54	\$	2.04	\$	1.00	\$	1.52
2017		0.54		2.04		1.00		1.52
2018		0.59		2.04		1.00		1.52
2019		0.59		2.04		1.00		1.52
2020		0.63		2.04		1.00		1.52
2021		0.63		2.04		1.00		1.52
2022		0.63		2.04		1.00		1.52
2023		0.63		2.04		1.00		1.52
2024		0.63		2.04		1.00		1.52
2025		0.55		2.04		1.00		1.52

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Assumed by Other Localities (4)			
2016	11,391	\$ 2,708,689,000	\$ 1,680,000	\$ -	\$ -	\$ 1,680,000	0.06%	\$ 147
2017	11,391	2,700,226,645	1,545,000	-	-	1,545,000	0.06%	136
2018	11,391	2,716,604,620	1,405,000	-	-	1,405,000	0.05%	123
2019	11,391	2,740,408,239	1,255,000	-	-	1,255,000	0.05%	110
2020	11,391	2,860,110,630	1,255,000	-	-	1,255,000	0.04%	110
2021	10,808	2,866,721,603	13,275,000	-	-	13,275,000	0.46%	1,228
2022	10,808	2,908,403,029	13,100,000	-	-	13,100,000	0.45%	1,212
2023	10,757	2,975,882,186	72,295,000	-	-	72,295,000	2.43%	6,721
2024	10,919	2,979,937,543	71,865,000	-	-	71,865,000	2.41%	6,582
2025	10,908	4,088,507,247	71,420,000	-	-	71,420,000	1.75%	6,547

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

(2) From Table 6.

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

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

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

COMPLIANCE

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Lancaster, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements which collectively comprise County of Lancaster, Virginia's basic financial statements and have issued our report thereon dated November 26, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Lancaster, Virginia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Lancaster, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Lancaster, Virginia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Lancaster, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 26, 2025



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Lancaster, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Lancaster, Virginia's major federal programs for the year ended June 30, 2025. County of Lancaster, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, County of Lancaster, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of County of Lancaster, Virginia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of County of Lancaster, Virginia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to County of Lancaster, Virginia's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on County of Lancaster, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about County of Lancaster, Virginia's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding County of Lancaster, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of County of Lancaster, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of County of Lancaster, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (Continued)

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

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

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 26, 2025

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures Passed Through to Subrecipients
Department of Health and Human Services:				
Pass Through Payments:				
Virginia Department of Social Services:				
Temporary Assistance for Needy Families	93.558	0400124/0400125	\$ 153,318	\$ -
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950123/0950124/0980120	24,715	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500125	496	-
Low-Income Home Energy Assistance	93.568	0600424/0600425	33,071	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760124/0760125	31,936	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900123/0900124	585	-
Foster Care - Title IV-E	93.658	1100124/1100125	71,635	-
Adoption Assistance	93.659	1120124/1120125	20,309	-
Social Services Block Grant	93.667	1000124/1000125	146,382	-
Guardianship Assistance	93.090	1110123/1110124	229	-
Title IV-E Prevention Services	93.472	1140124/1140125	4,916	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150124/9150125	1,166	-
Children's Health Insurance Program	93.767	0540124/0540125	3,117	-
Medical Assistance Program (Medicaid Cluster)	93.778	1200124/1200125	245,666	-
Total Department of Health and Human Services			\$ 737,541	\$ -
Department of Agriculture:				
Pass Through Payments:				
Virginia Department of Agriculture and Consumer Services:				
National School Lunch Program Food Distribution (Child Nutrition Cluster)	10.555	Not available	\$ 47,927	\$ -
Virginia Department of Education:				
National School Lunch Program (Child Nutrition Cluster)	10.555	202323N893034/ 202423N11994/ 202524N10994/202524N11994	441,713	-
Total FALN 10.555			\$ 489,640	\$ -
School Breakfast Program	10.553	20242N11994/20252N1111994/ 202525N10994	\$ 190,798	\$ -
Total FALN 10.553			\$ 190,798	\$ -
Child Nutrition Cluster Total			\$ 680,438	\$ -
Child and Adult Care Food Program	10.558	20242N10994/202525N10994/ 202524N11994	4,456	-
Child Nutrition Discretionary Grants Limited Availability	10.579	202323N81034	27,582	-
Virginia Department of Social Services:				
State Administrative Matching Grants for the Supplemental				
Nutrition Assistance Program (SNAP Cluster)	10.561	0010124/0010125/0040124/ 0040125	283,210	-
Total Department of Agriculture			\$ 995,686	\$ -

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures Passed Through to Subrecipients
Department of Justice:				
Pass Through Payments:				
Virginia Department of Criminal Justice Services:				
Crime Victim Assistance	16.575	25-01053VW22	\$ 29,443	\$ -
Total Department of Justice			\$ 29,443	\$ -
Department of Treasury:				
Direct Payments:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 662,863	\$ -
Pass Through Payments:				
Virginia Department of Criminal Justice Services:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Sheriff	21.027	509954	36,751	-
Virginia Tourism Corporation:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Tourism	21.027	Not available	50,000	-
Virginia Department of Education:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Schools	21.027	SLFRP1026	47,820	-
Total FALN 21.027			\$ 797,434	\$ -
Total Department of Treasury			\$ 797,434	\$ -
Department of Defense:				
Direct Payments:				
ROTC	12.xxx	N/A	\$ 76,801	\$ -
Total Department of Defense			\$ 76,801	\$ -
Department of Education:				
Pass Through Payments:				
Virginia Department of Education:				
Title I Grants to Local Educational Agencies	84.010	S010A230046/S010A240046	\$ 528,599	\$ -
Special Education Cluster:				
Special Education - Grants to States (Special Education Cluster)	84.027	H027A220107/ H027A230170	222,160	-
Career and Technical Education - Basic Grants to States	84.048	V048A230046	16,334	-
Rural Education	84.358	S358B230046/ S358B240046	33,915	-
Supporting Effective Instruction State Grants	84.367	S367A220044/ S367A230044	68,053	-
Student Support and Academic Enrichment Program	84.424	S424A220048/ S424A230048	125,822	-
American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	S425U210008	236,899	-
Total FALN 84.425			\$ 236,899	\$ -
Total Department of Education			\$ 1,231,782	\$ -
Total Expenditures of Federal Awards			\$ 3,868,687	\$ -

See accompanying notes to schedule of expenditures of federal awards.

County of Lancaster, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

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

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

(3) The County did not elect to use the 15 percent de minimis indirect cost rate allowed under Uniform Guidance

Note 3 - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received or disbursed.

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 1,804,871
Total primary government	<u>\$ 1,804,871</u>

Component Unit School Board:

School Operating Fund	\$ 1,356,404
School Cafeteria Fund	712,476
Total Component Unit School Board	<u>\$ 2,068,880</u>

Total expenditures of federal awards per basic financial statements	<u>\$ 3,873,751</u>
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BABs subsidy	<u>\$ (5,064)</u>
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Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	<u><u>\$ 3,868,687</u></u>
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Note 5 - Loan Balances

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

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

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

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

Internal control over major programs:

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

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

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

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

Assistance Listing Number(s)
21.027

Name of Federal Program or Cluster
COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A
and type B programs: \$750,000

Auditee qualified as low-risk auditee?

<u> ✓ </u> yes	<u> </u> no
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Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

**County of Lancaster, Virginia
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025**

There were no prior year findings.