

COUNTY OF WASHINGTON, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

**County of Washington, Virginia
Financial Report
For the Year Ended June 30, 2025**

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INTRODUCTORY SECTION

COUNTY OF WASHINGTON, VIRGINIA

BOARD OF SUPERVISORS

Randy L. Pennington, Chair
G. Michael Rush, Vice-Chair
Charlie S. Hargis, Jr.
Saul A. Hernandez
Phillip B. McCall
Wayne Stevens, Jr.
Dwayne Ball
Jason N. Berry, Clerk

COUNTY SCHOOL BOARD

Debbie Anderson, Chair
Adam Wilson, Vice Chair
Sandy Frederick
Lee Brannon
Crystal Rasnake
J. Sanders Henderson, III
Jenny Nichols
Melissa Caudill, Clerk

SOCIAL SERVICES BOARD

Debbie Anderson, Chair
Don Mullins, Vice-Chair
Hannah Ford
Daniel Ruble
Larry Lusk
Sharon Reed
Doris Wells

OTHER OFFICIALS

Clerk of the Circuit Court Patricia S. Moore
Commonwealth's Attorney..... Joshua S. Cumbow
Commissioner of the Revenue April Hamby Crabtree
Treasurer..... Fred W. Parker
Sheriff Blake Andis
Superintendent of Schools..... Keith Perrigan
Director of Social Services..... Kathy M. Johnson
County Administrator Jason N. Berry
Finance Director Tammy Sturgill
County Attorney Brandon Snodgrass

FINANCIAL SECTION



Independent Auditors' Report

To the Honorable Members of
The Board of Supervisors
County of Washington, Virginia

Report on the Audit of the Financial Statements

Opinions

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

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

We did not audit the financial statements of the Virginia Highlands Airport Authority which represent 70 percent, 77 percent, and 70 percent of the assets, net position, and revenues of the aggregate discretely presented component units as of June 30, 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Virginia Highlands Airport Authority, is based solely on the report of the other auditors.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 30 to the financial statements, in 2025, the County of Washington, Virginia adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balance

As described in Note 30 to the financial statements, in 2025, the County of Washington, Virginia restated beginning balances to reflect the requirements of GASB Statement No. 101. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County of Washington, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Washington, 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 and other auditors 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 the County of Washington, 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 by us and other auditors. In our opinion, based on our audit and the report of other auditors, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2025, on our consideration of the County of Washington, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County of Washington, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Washington, Virginia's internal control over financial reporting and compliance.

Polinson, Fawcett, Cox Associates

Blacksburg, Virginia
December 5, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Washington, Virginia we offer 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. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements.

Financial Highlights:

- The assets and deferred outflows of resources of the County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$84,507,814 (net position). Of this amount, \$43,419,645 was considered unrestricted.
- The change in net position of the County's governmental activities was \$3,220,988 for the current fiscal year. In the prior fiscal year, the change in net position of the County's governmental activities was \$10,892,943.
- As of the close of the current fiscal year, the County's general funds reported combined ending fund balances of \$46,296,480. Of the amount \$40,504,862 was considered unassigned, \$260,598 was considered assigned, \$5,034,811 was considered committed, \$356,153 was considered restricted and \$140,056 was considered nonspendable.
- During the year, the County had a decrease in fund balance of \$4,167,718 as compared to a decrease in prior year of \$1,003,832. This decrease in the current year was largely driven by a transfer to the capital projects fund of \$5,318,581.

Overview of the Financial Statements:

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

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

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

Government-wide Financial Statements – The Government-wide Financial Statements are designed to provide the readers with a broad overview of the County’s finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the County’s assets and liabilities, with the difference between the two 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 of the 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). Our governmental activities include general government, courts, public safety, sanitation, social services, education, cultural events, and recreation.

The Government-wide Financial Statements include not only the County of Washington, Virginia itself (known as the primary government), but also a legally separate school board for which the County of Washington, Virginia is financially accountable. The financial statements also include three discretely presented component units that we do not control, but do exercise a significant financial relationship with. These include the Park Authority, the Industrial Development Authority and the Virginia Highlands Airport Authority.

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 Washington, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the 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 reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, governmental fund financial statement focus on near-term inflows and outflows of spendable resources, as well as on balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains four individual governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, ARPA Fund, Disaster Relief Fund, and Capital Improvement Fund. The General Fund, ARPA Fund, Disaster Relief Fund, and Capital Improvement Fund are considered to be major funds.

The County adopts an annual appropriated budget for its Governmental funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

Proprietary Funds – The County maintains one proprietary fund for the School System's self-insurance plan. This Internal Service Fund accounts for activities similar to those found in the private sector.

Fiduciary funds – The County is the trustee, or fiduciary, for the County's agency funds and expendable trust funds. We are responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets. The County excludes these activities from the County's Government-wide Financial Statements because the County cannot use these assets to finance its operations.

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 statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison and presentation of combining financial statements for the discretely presented component units and the non-major funds.

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a County's financial position. In the case of the County's Primary Government, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$84,507,814 at the close of the most recent fiscal year.

A significant portion of the County's net position \$38,829,324 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets

themselves cannot be used to liquidate these liabilities. An additional portion of the County's net position \$2,258,845, are subject to restrictions on how they may be used. The remaining balance of net position \$43,419,645 may be used to meet the County's ongoing obligations.

The following table summarizes the County's Statement of Net Position and Statement of Activities for 2025 and 2024.

Statement of Net Position

	Governmental Activities	Governmental Activities
	2025	2024
Current and other assets	\$ 87,174,491	\$ 97,102,699
Capital and other assets	75,198,026	63,519,509
Total assets	<u>\$ 162,372,517</u>	<u>\$ 160,622,208</u>
Deferred outflows of resources	<u>\$ 5,577,717</u>	<u>\$ 3,074,273</u>
Current and other liabilities	\$ 9,379,764	\$ 8,614,916
Long-term liabilities	56,247,818	57,086,586
Total liabilities	<u>\$ 65,627,582</u>	<u>\$ 65,701,502</u>
Deferred inflows of resources	<u>\$ 17,814,838</u>	<u>\$ 16,464,614</u>
Net position:		
Net investment in capital assets	\$ 38,829,324	\$ 30,089,567
Restricted	2,258,845	2,267,650
Unrestricted	43,419,645	49,173,148
Total net position	<u>\$ 84,507,814</u>	<u>\$ 81,530,365</u>

Statement of Activities

	Governmental Activities 2025	Governmental Activities 2024
	<hr/>	<hr/>
Program revenues		
Charges for services	\$3,820,663	\$3,877,702
Operating grants and contributions	19,012,723	19,488,031
Capital grants and contributions	628,220	2,023,611
General revenues		
Property taxes	46,469,192	45,057,189
Other taxes	14,303,300	13,755,391
Revenue from use of money and property	3,314,853	3,250,589
Miscellaneous	3,389,354	1,682,385
Gain on disposal of capital assets	-	-
Grants and contributions not restricted to specific programs	5,047,783	3,083,379
Total revenues	<hr/> 95,986,088	<hr/> 92,218,280
Expenses		
General government	5,930,445	5,474,359
Judicial administration	2,561,368	2,583,232
Public safety	19,149,224	17,178,731
Public works	7,081,527	2,593,098
Health and welfare	18,082,024	15,193,107
Education	33,795,232	28,874,060
Parks, recreation and cultural	2,637,868	2,835,856
Community development	1,745,064	5,246,740
Interest on debt	1,782,348	1,346,154
Total expenses	<hr/> 92,765,100	<hr/> 81,325,337
Change in net position	<hr/> 3,220,988	<hr/> \$10,892,943

At the end of the current fiscal year, the County is able to report positive balances in all categories of net positions.

Financial Analysis of the County's Funds

As noted earlier, the County uses 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 spendable resources. Such information is useful in assessing the County’s financing requirements. In particular, 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 (which include the General Fund, ARPA Fund, Disaster Relief Fund, and County Capital Projects Fund) reported combined ending fund balances of \$55,953,790; .25% or \$140,056 constitutes non-spendable fund balance, 17.90% or \$10,013,463 constitutes restricted fund balance, which is not available for current spending since it has been restricted by external parties such as grantors, laws or legislation. Approximately 9.00% or \$5,034,811 has been committed by action of the Board of Supervisors and .47% or \$260,598 has been assigned by the Board of Supervisors. The remaining balance, \$40,504,862 or 72.39% is unassigned, meaning there is no restrictions placed on the funds.

The general fund is the operating fund of the County. At the end of the current fiscal year, total fund balance of the general fund was \$46,296,480 of this amount \$40,504,862 was considered unassigned.

Total general fund revenues increased \$1,164,215 and expenditures increased \$8,224,703 over prior year amounts. For fiscal year ended June 30, 2025, fund balance decreased by \$4,167,718 for the general fund, as compared to the fiscal year ended June 30, 2024, where fund balance decreased by \$1,003,832 for the general fund. The decrease in fund balance was largely driven by an increase in expenditures, as noted above and a transfer to the County Capital Projects Fund of \$5,318,581 in the current year.

General Fund Budgetary Highlights

There were differences between the general fund original budget and the final amended budget for the current year. The County budgeted revenues of \$90,278,226 for fiscal year 2025. The actual revenues were \$93,268,892 which is a favorable variance of \$2,990,666. The favorable variance is attributed largely to revenues exceeding the budget for general property taxes, other local taxes revenue from use of money, and charges for services. The budgeted expenditures were \$100,436,216 for the County. The actual expenditures were \$91,731,686 which is a favorable variance of \$8,704,530 which is largely attributed to conservative budgeting for several departments as well as the timing of significant outlays.

Capital Assets and Debt Administration

Capital assets – The County’s investment in capital assets for its governmental funds activities as of June 30, 2025 amounts to \$75,198,026 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The main capital expenditures during fiscal year 2025 were for the finished renovations to the Washington County Courthouse, equipment for Radio Tower Project, Solid Waste Breakroom and Bathroom, Transfer Station Replacement Slab, Improvements to New Animal Shelter Building, and vehicles for Sheriff’s Office.

Additional information on the County of Washington’s capital assets can be found in Note 18 of this report.

Long-term debt – At the end of the current fiscal year, the County’s primary government had total debt outstanding as follows:

Primary Government:	
Compensated absences	\$ 2,186,460
Net OPEB liabilities	2,480,661
Net pension liability	4,731,580
General obligation bonds	39,237,928
Lease revenue notes	7,275,992
Lease payables	182,704
Landfill post-closure costs	152,493
Total	<u>\$ 56,247,818</u>

Additional information on the County of Washington’s long-term debt can be found in Note 8 of this report.

Economic Factors

The June 2025 unemployment rate for the County of Washington, Virginia was 4.1%, which is slightly above the unemployment rate from June 2024 of 3.5%. The County’s unemployment rate is slightly above the state’s average unemployment rate of 3.5% and in line with the national average rate of 4.1%.

Request for Information

This financial report is designed to provide a general overview of the County’s finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of Budget and Finance, Government Center Building, One Government Center Place, Suite A, Abingdon, Virginia 24210.

Basic Financial Statements

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

	Primary Government		Component			
	Governmental		Units			
	Activities		School Board	Other		
ASSETS						
Cash and cash equivalents	\$	46,778,670	\$	12,487,038	\$	4,030,470
Cash in custody of others		-		1,893,207		30,000
Investments		2,342,061		-		-
Receivables (net of allowance for uncollectibles):						
Taxes receivable		19,389,615		-		-
Accounts receivable		3,493,251		1,572,776		110,378
Notes receivable		-		-		6,286,000
Leases receivable		-		-		1,009,833
Rent receivable		-		-		35,054
Grants receivable		-		-		649,089
Due from primary government		-		7,541,633		-
Due from other governmental units		4,719,498		2,598,715		23,870
Inventories		908,158		-		37,055
Prepaid items		140,056		1,327,983		11,885
Net pension asset		-		-		43,392
Net OPEB asset		47,784		-		-
Restricted assets:						
Investments (in custody of others)		9,355,398		-		-
Capital assets:						
Capital assets, not being depreciated/amortized		14,107,872		4,487,158		27,811,535
Capital assets, net of accumulated depreciation/amortization		61,090,154		25,434,051		50,002,936
Total assets	\$	162,372,517	\$	57,342,561	\$	90,081,497
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amount on refunding	\$	993,276	\$	-	\$	1,235,328
Pension related items		4,326,621		15,930,541		58,866
OPEB related items		257,820		2,522,644		5,945
Total deferred outflows of resources	\$	5,577,717	\$	18,453,185	\$	1,300,139
LIABILITIES						
Accounts payable	\$	1,264,227	\$	1,743,144	\$	372,060
Accrued liabilities		-		1,072,199		-
Construction payables		20,752		-		-
Accrued wages		97,544		10,504,641		29,369
Accrued interest payable		425,608		-		42,874
Assets held for others		30,000		-		-
Due to component unit		7,541,633		-		-
Unearned revenue		-		-		146,738
Long-term liabilities:						
Due within one year		4,406,433		2,797,022		1,197,135
Due in more than one year		51,841,385		61,848,535		9,207,077
Total liabilities	\$	65,627,582	\$	77,965,541	\$	10,995,253
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - property taxes	\$	15,717,007	\$	-	\$	-
Pension related items		1,769,681		9,848,490		32,611
OPEB related items		328,150		3,322,053		3,346
Lease related items		-		-		966,650
Total deferred inflows of resources	\$	17,814,838	\$	13,170,543	\$	1,002,607
NET POSITION						
Net investment in capital assets	\$	38,829,324	\$	29,921,209	\$	76,470,890
Restricted		2,258,845		4,084,779		43,392
Unrestricted		43,419,645		(49,346,326)		2,869,494
Total net position	\$	84,507,814	\$	(15,340,338)	\$	79,383,776

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Primary Governmental Activities	Component Unit	
			Operating Grants and Contributions	Capital Grants and Contributions		School Board	Other Component Units
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 5,930,445	\$ 894,952	\$ 1,035,181	\$ -	\$ (4,000,312)	\$ -	\$ -
Judicial administration	2,561,368	10,892	1,540,701	-	(1,009,775)	-	-
Public safety	19,149,224	1,184,977	4,574,977	628,220	(12,761,050)	-	-
Public works	7,081,527	1,691,910	44,750	-	(5,344,867)	-	-
Health and welfare	18,082,024	-	11,149,406	-	(6,932,618)	-	-
Education	33,795,232	-	-	-	(33,795,232)	-	-
Parks, recreation, and cultural	2,637,868	10,123	259,861	-	(2,367,884)	-	-
Community development	1,745,064	27,809	-	-	(1,717,255)	-	-
Interest on long-term debt	1,782,348	-	407,847	-	(1,374,501)	-	-
Total government activities	\$ 92,765,100	\$ 3,820,663	\$ 19,012,723	\$ 628,220	\$ (69,303,494)	\$ -	\$ -

COMPONENT UNITS:

School Board	\$ 115,050,333	\$ 5,212,954	\$ 82,364,159	\$ -	\$ -	\$ (27,473,220)	\$ -
Other Component Units	4,506,150	2,900,022	23,617	2,276,915	-	-	694,404
Total component units	\$ 119,556,483	\$ 8,112,976	\$ 82,387,776	\$ 2,276,915	\$ -	\$ (27,473,220)	\$ 694,404

General revenues:

General property taxes	\$ 46,469,192	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes:							
Local sales and use taxes	10,614,471	-	-	-	-	-	-
Consumers' utility taxes	1,175,412	-	-	-	-	-	-
Utility license taxes	135,886	-	-	-	-	-	-
Motor vehicle licenses	1,221,051	-	-	-	-	-	-
Bank stock taxes	80,421	-	-	-	-	-	-
Taxes on recordation and wills	600,843	-	-	-	-	-	-
Hotel and motel room taxes	475,216	-	-	-	-	-	-
Unrestricted revenues from use of money	3,314,853	96,318	154,595	-	96,318	154,595	-
Miscellaneous	3,389,354	1,059,027	17,593	-	1,059,027	17,593	-
Payments from Washington County	-	33,043,437	618,311	-	33,043,437	618,311	-
Grants and contributions not restricted to specific programs	5,047,783	-	-	-	-	-	-
Total general revenues	\$ 72,524,482	\$ 34,198,782	\$ 790,499	\$ -	\$ 3,220,988	\$ 6,725,562	\$ 1,484,903
Change in net position	\$ 81,530,365	\$ (22,065,900)	\$ 77,898,873	\$ -	\$ (243,539)	\$ -	\$ -

Net position - beginning, as previously reported

Restatement

Net position - beginning, as restated

Net position - ending

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

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

	<u>General</u>	<u>ARPA</u>	<u>Disaster Relief Fund</u>	<u>County Capital Improvements</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 46,605,554	\$ -	\$ 173,116	\$ -	\$ 46,778,670
Investments	2,342,061	-		-	2,342,061
Receivables (net of allowance for uncollectibles):					
Taxes receivable	19,389,615	-		-	19,389,615
Other receivables	3,493,251	-		-	3,493,251
Due from other governmental units	4,569,950	-	149,548	-	4,719,498
Prepaid items	140,056	-		-	140,056
Restricted assets:					
Cash and cash equivalents	-	-		9,355,398	9,355,398
Total assets	<u>\$ 76,540,487</u>	<u>\$ -</u>	<u>\$ 322,664</u>	<u>\$ 9,355,398</u>	<u>\$ 86,218,549</u>
LIABILITIES					
Accounts payable	\$ 1,264,227	\$ -		\$ -	\$ 1,264,227
Construction payables	-			20,752	20,752
Accrued wages	97,544	-		-	97,544
Amount held for others	30,000	-		-	30,000
Due to component unit	7,541,633	-		-	7,541,633
Total liabilities	<u>\$ 8,933,404</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,752</u>	<u>\$ 8,954,156</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	\$ 19,778,359	\$ -		\$ -	\$ 19,778,359
Unavailable revenue - opioid settlement	1,532,244	-		-	1,532,244
Total deferred inflows of resources	<u>\$ 21,310,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,310,603</u>
FUND BALANCES					
Nonspendable	\$ 140,056	\$ -	\$ -	\$ -	\$ 140,056
Restricted	356,153	-	322,664	9,334,646	10,013,463
Committed	5,034,811	-	-		5,034,811
Assigned	260,598	-	-	-	260,598
Unassigned	40,504,862	-	-	-	40,504,862
Total fund balances	<u>\$ 46,296,480</u>	<u>\$ -</u>	<u>\$ 322,664</u>	<u>\$ 9,334,646</u>	<u>\$ 55,953,790</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 76,540,487</u>	<u>\$ -</u>	<u>\$ 322,664</u>	<u>\$ 9,355,398</u>	<u>\$ 86,218,549</u>

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

County of Washington, 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	\$	55,953,790
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, not being depreciated/amortized	\$ 14,107,872	
Capital assets being depreciated/amortized	85,205,031	
Accumulated depreciation/amortization	<u>(24,114,877)</u>	75,198,026

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

Unavailable revenue - property taxes	\$ 4,061,352	
Unavailable revenue - long-term receivable from opioid settlement	1,532,244	
Donated assets held for resale	<u>908,158</u>	6,501,754

The net OPEB asset is not an available resource and, therefore, is not reported in the funds.		<u>47,784</u>
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Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds

Deferred charge on refunding	\$ 993,276	
Pension related items	4,326,621	
OPEB related items	<u>257,820</u>	5,577,717

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

General obligation bonds and notes	\$ (34,833,033)	
General obligation bond premium	(4,404,895)	
Lease revenue notes	(6,999,106)	
Lease revenue notes premium	(276,886)	
Lease liabilities	(182,704)	
Landfill post-closure liability	(152,493)	
Net OPEB liabilities	(2,480,661)	
Net pension liability	(4,731,580)	
Compensated absences	(2,186,460)	
Accrued interest payable	<u>(425,608)</u>	(56,673,426)

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

Pension related items	\$ (1,769,681)	
OPEB related items	<u>(328,150)</u>	(2,097,831)

Net position of governmental activities	\$	<u><u>84,507,814</u></u>
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The notes to the financial statements are an integral part of this statement.

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

	<u>General</u>	<u>ARPA</u>	<u>Disaster Relief Fund</u>	<u>County Capital Improvements</u>	<u>Total</u>
REVENUES					
General property taxes	\$ 46,539,632	\$ -	\$ -	\$ -	\$ 46,539,632
Other local taxes	14,303,300	-	-	-	14,303,300
Permits, privilege fees, and regulatory licenses	299,778	-	-	-	299,778
Fines and forfeitures	906,653	-	-	-	906,653
Revenue from the use of money and property	2,646,913	5,797	16,111	646,032	3,314,853
Charges for services	2,614,232	-	-	-	2,614,232
Miscellaneous	1,397,716	-	1,793,087	58,217	3,249,020
Recovered costs	633,778	-	129,619	-	763,397
Intergovernmental:					
Commonwealth	18,644,942	-	21,173	60,059	18,726,174
Federal	5,281,948	442,837	237,767	-	5,962,552
Total revenues	<u>\$ 93,268,892</u>	<u>\$ 448,634</u>	<u>\$ 2,197,757</u>	<u>\$ 764,308</u>	<u>\$ 96,679,591</u>
EXPENDITURES					
Current:					
General government administration	\$ 5,187,063	\$ 434,604	\$ -	\$ -	\$ 5,621,667
Judicial administration	2,660,066	-	-	-	2,660,066
Public safety	18,881,897	-	120,769	60,863	19,063,529
Public works	6,375,250	-	273,549	2,156,388	8,805,187
Health and welfare	16,152,875	-	1,924,606	-	18,077,481
Education	33,150,851	-	-	-	33,150,851
Parks, recreation, and cultural	2,450,147	-	-	61,161	2,511,308
Community development	1,543,807	-	-	200,000	1,743,807
Nondepartmental	853,377	-	-	-	853,377
Capital projects	-	-	-	11,458,350	11,458,350
Debt service:					
Principal retirement	2,224,052	-	-	-	2,224,052
Interest and other fiscal charges	2,252,301	-	-	-	2,252,301
Total expenditures	<u>\$ 91,731,686</u>	<u>\$ 434,604</u>	<u>\$ 2,318,924</u>	<u>\$ 13,936,762</u>	<u>\$ 108,421,976</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,537,206</u>	<u>\$ 14,030</u>	<u>\$ (121,167)</u>	<u>\$ (13,172,454)</u>	<u>\$ (11,742,385)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 31,319	\$ -	\$ 443,831	\$ 5,318,581	\$ 5,793,731
Transfers out	(5,736,243)	(57,488)	-	-	(5,793,731)
Total other financing sources (uses)	<u>\$ (5,704,924)</u>	<u>\$ (57,488)</u>	<u>\$ 443,831</u>	<u>\$ 5,318,581</u>	<u>\$ -</u>
Net change in fund balances	\$ (4,167,718)	\$ (43,458)	\$ 322,664	\$ (7,853,873)	\$ (11,742,385)
Fund balances - beginning	50,464,198	43,458	-	17,188,519	67,696,175
Fund balances - ending	<u>\$ 46,296,480</u>	<u>\$ -</u>	<u>\$ 322,664</u>	<u>\$ 9,334,646</u>	<u>\$ 55,953,790</u>

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

County of Washington, 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 \$ (11,742,385)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the detail of items supporting this adjustment:

Capital outlays	\$ 14,975,066	
Assets transferred to school board (net)	(320,053)	
Depreciation/amortization expense	<u>(2,813,442)</u>	11,841,571

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (163,054)

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

Property taxes	\$ (70,440)	
Opioid settlement	(99,799)	
Donation of assets held for resale	<u>240,133</u>	69,894

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

Debt issued or incurred:		
Increase in landfill post-closure liability	\$ (3,283)	
Principal repayments:		
General obligation bonds and notes	1,220,003	
Literary loans	28,502	
Lease revenue notes	824,141	
Lease liabilities	<u>151,406</u>	2,220,769

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.

Amortization of bond and lease revenue premium	\$ 540,543	
Amortization of deferred amount on refunding	(68,502)	
Change in compensated absences	(286,582)	
Change in OPEB related items	33,395	
Change in pension related items	777,427	
Change in accrued interest payable	<u>(2,088)</u>	994,193

Change in net position of governmental activities \$ 3,220,988

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

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

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 825,515
Accounts receivable	4,569
Total assets	\$ 830,084
 NET POSITION	
Restricted for:	
Social services clients	\$ 35,298
School board employee fringe benefits	625,139
Soil erosion deposits	95,983
Commonwealth Attorney collection program	73,664
Total liabilities	\$ 830,084

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

County of Washington, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2025

		Custodial Funds
Additions		
Interest	\$	16,856
Social services receipts		91,787
Fringe benefits receipts from retirees		732,797
Soil erosion deposit		30,840
Commonwealth Attorney collections		75,513
Total additions	\$	947,793
Deductions:		
Payments for social services clients	\$	89,441
Payments for fringe benefits		274,331
Payments for Commonwealth Attorney Collections		61,410
Total deductions	\$	425,182
 Net Increase (decrease) in fiduciary net position	 \$	 522,611
 Net Position, beginning		 307,473
Net Position, ending	\$	830,084

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

Blended component units - None

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

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

Other Discretely Presented Component Units:

The Virginia Highlands Airport Authority was created by the County of Washington to operate a regional airport. Washington County Board of Supervisors appoints the members of the Airport Authority. The County contributes a significant amount to the Authority's operations and there exists a financial benefit/burden relationship. A complete financial report of the Authority can be obtained by contacting the Authority.

The Industrial Development Authority of Washington County is authorized to acquire, own, lease, and dispose of properties to the end that such activities may promote industry and develop trade by inducing enterprises to locate and remain in Washington County. Washington County Board of Supervisors appoints the members of the Board of Directors of the Industrial Development Authority. There exists a financial benefit/burden relationship between the County and the Industrial Development Authority. A complete financial report of the Authority can be obtained by contacting the Authority.

The Park Authority of Washington County, Virginia is authorized to acquire, operate and maintain public parks and recreation areas within Washington County, Virginia. Washington County Board of Supervisors appoints the eight member board of directors of the Park Authority. There exists a financial benefit/burden relationship between the County and the Park Authority. A complete financial report of the Authority can be obtained by contacting the Authority.

Related Organizations - The County Board appoints board members to outside organizations, but the County's accountability for these organizations does not extend beyond making the appointments.

Jointly Governed Organizations - The County, in conjunction with other local jurisdictions, participates in supporting the Southwest Virginia Regional Jail Authority, Appalachian Juvenile Commission, and the Highlands Community Services. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$3,147,393 to the Regional Jail, \$202,308 to the Juvenile Commission, and \$237,500 to the Community Services Board. The County does not have any ongoing financial responsibility for these Organizations.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

B. Government-wide and fund financial statements

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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*.

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

C. Measurement focus, basis of accounting, and financial statement presentation

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

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for un-collectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County. Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

The County reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. The general fund includes the activities of the Forfeited Asset, Law Library, Traffic Enforcement, Anthem County Health Fund, Special Grant Fund, and VA Public Assistance.

The ARPA Fund is reported as a major *special revenue fund*. The fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for American Rescue Plan Act Funds.

The Disaster Relief Fund is reported as a major *special revenue fund*. The fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for natural disaster relief.

The County Capital Improvements Fund is reported as a major *capital projects fund*. The fund accounts for and reports financial resources to be used for the acquisition and construction of major capital projects of the County.

Additionally, the County reports the following fund type:

Fiduciary funds account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Custodial funds include the Special Welfare, Fringe Benefits, Soil Erosion Deposits and Commonwealth Attorney Collection Program funds.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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

1. Cash and cash equivalents

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

2. Investments

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

3. Receivables and payables

Activities 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 portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds" (i.e. the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

4. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on May 20th and November 20th. Personal property taxes are due and collectible annually on November 20th. The County bills and collects its own property taxes.

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$993,331 at June 30, 2025 and is comprised solely of property taxes.

6. Use of Estimates

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

**COUNTY OF WASHINGTON, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025**

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

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

7. 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 column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$20,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

As the County and Component Unit School Board 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.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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 (or life of the associated contract for lease and subscription assets):

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20-50
Land improvements	10
Structures, lines, and accessories	20-40
Machinery and equipment	3-30
Leased land	7
Leased buildings	10
Leased land improvements	2
Leased equipment	4-5
Subscription asset	3-5

8. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken prior to retirement and for those vested employees who will receive payment (up to \$6,500) for unused sick leave at termination. All annual pay is accrued when incurred in the government-wide and proprietary fund financial statements.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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

9. Long-term obligations

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

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

10. Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called “fund balances.” Governmental funds report the following categories of fund balance, based on the nature of any limitation requiring the use of resources for specific purposes:

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation;
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

The County’s highest decision-making level is the Board of Supervisors. Action from the Board of Supervisors is required to commit or release funds from commitment.

The County’s Board of Supervisors has authorized the County Administrator to assign fund balance to a specific purpose as approved within the County fund balance policy. The County considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unassigned, assigned, or committed fund balances are available, unless prohibited by legal documents or contracts. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available, the County considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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

11. Deferred Outflows/Inflows of Resources

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

12. 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 net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. 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.

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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

14. Leases and Subscription-Based IT Arrangements

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

Lessee

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

Subscriptions

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

Key Estimates and Judgments

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

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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

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

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

15. Inventory/Donated Assets Held for Resale

Inventory/donated assets held for resale includes vehicles and equipment donated to the County. This inventory is valued at fair market value.

16. Net Position

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to April 1st, 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. All nonfiduciary funds have legally adopted budgets.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

A. Budgetary information (Continued)

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 function level. Only the Board of Supervisors can revise the appropriation for each function or category. The County Administrator is authorized to transfer budgeted amounts within general government functions; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, the General Capital Projects Fund, the ARPA Fund and the Disaster Relief Fund. The School Operating Fund and School Capital Projects Fund are integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of expenditures over appropriations

For the fiscal year ending June 30, 2025, expenditures exceeded appropriations in the County Capital Improvements Fund by \$14,347, which was related to donated funds spent on behalf of the Park Authority. In addition, the ARPA fund showed an excess of expenditures over appropriations of \$21,161 due to expenses recognized in the current period that were reported as prepaid in the prior period.

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

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.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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).

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County and its discretely presented component units have an investment policy for custodial credit risk included within the County investment policy. The County’s investments at June 30, 2025 were held in the County’s name by the County’s custodial bank. The Local Government Investment (LGIP) Pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Credit Risk of Debt Securities

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

County's Rated Debt Investments' Value

Rated Debt Investments	Fair Quality Ratings	
	AAAm	AA+f
Local Government Investment Pool (LGIP)	\$ 664	\$ -
VIP Stable NAV Liq. Pool	495,731	-
VIP 1-3 Yr High Quality Bond Fund	-	2,342,061
SNAP	9,355,398	-

Concentration of Credit Risk

At June 30, 2025, the County did not have any investments requiring concentration of credit risk disclosures that exceeded 5% of total investments.

Interest Rate Risk

Investment Type	Fair Value	Less than 1 yr	1-5 years
Local Government Investment Pool (LGIP)	\$ 664	\$ 664	\$ -
Virginia Investment Pool (VIP)	2,837,792	495,731	2,342,061
SNAP	9,355,398	9,355,398	-

External Investment Pools

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 4 - Fair Value Measurement:

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 categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The County maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

The County has the following recurring fair value measurements as of June 30, 2025:

Investments	6/30/2025
Investments measured at the net asset value (NAV):	
VACO/VML VIP Stable Nav Liquidity Pool	\$ 495,731
VACO/VML VIP 1-3 Year High Quality Bond Fund	2,342,061
Total Investments measured at NAV	<u>\$ 2,837,792</u>

The VIP Stable Nav Liquidity Pool has no withdrawal limitations; however, the VIP 1-3 Year High Quality Bond Fund limits withdrawals to the first day and 15th day (or next business day) of each month.

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**COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

Note 5-Due from Other Governmental Units:

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

	Primary Government	Component Unit- School Board
<u>Local Government:</u>		
Southwest Virginia Regional Jail	\$ 231,628	\$ -
<u>Commonwealth of Virginia:</u>		
Local sales tax	1,861,932	-
State sales tax	-	1,611,233
Categorical aid-shared expenses	442,105	-
Categorical aid-VPA funds	287,275	-
Categorical aid-CSA funds	961,497	-
Categorical aid-other	303,083	-
Noncategorical aid	86,901	-
<u>Federal Government:</u>		
Categorical aid-VPA funds	372,266	-
Categorical aid-other	172,811	987,482
Totals	\$ 4,719,498	\$ 2,598,715

Note 6-Interfund/Component-Unit Obligations:

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
<u>Primary Government:</u>		
General Fund	\$ 7,541,633	\$ -
<u>Component Unit - School Board:</u>		
School Fund	\$ -	\$ 7,541,633

Note 7-Interfund Transfers and Balances:

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

Fund	Transfers In	Transfers Out
<u>Primary Government:</u>		
General Fund	\$ 31,319	\$ 5,736,243
ARPA Fund	-	57,488
Disaster Relief Fund	443,831	-
County Capital Improvement Fund	5,318,581	-
Total	\$ 5,793,731	\$ 5,793,731

**COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

Note 7-Interfund Transfers and Balances: (Continued)

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

Note 8-Long-Term Obligations:

Primary Government - Governmental Activities Indebtedness:

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

	Balance July 1, 2024, as restated	Increases/ Issuances	Decreases/ Retirement	Balance June 30, 2025
Direct Borrowings and Placements:				
General Obligation bonds and notes	\$ 36,053,036	\$ -	\$ (1,220,003)	\$ 34,833,033
General Obligation bond premium	4,881,015	-	(476,120)	4,404,895
Literary loans	28,502	-	(28,502)	-
Total Direct Borrowings and Placements	\$ 40,962,553	\$ -	\$ (1,724,625)	\$ 39,237,928
Lease revenue notes	7,823,247	-	(824,141)	6,999,106
Lease revenue premium	341,309	-	(64,423)	276,886
Lease liabilities	334,110	-	(151,406)	182,704
Landfill post-closure liability	149,210	3,283	-	152,493
Net OPEB liabilities	2,511,299	437,374	(468,012)	2,480,661
Net pension liability	3,308,519	9,303,256	(7,880,195)	4,731,580
Compensated absences*	1,899,878	286,582	-	2,186,460
Total	\$ 57,330,125	\$ 10,030,495	\$ (11,112,802)	\$ 56,247,818

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

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

Year Ending June 30,	Direct Borrowings and Placements		Lease Revenue Notes		Lease Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	1,240,319	1,985,970	860,697	230,718	\$ 149,876	\$ 2,604
2027	1,265,913	1,951,288	885,232	198,484	19,348	711
2028	801,801	1,565,610	733,281	167,473	5,765	346
2029	770,000	1,760,369	625,092	140,305	4,790	210
2030	820,000	1,749,625	645,127	114,901	2,925	75
2031-2035	6,970,000	10,255,456	1,494,611	388,999	-	-
2036-2040	8,850,000	9,592,875	1,755,066	140,290	-	-
2041-2045	11,265,000	8,800,169	-	-	-	-
2046-2050	2,850,000	156,262	-	-	-	-
Totals	\$34,833,033	\$37,817,624	\$ 6,999,106	\$ 1,381,170	\$ 182,704	\$ 3,946

COUNTY OF WASHINGTON, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 8-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness: (Continued)

Advanced Refunding:

The Washington County Industrial Development Authority (IDA) issued \$15,977,360 (including a premium of \$1,187,360) of Public Facilities Lease Revenue and Refunding Bonds, Series 2016 for the purpose of providing funds to refund in advance of their maturities the Public Facilities Lease Revenue and Refunding Bonds, Series 2010 of \$23,523,021 and to pay the costs incurred in connection with the issuance and delivery of the Series 2016 Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the County's and IDA's financial statements. A portion of the proceeds of the Series 2016 Bonds, together with amounts contributed from the Refunded 2010 Bonds Debt Service Reserve Fund, will be used to purchase the Restricted Escrow Fund Securities and to provide the cash that will be placed in an irrevocable escrow account to advance refund the Refunded 2010 Bonds. The Escrow agent will pay the scheduled debt service requirement of the Refunded 2010 Bonds on each scheduled payment date.

The reacquisition price exceeded the carrying amount of the old debt by \$2,009,547. This amount is being shown as a deferred outflow of resources and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. The advanced refunding was undertaken to reduce the total debt service payments over the next 24 years by \$3,348,535 and resulted in an economic gain of \$1,718,389 on a present value basis.

These bonds were originally issued to purchase and renovate the County Administration and Sheriff's Office building, which amounted to 80.14% of the issuance. The remaining amount was issued for an IDA project. As such the County has shown the 80.14% as a long term liability on its books as a lease revenue bond. The remaining amount of 19.86% is shown as a long term liability on the IDA's books. The County agreed to pay the debt service of the 19.86%, appropriated annually by the Board of Supervisors.

A breakdown of the outstanding balance by entity as of June 30, 2025 follows:

	Primary Government	Component Unit- IDA	Total
Lease revenue notes	\$ 6,643,606	\$ 1,646,394	\$ 8,290,000
Premium	276,886	68,616	345,502
Total	\$ 6,920,492	\$ 1,715,010	\$ 8,635,502

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 8-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Issue/ Implementation Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements						
Bonds and Notes:						
GO Bond	5.05%	11/1/2007	2027	1,565,886	\$ 268,513	\$ 87,723
GO Bond	5.05%	11/1/2007	2027	1,204,508	206,547	67,479
GO Bond	5.05%	11/1/2007	2027	1,243,435	213,222	69,659
GO Bond	5.05%	11/1/2007	2027	989,925	169,751	55,458
Premium on \$5,003,754 bonds	n/a	n/a	n/a	n/a	36,444	12,148
QSC Bond	5.31%	7/1/2010	2027	8,145,000	1,150,000	575,000
VRA Note	2.49%	5/26/2021	2048	15,975,000	15,265,000	385,000
Premium on \$15,975,000 bonds	n/a	n/a	n/a	n/a	2,208,657	250,274
VRA Note	4.05%	5/15/2024	2043	17,560,000	17,560,000	-
Premium on \$17,560,000 bonds	n/a	n/a	n/a	n/a	2,159,794	196,922
Total Direct Borrowings and Placements					<u>\$ 39,237,928</u>	<u>\$ 1,699,663</u>
Lease Revenue Notes						
Lease Revenue Note	2.00%-4.00%	6/16/2016	2041	\$ 3,969,636	\$ 2,225,036	\$ 229,482
Lease Revenue Note	2.00%-4.00%	6/16/2016	2041	7,883,070	4,418,570	455,715
Premium on \$7,883,070 bonds	n/a	n/a	n/a	n/a	276,886	56,352
Lease Revenue Note	2.49%	9/24/2015	2026	1,612,500	355,500	175,500
Total Lease Revenue Notes					<u>\$ 7,275,992</u>	<u>\$ 917,049</u>
Lease Liabilities						
Mud Hollow Convenience Station	1.02%	7/1/2021	2026	\$ 12,225	\$ 3,546	\$ 1,764
Xerox Altalink-Library	0.91%	7/1/2021	2026	53,899	6,409	6,409
Community Service Building-DSS	2.01%	7/1/2021	2026	1,136,990	124,039	124,039
Hayters Gap convenience Station	3.22%	7/1/2022	2028	12,755	7,395	1,762
4 Lexmark XC4342 System	2.82%	6/6/2023	2027	27,251	13,409	6,906
Copiers - DSS	2.79%	9/25/2023	2027	25,250	13,993	6,353
Mendota Convenience Station	2.56%	6/1/2024	2031	19,490	13,913	2,643
Total Lease Liabilities					<u>\$ 182,704</u>	<u>\$ 149,876</u>
Other Obligations						
Landfill Post-closure liability	n/a	n/a	n/a	n/a	\$ 152,493	\$ -
Net OPEB liabilities	n/a	n/a	n/a	n/a	2,480,661	-
Net pension liability	n/a	n/a	n/a	n/a	4,731,580	-
Compensated Absences	n/a	n/a	n/a	n/a	2,186,460	1,639,845
Total Other Obligations					<u>\$ 9,551,194</u>	<u>\$ 1,639,845</u>
Total Long-term Obligations					<u>\$ 56,247,818</u>	<u>\$ 4,406,433</u>

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 8-Long-Term Obligations: (Continued)

Discretely Presented Component Unit-School Board-Indebtedness:

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

	Balance July 1, 2024	Increases/ Issuances	Decreases/ Retirement	Balance June 30, 2025
Compensated absences*	\$ 3,271,193	\$ 458,169	\$ -	\$ 3,729,362
Net OPEB liabilities	17,377,388	2,490,318	(4,895,834)	14,971,872
Net pension liability - VRS	41,396,304	17,822,338	(20,740,226)	38,478,416
Net pension liability - supplemental retirement program	8,538,672	1,434,992	(2,507,757)	7,465,907
Total	\$ 70,583,557	\$ 22,205,817	\$ (28,143,817)	\$ 64,645,557

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

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 3,729,362	\$ 2,797,022
Net OPEB liabilities	n/a	n/a	n/a	n/a	14,971,872	-
Net pension liability - VRS	n/a	n/a	n/a	n/a	38,478,416	-
Net pension liability - supplemental retirement program	n/a	n/a	n/a	n/a	7,465,907	-
Total Other Obligations					\$ 64,645,557	\$ 2,797,022

Note 9-Pension Plans:

Plan Description

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

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 9-Pension Plans: (Continued)

Benefit Structures

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

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

Average Final Compensation and Service Retirement Multiplier

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 9-Pension Plans: (Continued)

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

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

Employees Covered by Benefit Terms

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

	Primary Government (1)	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	243	131
Inactive members:		
Vested inactive members	58	17
Non-vested inactive members	89	40
Inactive members active elsewhere in VRS	122	12
Total inactive members	269	69
Active members	283	92
Total covered employees	795	292

(1) Includes Component Unit Washington Park Authority

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2025 was 12.10% from July-September and 12.52% from October-June 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 \$2,035,957 and \$1,735,164 for the years ended June 30, 2025 and June 30, 2024, respectively.

The Component Unit Washington County Park Authority's (WCPA) contractually required contribution rate for the year ended June 30, 2025 was 12.10% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 9-Pension Plans: (Continued)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit WCPA were \$10,934 and \$7,253 for the years ended June 30, 2025 and June 30, 2024, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2025 was 7.05% 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 were \$271,827 and \$217,873 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contribution component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$64,531 and \$23,765 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 \$71,072 and \$13,266 for the County and School Board, respectively, for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$6,453,190 and \$2,376,529 for the County and School Board, respectively, for the year ended June 30, 2025.

Net Pension Liability (Asset)

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

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's, Component Unit WCPA, 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:

**COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

Note 9-Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates: (Continued)

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated 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 Plan2/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.

**COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

Note 9-Pension Plans: (Continued)

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated 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 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 9-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:

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

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 9-Pension Plans: (Continued)

Discount Rate

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

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2023	\$ 59,833,135	\$ 56,524,616	\$ 3,308,519
Changes for the year:			
Service cost	\$ 1,760,790	\$ -	\$ 1,760,790
Interest	4,034,833	-	4,034,833
Differences between expected and actual experience	3,471,418	-	3,471,418
Impact in change of proportion	(42,704)	(40,342)	(2,362)
Contributions - employer	-	1,731,155	(1,731,155)
Contributions - employee	-	705,617	(705,617)
Net investment income	-	5,439,941	(5,439,941)
Benefit payments, including refunds of employee contributions	(3,551,855)	(3,551,855)	-
Administrative expenses	-	(36,215)	36,215
Other changes	-	1,120	(1,120)
Net changes	\$ 5,672,482	\$ 4,249,421	\$ 1,423,061
Balances at June 30, 2024	\$ 65,505,617	\$ 60,774,037	\$ 4,731,580

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 9-Pension Plans: (Continued)

Changes in Net Pension Liability (Asset) (Continued)

	Component Unit Washington County Park Authority		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2023	\$ 228,113	\$ 215,499	\$ 12,614
Changes for the year:			
Service cost	\$ 7,974	\$ -	\$ 7,974
Interest	18,275	-	18,275
Differences between expected and actual experience	15,724	-	15,724
Impact in change of proportion	42,704	40,342	2,362
Contributions - employer	-	7,841	(7,841)
Contributions - employee	-	3,196	(3,196)
Net investment income	-	24,640	(24,640)
Benefit payments, including refunds of employee contributions	(16,088)	(16,088)	-
Administrative expenses	-	(164)	164
Other changes	-	5	(5)
Net changes	\$ 68,589	\$ 59,772	\$ 8,817
Balances at June 30, 2024	\$ 296,702	\$ 275,271	\$ 21,431

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 9-Pension Plans: (Continued)

Changes in Net Pension Liability (Asset) (Continued)

	Component Unit School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balances at June 30, 2023	\$ 15,491,955	\$ 15,069,248	\$ 422,707
Changes for the year:			
Service cost	\$ 262,944	\$ -	\$ 262,944
Interest	1,024,785	-	1,024,785
Differences between expected and actual experience	301,743	-	301,743
Contributions - employer	-	217,195	(217,195)
Contributions - employee	-	153,879	(153,879)
Net investment income	-	1,431,099	(1,431,099)
Benefit payments, including refunds of employee contributions	(1,145,784)	(1,145,784)	-
Administrative expenses	-	(10,043)	10,043
Other changes	-	(37)	37
Net changes	\$ 443,688	\$ 646,309	\$ (202,621)
Balances at June 30, 2024	\$ 15,935,643	\$ 15,715,557	\$ 220,086

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 9-Pension Plans: (Continued)

Sensitivity of the County's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the County, Component Unit WCPA, and Component Unit School Board (nonprofessional) using the discount rate of 6.75%, as well as what the County's, Component Unit WCPA's, and Component Unit School Board's (nonprofessional) net pension liability would be if (asset) 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		
	(5.75%)	(6.75%)	(7.75%)
County			
Net Pension Liability (Asset)	\$ 12,573,424	\$ 4,731,580	\$ (1,662,566)
Component Unit Washington County Park Authority			
Net Pension Liability (Asset)	\$ 56,950	\$ 21,431	\$ (7,530)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 1,817,616	\$ 220,086	\$ (1,141,106)

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

For the year ended June 30, 2025, the County, Component Unit WCPA, and Component Unit School Board (nonprofessional) recognized pension expense of \$1,254,520, \$11,329, and \$69,517, respectively. At June 30, 2025, the County, Component Unit WCPA, 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- Washington County Park Authority		Component Unit-School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,290,664	\$ 190,304	\$ 10,375	\$ 726	\$ 159,939	-
Net difference between projected and actual earnings on pension plan investments	-	1,577,561	-	6,891	-	430,375
Change in proportionate share	-	1,816	1,816	-	-	-
Employer contributions subsequent to the measurement date	2,035,957	-	10,934	-	271,827	-
Total	\$ 4,326,621	\$ 1,769,681	\$ 23,125	\$ 7,617	\$ 431,766	\$ 430,375

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 9-Pension Plans: (Continued)

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

\$2,035,957, \$10,934, and \$271,827 reported as deferred outflows of resources related to pensions resulting from the County’s, Component Unit WCPA’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 year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Primary Government	Component Unit Washington County Park Authority	Component Unit School Board (nonprofessional)
2026	\$ (392,889)	\$ (179)	(247,841)
2027	1,552,691	7,074	144,305
2028	(305,604)	(812)	(78,816)
2029	(333,215)	(1,509)	(88,084)

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 VRS Teacher Retirement Plan upon employment. 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 as a result of funding provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division’s contractually required employee contribution rate for the year ended June 30, 2025 was 14.21% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were \$6,570,291 and \$6,873,618 for the years ended June 30, 2025 and June 30, 2024, respectively.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 9-Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Contributions (Continued)

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$175,936 for the year ended June 30, 2025. The 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 \$231,021 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$17,593,554 for the year ended June 30, 2025.

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

At June 30, 2025, the school division reported a liability of \$38,258,330 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2024 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division's proportion was 0.40757% as compared to 0.40539% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized pension expense of \$3,258,026. 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 in the pension expense calculation.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,637,281	\$ 787,766
Net difference between projected and actual earnings on pension plan investments	-	5,266,282
Change of assumptions	694,440	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	171,991	928,782
Employer contributions subsequent to the measurement date	6,570,291	-
Total	\$ 14,074,003	\$ 6,982,830

COUNTY OF WASHINGTON, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 9-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)

\$6,570,291 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Component Unit School Board (professional)
2026	\$ (2,687,841)
2027	3,028,112
2028	624,083
2029	(443,472)

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

COUNTY OF WASHINGTON, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 9-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

Mortality rates: (Continued)

Mortality Improvement:

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

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

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

Net Pension Liability

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

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

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

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

COUNTY OF WASHINGTON, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 9-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		
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	<u>\$ 71,076,477</u>	<u>\$ 38,258,330</u>	<u>\$ 11,381,311</u>

Pension Plan Fiduciary Net Position

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

Note 10-School Board Supplemental Retirement Program:

Defined Benefit Plan

Plan Description:

The effective date of the Supplemental Retirement Program for Washington County Public Schools is January 1, 2006.

The Supplemental Retirement Program is a single-employer defined benefit plan. The Supplemental Retirement Program has one participating employer, the Washington County Public School System. Participants who meet the following eligibility requirements are eligible to receive benefits from the plan:

- Participant is a former employee of Washington County, Virginia public school system and has retired for purposes of eligibility to receive retirement benefits under the Virginia Retirement System;
- Participant has a bona fide separation from service of at least 30 days during a period of time the employee would normally be working;
- Participant is not eligible for disability retirement benefits under the Virginia Retirement System or Social Security; and
- Participant has at least 10 consecutive years of employment with the Washington County Public Schools immediately preceding retirement.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 10-School Board Supplemental Retirement Program: (Continued)

Plan Description: (Continued)

A participant may elect to receive a retirement benefit in one of the forms of payment shown below. The retirement benefit shall commence in accordance with plan provisions and the participant must elect to have his retirement benefit commence no later than his Social Security Retirement Age. Optional forms of payments:

- Monthly payment of 20% of contracted salary divided by 12 for 84 months following date of retirement
- Monthly payment of 23.33% of contracted salary divided by 12 for 72 months following date of retirement
- Monthly payment of 28% of contracted salary divided by 12 for 60 months following date of retirement.

If a participant dies prior to the commencement of his retirement benefit, his beneficiary shall receive a death benefit equal to the retirement benefit the participant would have received had the participant retired the day before his death. The participant's beneficiary shall choose a form of benefit as described above. In the event a participant dies after the first year of participation in the plan, the benefit will be the entire remaining balance of the participant's account.

Contributions Policy

All funding is paid by the employer, Washington County Public Schools, and no employee contributions are allowed or required.

Actuarial Methods and Assumptions Used to Determine Contribution Rates and Net Pension Liability

The following assumptions were used to determine contribution rates and net pension liability:

Actuarial Methods:

- Actuarial Cost Method

The actuarial cost method used to determine the actuarial accrued liability and the normal cost for both funding and financial reporting purposes is the Entry Age Actuarial Cost Method. The accrued liability and the normal cost are used to determine the School's contribution requirement. Under this method, the cost of each individual's pension is allocated on a level percent of payroll basis between the time employment starts (entry age) and the assumed retirement date. The normal cost is the amount allocated for a given year and actuarial liability is the accumulation of prior normal costs as of the determination date. The total actuarial liability for retirement benefits is the sum of the actuarial liability for all members.

- Asset Cost Method

GASB 68 - Market value of assets

Actuarially determined contribution - Market value of assets

**COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

Note 10-School Board Supplemental Retirement Program: (Continued)

Actuarial Methods and Assumptions Used to Determine Contribution Rates and Net Pension Liability (Continued)

Actuarial Methods: (Continued)

- Amortization Method

GASB 68 recognition period

For differences between expected and actual experience with regard to economic or demographic factors and for changes in assumptions, the amounts will be amortized over a closed period equal to the average of the expected remaining service lives of all employees determined at the beginning of the measurement period. The differences between projected and actual earnings on pension plan investments will be recognized over a closed five-year period.

Actuarially determined contribution

The unfunded liability will be amortized as a level dollar method over an open 20 year period.

Actuarial Assumptions for GASB 68 Results:

Valuation Date	July 1, 2025
Measurement Date	June 30, 2025
Mortality Table	Pub-2010 Public Retirement Plans Teachers Amount-Weighted mortality table projected generationally with Scale MP-2021
Discount Rate	4.00% for July 1, 2025 4.00% for July 1, 2024
Expected Long Term Rate of Return	4.00% for July 1, 2025 4.00% for July 1, 2024
Municipal Bond Rate	4.79% for July 1, 2025 3.97% for July 1, 2024
Inflation	2.50% per year
Salary Increase	4.00% per year
Ad-hoc COLA	None

Actuarial Assumptions for Recommended Contribution that Differ from the GASB 68 Assumptions:

All assumptions are the same for the recommended contribution as those used for the GASB 68 assumption.

Plan Membership

As of June 30, 2025, membership in the Supplemental Retirement Program was comprised as follows:

Active participants	846
Active in contract period	14
Participants receiving benefits	84
Total	944

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 10-School Board Supplemental Retirement Program: (Continued)

Net Pension Liability

A detailed schedule of changes in the net pension liability is presented under required supplementary information. This information is intended to help users assess the extent of the Washington County School Board's obligation to the Defined Benefit Plan. The net pension liability at June 30, 2025 is as follows:

Total pension liability (TPL)	\$	19,407,749
Plan fiduciary net position		11,941,842
Net pension liability (NPL)	\$	7,465,907
Plan fiduciary net position as a percentage of the total pension liability		61.53%
Covered employee payroll	\$	43,750,872
Net pension liability as a percentage of covered payroll		17.06%

Expected Rate of Return and Target Allocation

The long-term expected rate of return on pension plan investments was determined by the client using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses 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.

Sensitivity of the Net Pension Liability

Changes in the discount rate affect the measurement of pension liabilities; therefore, a small change in the discount rate could result in a significant change in the net pension liability. As an illustration, the following table presents the net pension liability for the Supplemental Retirement Program calculated using the discount rate of 4.00%, as well as what the Supplemental Retirement Program's net pension liability would be if it were calculated using a discount rate of one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current rate:

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Total Pension Liability	\$ 20,923,119	\$ 19,407,749	\$ 18,026,945
Plan Fiduciary Net Position	11,941,842	11,941,842	11,941,842
Net Pension Liability	\$ 8,981,277	\$ 7,465,907	\$ 6,085,103

Summary of Deferred Outflows and Inflows of Resources

The Washington County Public Schools reports deferred outflows of resources and deferred inflows of resources on its Statement of Net Position as a result of pension related activities required under GAAP. Deferred outflows of resources represent a consumption of net assets that is applied to future periods and, thus, is not recognized as an outflow of resources or expense until a later year. Deferred inflows of resources are an acquisition of net position that is not recognized in the current year but are recognized as an inflow of resources or revenue in a future year.

COUNTY OF WASHINGTON, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 10-School Board Supplemental Retirement Program: (Continued)

Summary of Deferred Outflows and Inflows of Resources (Continued)

Since certain pension expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts increase the expense, they are labeled as deferred outflows and amounts that decrease the expense are labeled as deferred inflows. These outflows and inflows are amortized on a level dollar basis with no interest added for the deferred amounts. Deferred experience gains/losses and changes in assumptions are amortized over the average remaining service lives of all employees that are provided with pensions through the pension plan at the beginning of the measurement period. Investment gains/losses are amortized over a five year period.

The component make up of deferred inflows of resources and deferred outflows of resources is as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,193,143	\$ 309,382
Change in assumptions	71,455	1,394,118
Net difference between projected and actual earnings on pension plan investments	160,174	731,785
Total	\$ 1,424,772	\$ 2,435,285

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are amortized over specific years and recognized in pension expense in future years as shown below:

Amortization Schedule of Deferred Outflows and Inflows of Resources

Year Ended June 30,		
2026	\$	(223,172)
2027		(209,485)
2028		(195,160)
2029		(419,156)
2030		36,460

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 10-School Board Supplemental Retirement Program: (Continued)

Components of Pension Expense

	Pension Expense
Service Cost	\$ 603,161
Interest Cost	779,069
Projected Earnings on Plan Assets	(437,990)
Recognition of Outflow (Inflow) of Resources due to differences between expected and actual experience in the measurement of total pension liability	317,795
Recognition of Outflow (Inflow) of Resources due to assumption change	(408,627)
Recognition of Outflow (Inflow) of Resources due to differences between projected and actual earnings on plan investments	(189,499)
Administrative Expense	53,000
Pension Expense	\$ 716,909

The Defined Benefit Plan is considered part of the Washington County School Board's financial reporting entity and is included in the financial statements as a Pension Trust Fund.

Note 11-Summary of Pension Related Items:

County Pension Plan:

	Primary Government				Component Unit Park Authority			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans (Note 9):								
County	\$ 4,326,621	\$ 1,769,681	\$ 4,731,580	\$ 1,254,520	\$ 23,125	\$ 7,617	\$ 21,431	\$ 11,329

*The Virginia Highlands Airport Authority is a separately audited entity that participates in its own pension plan not related to Washington County.

School Board Pension Plan:

	Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans (Note 9):				
School Board Nonprofessional	\$ 431,766	\$ 430,375	\$ 220,086	\$ 69,517
School Board Professional	14,074,003	6,982,830	38,258,330	3,258,026
School Board Supplemental:				
Retirement Plan (Note 10)	1,424,772	2,435,285	7,465,907	716,909
Totals	\$ 15,930,541	\$ 9,848,490	\$ 45,944,323	\$ 4,044,452

**COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

Note 12- Primary Government Other Postemployment Benefits - Healthcare:

Plan Description

The County administers a single-employer defined benefit healthcare plan, The Washington County OPEB Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County’s pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees to include Medical and Life Insurance. Health benefits are offered for the lifetime of the retiree. Health benefits are offered to the spouse until the earlier of the death of the retiree or the death of the spouse. Spouses who are predeceased by the retiree are eligible to continue coverage through COBRA only. Retirees age 65 and over may elect the Advantage 65 Medicare supplement. Medicare eligible spouses are also eligible to elect the Advantage 65 Medicare supplement.

Plan Membership

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

Total active employees with coverage	299
Total retirees with coverage	5
Total	304

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Board of Supervisors. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2025 was \$54,255.

Total OPEB Liability

The County’s total OPEB liability was measured as of June 30, 2025. The total OPEB liability was determined by an actuarial valuation as of July 1, 2024.

Actuarial Assumptions

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

Actuarial Cost Method	Entry age normal, level percentage of pay
Inflation	2.50%
Discount Rate	5.20% for accounting and funding disclosures as of June 30, 2025 3.93% for accounting and funding disclosures as of June 30, 2024
Healthcare Trend Rate	The healthcare trend rate assumptions starts at 6.40% in 2024 then decreases to an ultimate 3.90% in 2073
Salary Increases	5.35% to 3.50% depending on years of service for general employees; 4.75% to 3.50% depending on years of service for public safety employees
Retirement Age	The average age at retirement is 62

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 12-Primary Government Other Postemployment Benefits - Healthcare: (Continued)

Actuarial Assumptions (Continued)

Mortality Rates (General Employees)

- Pre-Retirement:
Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 25% of deaths are assumed to be service related.
- Post-Retirement:
Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.
- Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.
- Beneficiaries and survivors:
Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

Mortality Rates (Public Safety 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. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 35% of deaths are assumed to be service-related.
- Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.
- 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. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.
- Beneficiaries and survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The demographic assumptions used to determine the Total OPEB Liability as of June 30, 2025 were based on the results of an actuarial experience study for the Virginia Retirement System covering the period from July 1, 2016 to June 30, 2020. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 20, 2021.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 12-Primary Government Other Postemployment Benefits - Healthcare: (Continued)

Discount Rate

The discount rates are based on the Bond Buyer 20-year Bond GO Index as of their respective measurement dates.

Changes in Total OPEB Liability

		<u>Primary Government Total OPEB Liability</u>
Balances at June 30, 2024	\$	1,802,265
Changes for the year:		
Service cost		96,887
Interest		73,581
Differences between expected and actual experience		(9,389)
Changes in assumptions		(97,423)
Benefit payments		(54,255)
Net changes	\$	<u>9,401</u>
Balances at June 30, 2025	\$	<u><u>1,811,666</u></u>

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

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

Rate		
1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
\$ 1,990,950	\$ 1,811,666	\$ 1,654,622

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

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

Rate		
1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 1,612,952	\$ 1,811,666	\$ 2,045,697

COUNTY OF WASHINGTON, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 12-Primary Government Other Postemployment Benefits - Healthcare: (Continued)

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

For the year ended June 30, 2025, the County recognized OPEB expense in the amount of \$77,789. At June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,060	\$ 7,712
Changes in assumptions	-	187,251
Total	\$ 24,060	\$ 194,963

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

Year Ended June 30	
2026	\$ (77,723)
2027	(38,673)
2028	(23,991)
2029	(19,074)
2030	(11,442)

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

Note 13-Component Unit School Board Other Postemployment Benefits - Healthcare:

Plan Description

The Schools administer a single-employer defined benefit healthcare plan, the Washington County Public Schools OPEB Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the Schools' pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

The benefits provided are the same as those provided to active employees, and include Medical and Life Insurance. Health benefits are offered until the retiree becomes eligible for Medicare. Health benefits are offered to the spouse until the earlier of the death of the retiree, the death of the spouse, or the spouse's attainment of Medicare eligibility. Spouses who are predeceased by the retiree are eligible to continue coverage through COBRA only. Retirees age 65 and over are not eligible to continue medical coverage in the plan.

**COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

Note 13-Component Unit School Board Other Postemployment Benefits - Healthcare: (Continued)

Plan Membership

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

Total active employees with coverage	864
Total retirees with coverage	44
Total spouses of retirees	8
Total	916

Contributions

The School Board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2025 was \$503,629.

Total OPEB Liability

The Schools' net OPEB liability was measured as of June 30, 2025. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2024.

Actuarial Assumptions

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

Actuarial Cost Method	Entry age normal, level percentage of pay
Inflation	2.50%
Discount Rate	5.20% for accounting and funding disclosures as of June 30, 2025
	3.93% for accounting and funding disclosures as of June 30, 2024
Healthcare Trend Rate	The healthcare trend rate assumptions starts at 6.50% in 2024 then decreases to an ultimate 3.90% in 2074
Salary Increases	5.35% to 3.50% depending on years of service for general employees; 5.95% to 3.50% depending on years of service for teachers
Retirement Age	The average age at retirement is 62

Mortality Rates - General Employees

- **Pre-Retirement:**
Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 25% of deaths are assumed to be service related.
- **Post-Retirement:**
Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 13-Component Unit School Board Other Postemployment Benefits - Healthcare: (Continued)

Mortality Rates - General Employees (Continued)

- **Post-Disablement:**
Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.
- **Beneficiaries and survivors:**
Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

Mortality Rates - Teachers

- **Pre-Retirement:**
Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 5% of deaths are assumed to be service related.
- **Post-Retirement:**
Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.
- **Post-Disablement:**
Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.
- **Beneficiaries and survivors:**
Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The demographic assumptions used to determine the Total OPEB Liability as of June 30, 2025 were based on the results of an actuarial experience study for the Virginia Retirement System covering the period from July 1, 2016 to June 30, 2020. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 20, 2021.

Discount Rate

The discount rates are based on the Bond Buyer 20-year Bond GO Index as of their respective measurement dates.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 13-Component Unit School Board Other Postemployment Benefits - Healthcare: (Continued)

Changes in Total OPEB Liability

		<u>Component Unit School Board Total OPEB Liability</u>
Balances at June 30, 2024	\$	10,018,444
Changes for the year:		
Service cost		401,376
Interest		399,698
Changes in assumptions		(827,968)
Effect of economic/demographic gains or losses		(1,493,288)
Benefit payments		(503,629)
Net changes	\$	<u>(2,023,811)</u>
Balances at June 30, 2025	\$	<u><u>7,994,633</u></u>

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

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

Rate		
1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
\$ 8,551,032	\$ 7,994,633	\$ 7,473,274

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

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

Rate		
1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 7,298,183	\$ 7,994,633	\$ 8,797,744

COUNTY OF WASHINGTON, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 13-Component Unit School Board Other Postemployment Benefits - Healthcare: (Continued)

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

For the year ended June 30, 2025, the Schools will recognize OPEB expense in the amount of \$725,827. At June 30, 2024, the Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 371,961	\$ 1,285,887
Changes in assumptions	858,206	1,170,125
Total	\$ 1,230,167	\$ 2,456,012

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

Year Ended June 30	
2026	\$ (57,262)
2027	(57,262)
2028	(143,544)
2029	(269,158)
2030	(311,745)
Thereafter	(386,874)

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

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:

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

Eligible Employees

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

Benefit Amounts

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

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the Group Life Insurance Plan from the County were \$77,501 and \$83,127 for the years ended June 30, 2025 and June 30, 2024, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit-School Board (non-professional) were \$18,123 and \$18,804 for the years ended June 30, 2025 and June 30, 2024, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit-School Board (professional) were \$217,314 and \$234,462 for the years ended June 30, 2025 and June 30, 2024, respectively.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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

At June 30, 2025, the County reported a liability of \$668,995 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2025, the Component Unit-School Board (nonprofessional) reported a liability of \$151,319 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2025, the Component Unit-School Board (professional) reported a liability of \$1,887,024 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 0.05995% as compared to 0.05912% at June 30, 2023.

At June 30, 2024, the Component Unit-School Board (nonprofessional) proportion was 0.01356% as compared to 0.01296% at June 30, 2023.

At June 30, 2024, the Component Unit-School Board (professional) proportion was 0.16910% as compared to 0.17071% at June 30, 2023.

For the year ended June 30, 2025, the County recognized GLI OPEB expense of \$23,992. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2025, the Component-Unit School Board (nonprofessional) recognized GLI OPEB expense of \$2,097. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2025, the Component-Unit School Board (professional) recognized GLI OPEB expense of \$2,565. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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 Group Life Insurance Plan OPEB (Continued)

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

	Primary Government		Component-Unit School Board (Non-professional)		Component-Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 105,516	\$ 16,341	\$ 23,866	\$ 3,696	\$ 297,627	\$ 46,094
Net difference between projected and actual earnings on GLI OPEB plan investments	-	56,389	-	12,755	-	159,056
Change in assumptions	3,813	33,154	863	7,499	10,756	93,517
Changes in proportion	30,482	1,435	8,388	7,584	590	95,642
Employer contributions subsequent to the measurement date	77,501	-	18,123	-	217,314	-
Total	\$ 217,312	\$ 107,319	\$ 51,240	\$ 31,534	\$ 526,287	\$ 394,309

\$77,501, \$18,123, and \$217,314 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's, Component-Unit School Board (Non-professional), and Component-Unit School Board (Professional), respectively, contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit-School Board (Non-professional)	Component Unit-School Board (Professional)
2026	\$ (20,262)	\$ (7,502)	\$ (113,717)
2027	20,823	2,277	13,172
2028	9,374	(34)	(15,159)
2029	10,660	3,407	3,972
2030	11,897	3,435	26,396

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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 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

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.

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**COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

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

Mortality Rates - Teachers (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year 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

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.

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**COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year 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

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.

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

Actuarial Assumptions: (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. 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 Group Life Insurance 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 are as follows (amounts expressed in thousands):

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

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	5.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Expected arithmetic nominal return**	7.07%

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

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

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.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County’s proportionate share of the GLI Plan Net OPEB Liability	\$ 1,040,375	\$ 668,995	\$ 368,970
Component Unit-School Board (Nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	\$ 235,321	\$ 151,319	\$ 83,457
Component Unit-School Board (Professional) proportionate share of the GLI Plan Net OPEB Liability	\$ 2,934,568	\$ 1,887,024	\$ 1,040,747

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance 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.

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.

COUNTY OF WASHINGTON, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

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

Plan Description (Continued)

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.

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:

	Primary Government	Component Unit - School Board Nonprofessional
Inactive members or their beneficiaries		
currently receiving benefits	59	72
Vested inactive members	2	4
Inactive members active elsewhere in VRS	27	9
Active members	77	92
Total covered employees	165	177

COUNTY OF WASHINGTON, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

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

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 County’s contractually required employer contribution rate for the year ended June 30, 2025 was 0.03% of covered employee compensation. The Component Unit - School Board’s (Nonprofessional) contractually required employer contribution rate for the year ended June 30, 2025 was 1.16% 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 County to the Health Insurance Credit Program were \$1,275 and \$0 for the years ended June 30, 2025 and June 30, 2024, respectively.

Contributions from the Component Unit - School board (Nonprofessional) to the Health Insurance Credit Program were \$44,728 and \$40,395 for the year ended June 30, 2025 and June 30, 2024, respectively.

Net HIC OPEB Liability (Asset)

The County and Component Unit-School Board’s (Nonprofessional) net HIC OPEB liability (asset) were measured as of June 30, 2024. The total HIC OPEB liability (asset) 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%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

**COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

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

Actuarial Assumptions: (Continued)

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

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 WASHINGTON, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 15-Health Insurance Credit (HIC) 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 as a result of the experience study and VRS Board action are as follows:

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

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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 Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Expected arithmetic nominal return**	7.07%

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

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

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.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

Changes in Net HIC OPEB Liability (Asset) - Primary Government

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 223,775	\$ 249,751	\$ (25,976)
Changes for the year:			
Service cost	\$ 3,056	\$ -	\$ 3,056
Interest	14,752	-	14,752
Differences between expected and actual experience	(17,354)	-	(17,354)
Net investment income	-	22,564	(22,564)
Benefit payments	(16,575)	(16,575)	-
Administrative expenses	-	(302)	302
Other changes	-	-	-
Net changes	<u>\$ (16,121)</u>	<u>\$ 5,687</u>	<u>\$ (21,808)</u>
Balances at June 30, 2024	<u>\$ 207,654</u>	<u>\$ 255,438</u>	<u>\$ (47,784)</u>

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

Changes in Net HIC OPEB Liability - Component Unit-School Board (Nonprofessional)

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 289,767	\$ 14,524	\$ 275,243
Changes for the year:			
Service cost	\$ 2,556	\$ -	\$ 2,556
Interest	18,800	-	18,800
Differences between expected and actual experience	1,349	-	1,349
Contributions - employer	-	40,285	(40,285)
Net investment income	-	2,182	(2,182)
Benefit payments	(27,612)	(27,612)	-
Administrative expenses	-	(36)	36
Other changes	-	-	-
Net changes	\$ (4,907)	\$ 14,819	\$ (19,726)
Balances at June 30, 2024	\$ 284,860	\$ 29,343	\$ 255,517

Sensitivity of the County's and Component Unit-School Board's (Nonprofessional) Health Insurance Credit Net OPEB Liability (Asset) to Changes in the Discount Rate

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County Net HIC OPEB Liability (Asset)	\$ (28,898)	\$ (47,784)	\$ (64,049)
Component Unit-School Board (Nonprofessional) Net HIC OPEB Liability	\$ 279,449	\$ 255,517	\$ 234,722

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

Health Insurance Credit Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Plan OPEB

For the year ended June 30, 2025, the County and Component Unit-School Board (Nonprofessional) recognized Health Insurance Credit Plan OPEB expense of \$(2,144) and \$(13,919), respectively. At June 30, 2025, the County and Component Unit-School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the County and Component Unit-School Board's (Nonprofessional) Health Insurance Credit Plan from the following sources:

	Primary Government		Component-Unit School Board (Non-professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,868	\$ 20,558	\$ 2,645	\$ 3,282
Net difference between projected and actual earnings on HIC OPEB plan investments	-	5,310	-	303
Change in assumptions	10,305	-	2,537	-
Employer contributions subsequent to the measurement date	1,275	-	44,728	-
Total	\$ 16,448	\$ 25,868	\$ 49,910	\$ 3,585

\$1,275 and \$44,728 reported as deferred outflows of resources related to the HIC OPEB resulting from the County's and Component Unit-School Board's (Nonprofessional), respectively, contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit- School Board (Non-professional)
2026	\$ (6,681)	\$ 1,676
2027	(1,282)	(11)
2028	(1,476)	88
2029	(1,256)	(156)

Health Insurance Credit Program Plan Data

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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.

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 as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2025 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. 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 \$559,469 and \$525,368 for the years ended June 30, 2025 and June 30, 2024, respectively.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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

At June 30, 2025, the school division reported a liability of \$4,683,379 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2024 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The school division's proportion of the Net VRS Teacher Employee HIC Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division's proportion of the VRS Teacher Employee HIC Program was 0.40526% as compared to 0.40291% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized VRS Teacher Employee Health Insurance Credit Plan OPEB expense of \$273,176. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 221,887
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	16,659
Change in assumptions	80,681	-
Change in proportionate share and differences between actual and expected contributions	24,890	198,067
Employer contributions subsequent to the measurement date	559,469	-
Total	\$ 665,040	\$ 436,613

\$559,469 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.

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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

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

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	\$ (102,911)
2027	(65,853)
2028	(65,814)
2029	(59,456)
2030	(32,464)
Thereafter	(4,544)

Actuarial Assumptions

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

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

**COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

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

Actuarial Assumptions (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

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

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

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

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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 Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<u>100.00%</u>		<u>7.07%</u>
	Expected arithmetic nominal return**		<u>7.07%</u>

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

**On June 15, 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%.

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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 contribution rate. From July 1, 2024 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	Rate		
	1% Decrease	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	\$ 5,326,170	\$ 4,683,379	\$ 4,138,555

Teacher Employee HIC OPEB Fiduciary Net Position

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

Note 17 - Summary of OPEB related items:

	Outflows	Inflows	(Asset)	Expense	Outflows	Inflows	(Asset)	Expense
County Stand-Alone Plan (Note 12)	\$ 24,060	\$ 194,963	\$ 1,811,666	\$ 77,789	\$ -	\$ -	\$ -	\$ -
School Stand-Alone Plan (Note 13)	-	-	-	-	1,230,167	2,456,012	7,994,633	725,827
VRS OPEB Plans:								
Group Life Insurance Plan (Note 14)								
County	217,312	107,319	668,995	23,992	-	-	-	-
School Board Nonprofessional	-	-	-	-	51,240	31,534	151,319	2,097
School Board Professional	-	-	-	-	526,287	394,309	1,887,024	2,565
Health Insurance Credit Plan (Note 15)	16,448	25,868	(47,784)	(2,144)	49,910	3,585	255,517	(13,919)
Teacher Health Insurance Credit Plan (Note 16)	-	-	-	-	665,040	436,613	4,683,379	273,176
Totals	\$ 257,820	\$ 328,150	\$ 2,432,877	\$ 99,637	\$ 2,522,644	\$ 3,322,053	\$ 14,971,872	\$ 989,746

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 18-Capital Assets:

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

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 2,745,243	\$ -	\$ -	\$ 2,745,243
Construction in progress	8,136,161	13,302,889	(10,076,421)	11,362,629
Total capital assets not being depreciated/amortized	<u>\$ 10,881,404</u>	<u>\$ 13,302,889</u>	<u>\$ (10,076,421)</u>	<u>\$ 14,107,872</u>
Capital assets, being depreciated/amortized:				
Buildings	\$ 59,930,276	\$ 10,693,890	\$ (559,201)	\$ 70,064,965
Improvements other than buildings	793,664	-	-	793,664
Machinery and equipment	13,179,346	1,054,708	(628,302)	13,605,752
Right-to-use lease land	42,670	-	-	42,670
Right-to-use lease buildings	596,016	-	-	596,016
Right-to-use lease improvements other than buildings	33,669	-	(33,669)	-
Right-to-use lease machinery and equipment	101,964	-	-	101,964
Subscription asset	219,131	-	(219,131)	-
Total capital assets being depreciated/amortized	<u>\$ 74,896,736</u>	<u>\$ 11,748,598</u>	<u>\$ (1,440,303)</u>	<u>\$ 85,205,031</u>
Accumulated depreciation/amortization:				
Buildings	\$ (12,204,300)	\$ (1,290,638)	\$ 239,148	\$ (13,255,790)
Improvements other than buildings	(305,422)	(65,459)	-	(370,881)
Machinery and equipment	(9,153,765)	(1,239,094)	465,248	(9,927,611)
Right-to-use lease land	(9,083)	(6,338)	-	(15,421)
Right-to-use lease buildings	(357,739)	(119,142)	-	(476,881)
Right-to-use lease improvements other than buildings	(33,235)	(434)	33,669	-
Right-to-use lease machinery and equipment	(44,408)	(23,885)	-	(68,293)
Subscription asset	(150,679)	(68,452)	219,131	-
Total accumulated depreciation/amortization	<u>\$ (22,258,631)</u>	<u>\$ (2,813,442)</u>	<u>\$ 957,196</u>	<u>\$ (24,114,877)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 52,638,105</u>	<u>\$ 8,935,156</u>	<u>\$ (483,107)</u>	<u>\$ 61,090,154</u>
Governmental activities capital assets, net	<u>\$ 63,519,509</u>	<u>\$ 22,238,045</u>	<u>\$ (10,559,528)</u>	<u>\$ 75,198,026</u>

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 18-Capital Assets: (Continued)

Primary Government: (Continued)

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

Governmental activities:	
General government administration	\$ 164,944
Judicial administration	1,332
Public safety	926,555
Public works	1,069,150
Health and welfare	160,782
Education	324,328
Parks, recreation, and cultural	<u>166,351</u>
Total depreciation/amortization expense-primary government	<u>\$ 2,813,442</u>

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

Discretely Presented Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,819,475	\$ -	\$ -	\$ 2,819,475
Construction in progress	7,008,732	2,668,697	(8,009,746)	1,667,683
Total capital assets not being depreciated	<u>\$ 9,828,207</u>	<u>\$ 2,668,697</u>	<u>\$ (8,009,746)</u>	<u>\$ 4,487,158</u>
Capital assets, being depreciated:				
Buildings	\$ 48,107,684	\$ 9,311,431	\$ -	\$ 57,419,115
Machinery and equipment	28,912,514	3,425,345	-	32,337,859
Total capital assets being depreciated	<u>\$ 77,020,198</u>	<u>\$ 12,736,776</u>	<u>\$ -</u>	<u>\$ 89,756,974</u>
Accumulated depreciation:				
Buildings	\$ (39,364,214)	\$ (1,265,713)	\$ -	\$ (40,629,927)
Machinery and equipment	(21,687,115)	(2,005,881)	-	(23,692,996)
Total accumulated depreciation	<u>\$ (61,051,329)</u>	<u>\$ (3,271,594)</u>	<u>\$ -</u>	<u>\$ (64,322,923)</u>
Total capital assets being depreciated, net	<u>\$ 15,968,869</u>	<u>\$ 9,465,182</u>	<u>\$ -</u>	<u>\$ 25,434,051</u>
Governmental activities capital assets, net	<u>\$ 25,797,076</u>	<u>\$ 12,133,879</u>	<u>\$ (8,009,746)</u>	<u>\$ 29,921,209</u>

Assets with a gross value of \$559,201 and accumulated depreciation of \$239,148 were transferred to the School Board from the General Government during the fiscal year.

COUNTY OF WASHINGTON, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 19-Risk Management:

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

Note 20-Contingent Liabilities:

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

Note 21-Surety Bonds:

Primary Government:

<u>Fidelity & Deposit Company of Maryland-Surety:</u>	
Patricia S. Moore, Clerk of the Circuit Court	\$ 330,000
Fred W. Parker, Treasurer	750,000
April Hamby Crabtree, Commissioner of the Revenue	3,000
Blake Andis, Sheriff	30,000
All constitutional officers: blanket bond	50,000
<u>Virginia Association of Counties</u>	
All Social Services employees: blanket bond	\$ 250,000
All County employees-blanket bond	250,000

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COUNTY OF WASHINGTON, VIRGINIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 21-Surety Bonds: (Continued)

Component Unit - School Board:

<u>Fidelity & Deposit Company of Maryland-Surety:</u>	
All School Board employees: blanket bond	\$ 100,000
<u>Travelers-Surety:</u>	
Melissa W. Caudill, Clerk of the School Board	\$ 10,000
<u>United States Fidelity and Guaranty Company-Surety:</u>	
Deputy Clerk of the School Board	\$ 10,000
Textbook Clerk	10,000
Keith Perrigan, Superintendent of Schools	10,000

Note 22-Landfill Liability:

State and federal laws and regulations required the County to place a final cover on its landfill site which was closed on March 20, 1995, and to perform certain maintenance and monitoring functions at the site for ten years after closure. While the County has completed its required 10 year monitoring period, its landfill has not been released from (Department of Environmental Quality) DEQ monitoring requirements. The \$71,704 liability is the total estimated post-closure care liability at June 30, 2025 and represents what it would cost to perform all post-closure care in 2025. (Actual costs for post-closure monitoring may change due to inflation, deflation, changes in technology or changes in regulations.) The County uses the Commonwealth of Virginia’s financial assurance mechanism to meet the DEQ’s assurance requirements for landfill post-closure costs.

In addition to the landfill, the County has a transfer station which require certain closure costs once it is no longer in use. For June 30, 2025, the estimated closure costs for the transfer station are \$80,789. (Actual costs for closure may change due to inflation, deflation, changes in technology or changes in regulations.)

The County demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a Local Governmental Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 23-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.

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Unavailable/deferred revenue		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 4,061,352
Tax assessments due after June 30	14,689,620	14,689,620
Prepaid property taxes due after June 30 but paid in advance by taxpayers	1,027,387	1,027,387
Unavailable opioid settlement proceeds representing uncollected opioid settlement proceeds not available for the funding of current expenditures	-	1,532,244
Total unavailable/deferred revenue	\$ 15,717,007	\$ 21,310,603

Note 24-Self Health Insurance:

The Washington County School Board established a limited risk management program for health insurance for School Board employees. Premiums are paid into the health plan fund from the School Board and are available to pay claims, and administrative costs of the program. During the fiscal year 2025, a total of \$14,128,126 was paid in benefits and administrative costs. The risk assumed by the School Board is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type (Keycare, Bluecare, etc.). Incurred but not reported claims of \$1,072,199 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions. Changes in the claims liability during fiscal year 2025 were as follows:

Fiscal Year	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Fiscal Year
2024-25	\$ 1,090,335	\$ 14,109,990	\$ (14,128,126)	\$ 1,072,199
2023-24	1,162,151	14,645,349	(14,717,165)	1,090,335
2022-23	919,800	13,012,947	(12,770,596)	1,162,151

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 25-Tax Abatement:

The County offers partial exemption from real property taxes for real property devoted to commercial and industrial uses that is rehabilitated and which qualifies in accordance with the criteria set out in the Code of Virginia, 58.1-3221 and Washington County Code section 58-131, et. seq.

Virginia code section 58.1-3221 established that the governing body of any county may by ordinance, provide for the partial exemption from taxation of real property on which any structure or other improvement no less than twenty years of age has undergone substantial rehabilitation, renovation or replacement for commercial or industrial use, subject to such conditions as the ordinance may prescribe. The ordinance may, in addition to any other restrictions as allowed by the statute, restrict such exemptions to real property located within described zones or districts for which boundaries shall be determined by the governing body. Having considered these powers and the benefit to public health, safety, and welfare that may be created by adaptive reuse and/or replacement of old commercial or industrial structures that may otherwise fall into disuse and disrepair, the Board of Supervisors of Washington County finds it in the best interest of public health, safety, and welfare to provide for such partial exemption from taxation within a specified geographic area as allowed by state law. The County adopted Ordinance 2011-011 on October 25, 2011.

Under this ordinance, an application is submitted to the Commissioner of Revenue of Washington County, Virginia to determine the eligibility for partial tax exemption from real property tax for certain rehabilitated, renovated, or replacement commercial or industrial structures. For the fiscal year ending June 30, 2025, there were no tax abatements made in accordance with this ordinance.

Note 26-Litigation:

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

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 27-Fund Balance:

	County Capital			
	General Fund	Disaster Relief	Improvements	School Fund
Nonspendable:				
Prepaid items	\$ 140,056		\$ -	\$ -
Restricted:				
Forfeited Asset Sharing	\$ 205,024	\$ -	\$ -	\$ -
Disaster Recovery	-	322,664	-	-
Health Insurance	1,407	-	-	-
Special Grant Projects	6,570	-	-	-
Washington County Park Authority	29,843	-	-	-
Construction projects	-	-	9,334,646	-
Opioid Settlement Funds	113,309	-	-	-
School Board - Food Service	-	-	-	170,526
School Board - Activity Funds	-	-	-	1,893,207
School Board - Fiscal Agency	-	-	-	2,021,046
Total	\$ 356,153	\$ 322,664	\$ 9,334,646	\$ 4,084,779
Committed:				
Law Library	\$ 34,811	\$ -	\$ -	\$ -
Capital Improvements	-	-	-	1,537,884
Cash Flows	5,000,000	-	-	-
Total	\$ 5,034,811	\$ -	\$ -	\$ 1,537,884
Assigned:				
Economic Incentives	\$ 22,564	\$ -	\$ -	\$ -
Traffic Enforcement	232,434	-	-	-
School Board - Textbook	-	-	-	2,351,123
School Capital Needs	5,600	-	-	-
Total	\$ 260,598	\$ -	\$ -	\$ 2,351,123

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COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 28-Restricted Net Position:

	Primary Government Governmental Activities	Component Unit School Board
Restricted:		
Forfeited Asset Sharing	\$ 205,024	\$ -
Disaster Recovery	322,664	-
Health Insurance	1,407	-
Special Grant Projects	6,570	-
Washington County Park Authority	29,843	-
Opioid Settlement Funds	1,645,553	-
Net OPEB Asset	47,784	-
School Board - Food Service	-	170,526
School Board - Activity Funds	-	1,893,207
School Board - Fiscal Agency	-	2,021,046
Total	\$ 2,258,845	\$ 4,084,779

Note 29-Commitments and Contingencies:

The County has obligated funds for the project described below as of June 30, 2025:

Project	Amount of Contract	Amount of Contract Outstanding	Accounts Payable	Retainage Payable
County:				
Radio Tower Project	\$ 16,965,949	\$ 5,814,356	\$ -	\$ -
Component Unit-School Board:				
Abingdon High School Tennis Court	398,398	19,920	9,623	19,920

Note 30-Adoption of Accounting Principal:

The County implemented provision of the Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. The objective of Statement No. 101 is to better meet the informational needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Accordingly, beginning net position for the County was restated to include sick leave that is anticipated to be used prior to termination of employment for County employees.

	Net Position
	Primary Government Governmental Activities
Beginning net position, as previously stated	\$ 81,530,365
Restatement for GASB 101 Implementation	(243,539)
Beginning net position, as restated	\$ 81,286,826

COUNTY OF WASHINGTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 31-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 assets note disclosures by major class of underlying asset. It also required additional disclosures for capital assets held for resale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

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

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

Required Supplementary Information

County of Washington, Virginia
General 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>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 45,310,000	\$ 45,510,000	\$ 46,539,632	\$ 1,029,632
Other local taxes	13,224,000	13,474,000	14,303,300	829,300
Permits, privilege fees, and regulatory licenses	265,750	265,750	299,778	34,028
Fines and forfeitures	1,041,933	1,042,165	906,653	(135,512)
Revenue from the use of money and property	1,850,000	2,300,000	2,646,913	346,913
Charges for services	1,825,932	1,825,932	2,614,232	788,300
Miscellaneous	770,500	1,158,322	1,397,716	239,394
Recovered costs	280,916	448,620	633,778	185,158
Intergovernmental:				
Commonwealth	17,871,262	18,882,643	18,644,942	(237,701)
Federal	4,971,150	5,370,794	5,281,948	(88,846)
Total revenues	<u>\$ 87,411,443</u>	<u>\$ 90,278,226</u>	<u>\$ 93,268,892</u>	<u>\$ 2,990,666</u>
EXPENDITURES				
Current:				
General government administration	\$ 5,262,646	\$ 6,712,003	\$ 5,187,063	\$ 1,524,940
Judicial administration	2,816,315	3,354,105	2,660,066	694,039
Public safety	18,672,851	22,354,678	18,881,897	3,472,781
Public works	6,567,837	7,315,467	6,375,250	940,217
Health and welfare	15,413,584	17,135,413	16,152,875	982,538
Education*	30,363,329	33,118,911	33,150,851	(31,940)
Parks, recreation, and cultural	2,532,806	2,847,284	2,450,147	397,137
Community development	1,360,068	1,893,062	1,543,807	349,255
Nondepartmental	777,172	1,160,458	853,377	307,081
Debt service:				
Principal retirement	2,224,159	2,224,159	2,224,052	107
Interest and other fiscal charges	2,320,676	2,320,676	2,252,301	68,375
Total expenditures	<u>\$ 88,311,443</u>	<u>\$ 100,436,216</u>	<u>\$ 91,731,686</u>	<u>\$ 8,704,530</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (900,000)</u>	<u>\$ (10,157,990)</u>	<u>\$ 1,537,206</u>	<u>\$ 11,695,196</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 31,319	\$ 31,319
Transfers out	-	(10,488,846)	(5,736,243)	4,752,603
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ (10,488,846)</u>	<u>\$ (5,704,924)</u>	<u>\$ 4,783,922</u>
Net change in fund balances	\$ (900,000)	\$ (20,646,836)	\$ (4,167,718)	\$ 16,479,118
Fund balances - beginning	900,000	20,646,836	50,464,198	29,817,362
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,296,480</u>	<u>\$ 46,296,480</u>

* Contributions to the School Fund are budgeted, but not subject to appropriation as the County Board appropriates the entire School Board Budget and transfers represent the local funding necessary to cover School funding not provided by other funding sources.

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

	ARPA Fund				Disaster Relief Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Revenue from the use of money and property	\$ -	\$ 5,797	\$ 5,797	\$ -	\$ -	\$ 15,178	\$ 16,111	\$ 933
Miscellaneous	-	-	-	-	-	1,793,087	1,793,087	-
Recovered costs	-	-	-	-	-	129,619	129,619	-
Intergovernmental revenues:								
Commonwealth	-	-	-	-	-	-	21,173	21,173
Federal	-	-	442,837	442,837	-	-	237,767	237,767
Total revenues	\$ -	\$ 5,797	\$ 448,634	\$ 442,837	\$ -	\$ 1,937,884	\$ 2,197,757	\$ 259,873
EXPENDITURES								
Current:								
General government administration	\$ -	\$ 413,443	\$ 434,604	\$ (21,161)	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	231,360	120,769	110,591
Public works	-	-	-	-	-	298,260	273,549	24,711
Health and welfare	-	-	-	-	-	2,008,264	1,924,606	83,658
Total expenditures	\$ -	\$ 413,443	\$ 434,604	\$ (21,161)	\$ -	\$ 2,537,884	\$ 2,318,924	\$ 218,960
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (407,646)	\$ 14,030	\$ 421,676	\$ -	\$ (600,000)	\$ (121,167)	\$ 478,833
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600,000	\$ 443,831	\$ (156,169)
Transfers out	-	(26,169)	(57,488)	(31,319)	-	-	-	-
Total other financing sources (uses)	\$ -	\$ (26,169)	\$ (57,488)	\$ (31,319)	\$ -	\$ 600,000	\$ 443,831	\$ (156,169)
Net change in fund balances	\$ -	\$ (433,815)	\$ (43,458)	\$ 390,357	\$ -	\$ -	\$ 322,664	\$ 322,664
Fund balances - beginning	-	433,815	43,458	(390,357)	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 322,664	\$ 322,664

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability	\$ 1,760,790	\$ 1,533,055	\$ 1,395,740	\$ 1,362,227	\$ 1,309,381	\$ 1,158,196	\$ 1,130,197	\$ 1,232,016	\$ 1,216,787	\$ 1,197,031
Service cost	4,034,833	3,920,731	3,801,944	3,505,963	3,442,999	3,254,655	3,194,594	3,146,004	3,051,538	2,921,020
Interest	3,471,418	(570,712)	(395,609)	(763,264)	(583,334)	1,360,797	(866,196)	(1,148,228)	(543,493)	47,701
Differences between expected and actual experience	(42,704)	(934)	(2,269)	(126,271)	130,976	959	471	(2,775)	(2,340)	-
Impact of change in proportion				2,032,100	-	1,459,983	-	(112,337)	-	-
Assumption changes				(3,137,445)	(3,082,517)	(2,622,030)	(2,581,055)	(2,266,495)	(2,478,612)	(2,119,088)
Benefit payments	\$ (3,551,855)	\$ (3,203,582)	\$ (3,153,733)	\$ (2,873,310)	\$ 1,217,505	\$ 4,612,560	\$ 878,011	\$ 848,185	\$ 1,243,880	\$ 2,046,664
Net change in total pension liability	\$ 5,672,482	\$ 1,678,558	\$ 1,646,073	\$ 2,873,310	\$ 1,217,505	\$ 4,612,560	\$ 878,011	\$ 848,185	\$ 1,243,880	\$ 2,046,664
Total pension liability - beginning	\$ 59,833,135	\$ 58,154,577	\$ 56,508,504	\$ 53,635,194	\$ 52,417,689	\$ 47,805,129	\$ 46,927,118	\$ 46,078,933	\$ 44,835,054	\$ 42,788,390
Total pension liability - ending (a)	\$ 65,505,617	\$ 59,833,135	\$ 58,154,577	\$ 56,508,504	\$ 53,635,194	\$ 52,417,689	\$ 47,805,129	\$ 46,927,118	\$ 46,078,934	\$ 44,835,054
Plan fiduciary net position	\$ (40,342)	\$ (868)	\$ (2,222)	\$ (105,172)	\$ 112,942	\$ 873	\$ 416	\$ (2,264)	\$ (1,963)	\$ -
Impact of change in proportion	1,731,155	1,576,956	1,391,545	1,286,596	1,057,628	999,999	1,106,411	1,074,445	1,325,357	1,286,475
Contributions - employer	705,617	639,489	590,988	545,289	554,327	518,760	516,069	513,810	507,065	496,874
Contributions - employee	5,439,941	3,474,333	(48,279)	12,093,802	860,754	2,866,355	3,031,464	4,553,902	641,519	1,653,959
Net investment income	(3,551,855)	(3,203,582)	(3,153,733)	(3,137,445)	(3,082,517)	(2,622,030)	(2,581,055)	(2,266,495)	(2,478,612)	(2,119,088)
Benefit payments	(36,215)	(34,623)	(34,498)	(30,502)	(29,888)	(28,766)	(26,416)	(26,409)	(23,371)	(22,642)
Administrator charges	1,120	1,400	1,270	1,136	(1,008)	(1,804)	(2,696)	(4,048)	(275)	(352)
Other	4,249,421	2,453,105	(1,254,929)	10,653,704	(527,762)	1,733,387	2,044,193	3,842,941	(30,280)	1,295,226
Net change in plan fiduciary net position	\$ 56,524,616	\$ 54,071,511	\$ 55,326,440	\$ 44,672,736	\$ 45,200,498	\$ 43,467,111	\$ 41,422,918	\$ 37,579,977	\$ 37,610,257	\$ 36,315,031
Plan fiduciary net position - beginning	\$ 60,774,037	\$ 56,524,616	\$ 54,071,511	\$ 55,326,440	\$ 44,672,736	\$ 45,200,498	\$ 43,467,111	\$ 41,422,918	\$ 37,579,977	\$ 37,610,257
Plan fiduciary net position - ending (b)	\$ 117,298,653	\$ 110,596,127	\$ 109,397,951	\$ 100,000,176	\$ 89,873,234	\$ 88,667,615	\$ 84,889,029	\$ 78,992,895	\$ 75,190,234	\$ 73,925,288
County's net pension liability - ending (a) - (b)	\$ 4,731,580	\$ 3,308,519	\$ 4,083,066	\$ 1,182,064	\$ 8,962,458	\$ 7,217,191	\$ 4,338,018	\$ 5,504,200	\$ 8,498,957	\$ 7,224,797
Plan fiduciary net position as a percentage of the total pension liability	92.78%	94.47%	92.98%	97.91%	83.29%	86.23%	90.93%	88.27%	81.56%	83.89%
Covered payroll	\$ 15,323,256	\$ 13,851,310	\$ 12,647,760	\$ 11,636,080	\$ 11,568,452	\$ 10,855,168	\$ 10,742,040	\$ 10,344,991	\$ 10,341,453	\$ 9,974,884
County's net pension liability as a percentage of covered payroll	30.88%	23.89%	32.28%	10.16%	77.47%	66.49%	40.38%	53.21%	82.18%	72.43%

County of Washington, Virginia
 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Component Unit School Board - Supplemental Retirement Pension Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability									
Service cost	\$ 603,161	\$ 541,297	\$ 619,502	\$ 891,809	\$ 902,534	\$ 952,614	\$ 948,677	\$ 990,851	\$ 1,011,218
Interest	779,069	707,870	690,950	394,801	393,617	415,555	422,795	397,014	384,337
Differences between expected and actual experience	(244,982)	1,639,016	180,100	194,348	(102,433)	(524,875)	(472,908)	1,180,230	475,415
Assumption changes	-	(9,133)	111,608	(2,579,523)	4,540	(692,150)	-	-	-
Benefit payments, including refunds of employee contributions	(1,206,178)	(1,115,657)	(1,086,283)	(1,104,572)	(1,151,999)	(1,244,009)	(1,284,839)	(1,189,082)	(1,244,478)
Net change in total pension liability	\$ (68,930)	\$ 1,763,393	\$ 515,877	\$ (2,203,137)	\$ 46,259	\$ (1,092,865)	\$ (386,275)	\$ 1,379,013	\$ 626,492
Total pension liability - beginning	19,476,679	17,713,286	17,197,409	19,400,546	19,354,287	20,447,152	20,833,427	19,454,414	18,827,922
Total pension liability - ending (a)	\$ 19,407,749	\$ 19,476,679	\$ 17,713,286	\$ 17,197,409	\$ 19,400,546	\$ 19,354,287	\$ 20,447,152	\$ 20,833,427	\$ 19,454,414
Plan fiduciary net position									
Contributions - employer	\$ 1,282,432	\$ 1,147,151	\$ 1,204,413	\$ 1,145,352	\$ 1,425,162	\$ 1,382,908	\$ 1,438,098	\$ 1,457,080	\$ 1,116,599
Net investment income	980,343	852,529	456,113	(597,607)	868,783	387,974	418,289	146,385	188,569
Benefit payments, including refunds of employee contributions	(1,206,178)	(1,115,657)	(1,086,283)	(1,104,572)	(1,151,999)	(1,244,009)	(1,284,839)	(1,189,082)	(1,244,478)
Administrative expense	(52,762)	(50,134)	(45,178)	(21,739)	(20,110)	(18,826)	(17,957)	(9,954)	(2,208)
Net change in plan fiduciary net position	\$ 1,003,835	\$ 833,889	\$ 529,065	\$ (578,566)	\$ 1,121,836	\$ 508,047	\$ 553,591	\$ 404,429	\$ 58,482
Plan fiduciary net position - beginning	10,938,007	10,104,118	9,575,053	10,153,619	9,031,783	8,523,736	7,970,145	7,565,716	7,507,234
Plan fiduciary net position - ending (b)	\$ 11,941,842	\$ 10,938,007	\$ 10,104,118	\$ 9,575,053	\$ 10,153,619	\$ 9,031,783	\$ 8,523,736	\$ 7,970,145	\$ 7,565,716
School Board's net pension liability - ending (a) - (b)	\$ 7,465,907	\$ 8,538,672	\$ 7,609,168	\$ 7,622,356	\$ 9,246,927	\$ 10,322,504	\$ 11,923,416	\$ 12,863,282	\$ 11,888,698
Plan fiduciary net position as a percentage of the total pension liability	61.53%	56.16%	57.04%	55.68%	52.34%	46.67%	41.69%	38.26%	38.89%
Covered payroll	\$ 43,750,872	\$ 44,759,297	\$ 39,846,110	\$ 37,867,549	\$ 37,750,882	\$ 38,188,055	\$ 38,745,934	\$ 38,643,824	\$ 39,204,917
School Board's net pension liability as a percentage of covered payroll	17.06%	19.08%	19.10%	20.13%	24.49%	27.03%	30.77%	33.29%	30.32%

Schedule is intended to show information for 10 years. Since 2017 is the first year for this presentation, additional years will be included as they become available.

County of Washington, Virginia
 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Component Unit Washington County Park Authority
 Pension Plans

For the Measurement Dates June 30, 2015 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 7,974	\$ 5,845	\$ 5,299	\$ 5,117	\$ 1,824	\$ 4,511	\$ 4,425	\$ 4,836	\$ 4,703	\$ 4,564
Interest	18,275	14,948	14,434	13,169	4,797	12,677	12,508	12,349	11,794	11,136
Differences between expected and actual experience	15,724	(2,176)	(1,502)	(2,867)	(813)	5,300	(3,391)	(4,507)	(2,101)	182
Impact of change in proportion	42,704	934	2,269	126,271	(130,976)	(960)	(471)	2,775	2,340	-
Assumption changes				7,633		5,687		(441)		
Benefit payments	(16,088)	(12,214)	(11,973)	(11,784)	(4,294)	(10,213)	(10,106)	(8,897)	(9,580)	(8,079)
Net change in total pension liability	\$ 68,589	\$ 7,337	\$ 8,527	\$ 137,539	\$ (129,462)	\$ 17,002	\$ 2,965	\$ 6,115	\$ 7,156	\$ 7,803
Total pension liability - beginning	228,113	220,776	212,249	74,710	204,172	187,170	184,205	178,090	170,933	163,130
Total pension liability - ending (a)	\$ 296,702	\$ 228,113	\$ 220,776	\$ 212,249	\$ 74,710	\$ 204,172	\$ 187,170	\$ 184,205	\$ 178,089	\$ 170,933
Plan fiduciary net position										
Impact of change in proportion	\$ 40,342	\$ 868	\$ 2,222	\$ 105,172	\$ (112,942)	\$ (873)	\$ (416)	\$ 2,264	\$ 1,963	\$ -
Contributions - employer	7,841	6,012	5,283	4,833	1,473	3,895	4,332	4,218	5,122	4,905
Contributions - employee	3,196	2,438	2,444	2,048	772	2,021	2,021	2,017	1,960	1,894
Net investment income	24,640	13,246	(183)	45,425	1,199	11,165	11,869	17,876	2,479	6,306
Benefit payments	(16,088)	(12,214)	(11,973)	(11,784)	(4,294)	(10,213)	(10,106)	(8,897)	(9,580)	(8,079)
Administrator charges	(164)	(132)	(131)	(115)	(42)	(112)	(103)	(104)	(90)	(86)
Other	5	5	5	4	-	(8)	(12)	(16)	(1)	(1)
Net change in plan fiduciary net position	\$ 59,772	\$ 10,223	\$ (2,533)	\$ 145,583	\$ (113,834)	\$ 5,875	\$ 7,585	\$ 17,358	\$ 1,853	\$ 4,939
Plan fiduciary net position - beginning	215,499	205,276	207,809	62,226	176,060	170,185	162,600	145,242	143,389	138,450
Plan fiduciary net position - ending (b)	\$ 275,271	\$ 215,499	\$ 205,276	\$ 207,809	\$ 62,226	\$ 176,060	\$ 170,185	\$ 162,600	\$ 145,242	\$ 143,389
Component Unit WCPA's net pension liability - ending (a) - (b)	\$ 21,431	\$ 12,614	\$ 15,500	\$ 4,440	\$ 12,484	\$ 28,112	\$ 16,985	\$ 21,605	\$ 32,847	\$ 27,544
Plan fiduciary net position as a percentage of the total pension liability	92.78%	94.47%	92.98%	97.91%	83.29%	86.23%	90.93%	88.27%	81.56%	83.89%
Covered payroll	\$ 64,051	\$ 48,673	\$ 43,596	\$ 40,213	\$ 16,717	\$ 42,501	\$ 42,166	\$ 39,982	\$ 39,427	\$ 38,029
Component Unit WCPA's net pension liability as a percentage of covered payroll	33.46%	25.92%	35.55%	11.04%	74.68%	66.14%	40.28%	54.04%	83.31%	72.43%

County of Washington, Virginia
 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Component Unit School Board (non-professional)
 Pension Plans

For the Measurement Dates June 30, 2015 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 262,944	\$ 247,443	\$ 221,788	\$ 252,763	\$ 256,716	\$ 252,288	\$ 264,484	\$ 279,258	\$ 293,270	\$ 279,645
Interest	1,024,785	1,009,196	1,017,071	956,244	956,415	960,953	994,338	1,015,129	991,923	969,365
Differences between expected and actual experience	301,743	81,402	(300,724)	(62,121)	(229,482)	(177,385)	(787,021)	(592,020)	8,966	46,177
Assumption changes	-	-	-	582,019	-	336,199	-	(55,104)	-	-
Benefit payments	(1,145,784)	(1,099,390)	(1,061,529)	(1,037,565)	(934,816)	(926,873)	(970,576)	(917,986)	(1,007,279)	(938,586)
Net change in total pension liability	\$ 443,688	\$ 238,651	\$ (123,394)	\$ 691,340	\$ 48,833	\$ 445,182	\$ (498,775)	\$ (270,723)	\$ 286,880	\$ 356,601
Total pension liability - beginning	\$ 15,491,955	\$ 15,253,304	\$ 15,376,698	\$ 14,685,358	\$ 14,636,525	\$ 14,191,343	\$ 14,690,118	\$ 14,960,841	\$ 14,673,961	\$ 14,317,360
Total pension liability - ending (a)	\$ 15,935,643	\$ 15,491,955	\$ 15,253,304	\$ 15,376,698	\$ 14,685,358	\$ 14,636,525	\$ 14,191,343	\$ 14,690,118	\$ 14,960,841	\$ 14,673,961
Plan fiduciary net position										
Contributions - employer	\$ 217,195	\$ 195,962	\$ 185,390	\$ 189,541	\$ 208,112	\$ 199,699	\$ 284,527	\$ 304,534	\$ 321,291	\$ 329,457
Contributions - employee	153,879	137,900	126,652	130,641	131,357	126,383	122,797	142,076	132,681	131,838
Net investment income	1,431,099	933,963	(4,590)	3,452,550	251,310	847,302	925,330	1,409,419	198,960	542,672
Benefit payments	(1,145,784)	(1,099,390)	(1,061,529)	(1,037,565)	(934,816)	(926,873)	(970,576)	(917,986)	(1,007,279)	(938,586)
Administrator charges	(10,043)	(9,757)	(9,935)	(9,042)	(8,902)	(8,832)	(8,284)	(8,434)	(7,746)	(7,794)
Other	(37)	373	350	322	(292)	(531)	(811)	(1,242)	(87)	(112)
Net change in plan fiduciary net position	\$ 646,309	\$ 159,051	\$ (763,662)	\$ 2,726,447	\$ (353,231)	\$ 237,148	\$ 352,983	\$ 928,367	\$ (362,180)	\$ 57,475
Plan fiduciary net position - beginning	\$ 15,069,248	\$ 14,910,197	\$ 15,673,859	\$ 12,947,412	\$ 13,300,643	\$ 13,063,495	\$ 12,710,512	\$ 11,782,145	\$ 12,144,325	\$ 12,086,850
Plan fiduciary net position - ending (b)	\$ 15,715,557	\$ 15,069,248	\$ 14,910,197	\$ 15,673,859	\$ 12,947,412	\$ 13,300,643	\$ 13,063,495	\$ 12,710,512	\$ 11,782,145	\$ 12,144,325
School Division's net pension liability (asset) - ending (a) - (b)	\$ 220,086	\$ 422,707	\$ 343,107	\$ (297,161)	\$ 1,737,946	\$ 1,335,882	\$ 1,127,848	\$ 1,979,606	\$ 3,178,696	\$ 2,529,636
Plan fiduciary net position as a percentage of the total pension liability	98.62%	97.27%	97.75%	101.93%	88.17%	90.87%	92.05%	86.52%	78.75%	82.76%
Covered payroll	\$ 3,482,298	\$ 3,051,845	\$ 2,770,245	\$ 2,824,992	\$ 2,807,493	\$ 2,723,589	\$ 2,626,988	\$ 2,716,445	\$ 2,620,073	\$ 2,674,140
School Division's net pension liability (asset) as a percentage of covered payroll	6.32%	13.85%	12.39%	-10.52%	61.90%	49.05%	42.93%	72.87%	121.32%	94.60%

County of Washington, Virginia
 Schedule of Employer's Share of Net Pension Liability (Asset) VRS Teacher Retirement Plan
 Pension Plans
 For the Measurement Dates 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	0.40757%	\$ 38,258,330	\$ 43,418,881	88.11%	84.52%
2023	0.40539%	40,973,597	40,178,269	101.98%	82.45%
2022	0.41652%	39,655,198	38,555,407	102.85%	82.61%
2021	0.41925%	32,546,786	36,780,692	88.49%	85.46%
2020	0.42080%	61,234,540	36,682,301	166.93%	71.47%
2019	0.42676%	56,164,041	35,583,475	157.84%	73.51%
2018	0.43818%	51,529,000	35,260,376	146.14%	74.81%
2017	0.45021%	55,366,000	35,392,792	156.43%	72.92%
2016	0.45537%	63,816,000	34,658,445	184.13%	68.28%
2015	0.46113%	58,039,000	34,284,601	169.29%	70.68%

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

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2025	\$ 2,035,957	\$ 2,035,957	\$ -	\$ 16,398,154	12.42%
2024	1,735,164	1,735,164	-	15,323,256	11.32%
2023	1,579,128	1,579,128	-	13,851,310	11.40%
2022	1,396,027	1,396,027	-	12,647,760	11.04%
2021	1,290,439	1,290,439	-	11,636,080	11.09%
2020	1,054,090	1,054,090	-	11,568,452	9.11%
2019	998,459	998,459	-	10,855,168	9.20%
2018	1,106,407	1,106,407	-	10,742,040	10.30%
2017	1,097,538	1,097,538	-	10,344,991	10.61%
2016	1,325,194	1,325,194	-	10,341,453	12.81%
Component Unit Washington County Park Authority					
2025	\$ 10,934	\$ 10,934	\$ -	\$ 88,065	12.42%
2024	7,253	7,253	-	64,051	11.32%
2023	5,549	5,549	-	48,673	11.40%
2022	4,812	4,812	-	43,596	11.04%
2021	4,460	4,460	-	40,213	11.09%
2020	1,468	1,468	-	16,717	8.78%
2019	3,889	3,889	-	42,501	9.15%
2018	4,336	4,336	-	42,166	10.28%
2017	4,308	4,308	-	39,982	10.77%
2016	5,176	5,176	-	39,427	13.13%
Component Unit School Board (nonprofessional)					
2025	\$ 271,827	\$ 271,827	\$ -	\$ 3,855,884	7.05%
2024	217,873	217,873	-	3,482,298	6.26%
2023	195,242	195,242	-	3,051,845	6.40%
2022	185,351	185,351	-	2,770,245	6.69%
2021	190,225	190,225	-	2,824,992	6.73%
2020	207,174	207,174	-	2,807,493	7.38%
2019	203,223	203,223	-	2,723,589	7.46%
2018	284,527	284,527	-	2,626,988	10.83%
2017	310,218	310,218	-	2,716,445	11.42%
2016	322,026	322,026	-	2,620,073	12.29%
Component Unit School Board (professional)					
2025	\$ 6,570,291	\$ 6,570,291	\$ -	\$ 46,237,093	14.21%
2024	6,873,618	6,873,618	-	43,418,881	15.83%
2023	6,399,312	6,399,312	-	40,178,269	15.93%
2022	6,187,637	6,187,637	-	38,555,407	16.05%
2021	5,931,256	5,931,256	-	36,780,692	16.13%
2020	5,591,377	5,591,377	-	36,682,301	15.24%
2019	5,431,000	5,431,000	-	35,583,475	15.26%
2018	5,665,000	5,665,000	-	35,260,376	16.07%
2017	5,123,000	5,123,000	-	35,392,792	14.47%
2016	4,848,000	4,848,000	-	34,658,445	13.99%
Component Unit School Board - Supplemental Retirement Pension Plan (1)					
2025	\$ 1,282,432	\$ 1,282,432	\$ -	\$ 43,750,872	2.93%
2024	1,147,151	1,147,151	-	44,759,297	2.56%
2023	1,204,413	1,204,413	-	39,846,110	3.02%
2022	1,145,352	1,145,352	-	37,867,549	3.02%
2021	1,425,162	1,425,162	-	37,750,882	3.78%
2020	1,382,908	1,382,908	-	38,188,055	3.62%
2019	1,438,098	1,438,098	-	38,745,934	3.71%
2018	1,457,080	1,457,080	-	38,643,824	3.77%
2017	1,433,150	1,116,599	316,551	39,204,917	2.85%

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

(1) 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 Washington, Virginia
Notes to Required Supplementary Information - Pension
Pension Plans
For the Year Ended June 30, 2025

Pension Plans:

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

School Board Supplemental Retirement Program

Component Unit School Board - Supplemental Retirement Program

Valuation Date	July 1, 2025
Measurement Date	June 30, 2025
Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Pub-2010 Public Retirement Plans Teachers Amount-Weighted mortality table projected generationally with Scale MP-2021
Discount Rate	4.00% for July 1, 2025; 4.00% for July 1, 2024
Expected Long Term Rate of Return	4.00% for July 1, 2025; 4.00% for July 1, 2024
Municipal Bond Rate	4.79% for July 1, 2025; 3.97% for July 1, 2024
Inflation	2.50% per year
Salary Increase	4.00% per year
Ad-hoc COLA	None

County of Washington, Virginia
 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Primary Government - County OPEB (Healthcare)
 For the Measurement Dates of June 30, 2018 through June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 96,887	\$ 91,006	\$ 104,849	\$ 122,818	\$ 124,178	\$ 85,763	\$ 129,553	\$ 147,277
Interest	73,581	66,166	60,859	40,261	39,378	51,637	89,054	82,392
Effect of Plan Changes	-	-	-	-	-	-	(411,822)	-
Changes in assumptions	(97,423)	(47,239)	(27,572)	(229,784)	(79,666)	176,241	(551,747)	(89,180)
Effect of economic/demographic gains or losses	-	-	31,227	-	50,977	-	-	-
Differences between expected and actual experience	(9,389)	-	-	-	-	-	(121,903)	-
Benefit payments	(54,255)	(58,371)	(65,414)	(55,029)	(47,788)	(43,241)	(30,916)	(76,284)
Net change in total OPEB liability	\$ 9,401	\$ 51,562	\$ 103,949	\$ (121,734)	\$ 87,079	\$ 270,400	\$ (897,781)	\$ 64,205
Total OPEB liability - beginning	1,802,265	1,750,703	1,646,754	1,768,488	1,681,409	1,411,009	2,308,790	2,244,585
Total OPEB liability - ending	<u>\$ 1,811,666</u>	<u>\$ 1,802,265</u>	<u>\$ 1,750,703</u>	<u>\$ 1,646,754</u>	<u>\$ 1,768,488</u>	<u>\$ 1,681,409</u>	<u>\$ 1,411,009</u>	<u>\$ 2,308,790</u>
Covered employee payroll	\$ 16,414,518	\$ 12,997,399	\$ 12,997,399	\$ 11,599,216	\$ 11,599,216	\$ 10,703,126	\$ 10,703,126	\$ 10,514,119
County's total OPEB liability (asset) as a percentage of covered employee payroll	11.04%	13.87%	13.47%	14.20%	15.25%	15.71%	13.18%	21.96%

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

County of Washington, Virginia
 Notes to Required Supplementary Information - County OPEB (Healthcare)
 For the Year Ended June 30, 2025

Valuation Date: 7/1/2024
 Measurement Date: 6/30/2025

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal, level percentage of pay
Salary Increase Rates	5.35% to 3.50% depending on years of service for general employees; 4.75% to 3.50% depending on years of service for public safety employees
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumptions starts at 6.40% in 2024 then decreases to an ultimate 3.90% in 2073
Discount Rate	5.20% for accounting and funding disclosures as of June 30, 2025 3.93% for accounting and funding disclosures as of June 30, 2024
Retirement Age	The average age at retirement is 62
Mortality Rates (General Employees)	<p>Pre-Retirement: Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 25% of deaths are assumed to be service related.</p> <p>Post-Retirement: Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.</p> <p>Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.</p> <p>Beneficiaries and survivors: Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.</p>
Mortality Rates (Public Safety Employees)	<p>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. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 35% of deaths are assumed to be service-related.</p> <p>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. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.</p> <p>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. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.</p> <p>Beneficiaries and survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.</p>

County of Washington, Virginia
 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit: School Board (Healthcare)
 For the Measurement Dates of June 30, 2018 through June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 401,376	\$ 536,121	\$ 520,228	\$ 512,413	\$ 321,396	\$ 225,688	\$ 273,552	\$ 323,245
Interest	399,698	368,010	302,134	196,365	141,509	200,595	263,845	226,975
Effect of plan changes	-	-	571,186	-	-	-	-	-
Changes in assumptions	(827,968)	-	257,510	(783,353)	2,019,091	534,741	(1,217,393)	(177,186)
Effect of economic/demographic gains or losses	(1,493,288)	(188,828)	345,099	-	486,677	-	386,473	-
Benefit payments	(503,629)	(482,088)	(447,230)	(532,565)	(411,599)	(357,425)	(359,368)	(394,844)
Net change in total OPEB liability	\$(2,023,811)	\$ 233,215	\$ 1,548,927	\$(607,140)	\$ 2,557,074	\$ 603,599	\$(652,891)	\$(21,810)
Total OPEB liability - beginning	10,018,444	9,785,229	8,236,302	8,843,442	6,286,368	5,682,769	6,335,660	6,357,470
Total OPEB liability - ending	\$ 7,994,633	\$ 10,018,444	\$ 9,785,229	\$ 8,236,302	\$ 8,843,442	\$ 6,286,368	\$ 5,682,769	\$ 6,335,660
Covered employee payroll	\$ 44,933,491	\$ 40,427,759	\$ 40,427,759	\$ 37,638,661	\$ 37,638,661	\$ 36,384,146	\$ 36,384,146	\$ 32,112,464
School Board's total OPEB liability (asset) as a percentage of covered employee payroll	17.79%	24.78%	24.20%	21.88%	23.50%	17.28%	15.62%	19.73%

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

County of Washington, Virginia
Notes to Required Supplementary Information - School OPEB (Healthcare)
For the Year Ended June 30, 2025

Valuation Date: 7/1/2024
 Measurement Date: 6/30/2025

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal, level percentage of pay
Salary Increase Rates	5.35% to 3.50% depending on years of service for general employees; 5.95% to 3.50% depending on years of service for teachers
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumptions starts at 6.50% in 2024 then decreases to an ultimate 3.90% in 2074
Discount Rate	5.20% for accounting and funding disclosures as of June 30, 2025 3.93% for accounting and funding disclosures as of June 30, 2024
Retirement Age	The average age at retirement is 62
Mortality Rates (General Employees)	<p>Pre-Retirement: Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 25% of deaths are assumed to be service related.</p> <p>Post-Retirement: Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.</p> <p>Post Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.</p> <p>Beneficiaries and survivors: Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.</p>
Mortality Rates (Teachers)	<p>Pre-Retirement: Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 5% of deaths are assumed to be service related.</p> <p>Post-Retirement: Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.</p> <p>Post Disablement: Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.</p> <p>Beneficiaries and survivors: Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.</p>

County of Washington, Virginia
 Schedule of Employer's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2024

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2024	0.05995% \$	668,995 \$	15,393,832	4.35%	73.41%
2023	0.05912%	709,034	13,924,857	5.09%	69.30%
2022	0.05840%	703,072	12,700,514	5.54%	67.21%
2021	0.05660%	658,628	11,678,733	5.64%	67.45%
2020	0.05650%	942,058	11,616,544	8.11%	52.64%
2019	0.05567%	905,899	10,913,809	8.30%	52.00%
2018	0.05680%	862,000	10,799,595	7.98%	51.22%
2017	0.05647%	850,000	10,416,753	8.16%	48.86%
Component Unit School Board (nonprofessional)					
2024	0.01356% \$	151,319 \$	3,482,298	4.35%	73.41%
2023	0.01296%	155,431	3,051,845	5.09%	69.30%
2022	0.01270%	153,281	2,770,245	5.53%	67.21%
2021	0.01370%	159,272	2,824,992	5.64%	67.45%
2020	0.01360%	227,629	2,807,497	8.11%	52.64%
2019	0.01390%	226,190	2,723,587	8.30%	52.00%
2018	0.01376%	209,000	2,617,104	7.99%	51.22%
2017	0.01473%	221,000	2,716,445	8.14%	48.86%
Component Unit School Board (professional)					
2024	0.16910% \$	1,887,024 \$	43,418,881	4.35%	73.41%
2023	0.17071%	2,047,348	40,210,486	5.09%	69.30%
2022	0.17720%	2,134,020	38,552,830	5.54%	67.21%
2021	0.17840%	2,076,943	36,830,900	5.64%	67.45%
2020	0.17830%	2,975,035	36,687,712	8.11%	52.64%
2019	0.18162%	2,955,441	35,604,784	8.30%	52.00%
2018	0.18551%	2,818,000	35,275,151	7.99%	51.22%
2017	0.19188%	2,888,000	35,393,745	8.16%	48.86%

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

County of Washington, 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	\$ 77,501	\$ 77,501	-	\$ 16,489,621	0.47%
2024	83,127	83,127	-	15,393,832	0.54%
2023	75,194	75,194	-	13,924,857	0.54%
2022	68,583	68,583	-	12,700,514	0.54%
2021	63,065	63,065	-	11,678,733	0.54%
2020	60,406	60,406	-	11,616,544	0.52%
2019	57,000	57,000	-	10,913,809	0.52%
2018	56,158	56,158	-	10,799,595	0.52%
2017	54,167	54,167	-	10,416,753	0.52%
2016	49,923	49,923	-	10,400,684	0.48%
Component Unit School Board (nonprofessional)					
2025	\$ 18,123	\$ 18,123	-	\$ 3,855,884	0.47%
2024	18,804	18,804	-	3,482,298	0.54%
2023	16,480	16,480	-	3,051,845	0.54%
2022	14,959	14,959	-	2,770,245	0.54%
2021	15,255	15,255	-	2,824,992	0.54%
2020	14,000	14,000	-	2,807,497	0.50%
2019	14,000	14,000	-	2,723,587	0.51%
2018	14,000	14,000	-	2,617,104	0.53%
2017	14,000	14,000	-	2,716,445	0.52%
2016	12,607	12,607	-	2,626,388	0.48%
Component Unit School Board (professional)					
2025	\$ 217,314	\$ 217,314	-	\$ 46,237,093	0.47%
2024	234,462	234,462	-	43,418,881	0.54%
2023	217,137	217,137	-	40,210,486	0.54%
2022	208,185	208,185	-	38,552,830	0.54%
2021	198,887	198,887	-	36,830,900	0.54%
2020	190,776	190,776	-	36,687,712	0.52%
2019	184,000	184,000	-	35,604,784	0.52%
2018	183,000	183,000	-	35,275,151	0.52%
2017	184,000	184,000	-	35,393,745	0.52%
2016	166,775	166,775	-	34,744,814	0.48%

County of Washington, 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 Washington, Virginia
 Schedule of Changes in the Employer's Net OPEB Asset and Related Ratios
 Primary Government
 Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Total HIC OPEB Liability								
Service cost	\$ 3,056	\$ 3,495	\$ 3,287	\$ 3,575	\$ 3,670	\$ 3,246	\$ 3,000	\$ 3,000
Interest	14,752	13,795	13,387	13,684	13,396	14,259	14,000	14,000
Differences between expected and actual experience	(17,354)	13,332	(18,670)	(9,511)	5,857	(9,543)	(3,000)	-
Changes of assumptions	-	-	25,390	3,737	-	4,443	-	(4,000)
Benefit payments	(16,575)	(15,446)	(19,666)	(18,679)	(18,647)	(16,628)	(19,000)	(8,000)
Other changes	-	-	-	-	-	12	1,000	1,000
Net change in total HIC OPEB liability	(16,121)	15,176	3,728	(7,194)	4,276	(4,211)	(4,000)	6,000
Total HIC OPEB Asset - beginning	223,775	208,599	204,871	212,065	207,789	212,000	216,000	210,000
Total HIC OPEB Asset - ending (a)	207,654	223,775	208,599	204,871	212,065	207,789	212,000	216,000
Plan fiduciary net position								
Contributions - employer	\$ -	\$ -	\$ 3,776	\$ 3,477	\$ 3,106	\$ 3,046	\$ 2,000	\$ 2,000
Net investment income	22,564	14,185	674	55,207	4,480	14,100	16,000	24,000
Benefit payments	(16,575)	(15,446)	(19,666)	(18,679)	(18,647)	(16,628)	(19,000)	(8,000)
Administrator charges	(302)	(326)	(428)	(614)	(414)	(304)	-	-
Other	-	494	9,191	-	(2)	169	(1,000)	1,000
Net change in plan fiduciary net position	5,687	(1,093)	(6,453)	39,391	(11,477)	383	(2,000)	19,000
Plan fiduciary net position - beginning	249,751	250,844	257,297	217,906	229,383	229,000	231,000	212,000
Plan fiduciary net position - ending (b)	255,438	249,751	250,844	257,297	217,906	229,383	229,000	231,000
Employer's net HIC OPEB asset - ending (a) - (b)	(47,784)	(25,976)	(42,245)	(52,426)	(5,841)	(21,594)	(17,000)	(15,000)
Plan fiduciary net position as a percentage of the total HIC OPEB liability	123.01%	111.61%	120.25%	125.59%	102.75%	110.39%	108.02%	106.94%
Covered payroll	\$ 4,025,632	\$ 3,814,549	\$ 3,432,554	\$ 3,160,443	\$ 3,105,665	\$ 3,045,660	\$ 3,136,197	\$ 3,039,394
Employer's net HIC OPEB asset as a percentage of covered payroll	-1.19%	-0.68%	-1.23%	-1.66%	-0.19%	-0.71%	-0.54%	-0.49%

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 Washington, Virginia
 Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios
 School Board (nonprofessional)
 Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Total HIC OPEB Liability								
Service cost	\$ 2,556	\$ 2,156	\$ 2,498	\$ 3,808	\$ 7,170	\$ 3,721	\$ 4,000	\$ 4,000
Interest	18,800	19,614	18,729	28,675	9,758	19,276	20,000	21,000
Benefit changes	-	-	-	-	17,086	-	-	-
Differences between expected and actual experience	1,349	(6,692)	8,380	(160,146)	86,252	1,031	(15,000)	-
Changes of assumptions	-	-	12,391	5,979	52,600	5,630	-	(4,000)
Benefit payments	(27,612)	(27,460)	(29,627)	(26,708)	(26,976)	(25,502)	(26,000)	(25,000)
Other changes	-	-	-	-	-	124	1,000	(1,000)
Net change in total HIC OPEB liability	\$(4,907)	\$(12,382)	\$12,371	\$(148,392)	\$145,890	\$4,280	\$(16,000)	\$(5,000)
Total HIC OPEB Liability - beginning	289,767	302,149	289,778	438,170	292,280	288,000	304,000	309,000
Total HIC OPEB Liability - ending (a)	284,860	289,767	302,149	289,778	438,170	292,280	288,000	304,000
Plan fiduciary net position								
Contributions - employer	\$ 40,285	\$ 35,507	\$ 29,371	\$ 29,875	\$ 22,461	\$ 21,443	\$ 21,000	\$ 22,000
Net investment income	2,182	265	(3)	8	(3)	100	1,000	1,000
Benefit payments	(27,612)	(27,460)	(29,627)	(26,708)	(26,976)	(25,502)	(26,000)	(25,000)
Administrator charges	(36)	(5)	(9)	(1)	1	(1)	-	-
Other	-	262	5,982	-	-	544	(1,000)	(1,000)
Net change in plan fiduciary net position	14,819	8,569	5,714	3,174	\$(4,517)	\$(3,416)	\$(5,000)	\$(3,000)
Plan fiduciary net position - beginning	14,524	5,955	241	(2,933)	1,584	5,000	10,000	13,000
Plan fiduciary net position - ending (b)	29,343	14,524	5,955	241	\$(2,933)	1,584	5,000	10,000
Employer's net HIC OPEB liability - ending (a) - (b)	\$ 255,517	\$ 275,243	\$ 296,194	\$ 289,537	\$ 441,103	\$ 290,696	\$ 283,000	\$ 294,000
Plan fiduciary net position as a percentage of the total HIC OPEB liability	10.30%	5.01%	1.97%	0.08%	-0.67%	0.54%	1.74%	3.29%
Covered payroll	\$ 3,482,298	\$ 3,051,845	\$ 2,770,245	\$ 2,824,992	\$ 2,807,497	\$ 2,723,587	\$ 2,617,104	\$ 2,716,445
Employer's net HIC OPEB liability as a percentage of covered payroll	7.34%	9.02%	10.69%	10.25%	15.71%	10.67%	10.81%	10.82%

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2025	\$ 1,275	\$ 1,275	\$ -	\$ 4,249,343	0.03%
2024	-	-	-	4,025,632	0.00%
2023	-	-	-	3,814,549	0.00%
2022	3,776	3,776	-	3,432,554	0.11%
2021	3,476	3,476	-	3,160,443	0.11%
2020	3,106	3,106	-	3,105,665	0.10%
2019	3,000	3,000	-	3,045,660	0.10%
2018	2,000	2,000	-	3,136,197	0.06%
2017	2,000	2,000	-	3,039,394	0.07%
2016	3,413	3,413	-	3,102,845	0.11%
Component Unit School Board (nonprofessional)					
2025	\$ 44,728	\$ 44,728	\$ -	\$ 3,855,884	1.16%
2024	40,395	40,395	-	3,482,298	1.16%
2023	35,401	35,401	-	3,051,845	1.16%
2022	29,365	29,365	-	2,770,245	1.06%
2021	29,945	29,945	-	2,824,992	1.06%
2020	22,460	22,460	-	2,807,497	0.80%
2019	22,000	22,000	-	2,723,587	0.81%
2018	20,000	20,000	-	2,617,104	0.76%
2017	21,000	21,000	-	2,716,445	0.77%
2016	18,602	18,602	-	2,620,073	0.71%

County of Washington, Virginia
 Notes to Required Supplementary Information
 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:

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2024	0.40526% \$	4,683,379 \$	43,418,881	10.79%	21.82%
2023	0.40291%	4,880,922	40,174,224	12.15%	17.90%
2022	0.41368%	5,167,056	38,555,407	13.40%	15.08%
2021	0.41589%	5,338,235	36,780,692	14.51%	13.15%
2020	0.41840%	5,458,488	36,682,301	14.88%	9.95%
2019	0.42424%	5,553,715	35,583,475	15.61%	8.97%
2018	0.43617%	5,538,000	35,275,151	15.70%	8.08%
2017	0.44848%	5,689,000	35,393,745	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 Washington, Virginia
 Schedule of Employer Contributions
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Years Ended June 30, 2016 through June 30, 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	\$ 559,469	\$ 559,469	\$ -	\$ 46,237,093	1.21%
2024	525,368	525,368	-	43,418,881	1.21%
2023	486,108	486,108	-	40,174,224	1.21%
2022	466,520	466,520	-	38,555,407	1.21%
2021	445,046	445,046	-	36,780,692	1.21%
2020	440,188	440,188	-	36,682,301	1.20%
2019	424,000	424,000	-	35,583,475	1.19%
2018	434,000	434,000	-	35,275,151	1.23%
2017	393,000	393,000	-	35,393,745	1.11%
2016	368,033	368,033	-	34,720,087	1.06%

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

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

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

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

Other Supplementary Information

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

	County Capital Improvements Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 646,032	\$ 646,032
Miscellaneous	-	-	58,217	58,217
Intergovernmental:				
Commonwealth	-	466,202	60,059	(406,143)
Total revenues	\$ -	\$ 466,202	\$ 764,308	\$ 298,106
EXPENDITURES				
Current:				
Public safety	\$ -	\$ 453,198	\$ 60,863	\$ 392,335
Public works	-	3,671,765	2,156,388	1,515,377
Parks, recreation, and cultural	-	46,814	61,161	(14,347)
Community development	-	200,000	200,000	-
Capital projects	21,227,559	24,895,303	11,458,350	13,436,953
Total expenditures	\$ 21,227,559	\$ 29,267,080	\$ 13,936,762	\$ 15,330,318
Excess (deficiency) of revenues over (under) expenditures	\$ (21,227,559)	\$ (28,800,878)	\$ (13,172,454)	\$ 15,628,424
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 9,915,015	\$ 5,318,581	\$ (4,596,434)
Total other financing sources (uses)	\$ -	\$ 9,915,015	\$ 5,318,581	\$ (4,596,434)
Net change in fund balances	\$ (21,227,559)	\$ (18,885,863)	\$ (7,853,873)	\$ 11,031,990
Fund balances - beginning	21,227,559	18,885,863	17,188,519	(1,697,344)
Fund balances - ending	\$ -	\$ -	\$ 9,334,646	\$ 9,334,646

FIDUCIARY FUNDS

Special Welfare - The Special Welfare fund accounts for those funds belonging to individuals entrusted to the local social services agency, such as foster care children.

Fringe Benefits - The Fringe Benefits fund accounts for those funds belonging to School Board employees.

Soil Erosion Deposits - The Soil Erosion Deposits fund accounts for erosion and sediment control deposits obtained on construction projects from the contractor. When the project has met the requirements, the deposit is released to the contractor.

Commonwealth Attorney Collection Program - The Commonwealth Attorney Collection Program fund accounts for the collection of delinquent fines, costs, forfeitures, penalties, and interest collected by the Commonwealth Attorney's office. A portion of the collections are remitted to the State.

County of Washington, Virginia
 Combining Statement of Fiduciary Net Position
 Fiduciary Funds - Custodial Funds
 June 30, 2025

	<u>Special Welfare</u>	<u>Fringe Benefits</u>	<u>Soil Erosion Deposits</u>	<u>Commonwealth Attorney Collection Program</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 35,298	\$ 625,139	\$ 95,983	\$ 69,095	\$ 825,515
Accounts receivable	-	-	-	4,569	4,569
Total assets	<u>\$ 35,298</u>	<u>\$ 625,139</u>	<u>\$ 95,983</u>	<u>\$ 73,664</u>	<u>\$ 830,084</u>
NET POSITION					
Restricted for:					
Social services clients	\$ 35,298	\$ -	\$ -	\$ -	\$ 35,298
School board employee fringe benefits	-	625,139	-	-	625,139
Soil erosion deposits	-	-	95,983	-	95,983
Commonwealth Attorney collection program	-	-	-	73,664	73,664
Total net position	<u>\$ 35,298</u>	<u>\$ 625,139</u>	<u>\$ 95,983</u>	<u>\$ 73,664</u>	<u>\$ 830,084</u>

County of Washington, Virginia
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
June 30, 2025

	<u>Special Welfare</u>	<u>Fringe Benefits</u>	<u>Soil Erosion Deposits</u>	<u>Commonwealth Attorney Collection Program</u>	<u>Total</u>
Additions					
Interest	\$ 1,850	\$ 15,006	\$ -	\$ -	\$ 16,856
Social services receipts	91,787	-	-	-	91,787
Fringe benefits receipts from retirees	-	732,797	-	-	732,797
Soil erosion deposit	-	-	30,840	-	30,840
Commonwealth Attorney collections	-	-	-	75,513	75,513
Total additions	<u>\$ 93,637</u>	<u>\$ 747,803</u>	<u>\$ 30,840</u>	<u>\$ 75,513</u>	<u>\$ 947,793</u>
Deductions:					
Payments for social services clients	\$ 89,441	\$ -	\$ -	\$ -	\$ 89,441
Payments for fringe benefits	-	274,331	-	-	274,331
Return of soil erosion deposits	-	-	-	-	-
Payments for Commonwealth Attorney Collections	-	-	-	61,410	61,410
Total deductions	<u>\$ 89,441</u>	<u>\$ 274,331</u>	<u>\$ -</u>	<u>\$ 61,410</u>	<u>\$ 425,182</u>
Net Increase (decrease) in fiduciary net position	\$ 4,196	\$ 473,472	\$ 30,840	\$ 14,103	\$ 522,611
Net Position, beginning	31,102	151,667	65,143	59,561	307,473
Net Position, ending	<u>\$ 35,298</u>	<u>\$ 625,139</u>	<u>\$ 95,983</u>	<u>\$ 73,664</u>	<u>\$ 830,084</u>

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

School Capital Projects Fund - The School Activity Fund accounts for and reports the financial resources to be used for the acquisition and construction of major capital projects of the School Board.

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

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

	School Operating <u>Fund</u>	School Capital Projects <u>Fund</u>	School Activity <u>Fund</u>	Total School <u>Fund</u>
ASSETS				
Cash and cash equivalents	\$ 5,071,277	\$ 1,543,963	\$ -	\$ 6,615,240
Cash in custody of others	-	-	1,893,207	1,893,207
Accounts receivable	1,572,776	-	-	1,572,776
Due from primary government	7,541,633	-	-	7,541,633
Due from other governmental units	2,598,715	-	-	2,598,715
Total assets	<u>\$ 16,784,401</u>	<u>\$ 1,543,963</u>	<u>\$ 1,893,207</u>	<u>\$ 20,221,571</u>
LIABILITIES				
Accounts payable	\$ 1,737,065	\$ 6,079	\$ -	\$ 1,743,144
Accrued wages	10,504,641	-	-	10,504,641
Total liabilities	<u>\$ 12,241,706</u>	<u>\$ 6,079</u>	<u>\$ -</u>	<u>\$ 12,247,785</u>
FUND BALANCES				
Restricted	\$ 2,191,572	\$ -	\$ 1,893,207	\$ 4,084,779
Committed	-	1,537,884	-	1,537,884
Assigned	2,351,123	-	-	2,351,123
Total fund balances	<u>\$ 4,542,695</u>	<u>\$ 1,537,884</u>	<u>\$ 1,893,207</u>	<u>\$ 7,973,786</u>
Total liabilities and fund balances	<u>\$ 16,784,401</u>	<u>\$ 1,543,963</u>	<u>\$ 1,893,207</u>	<u>\$ 20,221,571</u>

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

Total fund balances per above \$ 7,973,786

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, not being depreciated	\$ 4,487,158	
Capital assets being depreciated	89,756,974	
Accumulated depreciation	<u>(64,322,923)</u>	29,921,209

Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net position.

Prepaid items		1,327,983
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Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.

Pension related items	\$ 15,930,541	
OPEB related items	<u>2,522,644</u>	18,453,185

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

4,799,599

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Net OPEB liabilities	\$ (14,971,872)	
Net pension liability - VRS	(38,478,416)	
Compensated absences	(3,729,362)	
Net pension liability - supplemental retirement	<u>(7,465,907)</u>	(64,645,557)

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

Pension related items	\$ (9,848,490)	
OPEB related items	<u>(3,322,053)</u>	(13,170,543)

Net position of governmental activities

\$ (15,340,338)

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

	School Operating Fund	School Capital Projects Fund	School Activity Fund*	Total School Fund
REVENUES				
Revenue from the use of money and property	\$ 96,318	\$ -	\$ -	\$ 96,318
Charges for services	2,540,852	-	2,672,102	5,212,954
Miscellaneous	1,059,027	-	-	1,059,027
Recovered costs	849,619	-	-	849,619
Intergovernmental:				
Local government	32,543,437	500,000	-	33,043,437
Commonwealth	70,970,295	-	-	70,970,295
Federal	11,393,864	-	-	11,393,864
Total revenues	<u>\$ 119,453,412</u>	<u>\$ 500,000</u>	<u>\$ 2,672,102</u>	<u>\$ 122,625,514</u>
EXPENDITURES				
Current:				
Education	\$ 118,395,244	\$ -	\$ 3,456,885	\$ 121,852,129
Capital projects	-	818,767	-	818,767
Total expenditures	<u>\$ 118,395,244</u>	<u>\$ 818,767</u>	<u>\$ 3,456,885</u>	<u>\$ 122,670,896</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,058,168</u>	<u>\$ (318,767)</u>	<u>\$ (784,783)</u>	<u>\$ (45,382)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 288,333	\$ -	\$ 1,056,019	\$ 1,344,352
Transfers out	(1,056,019)	-	(288,333)	(1,344,352)
Total other financing sources and uses	<u>\$ (767,686)</u>	<u>\$ -</u>	<u>\$ 767,686</u>	<u>\$ -</u>
Net change in fund balances	\$ 290,482	\$ (318,767)	\$ (17,097)	\$ (45,382)
Fund balances - beginning	4,252,213	1,856,651	1,910,304	8,019,168
Fund balances - ending	<u>\$ 4,542,695</u>	<u>\$ 1,537,884</u>	<u>\$ 1,893,207</u>	<u>\$ 7,973,786</u>

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

Net change in fund balances - total governmental funds - per above \$ (45,382)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the detail of items supporting this adjustment:

Capital Outlays	\$ 6,836,526	
Deceased assets returned to Washington County Public Schools (net)	320,053	
Depreciation Expense	<u>(3,032,446)</u>	4,124,133

Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net position. (167,793)

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	\$ (458,169)	
Pension related items	4,080,186	
OPEB related items	<u>353,406</u>	3,975,423

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. (1,160,819)

Change in net position of governmental activities \$ 6,725,562

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

County of Washington, 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 Capital Projects Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Revenue from the use of money and property	\$ 15,500	\$ 15,500	\$ 96,318	\$ 80,818	\$ -	\$ -	\$ -	\$ -
Charges for services	3,052,535	3,052,535	2,540,852	(511,683)	-	-	-	-
Miscellaneous	1,781,396	1,826,651	1,059,027	(767,624)	-	-	-	-
Recovered costs	275,000	270,000	849,619	579,619	-	-	-	-
Intergovernmental:								
Local government	30,255,915	32,511,497	32,543,437	31,940	-	500,000	500,000	-
Commonwealth	66,659,023	73,075,421	70,970,295	(2,105,126)	-	-	-	-
Federal	13,089,686	13,089,686	11,393,864	(1,695,822)	-	-	-	-
Total revenues	\$ 115,129,055	\$ 123,841,290	\$ 119,453,412	\$ (4,387,878)	\$ -	\$ 500,000	\$ 500,000	\$ -
EXPENDITURES								
Current:								
Education	\$ 120,479,055	\$ 128,581,229	\$ 118,395,244	\$ 10,185,985	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	-	-	1,800,000	2,356,651	818,767	1,537,884
Total expenditures	\$ 120,479,055	\$ 128,581,229	\$ 118,395,244	\$ 10,185,985	\$ 1,800,000	\$ 2,356,651	\$ 818,767	\$ 1,537,884
Excess (deficiency) of revenues over (under) expenditures	\$ (5,350,000)	\$ (4,739,939)	\$ 1,058,168	\$ 5,798,107	\$ (1,800,000)	\$ (1,856,651)	\$ (318,767)	\$ 1,537,884
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ -	\$ -	\$ 288,333	\$ 288,333	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	(1,056,019)	(1,056,019)	-	-	-	-
Total other financing sources and uses	\$ -	\$ -	\$ (767,686)	\$ (767,686)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ (5,350,000)	\$ (4,739,939)	\$ 290,482	\$ 5,030,421	\$ (1,800,000)	\$ (1,856,651)	\$ (318,767)	\$ 1,537,884
Fund balances - beginning	5,350,000	4,739,939	4,252,213	(487,726)	1,800,000	1,856,651	1,856,651	-
Fund balances - ending	\$ -	\$ -	\$ 4,542,695	\$ 4,542,695	\$ -	\$ -	\$ 1,537,884	\$ 1,537,884

County of Washington, Virginia
Statement of Net Position
Proprietary Fund - Discretely Presented Component Unit - School Board
June 30, 2025

	Internal Service <u>Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 5,871,798 <hr style="width: 100%;"/>
LIABILITIES	
Current liabilities:	
Incurred but unpaid liability	\$ 1,072,199 <hr style="width: 100%;"/>
NET POSITION	
Unrestricted	\$ 4,799,599 <hr style="width: 100%;"/>
Total net position	\$ 4,799,599 <hr style="width: 100%; border-top: 3px double black;"/>

County of Washington, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2025

	<u>Internal Service Fund</u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 12,662,726
OPERATING EXPENSES	
Insurance claims and expenses	\$ 14,109,990
Operating income (loss)	\$ (1,447,264)
NONOPERATING REVENUES (EXPENSES)	
Investment income	\$ 286,445
Change in net position	\$ (1,160,819)
Total net position - beginning	5,960,418
Total net position - ending	<u>\$ 4,799,599</u>

County of Washington, Virginia
Statement of Cash Flows
Proprietary Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2025

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 12,662,726
Payments for premiums	(14,128,126)
Net cash provided by (used for) operating activities	<u>\$ (1,465,400)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 286,445
Net cash provided by (used for) investing activities	<u>\$ 286,445</u>
Net increase (decrease) in cash and cash equivalents	\$ (1,178,955)
Cash and cash equivalents - beginning	7,050,753
Cash and cash equivalents - ending	<u><u>\$ 5,871,798</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	<u>\$ (1,447,264)</u>
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Increase (decrease) in amounts incurred but unpaid	\$ (18,136)
Net cash provided by (used for) operating activities	<u><u>\$ (1,465,400)</u></u>

County of Washington, Virginia
Statement of Fiduciary Net Position
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2025

		Employee Early Retirement Incentive <u>Plan</u>
ASSETS		
Cash and cash equivalents	\$	108,609
Receivables:		
Interest and dividends		91,670
Contributions		284,985
Investments, at fair value:		
U.S. government obligations		8,343,900
Equity securities		3,112,677
Total assets	<u>\$</u>	<u>11,941,841</u>
 NET POSITION		
Held in trust for retirement plan	<u>\$</u>	<u>11,941,841</u>

County of Washington, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Discretely Presented Component Unit School Board
For the Year Ended June 30, 2025

	Employee Early Retirement Incentive <u>Plan</u>
ADDITIONS	
Contributions:	
Employer	\$ 1,282,432
Investment earnings:	
Interest	\$ 293,580
Dividends	46,534
Net increase (decrease) in the fair market value of investments	640,229
Total investment earnings	\$ 980,343
Total additions	\$ 2,262,775
DEDUCTIONS	
Benefits	\$ 1,206,179
Administrative expenses	52,762
Total deductions	\$ 1,258,941
Change in net position	\$ 1,003,834
Net position - beginning	10,938,007
Net position - ending	\$ 11,941,841

County of Washington, Virginia
Combining Statement of Net Position
Other Component Units
June 30, 2025

	Park Authority	Industrial Develop- ment Authority	Virginia Highlands Airport Authority	Total
ASSETS				
Cash and cash equivalents	\$ 87,646	\$ 2,832,046	\$ 1,110,778	\$ 4,030,470
Cash in custody of others	30,000	-	-	30,000
Receivables (net of allowance for uncollectibles):				
Accounts receivable	-	25,947	84,431	110,378
Notes receivable	-	6,286,000	-	6,286,000
Leases receivable	-	282,471	727,362	1,009,833
Rent receivable	-	35,054	-	35,054
Grants receivable	-	-	649,089	649,089
Due from other governmental units	-	23,870	-	23,870
Inventories	-	-	37,055	37,055
Prepaid items	-	-	11,885	11,885
Net pension asset	-	-	43,392	43,392
Capital assets (net of accumulated depreciation/amortization):				
Capital assets, not being depreciated/amortized	841,496	13,849,666	13,120,373	27,811,535
Capital assets, net of accumulated depreciation/amortization	871,474	1,478,709	47,652,753	50,002,936
Total assets	<u>\$ 1,830,616</u>	<u>\$ 24,813,763</u>	<u>\$ 63,437,118</u>	<u>\$ 90,081,497</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	\$ -	\$ 1,235,328	\$ -	\$ 1,235,328
Pension related items	23,125	-	35,741	58,866
OPEB related items	-	-	5,945	5,945
Total deferred outflows of resources	<u>\$ 23,125</u>	<u>\$ 1,235,328</u>	<u>\$ 41,686</u>	<u>\$ 1,300,139</u>
LIABILITIES				
Accounts payable	\$ 8,248	\$ 22,882	\$ 340,930	\$ 372,060
Accrued wages	10,625	-	18,744	29,369
Accrued interest payable	-	28,781	14,093	42,874
Unearned revenue	-	-	146,738	146,738
Long-term liabilities:				
Due within one year	-	1,100,817	96,318	1,197,135
Due in more than one year	21,431	7,890,185	1,295,461	9,207,077
Total liabilities	<u>\$ 40,304</u>	<u>\$ 9,042,665</u>	<u>\$ 1,912,284</u>	<u>\$ 10,995,253</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 7,617	\$ -	\$ 24,994	\$ 32,611
OPEB related items	-	-	3,346	3,346
Lease related items	-	263,139	703,511	966,650
Total deferred inflows of resources	<u>\$ 7,617</u>	<u>\$ 263,139</u>	<u>\$ 731,851</u>	<u>\$ 1,002,607</u>
NET POSITION				
Net investment in capital assets	\$ 1,712,970	\$ 15,328,375	\$ 59,429,545	\$ 76,470,890
Restricted for:				
Net pension asset	-	-	43,392	43,392
Unrestricted	92,850	1,414,912	1,361,732	2,869,494
Total Net Position	<u>\$ 1,805,820</u>	<u>\$ 16,743,287</u>	<u>\$ 60,834,669</u>	<u>\$ 79,383,776</u>

County of Washington, Virginia
 Combining Statement of Activities
 Other Component Units
 For the Year Ended June 30, 2025

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Unit			Total
					Washington County Park Authority	Industrial Development Authority	Virginia Highlands Airport Authority	
OTHER COMPONENT UNITS:								
Washington Park Authority	\$ 524,952	\$ 365,926	\$ -	\$ -	\$ (159,026)	\$ -	\$ -	(159,026)
Industrial Development Authority	1,214,675	650,006	-	-	-	(564,669)	-	(564,669)
Virginia Highlands Airport Authority	2,766,523	1,884,090	23,617	2,276,915	-	-	1,418,099	1,418,099
Total other component units	\$ 4,506,150	\$ 2,900,022	\$ 23,617	\$ 2,276,915	\$ (159,026)	\$ (564,669)	\$ 1,418,099	\$ 694,404
General revenues:								
Unrestricted revenues from use of money					\$ 70	\$ 134,478	\$ 20,047	\$ 154,595
Miscellaneous					-	17,593	-	17,593
Payments from Washington County					74,080	544,231	-	618,311
Total general revenues					\$ 74,150	\$ 696,302	\$ 20,047	\$ 790,499
Change in net position					\$ (84,876)	\$ 131,633	\$ 1,438,146	\$ 1,484,903
Net position - beginning					1,890,696	16,611,654	59,396,523	77,898,873
Net position - ending					\$ 1,805,820	\$ 16,743,287	\$ 60,834,669	\$ 79,383,776

Statistical Information

Table 1

County of Washington, 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	Total
2024-25	\$ 5,930,445	\$ 2,561,368	\$ 19,149,224	\$ 7,081,527	\$ 18,082,024	\$ 33,795,232	\$ 2,637,868	\$ 1,745,064	\$ 1,782,348	\$ 92,765,100
2023-24	5,474,359	2,583,232	17,178,731	2,593,098	15,193,107	28,874,060	2,835,856	5,246,740	1,346,154	81,325,337
2022-23	4,855,747	2,127,879	14,958,963	5,002,470	13,589,288	28,375,905	2,466,192	2,704,597	1,224,118	75,305,159
2021-22	5,599,547	2,042,480	14,792,403	3,722,983	11,892,612	29,791,135	2,497,995	1,540,439	1,251,835	73,131,429
2020-21	4,964,274	2,143,930	14,654,648	4,674,732	10,715,602	27,706,636	2,227,415	6,541,971	965,966	74,595,174
2019-20	4,151,979	1,308,309	14,115,117	4,514,320	9,555,389	27,254,510	2,237,034	1,489,230	625,379	65,251,267
2018-19	3,484,548	1,520,934	12,337,009	3,649,087	8,481,758	28,729,896	2,041,937	1,513,061	751,524	62,509,754
2017-18	3,689,352	1,604,907	13,065,517	3,595,141	8,951,575	29,877,348	2,195,660	1,815,211	772,034	65,566,745
2016-17	4,036,671	1,646,936	12,289,555	3,460,678	8,895,767	30,413,235	2,190,464	4,127,452	795,330	67,856,088
2015-16	3,656,368	1,593,653	11,422,288	3,378,345	8,583,706	29,232,848	2,166,884	3,495,175	1,456,592	64,985,859

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES							Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Gain on disposal of capital assets		
2024-25	\$ 3,820,663	\$ 19,012,723	\$ 628,220	\$	\$ 46,469,192	\$ 14,303,300	\$ 3,314,853	\$ 3,389,354	\$ 5,047,783	\$ -	\$	\$ 95,986,088
2023-24	3,877,705	19,488,031	2,023,611		45,057,189	13,755,391	3,250,589	1,682,385	3,083,379	-		92,218,280
2022-23	3,937,448	24,536,304	149,204		43,245,916	13,546,551	2,445,688	1,681,305	4,725,806	-		94,268,222
2021-22	3,078,475	16,126,913	259,224		41,831,688	12,480,639	267,732	3,569,906	4,120,270	49,500		81,784,347
2020-21	2,988,182	23,057,731	622,059		40,552,439	11,797,008	267,683	1,147,852	4,093,099	323,351		84,849,404
2019-20	2,495,335	11,833,894	90,694		39,425,070	10,723,489	450,980	1,313,517	4,178,080	-		70,511,059
2018-19	2,455,107	11,061,620	100,686		38,688,720	10,048,347	546,431	1,346,362	4,218,527	-		68,465,800
2017-18	2,245,836	10,776,143	137,679		38,072,161	10,014,078	216,464	1,317,667	4,337,419	-		67,117,447
2016-17	1,937,707	11,472,283	486,654		37,193,772	10,019,462	130,177	1,347,159	4,375,293	-		66,962,507
2015-16	1,742,312	11,012,920	192,216		36,955,004	9,569,743	136,324	954,452	4,372,419	-		64,935,390

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Debt Service	Total
2024-25	\$ 5,621,667	\$ 2,660,066	\$ 19,002,666	\$ 6,648,799	\$ 18,077,481	\$ 121,959,543	\$ 2,450,147	\$ 1,543,807	\$ 853,377	\$ 4,476,353	\$ 183,293,906
2023-24	4,966,575	2,732,446	18,088,499	4,965,617	15,233,993	112,697,263	2,563,845	2,265,256	777,255	3,724,431	168,015,180
2022-23	4,059,325	2,351,967	11,875,097	2,519,331	13,615,375	104,707,519	2,321,702	1,709,715	776,279	3,410,394	147,346,704
2021-22	3,868,869	2,263,746	15,698,510	3,826,286	11,866,985	97,318,864	2,299,291	1,549,331	457,180	3,633,812	142,782,874
2020-21	4,359,704	2,147,936	16,248,444	4,211,381	10,671,136	88,643,133	2,056,988	6,542,215	1,106,026	3,253,631	139,240,594
2019-20	3,826,547	1,949,788	13,960,192	3,378,946	9,559,783	81,510,703	2,092,063	1,488,157	546,919	3,148,940	121,462,038
2018-19	3,364,364	1,756,598	13,674,623	3,539,434	8,832,336	81,895,688	2,140,850	1,546,997	436,931	3,271,046	120,458,867
2017-18	3,474,046	1,703,350	13,015,910	3,316,763	9,098,096	81,151,695	2,170,289	1,833,451	376,911	3,216,948	119,357,459
2016-17	3,473,710	1,668,714	12,284,821	2,975,593	8,951,391	80,094,615	2,079,364	4,140,390	527,288	3,079,559	119,275,445
2015-16	3,295,436	1,643,657	11,472,090	3,142,723	8,661,176	77,053,746	2,110,093	3,505,726	454,331	3,346,936	114,685,914

(1) Includes General fund of the Primary Government and its Discretely Presented Component Unit School Board. (Excludes County Capital Improvements Fund and School Capital Projects Fund)

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

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2024-25	\$ 46,539,632	\$ 14,303,300	\$ 299,778	\$ 906,653	\$ 2,765,139	\$ 7,827,186	\$ 4,249,830	\$ 1,613,016	\$ 106,992,826	\$ 185,497,360
2023-24	44,842,506	13,755,391	258,551	1,024,228	3,050,116	7,125,674	3,554,713	918,823	102,397,556	176,927,558
2022-23	42,831,238	13,546,551	400,271	1,130,195	1,695,552	6,629,394	2,753,898	1,157,296	101,080,164	171,224,559
2021-22	41,974,694	12,480,639	368,294	1,082,236	185,488	5,758,560	2,976,337	1,347,756	82,704,824	148,878,828
2020-21	40,914,567	11,797,008	258,803	1,231,424	273,594	3,136,242	2,141,901	1,003,279	85,833,929	146,590,747
2019-20	39,079,567	10,723,489	232,449	1,163,812	458,180	3,306,332	2,232,690	759,356	67,615,709	125,571,584
2018-19	38,910,431	10,048,347	205,690	1,379,152	557,739	3,522,428	2,567,520	1,235,189	65,179,178	123,605,674
2017-18	38,080,529	10,014,078	215,341	1,404,827	230,152	3,149,711	2,663,381	516,870	63,235,119	119,510,008
2016-17	36,984,433	10,019,462	239,854	1,137,417	142,342	2,990,892	2,767,322	300,352	63,024,271	117,606,345
2015-16	36,911,855	9,569,743	185,303	954,757	151,722	3,223,703	2,317,970	374,475	60,015,399	113,704,927

(1) Includes General fund of the Primary Government and its Discretely Presented Component Unit School Board. (Excludes County Capital Improvements Fund and School Capital Projects Fund)

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

Table 5

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

Fiscal Year	Total Tax Levy (1,3)	Current Tax Collections (1,3)	Percent of Levy Collected	Delinquent Tax Collections (1,3)	Total Tax Collections	Percent of		Outstanding Delinquent Taxes (1,2,3)	Percent of Delinquent Taxes to Tax Levy
						Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes to Tax Levy		
2024-25	\$ 47,720,207	\$ 44,843,471	93.97%	\$ 1,988,635	46,832,106	98.14%	\$ 5,054,712	10.59%	
2023-24	45,181,023	42,642,736	94.38%	2,155,536	44,798,272	99.15%	5,389,811	11.93%	
2022-23	43,392,646	40,946,719	94.36%	1,848,175	42,794,894	98.62%	5,279,309	12.17%	
2021-22	43,827,891	42,048,588	95.94%	1,559,860	43,608,448	99.50%	4,948,673	11.29%	
2020-21	42,020,075	40,793,843	97.08%	1,629,662	42,423,505	100.96%	5,002,236	11.90%	
2019-20	41,346,051	39,656,332	95.91%	1,301,441	40,957,773	99.06%	5,202,313	12.58%	
2018-19	40,775,956	39,260,144	96.28%	1,340,087	40,600,231	99.57%	4,997,804	12.26%	
2017-18	40,282,119	38,776,872	96.26%	1,157,509	39,934,381	99.14%	4,144,224	10.29%	
2016-17	39,044,004	37,687,741	96.53%	1,228,661	38,916,402	99.67%	4,174,045	10.69%	
2015-16	38,927,722	37,392,739	96.06%	1,329,749	38,722,488	99.47%	3,845,600	9.88%	

- (1) Exclusive of penalties and interest.
- (2) Includes current year taxes receivable only.
- (3) Exclusive of rollback taxes and revenue sharing.

Table 6

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

Fiscal Year	Real Estate	Personal Property and Mobile Homes (3)	Machinery and Tools	Public Utility (2)(4)		Total
				Real Estate and	Personal Property	
2024-25	\$ 7,072,401,984	\$ 956,108,013	\$ 240,772,513	\$ 225,048,765	\$	8,494,331,275
2023-24	4,658,596,555	944,786,473	218,815,029	225,669,036		6,047,867,093
2022-23	4,601,342,069	855,834,923	208,698,110	203,950,914		5,869,826,016
2021-22	4,548,805,381	752,509,884	205,764,615	298,072,835		5,805,152,715
2020-21	4,528,822,488	660,946,617	199,754,342	278,118,046		5,667,641,493
2019-20	4,161,733,124	657,131,399	195,996,786	272,217,355		5,287,078,664
2018-19	4,089,614,123	620,551,921	187,150,779	301,328,958		5,198,645,781
2017-18	4,101,812,545	604,977,439	195,128,680	238,971,622		5,140,890,286
2016-17	4,117,406,258	593,997,271	189,916,150	199,721,217		5,101,040,896
2015-16	3,928,394,099	574,783,612	186,627,925	299,745,060		4,989,550,696

(1) Assessed at 100% of fair market value, with exception of 2022-23 automobiles, trucks of less than two tons, and motor vehicles with specially designed equipment for use by the handicapped in accordance with Virginia Code 58.1-3503 (A)(3)(4) and (9) and 58.1-3503 (B) which were assessed at 87% of fair market value.

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

(3) Includes Volunteer and Air Tax assessments.

(4) The County started half-year collections in fiscal year 2016.

Table 7

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

Fiscal Year	Real Estate (2)	Personal Property	Machinery and Tools
2024-25	0.60/0.43 \$	1.70 \$	1.55
2023-24	0.60	1.70	1.55
2022-23	0.60	1.70	1.55
2021-22	0.60	1.70	1.55
2020-21	0.60	1.70	1.55
2019-20	0.63	1.70	1.55
2018-19	0.63	1.70	1.55
2017-18	0.63	1.70	1.55
2016-17	0.63	1.70	1.55
2015-16	0.63	1.70	1.55

(1) Per \$100 of assessed value.

(2) Rate for 2020-2021 is for 2021 taxes

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2024-25	53,935	\$ 8,494,331	\$ 39,237,928	\$ 39,237,928	0.46%	728
2023-24	53,935	6,047,867	40,962,553	40,962,553	0.68%	759
2022-23	53,935	5,869,826	22,653,888	22,653,888	0.39%	420
2021-22	53,935	5,805,153	21,646,931	21,646,931	0.37%	401
2020-21	53,935	5,667,641	23,011,565	23,011,565	0.41%	427
2019-20	54,876	5,287,079	8,768,194	8,768,194	0.17%	160
2018-19	54,876	5,198,646	10,668,827	10,668,827	0.21%	194
2017-18	54,876	5,140,890	12,551,815	12,551,815	0.24%	229
2016-17	54,876	5,101,041	14,406,774	14,406,774	0.28%	263
2015-16	54,876	4,989,551	16,104,443	16,104,443	0.32%	293

(1) Bureau of the Census.

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

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans. Excludes lease revenue bonds, landfill closure/post-closure care liability, leases liabilities, and compensated absences.

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2024-25	\$ 2,224,052	\$ 2,252,301	\$ 4,476,353	\$ 183,293,906	2.44%
2023-24	2,356,793	1,455,638	3,812,431	168,015,180	2.27%
2022-23	1,895,709	1,515,953	3,410,394	147,346,704	2.31%
2021-22	2,117,859	1,515,953	3,633,812	142,782,874	2.54%
2020-21	2,308,637	944,994	3,253,631	139,240,594	2.34%
2019-20	2,484,818	664,122	3,148,940	121,462,038	2.59%
2018-19	2,449,453	821,593	3,271,046	120,458,867	2.72%
2017-18	2,407,802	809,146	3,216,948	119,357,459	2.70%
2016-17	2,230,600	848,959	3,079,559	119,275,445	2.58%
2015-16	2,142,313	1,204,623	3,346,936	114,685,914	2.92%

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

COMPLIANCE SECTION



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

**To the Honorable Members of
The Board of Supervisors
County of Washington, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Washington, 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 Washington, Virginia's basic financial statements, and have issued our report thereon dated December 5, 2025. Our report includes a reference to other auditors who audited the financial statements of the Virginia Highlands Airport Authority as described in our report on the County of Washington, Virginia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

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

Polina, Fanev, LLP Associates

Blacksburg, Virginia
December 5, 2025



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

To the Honorable Members of
The Board of Supervisors
County of Washington, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

The County of Washington, Virginia's basic financial statements include the operations of the Virginia Highlands Airport Authority, which expended \$990,503 in federal awards which is not included in the County of Washington, Virginia's schedule of expenditures of federal awards during the year ended June 30, 2025. Our audit, described below, did not include the operations of the Virginia Highlands Airport Authority because the component unit engaged other auditors to perform an audit of compliance.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

Report on Internal Control over Compliance (Continued)

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.

Polina, Fane, Cox Associates

Blacksburg, Virginia
December 5, 2025

County of Washington, 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
Department of Health and Human Services:			
Pass Through Payments:			
Virginia Office of Children's Services Social Services Block Grant	93.667	Not available	\$ 223,749
Virginia Department of Social Services:			
Social Services Block Grant	93.667	1000124/1000125	435,537
Guardianship Assistance	93.090	1110124/1110125	59,506
Title IV-E Prevention Program	93.472	1140124/1140125	16,335
Temporary Assistance for Needy Families	93.558	0400124/0400125	462,338
Marylee Allen Promoting Safe and Stable Families Program	93.556	0950123/0950124/0980120	53,578
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500124/0500125	3,190
Low-Income Home Energy Assistance	93.568	0600424/0600425	94,946
<i>CCDF Cluster:</i>			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760124/0760125	93,365
Chafee Education and Training Vouchers Program CETV	93.599	9160123	1,240
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900123/0900124	1,661
Foster Care Title IV-E	93.658	1100124/1100125	537,235
Adoption Assistance	93.659	1120124/1120125	814,714
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150123/9150124	13,031
Children's Health Insurance Program	93.767	0540124/0540125	10,320
<i>Medicaid Cluster:</i>			
Medical Assistance Program	93.778	1200124/1200125	799,748
Total Department of Health and Human Services			<u>\$ 3,620,493</u>
Department of Agriculture:			
Pass Through Payments:			
Virginia Department of Education: Child and Adult Care Food Program	10.558	APE700270000/APE700280000	\$ 180,509
<i>Child Nutrition Cluster:</i>			
Virginia Department of Agriculture: Food Distribution (Note 3)	10.555	Not available	\$ 483,701
Virginia Department of Education:			
National School Lunch Program	10.555	APE402540000	2,360,790
School Breakfast Program	10.553	APE402530000	1,058,533
Summer Food Service Program for Children	10.559	APE603020	22,024
<i>Total Child Nutrition Cluster</i>			
			3,925,048
<i>Schools and Roads Cluster:</i>			
Schools and Roads--Grants to States	10.665	APE438410000	3,879
Department of Social Services:			
<i>SNAP Cluster:</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010124/0010125/ 0040124/0040125	904,074
Total Department of Agriculture			<u>\$ 5,013,510</u>
Department of Justice:			
Pass Through Payments:			
Virginia Department of Criminal Justice Service:			
Violence Against Women Formula Grants	16.588	15JOVW23GG00605STOP	\$ 31,168
Crime Victim Assistance	16.575	15POVC22GG00681ASSI	64,711
		15PBJA23GG03038MUMU/ 2020MUBX0035	95,354
Edward Byrne Memorial Justice Assistance Grant	16.738		95,354
Total Department of Justice			<u>\$ 191,233</u>
Department of Transportation:			
Pass Through Payments:			
Virginia Department of Motor Vehicles: <i>Highway Safety Cluster:</i>			
State and Community Highway Safety	20.600	BPT-2024-54317-24317/ BPT-2025-55220-25220	\$ 22,226
Alcohol Open Container Requirements	20.607	ENF_AL-2024-54250-24250/ ENF_AL-2025-55212-25212	14,951
Total Department of Transportation			<u>\$ 37,177</u>

County of Washington, 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
Department of Education:			
Pass Through Payments:			
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	APE429010000	\$ 2,006,730
<i>Special Education Cluster:</i>			
Special Education - Grants to States	84.027	APE430710000	\$ 1,446,507
Special Education - Preschool Grants	84.173	APE625210000	51,347
<i>Total Special Education Cluster</i>			<u>1,497,854</u>
School Safety National Activities (formerly, Drug-Free Schools and Communities - National Programs)	84.184	APE70057113/APE7005789	43,575
Supporting Effective Instruction State Grants (formerly, Improving Teacher Quality State Grants)	84.367	APE614800000	285,856
Student Support and Academic Enrichment Program	84.424	APE602810000	110,503
Adult Education - Basic Grants to States	84.002	APE428010000/APE611110000	416,498
Career and Technical Education - Basic Grants to States	84.048	APE600310000/APE600311005	133,460
COVID-19 Education Stabilization Fund:			
COVID 19 - American Rescue Plan-Elementary and Secondary School Emergency Relief Fund	84.425U	APE501930000	1,977,521
Total Department of Education			<u>\$ 6,471,997</u>
Department of Homeland Security:			
Pass Through Payments:			
Virginia Department of Emergency Management:			
Emergency Management Performance Grants	97.042	EMP-2024-EP-05008	\$ 9,015
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4831 DRVAP00000001	237,767
Total Department of Homeland Security			<u>\$ 246,782</u>
Department of Treasury:			
Direct Payments:			
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not applicable	\$ 442,837
Pass Through Payments:			
Virginia Department of Education:			
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	APE452770000	812,431
Total Department of Treasury			<u>\$ 1,255,268</u>
Total Expenditures of Federal Awards			<u>\$ 16,836,460</u>

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Washington, 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 the Office of Management and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Washington, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Washington, Virginia.

Note 2 -- Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (3) The County did not elect the 15% de minimus indirect cost rate because they only request direct costs for reimbursement.
- (4) The County did not have any subrecipients for the year ended June 30, 2025.

Note 3 -- Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed. At June 30, 2025, the County had no food commodities in inventory.

Note 4 -- Loans and Loan Guarantees:

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

Note 5 -- Relationship to the Financial Statements Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund	\$ 5,281,948
Less: Payment in lieu of taxes	(112,109)
Less: QSCB interest	(407,847)
ARPA Fund	442,837
Disaster Relief Fund	237,767
Total primary government	<u>\$ 5,442,596</u>
Component Unit School Board:	
School Operating Fund	<u>\$ 11,393,864</u>
Total expenditures of federal awards per basic financial statements	<u>\$ 16,836,460</u>

County of Washington, 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?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of 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)?	No

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.561	Supplemental Nutrition Assistance Program (SNAP)
84.010	Title I Grants to Local Educational Agencies
84.425	COVID 19 - Education Stabilization Fund
93.659	Adoption Assistance

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

County of Washington, Virginia

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

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

County of Washington, Virginia

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

There were no prior audit findings.