

COUNTY OF SUSSEX, VIRGINIA



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

COUNTY OF SUSSEX, VIRGINIA

ANNUAL FINANCIAL REPORT

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

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COUNTY OF SUSSEX, VIRGINIA

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Commissioner of the Revenue Ellen G. Boone
Commonwealth's Attorney Regina Sykes
Sheriff Earnest L. Giles, Sr.
Clerk of the Circuit Court Gary M. Williams
Judge of the Circuit Court William Edward Tomko, III
Judge of the General District Court Peter D. Eliades
Judge of the Juvenile and Domestic Relations Court Jacqueline R. Waymack

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Changes in Accounting Principles

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

Restatement of Beginning Balances

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2026, on our consideration of County of Sussex, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Sussex, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Sussex, Virginia's internal control over financial reporting and compliance.

Robinson, Fournier, Cox Associates

Richmond, Virginia
March 26, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Sussex, 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. Please read it in conjunction with the County's basic financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements

- < The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$50,024,799 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures and other financing uses in excess of revenues and other financing sources of \$108,990 (Exhibit 5) after making contributions totaling \$8,347,392 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$16,976,122 a decrease of \$108,990 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$11,766,421, or 30% of total general fund expenditures and other uses.
- < The combined long-term obligations decreased \$1,510,196 during the current fiscal year.

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Overview of the Financial Statements

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

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

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

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

The statement of net position presents information on all of the County's assets/deferred outflows of resources and liabilities/deferred inflows of resources, 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). The governmental activities of the County include general government, courts, police protection, sanitation, social services, education, cultural events, and recreation.

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

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Sussex, 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 two categories: governmental funds and fiduciary funds.

Overview of the Financial Statements (Continued)

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

Fiduciary funds - The County is the trustee, or fiduciary, for the County's fiduciary funds. It is 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 position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Fiduciary funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

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

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for the general fund's budgetary comparison schedule and schedules of pension and OPEB funding. Other supplementary information includes budgetary comparison schedules for other funds, combining statements for agency funds, and combining financial statements for the discretely presented component unit - School Board. The School Board does not issue separate financial statements.

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Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$50,024,799 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Position:

| <u>County of Sussex, Virginia's Net Position</u> | | |
|--|--------------------------------|----------------------|
| | <u>Governmental Activities</u> | |
| | <u>2025</u> | <u>2024</u> |
| Current and other assets | \$ 44,218,064 | \$ 45,600,628 |
| Restricted assets | 6,359,810 | 5,590,900 |
| Capital assets | <u>34,831,801</u> | <u>34,311,442</u> |
| Total assets | <u>\$ 85,409,675</u> | <u>\$ 85,502,970</u> |
| Deferred outflows of resources | <u>\$ 833,349</u> | <u>\$ 534,912</u> |
| Current liabilities | \$ 3,078,969 | \$ 2,377,592 |
| Long-term liabilities outstanding | <u>8,797,486</u> | <u>9,460,935</u> |
| Total liabilities | <u>\$ 11,876,455</u> | <u>\$ 11,838,527</u> |
| Deferred inflows of resources | <u>\$ 24,341,770</u> | <u>\$ 26,346,008</u> |
| Net investment in capital assets | \$ 28,111,431 | \$ 26,594,045 |
| Restricted | 6,359,810 | 5,590,900 |
| Unrestricted | <u>15,553,558</u> | <u>15,668,402</u> |
| Total net position | <u>\$ 50,024,799</u> | <u>\$ 47,853,347</u> |

The table above has not been restated for the implementation of GASB 101.

Government-wide Financial Analysis (Continued)

The County's net position increased by \$2,525,609 during the current fiscal year. The following table summarizes the County's Statement of Activities:

| <u>County of Sussex, Virginia's Changes in Net Position</u> | | |
|---|--------------------------------|----------------------|
| | <u>Governmental Activities</u> | |
| | <u>2025</u> | <u>2024</u> |
| Charges for services | \$ 8,026,170 | \$ 7,445,306 |
| Operating grants and contributions | 10,218,422 | 7,176,479 |
| Capital grants and contributions | 82,322 | 149,163 |
| General property taxes | 13,804,170 | 12,057,378 |
| Other local taxes | 1,968,825 | 1,783,087 |
| Grants and other contributions not restricted | 1,515,531 | 2,850,327 |
| Other general revenues | <u>1,240,435</u> | <u>838,270</u> |
| Total revenues | <u>\$ 36,855,875</u> | <u>\$ 32,300,010</u> |
| General government administration | \$ 7,330,506 | \$ 3,918,890 |
| Judicial administration | 1,562,785 | 1,640,376 |
| Public safety | 9,235,211 | 8,856,763 |
| Public works | 1,005,173 | 1,102,790 |
| Health and welfare | 4,523,024 | 4,375,318 |
| Education | 9,318,824 | 9,497,417 |
| Parks, recreation, and cultural | 248,633 | 247,343 |
| Community development | 1,108,614 | 1,279,893 |
| Interest and other fiscal charges | <u>(2,504)</u> | <u>188,745</u> |
| Total expenses | <u>\$ 34,330,266</u> | <u>\$ 31,107,535</u> |
| Change in net position | \$ 2,525,609 | \$ 1,192,475 |
| Net position, beginning of year | 47,499,190 | 46,660,872 |
| Net position, end of year | <u>\$ 50,024,799</u> | <u>\$ 47,853,347</u> |

The table above has not been restated for the implementation of GASB 101.

Financial Analysis of the County's Funds

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

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements. 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 reported fund balances of \$16,976,122, a decrease of \$108,990 in comparison with the prior year. Approximately 69% of this total amount constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

The County Capital Projects Fund accounts for all major general public improvements. At the end of the fiscal year, the fund balance was \$5,147,950. All of this amount was committed to current or future capital projects.

General Fund Budgetary Highlights

During the year, revenues and other financing sources exceeded budgetary estimates by \$4,824,818. Budgetary estimates exceeded expenditures and other financing uses by \$2,057,560. The combination of the two resulted in a positive variance of \$6,882,378.

Capital Asset and Debt Administration

< Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2025, amounts to \$34,831,801 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, machinery and equipment and leased equipment.

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

Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of \$3,125,000, all of which is debt backed by the full faith and credit of the County.

The County's total debt decreased by \$885,000 during the current fiscal year.

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

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Economic Factors and Next Year's Budgets and Rates

< Inflationary trends in the region compare favorably to national indices.

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

The fiscal year 2026 General Fund budget increased by approximately 8%. All property tax rates remained the same except for the real estate tax rate decreased from \$0.58/\$100 to \$0.53/\$100.

Requests for Information

This financial report is designed to provide a general overview of the County of Sussex, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, P.O. Box 1397, Sussex, Virginia 23884.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

| | Primary Government | Component Unit |
|--|------------------------------------|----------------------|
| | <u>Governmental Activities</u> | <u>School Board</u> |
| ASSETS | | |
| Cash and cash equivalents | \$ 15,840,978 | \$ 1,562,403 |
| Receivables (net of allowance for uncollectibles): | | |
| Taxes receivable | 1,098,854 | - |
| Accounts receivable | 925,609 | 9,138 |
| Lease receivable | 24,210,210 | - |
| Interest receivable | 298,932 | - |
| Due from other governmental units | 1,843,481 | 1,349,993 |
| Restricted assets: | | |
| Net pension asset | 6,359,810 | 696,762 |
| Capital assets (net of accumulated depreciation): | | |
| Land | 10,530,331 | 110,993 |
| Buildings and improvements | 6,602,691 | 20,978,986 |
| Machinery and equipment | 5,013,904 | 696,712 |
| Equipment lease | 52,993 | 27,805 |
| Construction in progress | 12,631,882 | - |
| Total assets | <u>\$ 85,409,675</u> | <u>\$ 25,432,792</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Pension related items | \$ 643,267 | \$ 3,163,280 |
| OPEB related items | 190,082 | 326,953 |
| Total deferred outflows of resources | <u>\$ 833,349</u> | <u>\$ 3,490,233</u> |
| LIABILITIES | | |
| Accounts payable | \$ 2,494,309 | \$ 468,450 |
| Accrued liabilities | - | 1,645,120 |
| Accrued interest payable | 102,262 | - |
| Due to component unit | 322,801 | - |
| Unearned revenue | 159,597 | 98,143 |
| Long-term liabilities: | | |
| Due within one year | 1,556,210 | 85,625 |
| Due in more than one year | 7,241,276 | 10,919,031 |
| Total liabilities | <u>\$ 11,876,455</u> | <u>\$ 13,216,369</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred revenue - property taxes | \$ 38,441 | \$ - |
| Lease related items | 23,185,110 | - |
| Pension related items | 1,045,953 | 1,800,217 |
| OPEB related items | 72,266 | 343,652 |
| Total deferred inflows of resources | <u>\$ 24,341,770</u> | <u>\$ 2,143,869</u> |
| NET POSITION | | |
| Net investment in capital assets | \$ 28,111,431 | \$ 21,809,529 |
| Restricted: | | |
| Net pension asset | 6,359,810 | 696,762 |
| Construction | - | 393,590 |
| Unrestricted (deficit) | 15,553,558 | (9,337,094) |
| Total net position | <u>\$ 50,024,799</u> | <u>\$ 13,562,787</u> |

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

County of Sussex, 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 Grants and Contributions | Capital Grants and Contributions | Primary Governmental Activities | Component Unit School Board |
| | | | | | | |
| PRIMARY GOVERNMENT: | | | | | | |
| Governmental activities: | | | | | | |
| General government administration | \$ 7,330,506 | \$ 30,847 | \$ 757,305 | \$ - | \$ (6,542,354) | \$ - |
| Judicial administration | 1,562,785 | 806,168 | 630,365 | - | (126,252) | - |
| Public safety | 9,099,514 | 440,719 | 5,085,749 | - | (3,573,046) | - |
| Public works | 1,005,173 | 6,748,436 | - | - | 5,743,263 | - |
| Health and welfare | 4,523,024 | - | 3,476,095 | - | (1,046,929) | - |
| Education | 9,318,824 | - | - | - | (9,318,824) | - |
| Parks, recreation, and cultural | 248,633 | - | - | - | (248,633) | - |
| Community development | 1,108,614 | - | 296,169 | 82,322 | (730,123) | - |
| Interest on long-term debt | 133,193 | - | - | - | (133,193) | - |
| Total governmental activities | \$ 34,330,266 | \$ 8,026,170 | \$ 10,245,683 | \$ 82,322 | \$ (15,976,091) | \$ - |
| Total primary government | \$ 34,330,266 | \$ 8,026,170 | \$ 10,245,683 | \$ 82,322 | \$ (15,976,091) | \$ - |
| COMPONENT UNIT: | | | | | | |
| School Board | \$ 25,189,401 | \$ 150,200 | \$ 16,298,747 | \$ - | \$ - | \$ (8,740,454) |
| Total component unit | \$ 25,189,401 | \$ 150,200 | \$ 16,298,747 | \$ - | \$ - | \$ (8,740,454) |
| General revenues: | | | | | | |
| General property taxes | | | | | \$ 13,804,170 | \$ - |
| Local sales tax | | | | | 1,271,258 | - |
| Motor vehicle licenses | | | | | 239,260 | - |
| Other local taxes | | | | | 458,307 | - |
| Unrestricted revenues from use of money | | | | | 551,456 | 3,666 |
| Miscellaneous | | | | | 688,979 | 274,797 |
| Grants and contributions not restricted to specific programs | | | | | 1,488,270 | - |
| Payment from Sussex County | | | | | - | 9,180,285 |
| Total general revenues | | | | | \$ 18,501,700 | \$ 9,458,748 |
| Change in net position | | | | | \$ 2,525,609 | \$ 718,294 |
| Net position - beginning, as previously reported | | | | | 47,853,347 | 13,476,333 |
| Restatement | | | | | (354,157) | (631,840) |
| Net position - beginning, as restated | | | | | \$ 47,499,190 | \$ 12,844,493 |
| Net position - ending | | | | | \$ 50,024,799 | \$ 13,562,787 |

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

FUND FINANCIAL STATEMENTS

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

| | <u>General</u> | <u>County Capital Projects</u> | <u>Other Governmental Funds</u> | <u>Total</u> |
|---|----------------------|--|---|----------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 9,472,914 | \$ 6,306,910 | \$ 61,154 | \$ 15,840,978 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Taxes receivable | 1,098,854 | - | - | 1,098,854 |
| Accounts receivable | 882,053 | 42,865 | 691 | 925,609 |
| Lease receivable | 24,210,210 | - | - | 24,210,210 |
| Interest receivable | 298,932 | - | - | 298,932 |
| Due from other governmental units | 1,766,446 | 77,035 | - | 1,843,481 |
| Total assets | <u>\$ 37,729,409</u> | <u>\$ 6,426,810</u> | <u>\$ 61,845</u> | <u>\$ 44,218,064</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 1,214,512 | \$ 1,278,860 | \$ 937 | \$ 2,494,309 |
| Due to component unit | 322,801 | - | - | 322,801 |
| Unearned revenue | 159,597 | - | - | 159,597 |
| Total liabilities | <u>\$ 1,696,910</u> | <u>\$ 1,278,860</u> | <u>\$ 937</u> | <u>\$ 2,976,707</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - property taxes | \$ 961,118 | \$ - | \$ - | \$ 961,118 |
| Unavailable revenue - opioid settlement | 119,007 | - | - | 119,007 |
| Lease related items | 23,185,110 | - | - | 23,185,110 |
| Total deferred inflows of resources | <u>\$ 24,265,235</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 24,265,235</u> |
| FUND BALANCES | | | | |
| Committed | \$ 843 | \$ 5,147,950 | \$ 60,908 | \$ 5,209,701 |
| Unassigned | 11,766,421 | - | - | 11,766,421 |
| Total fund balances | <u>\$ 11,767,264</u> | <u>\$ 5,147,950</u> | <u>\$ 60,908</u> | <u>\$ 16,976,122</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 37,729,409</u> | <u>\$ 6,426,810</u> | <u>\$ 61,845</u> | <u>\$ 44,218,064</u> |

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

County of Sussex, 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 | | \$ 16,976,122 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | |
| Capital assets, cost | \$ 53,692,426 | |
| Accumulated depreciation | <u>(18,860,625)</u> | 34,831,801 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds. | | |
| Unavailable revenue - property taxes | \$ 922,677 | |
| Unavailable revenue - opioid settlement | 119,007 | |
| Net pension asset | <u>6,359,810</u> | 7,401,494 |
| Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds. | | |
| Pension related items | \$ 643,267 | |
| OPEB related items | <u>190,082</u> | 833,349 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment: | | |
| Compensated absences | \$ (855,547) | |
| Net OPEB liabilities | (639,166) | |
| Landfill postclosure costs | (582,403) | |
| Equipment loan | (3,223,870) | |
| Lease liabilities | (55,918) | |
| General obligation bonds | (3,125,000) | |
| Bond premium | (315,582) | |
| Accrued interest payable | <u>(102,262)</u> | (8,899,748) |
| Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Pension related items | \$ (1,045,953) | |
| OPEB related items | <u>(72,266)</u> | (1,118,219) |
| Net position of governmental activities | | <u><u>\$ 50,024,799</u></u> |

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

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

| | <u>General</u> | <u>County Capital Projects</u> | <u>Other Governmental Funds</u> | <u>Total</u> |
|--|-----------------------|--|---|----------------------|
| REVENUES | | | | |
| General property taxes | \$ 13,741,160 | \$ - | \$ - | \$ 13,741,160 |
| Other local taxes | 1,968,825 | - | - | 1,968,825 |
| Permits, privilege fees, and regulatory licenses | 308,835 | - | - | 308,835 |
| Fines and forfeitures | 779,429 | - | - | 779,429 |
| Revenue from the use of money and property | 268,619 | 311,399 | 2,285 | 582,303 |
| Charges for services | 6,905,114 | - | 1,945 | 6,907,059 |
| Miscellaneous | 686,979 | 2,000 | - | 688,979 |
| Recovered costs | 799,449 | - | - | 799,449 |
| Intergovernmental: | | | | |
| Commonwealth | 6,812,988 | 82,322 | - | 6,895,310 |
| Federal | 4,934,684 | - | - | 4,934,684 |
| Total revenues | <u>\$ 37,206,082</u> | <u>\$ 395,721</u> | <u>\$ 4,230</u> | <u>\$ 37,606,033</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government administration | \$ 7,424,741 | \$ - | \$ - | \$ 7,424,741 |
| Judicial administration | 1,613,162 | - | - | 1,613,162 |
| Public safety | 9,454,565 | - | 1,676 | 9,456,241 |
| Public works | 1,111,904 | - | - | 1,111,904 |
| Health and welfare | 4,621,193 | - | - | 4,621,193 |
| Education | 8,348,307 | - | - | 8,348,307 |
| Parks, recreation, and cultural | 242,935 | - | - | 242,935 |
| Community development | 1,102,352 | - | - | 1,102,352 |
| Capital projects | - | 2,650,976 | - | 2,650,976 |
| Debt service: | | | | |
| Principal retirement | 1,487,389 | - | - | 1,487,389 |
| Interest and other fiscal charges | 254,702 | - | - | 254,702 |
| Total expenditures | <u>\$ 35,661,250</u> | <u>\$ 2,650,976</u> | <u>\$ 1,676</u> | <u>\$ 38,313,902</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 1,544,832</u> | <u>\$ (2,255,255)</u> | <u>\$ 2,554</u> | <u>\$ (707,869)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ 1,010,034 | \$ 3,025,113 | \$ - | \$ 4,035,147 |
| Transfers out | (3,025,113) | (1,010,034) | - | (4,035,147) |
| Issuance of equipment loan | - | 598,879 | - | 598,879 |
| Total other financing sources (uses) | <u>\$ (2,015,079)</u> | <u>\$ 2,613,958</u> | <u>\$ -</u> | <u>\$ 598,879</u> |
| Net change in fund balances | \$ (470,247) | \$ 358,703 | \$ 2,554 | \$ (108,990) |
| Fund balances - beginning | 12,237,511 | 4,789,247 | 58,354 | 17,085,112 |
| Fund balances - ending | <u>\$ 11,767,264</u> | <u>\$ 5,147,950</u> | <u>\$ 60,908</u> | <u>\$ 16,976,122</u> |

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

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

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

Net change in fund balances - total governmental funds \$ (108,990)

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. The following is a summary of items supporting this adjustment:

| | | |
|--------------------------------|--------------------|---------|
| Capital outlays | \$ 2,805,602 | |
| Jointly owned asset allocation | (832,893) | |
| Depreciation expense | <u>(1,452,350)</u> | 520,359 |

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

| | | |
|-------------------|-----------------|--------|
| Property taxes | \$ 63,010 | |
| Opioid settlement | <u>(13,719)</u> | 49,291 |

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

| | | |
|---|------------------|---------|
| Principal retired on general obligation bonds | \$ 885,000 | |
| Principal retired on equipment loan | 563,741 | |
| Principal retired on lease liabilities | 38,648 | |
| Issuance of equipment loan | <u>(598,879)</u> | 888,510 |

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 premium | \$ 108,517 | |
| Pension expense | 993,355 | |
| OPEB expense | 54,814 | |
| Decrease (increase) in landfill postclosure liability | 58,697 | |
| Decrease (increase) in compensated absences | (51,936) | |
| Decrease (increase) in accrued interest payable | <u>12,992</u> | 1,176,439 |

Change in net position of governmental activities \$ 2,525,609

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

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

| | <u>Custodial Funds</u> |
|---------------------------|------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 149,939 |
| Receivables: | |
| Accounts receivable | 1,455 |
| Total assets | <u>\$ 151,394</u> |
| | |
| NET POSITION | |
| Restricted for: | |
| Individuals | \$ 57,570 |
| Scholarships | 93,824 |
| Total net position | <u>\$ 151,394</u> |

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

| | <u>Custodial Funds</u> |
|---|--------------------------|
| ADDITIONS | |
| Contributions: | |
| Private contributions | \$ 41,242 |
| Investment earnings: | |
| Interest | 6,357 |
| Total additions | <u>\$ 47,599</u> |
| DEDUCTIONS | |
| Scholarships | \$ 3,800 |
| Recipient payments | 39,577 |
| Total deductions | <u>\$ 43,377</u> |
| Net increase (decrease) in fiduciary net position | \$ 4,222 |
| Net position - beginning | 147,172 |
| Net position - ending | <u><u>\$ 151,394</u></u> |

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 1—Summary of Significant Accounting Policies:

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

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

Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

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

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Units. The County has no blended component units at June 30, 2025.

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

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

None

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

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

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

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

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

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

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

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

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

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

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

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

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

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

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the following as major governmental funds.

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

Capital Projects Funds - The County Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays.

The County reports the following nonmajor governmental funds:

Special Revenue Funds - Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The County Special Revenue Fund includes the operations of the law library and the drug forfeiture activity.

2. Additionally, the County also reports the following fund types:

Fiduciary Funds (Custodial Funds) account for assets held by the County unit in a trustee capacity or as a custodian for individuals, private organizations, other governmental units, or other funds. These funds include amounts held for Special Welfare, Canteen Funds, Jail Inmate, Robert Mitchell Scholarship, Rotary Scholarship, and Richard Clements Moore III Scholarship.

E. 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.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

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

F. Investments

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

G. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$82,268 at June 30, 2025 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

H. Capital Assets

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

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.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

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

H. Capital Assets (Continued)

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

| <u>Assets</u> | <u>Years</u> |
|--|--------------|
| Buildings | 40 |
| Building improvements | 40 |
| Furniture, Vehicles, Office and Computer Equipment | 5-20 |
| Buses | 10 |
| Subscription assets | 2-3 |
| Lease equipment | 2-5 |

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

Lessor

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

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

I. Leases (Continued)

Subscriptions

The County recognizes intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities with an initial value of \$5,000, in individually or in the aggregate, in the government-wide financial statements. At the commencement of the subscription, the subscription liability is measured at the present value of payments expected to be made during the subscription liability term (less any contract incentives). The subscription liability is reduced by the principal portion of payments made. The subscription asset is measured at the initial amount of the subscription liability payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

Key Estimates and Judgments

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

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

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

J. Prepaid Items

Certain payments to vendors reflect costs applied to future accounting periods and are recorded as prepaid items in both the government-wide and the fund financial statements. Prepaid items are accounted for using the consumption method and are valued at cost.

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

K. Compensated Absences

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

Vacation

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

Sick Leave

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

L. 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.

M. Net Position

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

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

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

M. Net Position (Continued)

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.

N. Pensions

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

O. 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 nonprofessional, 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.

P. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net position. 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 and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

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

Q. Deferred Outflows/Inflows of Resources

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

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

R. Fund Balance

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

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

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

R. Fund Balance (Continued)

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

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

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

In the general fund, the County strives to maintain a committed fund balance to be used for Indoor Plumbing activity and CDBG funds.

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

| | <u>General Fund</u> | <u>County Capital Projects Fund</u> | <u>Other Governmental Funds</u> | <u>Total</u> |
|-------------------------------------|-------------------------|---|---|----------------------|
| Fund Balances: | | | | |
| Committed: | | | | |
| CDBG | \$ 843 | \$ - | \$ - | \$ 843 |
| Capital Improvements | - | 5,147,950 | - | 5,147,950 |
| Forfeited asset | - | - | 20,508 | 20,508 |
| Law library | - | - | 40,400 | 40,400 |
| Total Committed Fund Balance | <u>\$ 843</u> | <u>\$ 5,147,950</u> | <u>\$ 60,908</u> | <u>\$ 5,209,701</u> |
| Unassigned | \$ 11,766,421 | \$ - | \$ - | \$ 11,766,421 |
| Total Fund Balances | <u>\$ 11,767,264</u> | <u>\$ 5,147,950</u> | <u>\$ 60,908</u> | <u>\$ 16,976,122</u> |

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 2—Stewardship, Compliance, and Accounting:

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

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

Note 3—Deposits and Investments:

Deposits

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 3—Deposits and Investments: (Continued)

Investments

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

Credit Risk of Debt Securities

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

| | <u>Fair Quality Ratings</u> | |
|----------------------------------|-----------------------------|------------------|
| | <u>AAAm</u> | |
| Local Government Investment Pool | \$ | 3,493,129 |
| Virginia Investment Pool | | <u>2,809,051</u> |
| Total | \$ | <u>6,302,180</u> |

Interest Rate Risk

| | <u>Investment Maturities (in years)</u> | | |
|-----------------------------------|---|-----------------------------|------------------|
| <u>Investment Type</u> | <u>Fair Value</u> | <u>Less Than 1 Year</u> | <u>1-5 Years</u> |
| Governmental Activities: | | | |
| Local Government Investment Pool | \$ 3,493,129 | \$ 3,493,129 | - |
| VaCO/VML Virginia Investment Pool | 2,809,051 | 2,809,051 | - |
| Total | <u>\$ 6,302,180</u> | <u>\$ 6,302,180</u> | <u>\$ -</u> |

External Investment Pool

The fair value of the positions in the Local Government Investment Pool (LGIP) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 3—Deposits and Investments: (Continued)

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County has measured fair value of the above Virginia Investment Pool Investment at the net asset value (NAV). The VaCO/VML Virginia Investment Pool allows the County and IDA to have the option to have access to withdraw funds twice a month, with a five-day period notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources with one-time outlays (disasters, immediate capital needs, state budget cuts, etc.).

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COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 4—Due to/from Other Governments:

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

| | <u>Primary Government</u> | <u>Component Unit School Board</u> |
|---------------------------------------|-------------------------------|--|
| Other Local Governments: | | |
| Sussex County School Board | \$ - | \$ 322,801 |
| Commonwealth of Virginia: | | |
| Local sales tax | 209,264 | - |
| Welfare | 47,335 | - |
| Rolling stock tax | 93,842 | - |
| State Sales Tax | - | 266,571 |
| Constitutional officer reimbursements | 225,815 | - |
| Tax on deeds | 7,009 | - |
| Payment in lieu of taxes | 1,763 | - |
| Mobile home titling tax | 6,671 | - |
| Motor vehicle rental tax | 24 | - |
| Moped & ATV tax | 187 | - |
| DMV Select | 459 | - |
| Communications tax | 18,150 | - |
| E-911 wireless | 10,819 | - |
| Children's services | 346,242 | - |
| VDEP grant | 77,035 | - |
| Opioid settlement | 119,007 | - |
| Technology | - | 239,726 |
| Federal Government: | | |
| School fund grants | - | 520,895 |
| CDBG | 281,169 | - |
| VATI broadband | 310,121 | - |
| Welfare | 88,569 | - |
| Total due from other governments | <u>\$ 1,843,481</u> | <u>\$ 1,349,993</u> |

At June 30, 2025, amounts due to other local governments are as follows:

| | | |
|--------------------------|-------------------|-------------|
| Other Local Governments: | | |
| County of Sussex | <u>\$ 322,801</u> | <u>\$ -</u> |

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 5—Capital Assets:

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

Primary Government:

| | <u>Balance July 1, 2024</u> | <u>Issuances/ Increases</u> | <u>Retirements/ Decreases</u> | <u>Balance June 30, 2025</u> |
|--|---------------------------------|---------------------------------|-----------------------------------|----------------------------------|
| Governmental activities: | | | | |
| Capital assets not subject to depreciation: | | | | |
| Land | \$ 10,530,331 | \$ - | \$ - | \$ 10,530,331 |
| Construction in progress | 10,669,461 | 1,962,421 | - | 12,631,882 |
| Total capital assets not subject to depreciation | <u>\$ 21,199,792</u> | <u>\$ 1,962,421</u> | <u>\$ -</u> | <u>\$ 23,162,213</u> |
| Capital assets subject to depreciation: | | | | |
| Buildings and improvements | \$ 8,638,650 | \$ 174,852 | \$ - | \$ 8,813,502 |
| Machinery and equipment | 14,426,474 | 668,329 | - | 15,094,803 |
| Lease equipment | 214,984 | - | 54,044 | 160,940 |
| Jointly owned assets | 7,955,273 | - | 1,494,305 | 6,460,968 |
| Total capital assets subject to depreciation | <u>\$ 31,235,381</u> | <u>\$ 843,181</u> | <u>\$ 1,548,349</u> | <u>\$ 30,530,213</u> |
| Accumulated depreciation: | | | | |
| Buildings and improvements | \$ 5,452,838 | \$ 198,555 | \$ - | \$ 5,651,393 |
| Machinery and equipment | 9,026,564 | 1,054,335 | - | 10,080,899 |
| Lease equipment | 123,155 | 38,836 | 54,044 | 107,947 |
| Jointly owned assets | 3,521,174 | 160,624 | 661,412 | 3,020,386 |
| Total accumulated depreciation | <u>\$ 18,123,731</u> | <u>\$ 1,452,350</u> | <u>\$ 715,456</u> | <u>\$ 18,860,625</u> |
| Total capital assets being depreciated, net | <u>\$ 13,111,650</u> | <u>\$ (609,169)</u> | <u>\$ 832,893</u> | <u>\$ 11,669,588</u> |
| Governmental activities capital assets, net | <u>\$ 34,311,442</u> | <u>\$ 1,353,252</u> | <u>\$ 832,893</u> | <u>\$ 34,831,801</u> |

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COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 5—Capital Assets: (Continued)

| Component Unit - School Board: | Balance July 1, 2024 | Issuances/ Increases | Retirements/ Decreases | Balance June 30, 2025 |
|--|-------------------------|-------------------------|---------------------------|--------------------------|
| Governmental activities: | | | | |
| Capital assets not subject to depreciation: | | | | |
| Land | \$ 110,993 | \$ - | \$ - | \$ 110,993 |
| Total capital assets not subject to depreciation | \$ 110,993 | \$ - | \$ - | \$ 110,993 |
| Capital assets subject to depreciation: | | | | |
| Buildings | \$ 332,504 | \$ - | \$ - | \$ 332,504 |
| Machinery and equipment | 4,390,604 | 79,070 | - | 4,469,674 |
| Lease equipment | 119,940 | - | - | 119,940 |
| Subscription assets | 25,397 | - | 25,397 | - |
| Jointly owned assets | 37,620,778 | - | (1,494,305) | 39,115,083 |
| Total capital assets subject to depreciation | \$ 42,489,223 | \$ 79,070 | \$ (1,468,908) | \$ 44,037,201 |
| Accumulated depreciation: | | | | |
| Buildings | \$ 122,004 | \$ 61,002 | \$ - | \$ 183,006 |
| Machinery and equipment | 3,426,783 | 346,179 | - | 3,772,962 |
| Lease equipment | 75,805 | 16,330 | - | 92,135 |
| Subscription assets | 18,832 | 6,565 | 25,397 | - |
| Jointly owned assets | 16,651,761 | 972,422 | (661,412) | 18,285,595 |
| Total accumulated depreciation | \$ 20,295,185 | \$ 1,402,498 | \$ (636,015) | \$ 22,333,698 |
| Total capital assets being depreciated, net | \$ 22,194,038 | \$ (1,323,428) | \$ (832,893) | \$ 21,703,503 |
| Governmental activities capital assets, net | \$ 22,305,031 | \$ (1,323,428) | \$ (832,893) | \$ 21,814,496 |

Depreciation expense was charged to functions/programs as follows:

| | |
|-----------------------------------|--------------|
| Primary Government: | |
| Governmental activities: | |
| General government administration | \$ 136,944 |
| Judicial administration | 121,362 |
| Public safety | 980,220 |
| Public works | 5,311 |
| Health and welfare | 35,690 |
| Education | 160,624 |
| Parks, recreation and cultural | 5,698 |
| Community development | 6,501 |
| Total Governmental activities | \$ 1,452,350 |
| Component Unit School Board | \$ 1,402,498 |

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 6—Interfund Transfers:

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

| <u>Fund</u> | <u>Transfers In</u> | <u>Transfers Out</u> |
|-------------------------------|---------------------|----------------------|
| Primary Government: | | |
| General | \$ 1,010,034 | \$ 3,025,113 |
| County Capital Projects | <u>3,025,113</u> | <u>1,010,034</u> |
| Total | \$ <u>4,035,147</u> | \$ <u>4,035,147</u> |
| Component Unit- School Board: | | |
| School Operating | \$ 16,077 | \$ - |
| School Special Revenue | <u>-</u> | <u>16,077</u> |
| Total | \$ <u>16,077</u> | \$ <u>16,077</u> |

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 7—Long-Term Obligations:

Primary Government:

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

| | Balance at July 1, 2024 | Restatement | Restated Balance at July 1, 2024 | Issuances/ Increases | Retirements/ Decreases | Balance at June 30, 2025 | Amounts Due Within One Year |
|---|-------------------------------|-------------|---|-------------------------|---------------------------|--------------------------------|-----------------------------------|
| Governmental Activities Obligations: | | | | | | | |
| Incurred by County: | | | | | | | |
| Equipment loans | \$ 3,188,732 | \$ - | \$ 3,188,732 | \$ 598,879 | \$ 563,741 | \$ 3,223,870 | \$ 545,575 |
| Lease liabilities | 94,566 | - | 94,566 | - | 38,648 | 55,918 | 30,080 |
| Landfill postclosure costs | 641,100 | - | 641,100 | 14,104 | 72,801 | 582,403 | - |
| Net OPEB liabilities | 652,984 | - | 652,984 | 161,665 | 175,483 | 639,166 | - |
| Compensated absences | 449,454 | 354,157 | 803,611 | 132,297 | 80,361 | 855,547 | 85,555 |
| Total incurred by County | \$ 5,026,836 | \$ 354,157 | \$ 5,380,993 | \$ 906,945 | \$ 931,034 | \$ 5,356,904 | \$ 661,210 |
| Incurred by School Board: | | | | | | | |
| Direct Borrowings and Direct Placements: | | | | | | | |
| General obligation bonds | \$ 4,010,000 | \$ - | \$ 4,010,000 | \$ - | \$ 885,000 | \$ 3,125,000 | \$ 895,000 |
| Bond premiums | 424,099 | - | 424,099 | - | 108,517 | 315,582 | - |
| Total incurred by School Board | \$ 4,434,099 | \$ - | \$ 4,434,099 | \$ - | \$ 993,517 | \$ 3,440,582 | \$ 895,000 |
| Total Governmental Activities Obligations | \$ 9,460,935 | \$ 354,157 | \$ 9,815,092 | \$ 906,945 | \$ 1,924,551 | \$ 8,797,486 | \$ 1,556,210 |

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COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

| Year Ending June 30 | Incurred by County | | | |
|---------------------------|---------------------|-------------------|-------------------|-----------------|
| | Equipment Loans | | Lease Liabilities | |
| | Principal | Interest | Principal | Interest |
| 2026 | \$ 545,575 | \$ 103,635 | \$ 30,080 | \$ 937 |
| 2027 | 499,160 | 85,477 | 24,969 | 302 |
| 2028 | 516,172 | 68,465 | 869 | 10 |
| 2029 | 496,003 | 50,788 | - | - |
| 2030 | 378,457 | 32,638 | - | - |
| 2031 | 388,434 | 22,661 | - | - |
| 2032 | 196,324 | 13,165 | - | - |
| 2033 | 203,745 | 5,742 | - | - |
| Total | \$ <u>3,223,870</u> | \$ <u>382,571</u> | \$ <u>55,918</u> | \$ <u>1,249</u> |

**Direct Borrowings and Direct Placements
Incurred by School Board**

| Year Ending June 30 | General Obligation Bonds | |
|---------------------------|-----------------------------|-------------------|
| | Principal | Interest |
| 2026 | \$ 895,000 | \$ 120,589 |
| 2027 | 550,000 | 86,353 |
| 2028 | 555,000 | 61,826 |
| 2029 | 225,000 | 43,256 |
| 2030 | 225,000 | 34,144 |
| 2031 | 225,000 | 25,594 |
| 2032 | 225,000 | 15,357 |
| 2033 | 225,000 | 5,117 |
| Total | \$ <u>3,125,000</u> | \$ <u>392,236</u> |

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term obligations:

Governmental Activities:

Incurred by County:

Equipment Loans:

| | <u>Total Amount</u> |
|---|-------------------------|
| \$295,654 sheriff vehicles equipment loan issued on March 23, 2022, due in annual installments of \$66,572 through March 2026, after an initial interest free payment of \$66,572. Interest at 6.20%. | \$ 62,685 |
| \$598,879 sheriff vehicles equipment loan issued on February 17, 2025, due in annual installments of \$135,696 through February 2029, after an initial interest free payment of \$135,696. Interest at 6.66%. | 463,183 |
| \$1,737,804 emergency vehicle equipment loan issued on March 23, 2023, due in semiannual installments of \$104,744 through March 2033, interest at 3.746% | 1,436,602 |
| \$2,116,474 emergency vehicle equipment loan issued on April 15, 2021, due in semiannual installments of \$119,726 through March 2028, followed by \$100,803 through March 2031, interest at 1.566% | <u>1,261,400</u> |
| Total equipment loans | \$ <u>3,223,870</u> |

Lease liabilities:

| | |
|--|------------------|
| \$22,939 copier equipment lease, due in monthly installments of \$405 through May 2027, interest at 3.01%. | \$ 9,040 |
| \$89,434 tower lease, due in monthly installments of \$1,382 through February 2027, interest at 1.51%. | 27,284 |
| \$32,936 tower lease, due in monthly installments of \$400 through June 2027, interest at 2.96%. | 12,327 |
| \$8,690 printer equipment lease, due in monthly installments of \$150 through June 2027, interest at 1.34%. | 3,542 |
| \$6,944 printer equipment lease, due in monthly installments of \$126 through January 2028, interest at 3.49%. | <u>3,725</u> |
| Total lease liabilities | \$ <u>55,918</u> |

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term obligations: (Continued)

| | |
|--|--------------|
| Landfill postclosure costs | \$ 582,403 |
| Net OPEB liabilities | \$ 639,166 |
| Compensated absences (payable from the General Fund) | \$ 855,547 |
| Total Incurred by County | \$ 5,356,904 |

Incurred by School Board:

Total
Amount

General Obligation Bonds Payable:

\$4,560,000 VPSA bond issued May 10, 2019, due in annual installments of \$230,000, interest payable semi-annually at coupon rates of 2.55% to 5.05% through July 15, 2032. \$ 1,800,000

\$3,225,000 VPSA bond issued October 23, 2021, due in varying annual installments, interest payable semi-annually at coupon rate of 5.05% through July 15, 2027. 1,325,000

Total General Obligation Bonds \$ 3,125,000

Bond Premiums \$ 315,582

Total incurred by School Board \$ 3,440,582

Total Governmental Activities, Primary Government \$ 8,797,486

Discretely Presented Component Unit-School Board:

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

| | Balance at July 1, 2024 | Restatement | Restated Balance at July 1, 2024 | Increases | Decreases | Balance at June 30, 2025 | Amounts Due Within One Year |
|-----------------------------------|-------------------------------|-------------|---|--------------|--------------|--------------------------------|-----------------------------------|
| Component Unit-School Board: | | | | | | | |
| Lease liabilities | \$ 30,140 | \$ - | \$ 30,140 | \$ - | \$ 25,173 | \$ 4,967 | \$ 4,967 |
| Net OPEB liabilities | 2,067,139 | - | 2,067,139 | 468,098 | 563,208 | 1,972,029 | - |
| Net pension liability | 8,978,230 | - | 8,978,230 | 3,563,890 | 4,321,043 | 8,221,077 | - |
| Compensated absences | 262,705 | 631,840 | 894,545 | 1,494 | 89,456 | 806,583 | 80,658 |
| Total Component Unit-School Board | \$ 11,338,214 | \$ 631,840 | \$ 11,970,054 | \$ 4,033,482 | \$ 4,998,880 | \$ 11,004,656 | \$ 85,625 |

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 7—Long-Term Obligations: (Continued)

Discretely Presented Component Unit-School Board: (Continued)

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

| <u>Component-Unit School Board</u> | | |
|------------------------------------|-------------------|--------------|
| Year Ending June 30 | Lease Liabilities | |
| | Principal | Interest |
| 2026 | \$ 4,967 | \$ 27 |
| Total | <u>\$ 4,967</u> | <u>\$ 27</u> |

Details of Long-Term Obligations:

Incurred by Component Unit-School Board:

| | <u>Total Amount</u> |
|--|-------------------------|
| <u>Lease liabilities:</u> | |
| \$71,715 copier equipment lease, due in monthly installments of \$1,591 through September 2025, interest at 3.25%. | \$ 4,967 |
| Total lease liabilities | <u>\$ 4,967</u> |
| Net OPEB liabilities | <u>\$ 1,972,029</u> |
| Net pension liability | <u>\$ 8,221,077</u> |
| Compensated absences (payable from the General Fund) | <u>\$ 806,583</u> |
| Total Long-Term Obligations, Component Unit-School Board | <u>\$ 11,004,656</u> |

Note 8—Closure and Postclosure Costs:

The County closed its two landfills and is liable for postclosure monitoring for a period of thirty years. In conjunction with the closing of the landfill, an environmental engineering firm was engaged to devise a closure plan in accordance with Federal and State Regulations. The \$582,403 reported as landfill closure and postclosure liability at June 30, 2025, represents the estimated liability for postclosure monitoring, over the remaining sixteen years. These amounts are based on what it would cost to perform all closure and postclosure care in 2025. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

The County has demonstrated financial assurance requirements for closure, postclosure care, and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 9—Unearned and Deferred/Unavailable Revenue:

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. Deferred/unavailable revenue is comprised of the following:

| | Government-wide Statements | Balance Sheet |
|--|------------------------------------|-------------------------------|
| | <u>Governmental Activities</u> | <u>Governmental Funds</u> |
| Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures | \$ - | \$ 922,677 |
| Prepaid property taxes due in December 2024 but paid in advance by taxpayers | 38,441 | 38,441 |
| Opioid settlement | - | 119,007 |
| Total | \$ <u>38,441</u> | \$ <u>1,080,125</u> |

The County reports unearned revenue related to American Rescue Plan Act funding in the amount of \$159,597.

The Discretely Present Component Unit School Board reports unearned revenue related to funding received from Virginia State University in the amount of \$98,143.

Note 10—Contingent Liabilities:

Federal programs in which the County and discretely presented component unit participate were audited in accordance with the provisions of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of 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 disallowance of current grant program expenditures, if any, would be immaterial.

Note 11—Litigation:

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 12—Risk Management:

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

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

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

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

Note 13—Pension Plans:

Plan Description

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

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COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 13—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 creditable service or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service 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 SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 13—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:

| | <u>Primary Government</u> | <u>Component Unit School Board Nonprofessional</u> |
|--|-------------------------------|--|
| Inactive members or their beneficiaries currently receiving benefits | 117 | 52 |
| Inactive members: | | |
| Vested inactive members | 24 | 8 |
| Non-vested inactive members | 29 | 14 |
| Inactive members active elsewhere in VRS | 103 | 12 |
| Total inactive members | 156 | 34 |
| Active members | 112 | 45 |
| Total covered employees | <u>385</u> | <u>131</u> |

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 6.59% 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 \$468,498 and \$375,696 for the years ended June 30, 2025 and June 30, 2024, respectively.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 13—Pension Plans: (Continued)

Contributions (Continued)

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2024 was 3.42% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board’s nonprofessional employees were \$43,468 and \$26,891 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$18,130 and \$6,687 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 \$7,890 and \$3,718 for the County and School Board, respectively, for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$1,818,990 and \$726,258 for the County and School Board, respectively, for the year ended June 30, 2025.

Net Pension Asset

The net pension asset (NPA) 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 and Component Unit School Board’s (nonprofessional) net pension liabilities were measured as of June 30, 2024. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County’s and Component Unit School Board’s (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

| | |
|---------------------------------------|---|
| 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 |

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 13—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 13—Pension Plans: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

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

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

Mortality rates:

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 13—Pension Plans: (Continued)

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

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 13—Pension Plans: (Continued)

Long-Term Expected Rate of Return

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

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

*The above allocation provides a one-year expected return of 7.07% (includes 2.5% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 13—Pension Plans: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. 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 (Asset) (a) - (b) |
| Balances at June 30, 2023 | \$ 29,247,818 | \$ 34,838,718 | \$ (5,590,900) |
| Changes for the year: | | | |
| Service cost | \$ 991,855 | \$ - | \$ 991,855 |
| Interest | 1,987,101 | - | 1,987,101 |
| Differences between expected and actual experience | 284,000 | - | 284,000 |
| Contributions - employer | - | 373,006 | (373,006) |
| Contributions - employee | - | 323,220 | (323,220) |
| Net investment income | - | 3,357,507 | (3,357,507) |
| Benefit payments, including refunds of employee contributions | (1,602,282) | (1,602,282) | - |
| Administrative expenses | - | (22,551) | 22,551 |
| Other changes | - | 684 | (684) |
| Net changes | \$ 1,660,674 | \$ 2,429,584 | \$ (768,910) |
| Balances at June 30, 2024 | \$ 30,908,492 | \$ 37,268,302 | \$ (6,359,810) |

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 13—Pension Plans: (Continued)

Changes in Net Pension Liability (Asset)

| | Component School Board (nonprofessional) | | |
|--|--|--|--|
| | Increase (Decrease) | | |
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a) - (b) |
| Balances at June 30, 2023 | \$ 3,960,944 | \$ 4,794,757 | \$ (833,813) |
| Changes for the year: | | | |
| Service cost | \$ 120,113 | \$ - | \$ 120,113 |
| Interest | 266,122 | - | 266,122 |
| Differences between expected and actual experience | 294,011 | - | 294,011 |
| Contributions - employer | - | 27,229 | (27,229) |
| Contributions - employee | - | 59,924 | (59,924) |
| Net investment income | - | 459,172 | (459,172) |
| Benefit payments, including refunds of employee contributions | (277,024) | (277,024) | - |
| Administrative expenses | - | (3,185) | 3,185 |
| Other changes | - | 55 | (55) |
| Net changes | <u>\$ 403,222</u> | <u>\$ 266,171</u> | <u>\$ 137,051</u> |
| Balances at June 30, 2024 | <u>\$ 4,364,166</u> | <u>\$ 5,060,928</u> | <u>\$ (696,762)</u> |

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

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

| | Rate | | |
|---|----------------|------------------|----------------|
| | 1% Decrease | Current Discount | 1% Increase |
| | (5.75%) | (6.75%) | (7.75%) |
| County's | | | |
| Net Pension Liability (Asset) | \$ (2,888,858) | \$ (6,359,810) | \$ (9,182,755) |
| Component Unit School Board's (nonprofessional) | | | |
| Net Pension Liability (Asset) | \$ (238,408) | \$ (696,762) | \$ (1,076,562) |

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 13—Pension Plans: (Continued)

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

For the year ended June 30, 2025, the County and Component Unit School Board (nonprofessional) recognized pension expense of (\$527,547) and (\$85,069), respectively. At June 30, 2024, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Primary Government | | Component Unit School Board (nonprofessional) | |
|--|--------------------------------|-------------------------------|---|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 174,769 | \$ 68,446 | \$ 157,895 | \$ - |
| Net difference between projected and actual earnings on pension plan investments | - | 977,507 | - | 135,837 |
| Employer contributions subsequent to the measurement date | <u>468,498</u> | <u>-</u> | <u>43,468</u> | <u>-</u> |
| Total | <u>\$ 643,267</u> | <u>\$ 1,045,953</u> | <u>\$ 201,363</u> | <u>\$ 135,837</u> |

\$468,498 and \$43,468 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of (increase to) the Net Pension Liability (Asset) in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

| Year ended June 30 | Primary Government | Component Unit School Board (nonprofessional) |
|--------------------|--------------------|---|
| 2026 | \$ (815,609) | \$ 14,143 |
| 2027 | 341,726 | 62,035 |
| 2028 | (189,858) | (25,712) |
| 2029 | (207,443) | (28,408) |
| 2030 | - | - |
| Thereafter | - | - |

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 13—Pension Plans: (Continued)

Pension Plan Data

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

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2025 was 14.21% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,385,520 and \$1,477,124 for the years ended June 30, 2025 and June 30, 2024, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$147.5 million to the VRS Teacher Retirement Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution. The school division's proportionate share is reflected in the other grants and programs of the financial statements.

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 \$34,838 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$17,652 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$3,995,407 for the year ended June 30, 2025.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 13—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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

At June 30, 2025, the school division reported a liability of \$8,221,077 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 0.08758% as compared to 0.08883% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized pension expense of \$598,078. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022, measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 1,426,241 | \$ 169,278 |
| Change of assumptions | 149,224 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 1,131,636 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 932 | 363,466 |
| Employer contributions subsequent to the measurement date | <u>1,385,520</u> | <u>-</u> |
| Total | <u>\$ 2,961,917</u> | <u>\$ 1,664,380</u> |

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 13—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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

\$1,385,520 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

| <u>Year ended June 30</u> | | |
|---------------------------|----|-----------|
| 2026 | \$ | (693,980) |
| 2027 | | 602,406 |
| 2028 | | 121,243 |
| 2029 | | (117,652) |
| 2030 | | - |

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COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 13—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

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COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 13—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

The actuarial assumptions used in the June 30, 202 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):

| | <u>Teacher Employee Retirement Plan</u> |
|--|---|
| Total Pension Liability | \$ 60,622,260 |
| Plan Fiduciary Net Position | <u>51,235,326</u> |
| 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 SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 13—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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

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

| | Rate | | |
|---|---------------|------------------|--------------|
| | 1% Decrease | Current Discount | 1% Increase |
| | (5.75%) | (6.75%) | (7.75%) |
| School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset) | \$ 15,273,150 | \$ 8,221,077 | \$ 2,445,654 |

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.

| | Primary Government | | | | Component Unit School Board | | | | |
|------------------------------|--------------------|---------------------|---------------------|---------------------|-----------------------------|---------------------|-------------------|-----------------------|-------------------|
| | Deferred Outflows | Deferred Inflows | Net Pension Asset | Pension Expense | Deferred Outflows | Deferred Inflows | Net Pension Asset | Net Pension Liability | Pension Expense |
| VRS Pension Plans: | | | | | | | | | |
| Primary Government | \$ 643,267 | \$ 1,045,953 | \$ 6,359,810 | \$ (527,547) | \$ - | \$ - | \$ - | \$ - | \$ - |
| School Board Nonprofessional | - | - | - | - | 201,363 | 135,837 | 696,762 | - | (85,069) |
| School Board Professional | - | - | - | - | 2,961,917 | 1,664,380 | - | 8,221,077 | 598,078 |
| Totals | <u>\$ 643,267</u> | <u>\$ 1,045,953</u> | <u>\$ 6,359,810</u> | <u>\$ (527,547)</u> | <u>\$ 3,163,280</u> | <u>\$ 1,800,217</u> | <u>\$ 696,762</u> | <u>\$ 8,221,077</u> | <u>\$ 513,009</u> |

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.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

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

Plan Description (Continued)

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 program, it is not included as part of the GLI Plan OPEB.

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the program 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 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% (1.34% 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 \$33,413 and \$36,802 for the years ended June 30, 2025 and June 30, 2024, respectively.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

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

Contributions (Continued)

Contributions to the Group Life Insurance Plan from the Component Unit School Board (professional) were \$45,974 and \$50,044 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions to the Group Life Insurance Plan from the Component Unit School Board (nonprofessional) were \$6,003 and \$7,367 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

At June 30, 2025, the County reported a liability of \$296,166 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board (professional) and (nonprofessional) reported liabilities of \$402,736 and \$59,255, respectively, for their 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 0.02654% as compared to 0.02568% at June 30, 2023. At June 30, 2024, the Component Unit School Board (professional) and (nonprofessional) proportion was 0.03609% and 0.00531%, respectively as compared to 0.03700% and 0.00510%, respectively at June 30, 2023.

For the year ended June 30, 2025, the County recognized GLI OPEB expense of \$8,600. For the year ended June 30, 2024, the Component Unit School Board (professional) recognized GLI OPEB expense of (\$2,833). For the year ended June 30, 2024, the Component Unit School Board (nonprofessional) recognized GLI OPEB expense of \$2,444. 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 SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

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

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

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 School Board (professional) | | Component School Board (nonprofessional) | |
|--|--------------------------------------|-------------------------------------|--|-------------------------------------|---|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 46,712 | \$ 7,234 | \$ 63,521 | \$ 9,837 | \$ 9,346 | \$ 1,447 |
| Net difference between projected and actual earnings on GLI OPEB program investments | - | 24,964 | - | 33,946 | - | 4,995 |
| Change of assumptions | 1,688 | 14,677 | 2,296 | 19,959 | 338 | 2,937 |
| Changes in proportionate share | 13,269 | 2,391 | - | 34,327 | 8,592 | 1,177 |
| Employer contributions subsequent to the measurement date | 33,413 | - | 45,974 | - | 6,003 | - |
| Total | \$ 95,082 | \$ 49,266 | \$ 111,791 | \$ 98,069 | \$ 24,279 | \$ 10,556 |

\$33,413, \$45,974, and \$6,003, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board professional and nonprofessional group’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

| Year Ended June 30 | Primary Government | Component Unit School Board (professional) | Component Unit School Board (nonprofessional) |
|-----------------------|-----------------------|--|---|
| 2026 | \$ (11,372) | \$ (28,977) | \$ (1,257) |
| 2027 | 7,874 | (2,402) | 2,809 |
| 2028 | 3,606 | (5,822) | 2,251 |
| 2029 | 6,139 | 340 | 2,615 |
| 2030 | 6,156 | 4,609 | 1,302 |
| Thereafter | - | - | - |

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of 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 employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

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

Mortality Rates - Teachers (Continued)

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

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

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

The actuarial assumptions used in the June 30, 2022 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 SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

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

NET GLI OPEB Liability

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

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

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of 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% | 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%.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

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

Discount Rate

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

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

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

| | Rate | | |
|---|------------------------|-----------------------------|------------------------|
| | 1% Decrease (5.75%) | Current Discount (6.75%) | 1% Increase (7.75%) |
| County's proportionate share of the GLI Plan Net OPEB Liability | \$ 460,576 | \$ 296,166 | \$ 163,344 |
| Component School Board (professional)'s proportionate share of the GLI Plan Net OPEB Liability | \$ 626,307 | \$ 402,736 | \$ 222,120 |
| Component School Board (nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability | \$ 92,150 | \$ 59,255 | \$ 32,681 |

Group Life Insurance Program Fiduciary Net Position

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

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

Employees Covered by Benefit Terms

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

| | <u>Number</u> |
|--|---------------|
| Inactive members or their beneficiaries currently receiving benefits | 19 |
| Inactive members | 1 |
| Active members | <u>45</u> |
| Total covered employees | <u>65</u> |

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board’s contractually required employer contribution rate for the year ended June 30, 2025 was 1.11% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the HIC Plan were \$14,108 and \$15,027 for the years ended June 30, 2025 and June 30, 2024, respectively.

Net HIC OPEB Liability

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

Actuarial Assumptions

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

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

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

Long-Term Expected Rate of Return

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

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

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

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

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

Discount Rate

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

Changes in Net HIC OPEB Liability

| | Increase (Decrease) | | |
|---|---------------------------------------|--|---|
| | Total HIC OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net HIC OPEB Liability (Asset) (a) - (b) |
| Balances at June 30, 2023 | \$ 74,759 | \$ 23,098 | \$ 51,661 |
| Changes for the year: | | | |
| Service cost | \$ 1,018 | \$ - | \$ 1,018 |
| Interest | 5,041 | - | 5,041 |
| Differences between expected and actual experience | (20,909) | - | (20,909) |
| Contributions - employer | - | 15,027 | (15,027) |
| Net investment income | - | 2,997 | (2,997) |
| Benefit payments | (2,198) | (2,198) | - |
| Administrative expenses | - | (47) | 47 |
| Net changes | \$ (17,048) | \$ 15,779 | \$ (32,827) |
| Balances at June 30, 2024 | \$ 57,711 | \$ 38,877 | \$ 18,834 |

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COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

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

Sensitivity of the County’s HIC Net OPEB Liability to Changes in the Discount Rate

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

| | Rate | | |
|---|------------------------|-----------------------------|------------------------|
| | 1% Decrease (5.75%) | Current Discount (6.75%) | 1% Increase (7.75%) |
| School Board (non-professional)'s Net HIC OPEB Liability | \$ 25,237 | \$ 18,834 | \$ 13,404 |

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

For the year ended June 30, 2025, the School Board recognized HIC Plan OPEB expense of (\$13,783). At June 30, 2025, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board’s HIC Plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 392 | \$ 42,048 |
| Net difference between projected and actual earnings on HIC OPEB plan investments | - | 677 |
| Change in assumptions | 2,580 | - |
| Employer contributions subsequent to the measurement date | 14,108 | - |
| Total | <u>\$ 17,080</u> | <u>\$ 42,725</u> |

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

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

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

\$14,108 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board’s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

| <u>Year Ended June 30</u> | |
|---------------------------|-------------|
| 2026 | \$ (18,178) |
| 2027 | (14,872) |
| 2028 | (5,087) |
| 2029 | (1,616) |
| 2030 | - |
| Thereafter | - |

HIC Plan Data

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

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

Plan Description

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

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

Plan Description

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 \$117,979 and \$111,532 for the years ended June 30, 2025 and June 30, 2024, respectively.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

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

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

At June 30, 2025, the school division reported a liability of \$994,204 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2024 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The school division’s proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division’s actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division’s proportion of the VRS Teacher Employee HIC was 0.08603% as compared to 0.08730% at June 30, 2023.

For the year ended June 30, 2024, the school division recognized VRS Teacher Employee HIC OPEB expense of \$51,205. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ - | \$ 47,103 |
| Net difference between projected and actual earnings on Teacher HIC OPEB plan investments | - | 3,536 |
| Change of assumptions | 17,127 | - |
| Change in proportionate share and differences between actual and expected contributions | 697 | 73,663 |
| Employer contributions subsequent to the measurement date | <u>117,979</u> | <u>-</u> |
| Total | <u>\$ 135,803</u> | <u>\$ 124,302</u> |

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COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

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

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

\$117,979 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

| <u>Year Ended June 30</u> | |
|---------------------------|-------------|
| 2026 | \$ (27,899) |
| 2027 | (22,905) |
| 2028 | (23,457) |
| 2029 | (19,017) |
| 2030 | (9,574) |
| Thereafter | (3,626) |

Actuarial Assumptions

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

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

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COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

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

Net Teacher Employee HIC OPEB Liability

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

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

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

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COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

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

Long-Term Expected Rate of Return

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

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

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

**On June 15, 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%.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of 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 contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

| | Rate | | |
|--|------------------------|-----------------------------|------------------------|
| | 1% Decrease (5.75%) | Current Discount (6.75%) | 1% Increase (7.75%) |
| School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability | \$ 1,130,658 | \$ 994,204 | \$ 878,547 |

Teacher Employee HIC OPEB Fiduciary Net Position

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

Note 17—Medical and Dental Pay-as-You-Go (OPEB Plan):

County and School Board

Plan Description

In addition to the pension benefits described in Note 13, the County administers a single-employer defined benefit healthcare plan, The County of Sussex Postretirement Benefits 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.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 17—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)

County and School Board: (Continued)

Plan Description (Continued)

In addition to the pension benefits described in Note 13, the Component Unit School Board administers a single-employer defined benefit healthcare plan, The Sussex County Public Schools Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board’s pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits that are provided to eligible County retirees include medical and dental insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits.

Postemployment benefits that are provided to eligible School Board retirees include medical and dental insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits.

Plan Membership

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

| | Primary Government | Component Unit School Board |
|--------------------------------------|-----------------------|--------------------------------|
| Total active employees with coverage | 111 | 182 |
| Total inactive employees | 8 | 2 |
| Total | 119 | 184 |

Contributions

The County nor the School Board pre-funds benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or School Board. The amount paid by the County and the School Board for OPEB as the benefits came due during the year ended June 30, 2024 was \$44,000 and \$22,000.

Total OPEB Liability

The County and School Board’s total OPEB liability was measured as of July 1, 2024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2023.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 17—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)

County and School Board: (Continued)

Actuarial Assumptions

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|------------------|---|
| Inflation | Not available |
| Salary Increases | The salary increase rate was 2.50% per annum. |
| Discount Rate | 4.09% |

Mortality rates for the County and School Board were based on the following actuarial assumptions:

RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2023.

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the Municipal GO AA 20-year yield curve rate as of June 30, 2025.

Changes in Total OPEB Liability

| | Primary Government Total OPEB Liability | Component Unit School Board Total OPEB Liability |
|---|--|--|
| | <u> </u> | <u> </u> |
| Balances at June 30, 2024 | \$ 345,000 | \$ 453,000 |
| Changes for the year: | | |
| Service cost | 17,000 | 32,000 |
| Interest | 13,000 | 18,000 |
| Difference between expected and actual experience | 14,000 | 20,000 |
| Contributions - employer | (44,000) | (22,000) |
| Assumption changes | (2,000) | (4,000) |
| Net changes | <u>\$ (2,000)</u> | <u>\$ 44,000</u> |
| Balances at June 30, 2025 | <u>\$ 343,000</u> | <u>\$ 497,000</u> |

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 17—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)

County and School Board: (Continued)

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.86%) or one percentage point higher (4.86%) than the current discount rate:

| | Rate | | |
|-------------------------------------|------------------------|----------------------------------|------------------------|
| | 1% Decrease (3.09%) | Current Discount Rate (4.09%) | 1% Increase (5.09%) |
| Primary Government: | | | |
| Total OPEB liability | \$ 357,000 | \$ 343,000 | \$ 329,000 |
| Component Unit School Board: | | | |
| Total OPEB liability | \$ 532,000 | \$ 497,000 | \$ 464,000 |

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

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

| | Rates | | |
|-------------------------------------|---------------------|----------------------------------|---------------------|
| | 1% Decrease (5.25%) | Healthcare Cost Trend (6.25%) | 1% Increase (7.25%) |
| Primary Government: | | | |
| Total OPEB liability | \$ 323,000 | \$ 343,000 | \$ 365,000 |
| Component Unit School Board: | | | |
| Total OPEB liability | \$ 449,000 | \$ 497,000 | \$ 552,000 |

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 17—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)

County and School Board: (Continued)

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

For the year ended June 30, 2025, the County and the School Board recognized OPEB expense in the amount of \$38,000 and \$14,000. At June 30, 2025, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Primary Government | | Component Unit School Board | |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 42,000 | \$ 4,000 | \$ 16,000 | \$ 50,000 |
| Changes in assumptions | 9,000 | 19,000 | - | 18,000 |
| Employer contributions subsequent to the measurement date | 44,000 | - | 22,000 | - |
| Total | <u>\$ 95,000</u> | <u>\$ 23,000</u> | <u>\$ 38,000</u> | <u>\$ 68,000</u> |

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

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

| Year Ended June 30 | Primary Government | Component Unit School Board |
|--------------------|--------------------|-----------------------------|
| 2026 | \$ 1,000 | \$ (22,000) |
| 2027 | 4,000 | (22,000) |
| 2028 | 8,000 | (12,000) |
| 2029 | 9,000 | 4,000 |
| 2030 | 4,000 | - |
| Thereafter | 2,000 | - |

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 18—Summary of Other Postemployment Benefit Plans:

| | Primary Government | | | | Component Unit School Board | | | |
|---|--------------------|------------------|--------------------|--------------|-----------------------------|------------------|--------------------|--------------|
| | Deferred Outflows | Deferred Inflows | Net OPEB Liability | OPEB Expense | Deferred Outflows | Deferred Inflows | Net OPEB Liability | OPEB Expense |
| VRS OPEB Plans: | | | | | | | | |
| Group Life Insurance Program (Note 15): | | | | | | | | |
| County | \$ 95,082 | \$ 49,266 | \$ 296,166 | \$ 8,600 | \$ - | \$ - | \$ - | \$ - |
| School Board Nonprofessional | - | - | - | - | 24,279 | 10,556 | 59,255 | 2,444 |
| School Board Professional | - | - | - | - | 111,791 | 98,069 | 402,736 | (2,833) |
| Health Insurance Credit Program (Note 16) | - | - | - | - | 17,080 | 42,725 | 18,834 | (13,783) |
| Teacher Health Insurance Credit Program (Note 17) | - | - | - | - | 135,803 | 124,302 | 994,204 | 51,205 |
| County Stand-Alone Plan (Note 18) | 95,000 | 23,000 | 343,000 | 38,000 | - | - | - | - |
| School Stand-Alone Plan (Note 18) | - | - | - | - | 38,000 | 68,000 | 497,000 | 14,000 |
| Totals | \$ 190,082 | \$ 72,266 | \$ 639,166 | \$ 46,600 | \$ 326,953 | \$ 343,652 | \$ 1,972,029 | \$ 51,033 |

Note 19—Surety Bonds:

| | Amount |
|---|------------|
| Division of Risk Management Surety Bond: | |
| Commonwealth Funds | |
| Gary M. Williams, Clerk of the Circuit Court | \$ 210,000 |
| Deste J. Cox, Treasurer | 400,000 |
| Ellen G. Boone, Commissioner of the Revenue | 20,000 |
| Earnest L. Giles, Sheriff | 30,000 |
| Continental Insurance Company-Surety: | |
| Dr. Julius Hamlin, Ed.D, Superintendent of Schools and Clerk of the Board | 10,000 |
| All County, Social Service and School Board Employees | 100,000 |

Note 20—Jointly Governed Organizations:

District 19 Community Services Board

The District 19 Community Services Board is considered a jointly governed organization and therefore its operations are not included in the County’s financial statements. The governing body of this organization is appointed by the participating jurisdictions which include the cities of Colonial Heights, Emporia, Hopewell, and Petersburg, and the Counties of Sussex, Greensville, Surry, and Dinwiddie. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board’s funding or has oversight responsibility over its operations. Sussex County contributed \$109,854 to the District 19 Community Services Board for the fiscal year ended June 30, 2025.

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

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

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County’s LODA coverage is fully covered or “insured” through Virginia Association of Counties Group Self Insurance Risk Pool. This is built into the LODA coverage cost presented in the annual renewals. The County’s LODA premium for the year ended June 30, 2025 was \$32,414.

Note 22—Lease Receivable:

The County leases land and tower space to tenants under lease contracts. In fiscal year 2025, the County recognized lease and interest revenue in the amount of \$1,815,169 and \$593,361, respectively. A description of the leases is as follows

| Lease Description | Start Date | End Date | Payment Frequency | Discount Rate | Receivable Balance | Amounts Owed Within One Year |
|-------------------|------------|---------------|-------------------|---------------|----------------------|------------------------------|
| Celltower lease | July 2021 | December 2036 | Monthly | 2.35% | \$ 185,996 | \$ 30,788 |
| Landfill lease | July 2021 | December 2030 | Monthly | 1.51% | 24,024,214 | 1,827,924 |
| Total | | | | | <u>\$ 24,210,210</u> | <u>\$ 1,858,712</u> |

There are no variable payments for the lease receivables above.

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

| Year Ending June 30, | Governmental Activities | | |
|----------------------|-------------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2026 | \$ 1,858,712 | \$ 550,489 | \$ 2,409,201 |
| 2027 | 1,903,293 | 506,591 | 2,409,884 |
| 2028 | 1,948,940 | 461,643 | 2,410,583 |
| 2029 | 1,995,676 | 415,618 | 2,411,294 |
| 3020 | 2,043,528 | 368,492 | 2,412,020 |
| 2031-2035 | 10,790,651 | 1,103,042 | 11,893,693 |
| 2036-2037 | <u>3,669,410</u> | <u>80,589</u> | <u>3,749,999</u> |
| Total | <u>\$ 24,210,210</u> | <u>\$ 3,486,464</u> | <u>\$ 27,696,674</u> |

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2025

Note 23 - Change in Accounting Principle:

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

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

Note 24 - Restatement

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

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

| | <u>Net Position</u> | |
|---|------------------------------------|-------------------------|
| | <u>Governmental Activities</u> | <u>School Board</u> |
| Balance, July 1, 2024, as previously stated | \$ 47,853,347 | 13,476,333 |
| Implementation of GASB 101: | | |
| Compensated absences liability change | <u>(354,157)</u> | <u>(631,840)</u> |
| Balance, July 1, 2024, as restated | <u>\$ 47,499,190</u> | <u>12,844,493</u> |

Note 25—Upcoming Pronouncements:

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

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

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

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

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REQUIRED SUPPLEMENTARY INFORMATION

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County of Sussex, 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 | \$ 12,518,669 | \$ 12,518,669 | \$ 13,741,160 | \$ 1,222,491 |
| Other local taxes | 1,786,275 | 1,786,275 | 1,968,825 | 182,550 |
| Permits, privilege fees, and regulatory licenses | 219,700 | 219,700 | 308,835 | 89,135 |
| Fines and forfeitures | 805,000 | 805,000 | 779,429 | (25,571) |
| Revenue from the use of money and property | 223,000 | 223,000 | 268,619 | 45,619 |
| Charges for services | 5,989,115 | 6,024,115 | 6,905,114 | 880,999 |
| Miscellaneous | 71,300 | 586,710 | 686,979 | 100,269 |
| Recovered costs | 977,178 | 977,178 | 799,449 | (177,729) |
| Intergovernmental: | | | | |
| Commonwealth | 6,820,511 | 7,031,911 | 6,812,988 | (218,923) |
| Federal | 1,584,235 | 1,584,235 | 4,934,684 | 3,350,449 |
| Total revenues | <u>\$ 30,994,983</u> | <u>\$ 31,756,793</u> | <u>\$ 37,206,082</u> | <u>\$ 5,449,289</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government administration | \$ 3,037,190 | \$ 7,316,927 | \$ 7,424,741 | \$ (107,814) |
| Judicial administration | 1,671,197 | 1,966,054 | 1,613,162 | 352,892 |
| Public safety | 9,987,768 | 10,353,714 | 9,454,565 | 899,149 |
| Public works | 1,275,859 | 1,415,637 | 1,111,904 | 303,733 |
| Health and welfare | 4,872,656 | 4,942,590 | 4,621,193 | 321,397 |
| Education | 8,497,085 | 9,036,990 | 8,348,307 | 688,683 |
| Parks, recreation, and cultural | 242,935 | 242,935 | 242,935 | - |
| Community development | 751,346 | 829,600 | 1,102,352 | (272,752) |
| Debt service: | | | | |
| Principal retirement | 1,487,389 | 1,627,389 | 1,487,389 | 140,000 |
| Interest and other fiscal charges | 12,087 | 12,087 | 254,702 | (242,615) |
| Total expenditures | <u>\$ 31,835,512</u> | <u>\$ 37,743,923</u> | <u>\$ 35,661,250</u> | <u>\$ 2,082,673</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (840,529)</u> | <u>\$ (5,987,130)</u> | <u>\$ 1,544,832</u> | <u>\$ 7,531,962</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ 840,529 | \$ 1,634,505 | \$ 1,010,034 | \$ (624,471) |
| Transfers out | - | (3,000,000) | (3,025,113) | (25,113) |
| Issuance of assets under lease | - | - | - | - |
| Issuance of equipment loan | - | - | - | - |
| Total other financing sources (uses) | <u>\$ 840,529</u> | <u>\$ (1,365,495)</u> | <u>\$ (2,015,079)</u> | <u>\$ (649,584)</u> |
| Net change in fund balances | \$ - | \$ (7,352,625) | \$ (470,247) | \$ 6,882,378 |
| Fund balances - beginning | - | 7,352,625 | 12,237,511 | 4,884,886 |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 11,767,264</u> | <u>\$ 11,767,264</u> |

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

| | 2024 | 2023 | 2022 | 2021 |
|---|----------------------|----------------------|----------------------|----------------------|
| Total pension liability | | | | |
| Service cost | \$ 991,855 | \$ 818,646 | \$ 791,012 | \$ 687,822 |
| Interest | 1,987,101 | 1,931,682 | 1,896,429 | 1,807,557 |
| Changes of assumptions | - | - | - | 588,721 |
| Differences between expected and actual experience | 284,000 | (510,032) | (744,831) | (1,272,838) |
| Benefit payments | (1,602,282) | (1,582,681) | (1,313,270) | (1,258,032) |
| Net change in total pension liability | <u>\$ 1,660,674</u> | <u>\$ 657,615</u> | <u>\$ 629,340</u> | <u>\$ 553,230</u> |
| Total pension liability - beginning | 29,247,818 | 28,590,203 | 27,960,863 | 27,407,633 |
| Total pension liability - ending (a) | <u>\$ 30,908,492</u> | <u>\$ 29,247,818</u> | <u>\$ 28,590,203</u> | <u>\$ 27,960,863</u> |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$ 373,006 | \$ 328,405 | \$ 407,383 | \$ 385,736 |
| Contributions - employee | 323,220 | 285,227 | 261,287 | 247,548 |
| Net investment income | 3,357,507 | 2,151,852 | (32,389) | 7,498,706 |
| Benefit payments | (1,602,282) | (1,582,681) | (1,313,270) | (1,258,032) |
| Administrator charges | (22,551) | (21,824) | (21,465) | (18,770) |
| Other | 684 | 862 | 791 | 705 |
| Net change in plan fiduciary net position | <u>\$ 2,429,584</u> | <u>\$ 1,161,841</u> | <u>\$ (697,663)</u> | <u>\$ 6,855,893</u> |
| Plan fiduciary net position - beginning | 34,838,718 | 33,676,877 | 34,374,540 | 27,518,647 |
| Plan fiduciary net position - ending (b) | <u>\$ 37,268,302</u> | <u>\$ 34,838,718</u> | <u>\$ 33,676,877</u> | <u>\$ 34,374,540</u> |
| County's net pension liability (asset) - ending (a) - (b) | \$ (6,359,810) | \$ (5,590,900) | \$ (5,086,674) | \$ (6,413,677) |
| Plan fiduciary net position as a percentage of the total pension liability | 120.58% | 119.12% | 117.79% | 122.94% |
| Covered payroll | \$ 6,809,771 | \$ 6,023,607 | \$ 5,459,076 | \$ 5,193,157 |
| County's net pension liability (asset) as a percentage of covered payroll | -93.39% | -92.82% | -93.18% | -123.50% |

Exhibit 10

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|----|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| \$ | 718,848 | \$ 637,710 | \$ 645,675 | \$ 684,571 | \$ 627,879 | \$ 645,288 |
| | 1,677,407 | 1,648,032 | 1,688,267 | 1,659,491 | 1,596,021 | 1,491,519 |
| | - | 683,845 | - | (445,825) | - | - |
| | 767,994 | (422,526) | (1,726,334) | (526,277) | (508,419) | 174,511 |
| | (1,214,175) | (1,265,631) | (1,099,149) | (822,598) | (794,935) | (841,948) |
| \$ | <u>1,950,074</u> | <u>\$ 1,281,430</u> | <u>\$ (491,541)</u> | <u>\$ 549,362</u> | <u>\$ 920,546</u> | <u>\$ 1,469,370</u> |
| | 25,457,559 | 24,176,129 | 24,667,670 | 24,118,308 | 23,197,762 | 21,728,392 |
| \$ | <u><u>27,407,633</u></u> | <u><u>25,457,559</u></u> | <u><u>24,176,129</u></u> | <u><u>24,667,670</u></u> | <u><u>24,118,308</u></u> | <u><u>23,197,762</u></u> |
| \$ | 334,963 | \$ 329,829 | \$ 428,550 | \$ 421,878 | \$ 534,939 | \$ 507,532 |
| | 251,940 | 260,578 | 292,116 | 236,561 | 254,475 | 236,929 |
| | 525,514 | 1,756,137 | 1,856,069 | 2,756,617 | 393,097 | 983,229 |
| | (1,214,175) | (1,265,631) | (1,099,149) | (822,598) | (794,935) | (841,948) |
| | (18,116) | (17,758) | (16,060) | (15,789) | (13,696) | (13,354) |
| | (620) | (1,103) | (1,650) | (2,455) | (165) | (206) |
| \$ | <u>(120,494)</u> | <u>\$ 1,062,052</u> | <u>\$ 1,459,876</u> | <u>\$ 2,574,214</u> | <u>\$ 373,715</u> | <u>\$ 872,182</u> |
| | 27,639,141 | 26,577,089 | 25,117,213 | 22,542,999 | 22,169,284 | 21,297,102 |
| \$ | <u><u>27,518,647</u></u> | <u><u>27,639,141</u></u> | <u><u>26,577,089</u></u> | <u><u>25,117,213</u></u> | <u><u>22,542,999</u></u> | <u><u>22,169,284</u></u> |
| \$ | (111,014) | \$ (2,181,582) | \$ (2,400,960) | \$ (449,543) | \$ 1,575,309 | \$ 1,028,478 |
| | 100.41% | 108.57% | 109.93% | 101.82% | 93.47% | 95.57% |
| \$ | 5,192,869 | \$ 5,041,344 | \$ 4,873,615 | \$ 4,806,381 | \$ 5,036,650 | \$ 4,764,080 |
| | -2.14% | -43.27% | -49.26% | -9.35% | 31.28% | 21.59% |

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

| | 2024 | 2023 | 2022 | 2021 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| Total pension liability | | | | |
| Service cost | \$ 120,113 | \$ 86,308 | \$ 76,992 | \$ 85,276 |
| Interest | 266,122 | 281,125 | 271,553 | 248,651 |
| Changes of assumptions | - | - | - | 125,487 |
| Differences between expected and actual experience | 294,011 | (326,491) | 56,491 | 12,207 |
| Benefit payments | (277,024) | (317,006) | (228,098) | (190,553) |
| Net change in total pension liability | <u>\$ 403,222</u> | <u>\$ (276,064)</u> | <u>\$ 176,938</u> | <u>\$ 281,068</u> |
| Total pension liability - beginning | 3,960,944 | 4,237,008 | 4,060,070 | 3,779,002 |
| Total pension liability - ending (a) | <u><u>\$ 4,364,166</u></u> | <u><u>\$ 3,960,944</u></u> | <u><u>\$ 4,237,008</u></u> | <u><u>\$ 4,060,070</u></u> |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$ 27,229 | \$ 25,238 | \$ 22,410 | \$ 21,837 |
| Contributions - employee | 59,924 | 53,370 | 43,775 | 42,196 |
| Net investment income | 459,172 | 298,184 | (4,190) | 1,074,222 |
| Benefit payments | (277,024) | (317,006) | (228,098) | (190,553) |
| Administrator charges | (3,185) | (3,077) | (3,085) | (2,724) |
| Other | 55 | 119 | 111 | 101 |
| Net change in plan fiduciary net position | <u>\$ 266,171</u> | <u>\$ 56,828</u> | <u>\$ (169,077)</u> | <u>\$ 945,079</u> |
| Plan fiduciary net position - beginning | 4,794,757 | 4,737,929 | 4,907,006 | 3,961,927 |
| Plan fiduciary net position - ending (b) | <u><u>\$ 5,060,928</u></u> | <u><u>\$ 4,794,757</u></u> | <u><u>\$ 4,737,929</u></u> | <u><u>\$ 4,907,006</u></u> |
| School Division's net pension liability (asset) - ending (a) - (b) | \$ (696,762) | \$ (833,813) | \$ (500,921) | \$ (846,936) |
| Plan fiduciary net position as a percentage of the total pension liability | 115.97% | 121.05% | 111.82% | 120.86% |
| Covered payroll | \$ 1,353,777 | \$ 1,201,590 | \$ 947,946 | \$ 898,431 |
| School Division's net pension liability (asset) as a percentage of covered payroll | -51.47% | -69.39% | -52.84% | -94.27% |

Exhibit 11

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|----|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ | 90,209 | \$ 84,187 | \$ 79,263 | \$ 97,336 | \$ 107,869 | \$ 123,372 |
| | 245,894 | 236,713 | 227,102 | 230,820 | 225,719 | 216,841 |
| | - | 95,125 | - | (53,745) | - | - |
| | (111,694) | 17,929 | (1,973) | (159,599) | (59,657) | (32,090) |
| | (176,564) | (168,823) | (165,357) | (170,493) | (231,619) | (130,986) |
| \$ | 47,845 | \$ 265,131 | \$ 139,035 | \$ (55,681) | \$ 42,312 | \$ 177,137 |
| | 3,731,157 | 3,466,026 | 3,326,991 | 3,382,672 | 3,340,360 | 3,163,223 |
| \$ | <u>3,779,002</u> | <u>3,731,157</u> | <u>3,466,026</u> | <u>3,326,991</u> | <u>3,382,672</u> | <u>3,340,360</u> |
| \$ | 25,663 | \$ 26,101 | \$ 42,138 | \$ 41,054 | \$ 75,486 | \$ 80,878 |
| | 43,573 | 43,048 | 43,896 | 42,611 | 47,846 | 51,355 |
| | 75,957 | 253,843 | 269,090 | 402,899 | 56,606 | 149,384 |
| | (176,564) | (168,823) | (165,357) | (170,493) | (231,619) | (130,986) |
| | (2,628) | (2,558) | (2,343) | (2,361) | (2,147) | (2,015) |
| | (89) | (160) | (239) | (357) | (25) | (33) |
| \$ | (34,088) | \$ 151,451 | \$ 187,185 | \$ 313,353 | \$ (53,853) | \$ 148,583 |
| | 3,996,015 | 3,844,564 | 3,657,379 | 3,344,026 | 3,397,879 | 3,249,296 |
| \$ | <u>3,961,927</u> | <u>3,996,015</u> | <u>3,844,564</u> | <u>3,657,379</u> | <u>3,344,026</u> | <u>3,397,879</u> |
| \$ | (182,925) | \$ (264,858) | \$ (378,538) | \$ (330,388) | \$ 38,646 | \$ (57,519) |
| | 104.84% | 107.10% | 110.92% | 109.93% | 98.86% | 101.72% |
| \$ | 923,134 | \$ 899,274 | \$ 910,707 | \$ 867,985 | \$ 969,777 | \$ 1,020,209 |
| | -19.82% | -29.45% | -41.57% | -38.06% | 3.99% | -5.64% |

COUNTY/CITY/TOWN OF XXXX, VIRGINIA

Schedule of Employer's Share of Net Pension Liability (Asset) VRS Teacher Retirement Plan
 For the Measurement Dates of June 30, 2015 through June 30, 2024

| Date (1) | Employer's Proportion of the Net Pension Liability (Asset) (2) | Employer's Proportionate Share of the Net Pension Liability (Asset) (3) | Employer's Covered Payroll (4) | Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4) (5) | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (6) |
|-------------|--|--|--------------------------------------|---|---|
| 2024 | 0.08758% | \$ 8,221,077 | \$ 9,217,481 | 89.19% | 84.52% |
| 2023 | 0.08883% | 8,978,230 | 8,704,881 | 103.14% | 82.45% |
| 2022 | 0.08979% | 8,548,546 | 8,281,905 | 103.22% | 82.61% |
| 2021 | 0.09232% | 7,166,892 | 8,086,073 | 88.63% | 85.46% |
| 2020 | 0.09520% | 13,854,100 | 8,274,107 | 167.44% | 71.47% |
| 2019 | 0.09581% | 12,609,141 | 7,959,969 | 158.41% | 73.51% |
| 2018 | 0.09814% | 11,541,000 | 7,934,247 | 145.46% | 74.81% |
| 2017 | 0.09744% | 11,983,000 | 7,652,585 | 156.59% | 72.92% |
| 2016 | 0.10150% | 14,224,000 | 8,594,033 | 165.51% | 68.28% |
| 2015 | 0.09911% | 12,474,000 | 7,368,917 | 169.28% | 70.68% |

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

| Date | Contractually Required Contribution* | Contributions in Relation to Contractually Required Contribution* | Contribution Deficiency (Excess) | Employer's Covered Payroll | Contributions as a % of Covered Payroll |
|--|--|---|--|----------------------------------|--|
| | (1) | (2) | (3) | (4) | (5) |
| Primary Government | | | | | |
| 2025 | \$ 468,498 | \$ 468,498 | \$ - | \$ 7,109,228 | 6.59% |
| 2024 | 375,696 | 375,696 | - | 6,809,771 | 5.52% |
| 2023 | 328,448 | 328,448 | - | 6,023,607 | 5.45% |
| 2022 | 407,131 | 407,131 | - | 5,459,076 | 7.46% |
| 2021 | 387,105 | 387,105 | - | 5,193,157 | 7.45% |
| 2020 | 334,962 | 334,962 | - | 5,192,869 | 6.45% |
| 2019 | 328,953 | 328,953 | - | 5,041,344 | 6.53% |
| 2018 | 428,550 | 428,550 | - | 4,873,615 | 8.79% |
| 2017 | 421,878 | 421,878 | - | 4,806,381 | 8.78% |
| 2016 | 534,939 | 534,939 | - | 5,036,650 | 10.62% |
| Component Unit School Board (nonprofessional) | | | | | |
| 2025 | \$ 43,468 | \$ 43,468 | \$ - | \$ 1,271,003 | 3.42% |
| 2024 | 26,891 | 26,891 | - | 1,353,777 | 1.99% |
| 2023 | 25,598 | 25,598 | - | 1,201,590 | 2.13% |
| 2022 | 22,391 | 22,391 | - | 947,946 | 2.36% |
| 2021 | 21,826 | 21,826 | - | 898,431 | 2.43% |
| 2020 | 25,663 | 25,663 | - | 923,134 | 2.78% |
| 2019 | 26,100 | 26,100 | - | 899,274 | 2.90% |
| 2018 | 42,138 | 42,138 | - | 910,707 | 4.63% |
| 2017 | 41,054 | 41,054 | - | 867,985 | 4.73% |
| 2016 | 73,024 | 75,486 | (2,462) | 969,777 | 7.78% |
| Component Unit School Board (professional) | | | | | |
| 2025 | \$ 1,385,520 | \$ 1,385,520 | \$ - | \$ 9,750,318 | 14.21% |
| 2024 | 1,477,124 | 1,477,124 | - | 9,217,481 | 16.03% |
| 2023 | 1,402,274 | 1,402,274 | - | 8,704,881 | 16.11% |
| 2022 | 1,333,885 | 1,333,885 | - | 8,281,905 | 16.11% |
| 2021 | 1,306,045 | 1,306,045 | - | 8,086,073 | 16.15% |
| 2020 | 1,265,001 | 1,265,001 | - | 8,274,107 | 15.29% |
| 2019 | 1,227,086 | 1,227,086 | - | 7,959,969 | 15.42% |
| 2018 | 1,269,250 | 1,269,250 | - | 7,934,247 | 16.00% |
| 2017 | 1,108,719 | 1,108,719 | - | 7,652,585 | 14.49% |
| 2016 | 1,208,321 | 1,208,321 | - | 8,594,033 | 14.06% |

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

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

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

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

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

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

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

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

Component Unit School Board - Professional Employees:

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

County of Sussex, Virginia
 Schedule of County's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through 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 | 0.02654% \$ | 296,166 \$ | 6,815,113 | 4.35% | 73.41% |
| 2023 | 0.02568% | 307,984 | 6,050,204 | 5.09% | 69.30% |
| 2022 | 0.02520% | 303,071 | 5,474,618 | 5.54% | 67.21% |
| 2021 | 0.02517% | 293,629 | 5,206,210 | 5.64% | 67.45% |
| 2020 | 0.02528% | 421,882 | 5,203,775 | 8.11% | 52.64% |
| 2019 | 0.02579% | 419,671 | 5,056,308 | 8.30% | 52.00% |
| 2018 | 0.02563% | 389,000 | 4,873,615 | 7.98% | 51.22% |
| 2017 | 0.02613% | 393,000 | 4,819,215 | 8.15% | 48.86% |
| Component Unit School Board (nonprofessional): | | | | | |
| 2024 | 0.00531% \$ | 59,255 \$ | 1,364,234 | 4.34% | 73.41% |
| 2023 | 0.00510% | 61,165 | 1,201,590 | 5.09% | 69.30% |
| 2022 | 0.00440% | 52,619 | 950,399 | 5.54% | 67.21% |
| 2021 | 0.00437% | 50,646 | 898,431 | 5.64% | 67.45% |
| 2020 | 0.00448% | 74,763 | 923,134 | 8.10% | 52.64% |
| 2019 | 0.00459% | 74,692 | 899,274 | 8.31% | 52.00% |
| 2018 | 0.00480% | 72,000 | 912,613 | 7.89% | 51.22% |
| 2017 | 0.00471% | 71,000 | 867,985 | 8.18% | 48.86% |
| Component Unit School Board (professional): | | | | | |
| 2024 | 0.03609% \$ | 402,736 \$ | 9,267,419 | 4.35% | 73.41% |
| 2023 | 0.03700% | 443,746 | 8,714,824 | 5.09% | 69.30% |
| 2022 | 0.03810% | 458,400 | 8,281,905 | 5.53% | 67.21% |
| 2021 | 0.03807% | 456,744 | 8,099,113 | 5.64% | 67.45% |
| 2020 | 0.04033% | 673,041 | 8,300,347 | 8.11% | 52.64% |
| 2019 | 0.04075% | 663,111 | 7,988,369 | 8.30% | 52.00% |
| 2018 | 0.04160% | 632,000 | 7,910,861 | 7.99% | 51.22% |
| 2017 | 0.04156% | 626,000 | 7,665,191 | 8.17% | 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 Sussex, 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 | \$ 33,413 | \$ 33,413 | \$ - | \$ 7,109,228 | 0.47% |
| 2024 | 36,802 | 36,802 | - | 6,815,113 | 0.54% |
| 2023 | 32,671 | 32,671 | - | 6,050,204 | 0.54% |
| 2022 | 29,563 | 29,563 | - | 5,474,618 | 0.54% |
| 2021 | 28,114 | 28,114 | - | 5,206,210 | 0.54% |
| 2020 | 27,060 | 27,060 | - | 5,203,775 | 0.52% |
| 2019 | 26,293 | 26,293 | - | 5,056,308 | 0.52% |
| 2018 | 25,343 | 25,343 | - | 4,873,615 | 0.52% |
| 2017 | 25,060 | 25,060 | - | 4,819,215 | 0.52% |
| 2016 | 24,201 | 24,201 | - | 5,041,793 | 0.48% |
| Component Unit School Board (nonprofessional): | | | | | |
| 2025 | \$ 6,003 | \$ 6,003 | \$ - | \$ 1,277,233 | 0.47% |
| 2024 | 7,367 | 7,367 | - | 1,364,234 | 0.54% |
| 2023 | 6,489 | 6,489 | - | 1,201,590 | 0.54% |
| 2022 | 5,132 | 5,132 | - | 950,399 | 0.54% |
| 2021 | 4,852 | 4,852 | - | 898,431 | 0.54% |
| 2020 | 4,800 | 4,800 | - | 923,134 | 0.52% |
| 2019 | 4,676 | 4,676 | - | 899,274 | 0.52% |
| 2018 | 4,746 | 4,746 | - | 912,613 | 0.52% |
| 2017 | 4,514 | 4,514 | - | 867,985 | 0.52% |
| 2016 | 4,704 | 4,704 | - | 980,058 | 0.48% |
| Component Unit School Board (professional): | | | | | |
| 2025 | \$ 45,974 | \$ 45,974 | \$ - | \$ 9,781,692 | 0.47% |
| 2024 | 50,044 | 50,044 | - | 9,267,419 | 0.54% |
| 2023 | 47,060 | 47,060 | - | 8,714,824 | 0.54% |
| 2022 | 44,722 | 44,722 | - | 8,281,905 | 0.54% |
| 2021 | 43,735 | 43,735 | - | 8,099,113 | 0.54% |
| 2020 | 43,162 | 43,162 | - | 8,300,347 | 0.52% |
| 2019 | 41,540 | 41,540 | - | 7,988,369 | 0.52% |
| 2018 | 41,136 | 41,136 | - | 7,910,861 | 0.52% |
| 2017 | 39,859 | 39,859 | - | 7,665,191 | 0.52% |
| 2016 | 37,238 | 37,238 | - | 7,758,000 | 0.48% |

County of Sussex, 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 Sussex, Virginia

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

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|--|---------------------|---------------------|-------------------|-------------------|------------------|
| Total HIC OPEB Liability | | | | | |
| Service cost | \$ 1,018 | \$ 1,006 | \$ 2,213 | \$ 1,266 | \$ - |
| Interest | 5,041 | 8,400 | 7,382 | 6,599 | - |
| Changes in benefit terms | - | - | - | - | 97,756 |
| Differences between expected and actual experience | (20,909) | (56,981) | 1,304 | - | - |
| Changes of assumptions | - | - | 7,576 | 2,634 | - |
| Benefit payments | (2,198) | (2,198) | (2,198) | - | - |
| Net change in total HIC OPEB liability | \$ (17,048) | \$ (49,773) | \$ 16,277 | \$ 10,499 | \$ 97,756 |
| Total HIC OPEB Liability - beginning | 74,759 | 124,532 | 108,255 | 97,756 | - |
| Total HIC OPEB Liability - ending (a) | \$ 57,711 | \$ 74,759 | \$ 124,532 | \$ 108,255 | \$ 97,756 |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 15,027 | \$ 13,338 | \$ 6,351 | \$ 6,020 | \$ - |
| Net investment income | 2,997 | 1,170 | (126) | 825 | - |
| Benefit payments | (2,198) | (2,198) | (2,198) | - | - |
| Administrator charges | (47) | (35) | (21) | (27) | - |
| Other | - | (1) | - | - | - |
| Net change in plan fiduciary net position | \$ 15,779 | \$ 12,274 | \$ 4,006 | \$ 6,818 | \$ - |
| Plan fiduciary net position - beginning | 23,098 | 10,824 | 6,818 | - | - |
| Plan fiduciary net position - ending (b) | \$ 38,877 | \$ 23,098 | \$ 10,824 | \$ 6,818 | \$ - |
| School Board's net HIC OPEB liability - ending (a) - (b) | \$ 18,834 | \$ 51,661 | \$ 113,708 | \$ 101,437 | \$ 97,756 |
| Plan fiduciary net position as a percentage of the total HIC OPEB liability | 67.36% | 30.90% | 8.69% | 6.30% | 0.00% |
| Covered payroll | \$ 1,353,777 | \$ 1,201,590 | \$ 947,946 | \$ 898,431 | \$ - |
| School Board's net HIC OPEB liability as a percentage of covered payroll | 4.26% | 6.22% | 13.14% | 12.05% | 0.00% |

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

County of Sussex, Virginia

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

| Date | Contractually Required Contribution (1) | Contributions in Relation to Contractually Required Contribution (2) | Contribution Deficiency (Excess) (3) | Employer's Covered Payroll (4) | Contributions as a % of Covered Payroll (5) |
|------|--|---|---|---|---|
| 2025 | \$ 14,108 | \$ 14,108 | \$ - | \$ 1,271,003 | 1.11% |
| 2024 | 15,027 | 15,027 | - | 1,353,777 | 1.11% |
| 2023 | 13,338 | 13,338 | - | 1,201,590 | 1.11% |
| 2022 | 6,351 | 6,351 | - | 947,946 | 0.67% |
| 2021 | 6,019 | 6,019 | - | 898,431 | 0.67% |

Schedule is intended to show information for 10 years. However, the program was not utilized until the year ended June 30, 2021.

County of Sussex, Virginia

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

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

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

Non-Largest Ten Locality Employers - General Employees

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

County of Sussex, 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 | 0.08603% | \$ 994,204 | \$ 9,217,481 | 10.79% | 21.82% |
| 2023 | 0.08730% | 1,057,567 | 8,704,881 | 12.15% | 17.90% |
| 2022 | 0.08886% | 1,109,903 | 8,281,905 | 13.40% | 15.08% |
| 2021 | 0.09143% | 1,173,568 | 8,086,073 | 14.51% | 13.15% |
| 2020 | 0.09440% | 1,231,203 | 8,274,107 | 14.88% | 9.95% |
| 2019 | 0.09482% | 1,241,286 | 7,952,833 | 15.61% | 8.97% |
| 2018 | 0.09770% | 1,241,000 | 7,901,203 | 15.71% | 8.08% |
| 2017 | 0.09702% | 1,231,000 | 7,656,638 | 16.08% | 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 Sussex, 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 | \$ 117,979 | \$ 117,979 | \$ - | \$ 9,750,318 | 1.21% |
| 2024 | 111,532 | 111,532 | - | 9,217,481 | 1.21% |
| 2023 | 105,329 | 105,329 | - | 8,704,881 | 1.21% |
| 2022 | 100,211 | 100,211 | - | 8,281,905 | 1.21% |
| 2021 | 97,841 | 97,841 | - | 8,086,073 | 1.21% |
| 2020 | 99,289 | 99,289 | - | 8,274,107 | 1.20% |
| 2019 | 95,434 | 95,434 | - | 7,952,833 | 1.20% |
| 2018 | 97,185 | 97,185 | - | 7,901,203 | 1.23% |
| 2017 | 84,989 | 84,989 | - | 7,656,638 | 1.11% |
| 2016 | 82,031 | 82,031 | - | 7,738,790 | 1.06% |

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

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

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

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

County of Sussex, Virginia
 Schedule of Changes in Total OPEB Liability and Related Ratios
 Primary Government
 For the Years Ended June 30, 2018 through June 30, 2025

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total OPEB liability | | | | | | | | |
| Service cost | \$ 17,000 | \$ 13,000 | \$ 20,000 | \$ 14,000 | \$ 12,000 | \$ 13,000 | \$ 13,000 | \$ 17,000 |
| Interest | 13,000 | 11,000 | 7,000 | 9,000 | 11,000 | 10,000 | 9,000 | 9,000 |
| Differences between expected and actual experience | 14,000 | 44,000 | (6,000) | (5,000) | 8,000 | 69,000 | 14,000 | (69,000) |
| Contributions - employer | (44,000) | (25,000) | (44,000) | (36,000) | (28,000) | (28,000) | (13,000) | (13,000) |
| Assumption changes | (2,000) | (3,000) | (47,000) | 33,000 | 14,000 | 10,000 | (2,000) | (12,000) |
| Net change in total OPEB liability | \$ (2,000) | \$ 40,000 | \$ (70,000) | \$ 15,000 | \$ 17,000 | \$ 74,000 | \$ 21,000 | \$ (68,000) |
| Total OPEB liability - beginning | <u>345,000</u> | <u>305,000</u> | <u>375,000</u> | <u>360,000</u> | <u>343,000</u> | <u>269,000</u> | <u>248,000</u> | <u>316,000</u> |
| Total OPEB liability - ending | <u>\$ 343,000</u> | <u>\$ 345,000</u> | <u>\$ 305,000</u> | <u>\$ 375,000</u> | <u>\$ 360,000</u> | <u>\$ 343,000</u> | <u>\$ 269,000</u> | <u>\$ 248,000</u> |
| Covered-employee payroll | \$ 6,731,000 | \$ 6,731,000 | \$ 5,680,000 | \$ 5,680,000 | \$ 3,907,000 | \$ 3,907,000 | \$ 4,009,000 | \$ 4,009,000 |
| County's total OPEB liability (asset) as a percentage of covered-employee payroll | 5.10% | 5.13% | 5.37% | 6.60% | 9.21% | 8.78% | 6.71% | 6.19% |

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

County of Sussex, Virginia
 Schedule of Changes in Total OPEB Liability and Related Ratios
 Component Unit School Board
 For the Years Ended June 30, 2018 through June 30, 2025

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB liability | | | | | | | | |
| Service cost | \$ 32,000 | \$ 36,000 | \$ 40,000 | \$ 50,000 | \$ 44,000 | \$ 44,000 | \$ 48,000 | \$ 62,000 |
| Interest | 18,000 | 19,000 | 10,000 | 15,000 | 17,000 | 25,000 | 24,000 | 32,000 |
| Differences between expected and actual experience | 20,000 | (78,000) | (10,000) | (162,000) | 14,000 | (184,000) | 59,000 | (419,000) |
| Contributions - employer | (22,000) | (22,000) | (22,000) | (35,000) | (43,000) | (43,000) | (36,000) | (18,000) |
| Assumption changes | (4,000) | (5,000) | (30,000) | 53,000 | 28,000 | 17,000 | (74,000) | (37,000) |
| Net change in total OPEB liability | \$ 44,000 | \$ (50,000) | \$ (12,000) | \$ (79,000) | \$ 60,000 | \$ (141,000) | \$ 21,000 | \$ (380,000) |
| Total OPEB liability - beginning | 453,000 | 503,000 | 515,000 | 594,000 | 534,000 | 675,000 | 654,000 | 1,034,000 |
| Total OPEB liability - ending | \$ 497,000 | \$ 453,000 | \$ 503,000 | \$ 515,000 | \$ 594,000 | \$ 534,000 | \$ 675,000 | \$ 654,000 |
| Covered-employee payroll | \$ 9,616,000 | \$ 9,616,000 | \$ 7,819,000 | \$ 7,819,000 | \$ 7,620,000 | \$ 7,620,000 | \$ 7,651,000 | \$ 6,788,000 |
| School Board's total OPEB liability (asset) as a percentage of covered-employee payroll | 5.17% | 4.71% | 6.43% | 6.59% | 7.80% | 7.01% | 8.82% | 9.63% |

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

County of Sussex, Virginia
 Notes to Required Supplementary Information - Primary Government OPEB
 For the Year Ended June 30, 2025

Valuation Date: 7/1/2023
 Measurement Date: 7/1/2024

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

Methods and assumptions used to determine OPEB liability:

| | |
|-----------------------|--|
| Actuarial Cost Method | Entry age normal level % of salary |
| Discount Rate | 4.09% based on the Municipal GO AA 20-year yield curve rate as of measurement date |
| Inflation | Not available |
| Healthcare Trend Rate | 6.25% for fiscal year end 2025, decreasing 0.25% per year to an ultimate rate of 5.00% |
| Salary Increase Rates | The salary increase rate was 2.50% per annum |
| Retirement Age | The average age of retirement is 65 |
| Mortality Rates | RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021 |

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

Valuation Date: 7/1/2023
 Measurement Date: 7/1/2024

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

Methods and assumptions used to determine OPEB liability:

| | |
|-----------------------|--|
| Actuarial Cost Method | Entry age normal level % of salary |
| Discount Rate | 4.09% based on the Municipal GO AA 20-year yield curve rate as of measurement date |
| Inflation | Not available |
| Healthcare Trend Rate | 6.25% for fiscal year end 2025, decreasing 0.25% per year to an ultimate rate of 5.00% |
| Salary Increase Rates | The salary increase rate was 2.50% per annum |
| Retirement Age | The average age of retirement is 65 |
| Mortality Rates | RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021 |

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

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|------------------|--------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Revenue from the use of money and property | \$ - | \$ - | \$ 311,399 | \$ 311,399 |
| Miscellaneous | - | 25,000 | 2,000 | (23,000) |
| Intergovernmental: | | | | |
| Commonwealth | - | 1,906,250 | 82,322 | (1,823,928) |
| Total revenues | \$ - | \$ 1,931,250 | \$ 395,721 | \$ (1,535,529) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Capital projects | \$ - | \$ 2,712,596 | \$ 2,650,976 | \$ 61,620 |
| Total expenditures | \$ - | \$ 2,712,596 | \$ 2,650,976 | \$ 61,620 |
| Excess (deficiency) of revenues over (under) expenditures | \$ - | \$ (781,346) | \$ (2,255,255) | \$ (1,473,909) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ - | \$ 3,000,000 | \$ 3,025,113 | \$ 25,113 |
| Transfers out | (220,529) | (1,014,505) | (1,010,034) | 4,471 |
| Issuance of equipment loan | - | - | 598,879 | 598,879 |
| Total other financing sources (uses) | \$ (220,529) | \$ 1,985,495 | \$ 2,613,958 | \$ 628,463 |
| Net change in fund balances | \$ (220,529) | \$ 1,204,149 | \$ 358,703 | \$ (845,446) |
| Fund balances - beginning | 220,529 | 1,645,207 | 4,789,247 | 3,144,040 |
| Fund balances - ending | \$ - | \$ 2,849,356 | \$ 5,147,950 | \$ 2,298,594 |

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

| | County Special Revenue Fund | | | Variance with Final Budget Positive (Negative) |
|---|-----------------------------|-------------|-----------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| REVENUES | | | | |
| Revenue from the use of money and property | \$ - | \$ 369 | \$ 2,285 | \$ 1,916 |
| Charges for services | - | - | 1,945 | 1,945 |
| Total revenues | \$ - | \$ 369 | \$ 4,230 | \$ 3,861 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | \$ - | \$ 22,004 | \$ 1,676 | \$ 20,328 |
| Total expenditures | \$ - | \$ 22,004 | \$ 1,676 | \$ 20,328 |
| Excess (deficiency) of revenues over (under) expenditures | \$ - | \$ (21,635) | \$ 2,554 | \$ 24,189 |
| Net change in fund balances | \$ - | \$ (21,635) | \$ 2,554 | \$ 24,189 |
| Fund balances - beginning | - | 21,635 | 58,354 | 36,719 |
| Fund balances - ending | \$ - | \$ - | \$ 60,908 | \$ 60,908 |

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

| | | Custodial Funds | | | | | | |
|---------------------------|------------------|-----------------|--------------------|------------------------------------|---------------------------|---|-------------------|--|
| | | <u>Canteen</u> | <u>Jail Inmate</u> | <u>Robert Mitchell Scholarship</u> | <u>Rotary Scholarship</u> | <u>Richard Clements Moore III Scholarship</u> | <u>Total</u> | |
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 54,612 | \$ 1,153 | \$ 1,277 | \$ 26,613 | \$ 24,745 | \$ 41,539 | \$ 149,939 | |
| Receivables: | | | | | | | | |
| Accounts receivable | 528 | | | 266 | 247 | 414 | 1,455 | |
| Total assets | <u>\$ 55,140</u> | <u>\$ 1,153</u> | <u>\$ 1,277</u> | <u>\$ 26,879</u> | <u>\$ 24,992</u> | <u>\$ 41,953</u> | <u>\$ 151,394</u> | |
| NET POSITION | | | | | | | | |
| Restricted for: | | | | | | | | |
| Individuals | \$ 55,140 | \$ 1,153 | \$ 1,277 | \$ - | \$ - | \$ - | \$ 57,570 | |
| Scholarships | - | - | - | 26,879 | 24,992 | 41,953 | 93,824 | |
| Total net position | <u>\$ 55,140</u> | <u>\$ 1,153</u> | <u>\$ 1,277</u> | <u>\$ 26,879</u> | <u>\$ 24,992</u> | <u>\$ 41,953</u> | <u>\$ 151,394</u> | |

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

Custodial Funds

| | <u>Special Welfare</u> | <u>Canteen</u> | <u>Jail Inmate</u> | <u>Robert Mitchell Scholarship</u> | <u>Rotary Scholarship</u> | <u>Richard Clements Moore III Scholarship</u> | <u>Total</u> |
|--|----------------------------|-----------------|------------------------|--|-------------------------------|---|-------------------|
| ADDITIONS | | | | | | | |
| Contributions: | | | | | | | |
| Private contributions | \$ 11,372 | \$ 1,724 | \$ 27,146 | \$ - | \$ - | \$ 1,000 | \$ 41,242 |
| Investment earnings: | | | | | | | |
| Interest | 2,270 | - | - | 1,181 | 1,098 | 1,808 | 6,357 |
| Total additions | <u>\$ 13,642</u> | <u>\$ 1,724</u> | <u>\$ 27,146</u> | <u>\$ 1,181</u> | <u>\$ 1,098</u> | <u>\$ 2,808</u> | <u>\$ 47,599</u> |
| DEDUCTIONS | | | | | | | |
| Scholarships | \$ - | \$ - | \$ - | \$ 800 | \$ 3,000 | \$ - | \$ 3,800 |
| Recipient payments | 3,969 | 3,115 | 32,493 | - | - | - | 39,577 |
| Total deductions | <u>\$ 3,969</u> | <u>\$ 3,115</u> | <u>\$ 32,493</u> | <u>\$ 800</u> | <u>\$ 3,000</u> | <u>\$ -</u> | <u>\$ 43,377</u> |
| Net increase (decrease) in fiduciary net position | \$ 9,673 | \$ (1,391) | \$ (5,347) | \$ 381 | \$ (1,902) | \$ 2,808 | \$ 4,222 |
| Net position - beginning | 45,467 | 2,544 | 6,624 | 26,498 | 26,894 | 39,145 | 147,172 |
| Net position - ending | <u>\$ 55,140</u> | <u>\$ 1,153</u> | <u>\$ 1,277</u> | <u>\$ 26,879</u> | <u>\$ 24,992</u> | <u>\$ 41,953</u> | <u>\$ 151,394</u> |

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

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*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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

| | School Operating Fund | School Special Revenue Fund | School Activity Fund | Total Governmental Funds |
|---|-----------------------------|--------------------------------------|----------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 1,204,128 | \$ 309,283 | \$ 48,992 | \$ 1,562,403 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Accounts receivable | 156 | 8,982 | - | 9,138 |
| Due from other governmental units | 1,322,841 | 27,152 | - | 1,349,993 |
| Total assets | <u>\$ 2,527,125</u> | <u>\$ 345,417</u> | <u>\$ 48,992</u> | <u>\$ 2,921,534</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 458,395 | \$ 10,055 | \$ - | \$ 468,450 |
| Accrued liabilities | 1,576,997 | 68,123 | - | 1,645,120 |
| Unearned revenue | 98,143 | - | - | 98,143 |
| Total liabilities | <u>\$ 2,133,535</u> | <u>\$ 78,178</u> | <u>\$ -</u> | <u>\$ 2,211,713</u> |
| FUND BALANCES | | | | |
| Restricted for school instruction | \$ 393,590 | \$ - | \$ - | \$ 393,590 |
| Committed: | | | | |
| School cafeteria fund | - | 95,493 | - | 95,493 |
| School textbook fund | - | 171,746 | - | 171,746 |
| School activity funds | - | - | 48,992 | 48,992 |
| Total fund balances | <u>\$ 393,590</u> | <u>\$ 267,239</u> | <u>\$ 48,992</u> | <u>\$ 709,821</u> |
| Total liabilities and fund balances | <u>\$ 2,527,125</u> | <u>\$ 345,417</u> | <u>\$ 48,992</u> | <u>\$ 2,921,534</u> |

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

Total fund balances per above \$ 709,821

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

| | | |
|--------------------------|---------------------|------------|
| Capital assets, cost | \$ 44,148,194 | |
| Accumulated depreciation | <u>(22,333,698)</u> | 21,814,496 |

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

| | | |
|-----------------------|----------------|-----------|
| Pension related items | \$ 3,163,280 | |
| OPEB related items | <u>326,953</u> | 3,490,233 |

The net pension asset is not an available resource and, therefore, is not reported in the funds. 696,762

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

| | | |
|-----------------------|------------------|--------------|
| Net OPEB liabilities | \$ (1,972,029) | |
| Net pension liability | (8,221,077) | |
| Lease liabilities | (4,967) | |
| Compensated absences | <u>(806,583)</u> | (11,004,656) |

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

| | | |
|-----------------------|------------------|-------------|
| Pension related items | \$ (1,800,217) | |
| OPEB related items | <u>(343,652)</u> | (2,143,869) |

Net position of governmental activities \$ 13,562,787

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

| | School Operating Fund | School Special Revenue Fund | School Activity Fund | Total Governmental Funds |
|---|-----------------------------|--------------------------------------|----------------------------|--------------------------------|
| REVENUES | | | | |
| Revenue from the use of money and property | \$ 853 | \$ 2,813 | \$ - | \$ 3,666 |
| Charges for services | - | 150,200 | - | 150,200 |
| Miscellaneous | 85,706 | - | 189,091 | 274,797 |
| Intergovernmental: | | | | |
| Local government | 8,347,392 | - | - | 8,347,392 |
| Commonwealth | 12,831,560 | 119,611 | - | 12,951,171 |
| Federal | 2,161,787 | 1,185,789 | - | 3,347,576 |
| Total revenues | <u>\$ 23,427,298</u> | <u>\$ 1,458,413</u> | <u>\$ 189,091</u> | <u>\$ 25,074,802</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Education | <u>\$ 23,514,941</u> | <u>\$ 1,337,991</u> | <u>\$ 176,755</u> | <u>\$ 25,029,687</u> |
| Debt service: | | | | |
| Principal retirement | \$ 25,173 | \$ - | \$ - | \$ 25,173 |
| Interest and other fiscal charges | 599 | - | - | 599 |
| Total expenditures | <u>\$ 23,540,713</u> | <u>\$ 1,337,991</u> | <u>\$ 176,755</u> | <u>\$ 25,055,459</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (113,415)</u> | <u>\$ 120,422</u> | <u>\$ 12,336</u> | <u>\$ 19,343</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ 16,077 | \$ - | \$ - | \$ 16,077 |
| Transfers out | - | (16,077) | - | (16,077) |
| Total other financing sources (uses) | <u>\$ 16,077</u> | <u>\$ (16,077)</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net change in fund balances | \$ (97,338) | \$ 104,345 | \$ 12,336 | \$ 19,343 |
| Fund balances - beginning | 490,928 | 162,894 | 36,656 | 690,478 |
| Fund balances - ending | <u>\$ 393,590</u> | <u>\$ 267,239</u> | <u>\$ 48,992</u> | <u>\$ 709,821</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 \$ 19,343

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. The following is a summary of items supporting this adjustment:

| | | |
|--------------------------------|--------------------|-----------|
| Jointly owned asset allocation | \$ 832,893 | |
| Capital outlays | 79,070 | |
| Depreciation expense | <u>(1,402,498)</u> | (490,535) |

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal retired on lease liabilities \$ 25,173

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 | \$ 87,962 | |
| Pension expense | 916,317 | |
| OPEB expense | <u>160,034</u> | 1,164,313 |

Change in net position of governmental activities \$ 718,294

County of Sussex, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2025

| | School Operating Fund | | | Variance with Final Budget Positive (Negative) |
|---|-----------------------|----------------------|----------------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| REVENUES | | | | |
| Revenue from the use of money and property | \$ 1,000 | \$ 1,000 | \$ 853 | \$ (147) |
| Miscellaneous | 176,833 | 176,833 | 85,706 | (91,127) |
| Intergovernmental: | | | | |
| Local government | 8,496,170 | 9,036,075 | 8,347,392 | (688,683) |
| Commonwealth | 11,512,088 | 13,253,063 | 12,831,560 | (421,503) |
| Federal | 1,253,758 | 1,377,760 | 2,161,787 | 784,027 |
| Total revenues | <u>\$ 21,439,849</u> | <u>\$ 23,844,731</u> | <u>\$ 23,427,298</u> | <u>\$ (417,433)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Education | \$ 21,889,849 | \$ 23,858,731 | \$ 23,514,941 | \$ 343,790 |
| Debt service: | | | | |
| Principal retirement | - | - | 25,173 | (25,173) |
| Interest and other fiscal charges | - | - | 599 | (599) |
| Total expenditures | <u>\$ 21,889,849</u> | <u>\$ 23,858,731</u> | <u>\$ 23,540,713</u> | <u>\$ 318,018</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (450,000)</u> | <u>\$ (14,000)</u> | <u>\$ (113,415)</u> | <u>\$ (99,415)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ 450,000 | \$ 14,000 | \$ 16,077 | \$ 2,077 |
| Total other financing sources (uses) | <u>\$ 450,000</u> | <u>\$ 14,000</u> | <u>\$ 16,077</u> | <u>\$ 2,077</u> |
| Net change in fund balances | \$ - | \$ - | \$ (97,338) | \$ (97,338) |
| Fund balances - beginning | - | - | 490,928 | 490,928 |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 393,590</u> | <u>\$ 393,590</u> |

County of Sussex, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2025

| | School Special Revenue Fund | | | |
|---|------------------------------------|---------------------|---------------------|---|
| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| REVENUES | | | | |
| Revenue from the use of money and property | \$ - | \$ - | \$ 2,813 | \$ 2,813 |
| Charges for services | 90,000 | 90,000 | 150,200 | 60,200 |
| Intergovernmental: | | | | |
| Commonwealth | 118,628 | 120,704 | 119,611 | (1,093) |
| Federal | 1,065,182 | 1,198,569 | 1,185,789 | (12,780) |
| Total revenues | <u>\$ 1,273,810</u> | <u>\$ 1,409,273</u> | <u>\$ 1,458,413</u> | <u>\$ 49,140</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Education | \$ 1,328,802 | \$ 1,454,399 | \$ 1,337,991 | \$ 116,408 |
| Total expenditures | <u>\$ 1,328,802</u> | <u>\$ 1,454,399</u> | <u>\$ 1,337,991</u> | <u>\$ 116,408</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (54,992)</u> | <u>\$ (45,126)</u> | <u>\$ 120,422</u> | <u>\$ 165,548</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ 54,992 | \$ - | \$ (16,077) | \$ (16,077) |
| Total other financing sources (uses) | <u>\$ 54,992</u> | <u>\$ -</u> | <u>\$ (16,077)</u> | <u>\$ (16,077)</u> |
| Net change in fund balances | \$ - | \$ (45,126) | \$ 104,345 | \$ 149,471 |
| Fund balances - beginning | - | 45,126 | 162,894 | 117,768 |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 267,239</u> | <u>\$ 267,239</u> |

SUPPORTING SCHEDULES

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

| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|-------------------------|----------------------|---|
| General Fund: | | | | |
| Revenue from local sources: | | | | |
| General property taxes: | | | | |
| Real property taxes | \$ 6,141,238 | \$ 6,141,238 | \$ 6,142,509 | \$ 1,271 |
| Real and personal public service corporation taxes | 612,460 | 612,460 | 776,633 | 164,173 |
| Personal property taxes | 4,595,021 | 4,595,021 | 4,867,975 | 272,954 |
| Mobile home taxes | 9,200 | 9,200 | 11,725 | 2,525 |
| Machinery and tools taxes | 794,000 | 794,000 | 1,511,288 | 717,288 |
| Merchants capital taxes | 169,000 | 169,000 | 167,748 | (1,252) |
| Penalties | 105,000 | 105,000 | 161,244 | 56,244 |
| Interest | 92,750 | 92,750 | 102,038 | 9,288 |
| Total general property taxes | <u>\$ 12,518,669</u> | <u>\$ 12,518,669</u> | <u>\$ 13,741,160</u> | <u>\$ 1,222,491</u> |
| Other local taxes: | | | | |
| Local sales and use taxes | \$ 1,236,150 | \$ 1,236,150 | \$ 1,271,258 | \$ 35,108 |
| Consumers' utility taxes | 92,500 | 92,500 | 99,034 | 6,534 |
| Consumption tax | 38,000 | 38,000 | 33,658 | (4,342) |
| Business license taxes | 70,525 | 70,525 | 72,950 | 2,425 |
| Motor vehicle licenses | 239,100 | 239,100 | 239,260 | 160 |
| Transient occupancy taxes | 110,000 | 110,000 | 110,239 | 239 |
| Meals tax | - | - | 142,426 | 142,426 |
| Total other local taxes | <u>\$ 1,786,275</u> | <u>\$ 1,786,275</u> | <u>\$ 1,968,825</u> | <u>\$ 182,550</u> |
| Permits, privilege fees, and regulatory licenses: | | | | |
| Animal licenses | \$ 4,500 | \$ 4,500 | \$ 4,411 | \$ (89) |
| Transfer fees | 500 | 500 | 464 | (36) |
| Permits and other licenses | 214,700 | 214,700 | 303,960 | 89,260 |
| Total permits, privilege fees, and regulatory licenses | <u>\$ 219,700</u> | <u>\$ 219,700</u> | <u>\$ 308,835</u> | <u>\$ 89,135</u> |
| Fines and forfeitures: | | | | |
| Court fines and forfeitures | \$ 805,000 | \$ 805,000 | \$ 779,429 | \$ (25,571) |
| Total fines and forfeitures | <u>\$ 805,000</u> | <u>\$ 805,000</u> | <u>\$ 779,429</u> | <u>\$ (25,571)</u> |
| Revenue from use of money and property: | | | | |
| Revenue from use of money | \$ 160,000 | \$ 160,000 | \$ 237,772 | \$ 77,772 |
| Revenue from use of property | 63,000 | 63,000 | 30,847 | (32,153) |
| Total revenue from use of money and property | <u>\$ 223,000</u> | <u>\$ 223,000</u> | <u>\$ 268,619</u> | <u>\$ 45,619</u> |
| Charges for services: | | | | |
| Sheriff fees | \$ 665 | \$ 665 | \$ 675 | \$ 10 |
| Charges for court costs | 1,150 | 1,150 | 2,107 | 957 |
| Charges for Commonwealth's Attorney | 1,000 | 1,000 | 1,273 | 273 |
| Courthouse security fees | 96,000 | 96,000 | 124,182 | 28,182 |
| Charges for courthouse maintenance fees | 18,000 | 18,000 | 21,414 | 3,414 |
| Charges for correction and detention | 3,300 | 3,300 | 1,918 | (1,382) |
| Charges for other protection | 4,000 | 4,000 | 5,109 | 1,109 |
| Tipping fees | 5,865,000 | 5,865,000 | 4,007,305 | (1,857,695) |
| Landfill lease payments | - | - | 2,724,424 | 2,724,424 |

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

| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|----------------------------|-------------------------|----------------------|---|
| General Fund: (Continued) | | | | |
| Revenue from local sources: (Continued) | | | | |
| Charges for services: (Continued) | | | | |
| Other charges for services | \$ - | \$ 35,000 | \$ 16,707 | \$ (18,293) |
| Total charges for services | <u>\$ 5,989,115</u> | <u>\$ 6,024,115</u> | <u>\$ 6,905,114</u> | <u>\$ 880,999</u> |
| Miscellaneous: | | | | |
| Miscellaneous | \$ 71,300 | \$ 586,710 | \$ 686,979 | \$ 100,269 |
| Recovered costs: | | | | |
| Wakefield sheriff patrol | \$ 171,525 | \$ 171,525 | \$ 105,259 | \$ (66,266) |
| Jurors | 4,800 | 4,800 | 413 | (4,387) |
| Clerk of the circuit court | 2,000 | 2,000 | 3,810 | 1,810 |
| Radio maintenance | 155,000 | 155,000 | 154,292 | (708) |
| Waverly sheriff patrol | 610,000 | 610,000 | 535,217 | (74,783) |
| Other recovered costs | 33,853 | 33,853 | 458 | (33,395) |
| Total recovered costs | <u>\$ 977,178</u> | <u>\$ 977,178</u> | <u>\$ 799,449</u> | <u>\$ (177,729)</u> |
| Total revenue from local sources | <u>\$ 22,590,237</u> | <u>\$ 23,140,647</u> | <u>\$ 25,458,410</u> | <u>\$ 2,317,763</u> |
| Intergovernmental: | | | | |
| Revenue from the Commonwealth: | | | | |
| Noncategorical aid: | | | | |
| Rolling stock tax | \$ 85,500 | \$ 85,500 | \$ 93,842 | \$ 8,342 |
| Mobile home titling tax | 15,000 | 15,000 | 17,692 | 2,692 |
| Taxes on deeds | 160,000 | 160,000 | 116,772 | (43,228) |
| Motor vehicle rental tax | 200 | 200 | 25 | (175) |
| Payment in lieu of taxes-prison | 37,000 | 37,000 | 53,054 | 16,054 |
| Personal property tax relief funds | 1,093,152 | 1,093,152 | 1,093,152 | - |
| Communication taxes | 122,000 | 122,000 | 113,733 | (8,267) |
| Total noncategorical aid | <u>\$ 1,512,852</u> | <u>\$ 1,512,852</u> | <u>\$ 1,488,270</u> | <u>\$ (24,582)</u> |
| Categorical aid: | | | | |
| Shared expenses: | | | | |
| Commonwealth's attorney | \$ 328,791 | \$ 328,791 | \$ 329,629 | \$ 838 |
| Sheriff | 1,941,948 | 1,941,948 | 1,843,393 | (98,555) |
| Commissioner of revenue | 123,831 | 123,831 | 123,811 | (20) |
| Treasurer | 126,993 | 126,993 | 126,949 | (44) |
| Registrar/electoral board | 90,399 | 90,399 | 72,779 | (17,620) |
| Clerk of circuit court | 267,163 | 267,163 | 260,924 | (6,239) |
| Local jails | 81,750 | 81,750 | 81,620 | (130) |
| Total shared expenses | <u>\$ 2,960,875</u> | <u>\$ 2,960,875</u> | <u>\$ 2,839,105</u> | <u>\$ (121,770)</u> |

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

| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|----------------------------|-------------------------|----------------------|---|
| General Fund: (Continued) | | | | |
| Intergovernmental: (Continued) | | | | |
| Revenue from the Commonwealth: (Continued) | | | | |
| Categorical aid: (Continued) | | | | |
| Other categorical aid: | | | | |
| Public assistance and welfare administration | \$ 678,735 | \$ 678,735 | \$ 582,040 | \$ (96,695) |
| Fire programs fund | 31,000 | 31,000 | 39,831 | 8,831 |
| Children's services act | 1,434,315 | 1,434,315 | 1,592,499 | 158,184 |
| Emergency medical services | 10,500 | 11,900 | 1,400 | (10,500) |
| Wireless funds | 61,000 | 61,000 | 61,661 | 661 |
| Victim-witness grant | 31,642 | 41,642 | 39,812 | (1,830) |
| Animal friendly plates | 100 | 100 | 147 | 47 |
| Timber sale | 25,000 | 25,000 | - | (25,000) |
| School resource officer | 58,492 | 58,492 | 116,003 | 57,511 |
| Criminal justice grant | - | 200,000 | - | (200,000) |
| HEAT grant | - | - | 12,000 | 12,000 |
| Cease fire grant | - | - | 2,875 | 2,875 |
| Opioid | - | - | 27,261 | 27,261 |
| Other state grants | 16,000 | 16,000 | 10,084 | (5,916) |
| Total other categorical aid | <u>\$ 2,346,784</u> | <u>\$ 2,558,184</u> | <u>\$ 2,485,613</u> | <u>\$ (72,571)</u> |
| Total categorical aid | <u>\$ 5,307,659</u> | <u>\$ 5,519,059</u> | <u>\$ 5,324,718</u> | <u>\$ (194,341)</u> |
| Total revenue from the Commonwealth | <u>\$ 6,820,511</u> | <u>\$ 7,031,911</u> | <u>\$ 6,812,988</u> | <u>\$ (218,923)</u> |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| Public assistance and welfare administration | \$ 1,517,786 | \$ 1,517,786 | \$ 1,301,556 | \$ (216,230) |
| Victim-witness grant | 66,449 | 66,449 | 51,487 | (14,962) |
| Justice assistance grant | - | - | 20,046 | 20,046 |
| Emergency management grant | - | - | 15,000 | 15,000 |
| Hazard mitigation grant | - | - | 35,381 | 35,381 |
| American Rescue Plan Act | - | - | 433,619 | 433,619 |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Fund | - | - | 2,781,426 | 2,781,426 |
| DHCD grant | - | - | 296,169 | 296,169 |
| Total categorical aid | <u>\$ 1,584,235</u> | <u>\$ 1,584,235</u> | <u>\$ 4,934,684</u> | <u>\$ 3,350,449</u> |
| Total revenue from the federal government | <u>\$ 1,584,235</u> | <u>\$ 1,584,235</u> | <u>\$ 4,934,684</u> | <u>\$ 3,350,449</u> |
| Total General Fund | <u>\$ 30,994,983</u> | <u>\$ 31,756,793</u> | <u>\$ 37,206,082</u> | <u>\$ 5,449,289</u> |
| Special Revenue Fund: | | | | |
| County Special Revenue Fund: | | | | |
| Revenue from local sources: | | | | |
| Revenue from use of money and property: | | | | |
| Revenue from the use of money | \$ - | \$ 369 | \$ 2,285 | \$ 1,916 |
| Total revenue from use of money and property | <u>\$ -</u> | <u>\$ 369</u> | <u>\$ 2,285</u> | <u>\$ 1,916</u> |
| Charges for services: | | | | |
| Law library fees | \$ - | \$ - | \$ 1,945 | \$ 1,945 |
| Total charges for services | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,945</u> | <u>\$ 1,945</u> |
| Total revenue from local sources | <u>\$ -</u> | <u>\$ 369</u> | <u>\$ 4,230</u> | <u>\$ 3,861</u> |
| Total County Special Revenue Fund | <u>\$ -</u> | <u>\$ 369</u> | <u>\$ 4,230</u> | <u>\$ 3,861</u> |

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

Schedule 1
 Page 4 of 6

| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|-------------------------|---------------|---|
| Capital Projects Fund: | | | | |
| County Capital Projects Fund: | | | | |
| Revenue from local sources: | | | | |
| Revenue from use of money and property: | | | | |
| Revenue from the use of money | \$ - | \$ - | \$ 311,399 | \$ 311,399 |
| Miscellaneous: | | | | |
| Other miscellaneous | \$ - | \$ 25,000 | \$ 2,000 | \$ (23,000) |
| Total revenue from local sources | \$ - | \$ 25,000 | \$ 313,399 | \$ 288,399 |
| Intergovernmental: | | | | |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| Tobacco commission grants | \$ - | \$ 1,906,250 | \$ 82,322 | \$ (1,823,928) |
| Total categorical aid | \$ - | \$ 1,906,250 | \$ 82,322 | \$ (1,823,928) |
| Total County Capital Projects Fund | \$ - | \$ 1,931,250 | \$ 395,721 | \$ (1,535,529) |
| Total Primary Government | \$ 30,994,983 | \$ 33,688,412 | \$ 37,606,033 | \$ 3,917,621 |
| Discretely Presented Component Unit - School Board: | | | | |
| School Operating Fund: | | | | |
| Revenue from local sources: | | | | |
| Revenue from use of money and property: | | | | |
| Revenue from the use of property | \$ 1,000 | \$ 1,000 | \$ 853 | \$ (147) |
| Total revenue from use of money and property | \$ 1,000 | \$ 1,000 | \$ 853 | \$ (147) |
| Miscellaneous: | | | | |
| Miscellaneous | \$ 176,833 | \$ 176,833 | \$ 85,706 | \$ (91,127) |
| Total miscellaneous | \$ 176,833 | \$ 176,833 | \$ 85,706 | \$ (91,127) |
| Total revenue from local sources | \$ 177,833 | \$ 177,833 | \$ 86,559 | \$ (91,274) |
| Intergovernmental: | | | | |
| Revenues from local governments: | | | | |
| Contribution from County of Sussex | \$ 8,496,170 | \$ 9,036,075 | \$ 8,347,392 | \$ (688,683) |
| Total revenues from local governments | \$ 8,496,170 | \$ 9,036,075 | \$ 8,347,392 | \$ (688,683) |
| Share of state sales tax | \$ 1,454,912 | \$ 1,410,709 | \$ 1,476,041 | \$ 65,332 |
| Basic school aid | 5,416,351 | 5,246,605 | 5,130,357 | (116,248) |
| Remedial summer education | 70,052 | 70,052 | 49,345 | (20,707) |
| Gifted and talented | 42,022 | 42,022 | 41,422 | (600) |
| Remedial education | 288,904 | - | - | - |
| Special education | 500,329 | 500,329 | 493,184 | (7,145) |
| Vocational education | 217,991 | 217,991 | 214,878 | (3,113) |
| School fringes | 896,915 | 823,376 | 811,618 | (11,758) |
| Mentor teacher program | 924 | 924 | 1,087 | 163 |
| Early reading intervention | 58,698 | 58,698 | 58,698 | - |
| English as a second language | 48,375 | 44,978 | 51,162 | 6,184 |

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

| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|-------------------------|----------------------|---|
| Discretely Presented Component Unit - School Board: (Continued) | | | | |
| School Operating Fund: (Continued) | | | | |
| Intergovernmental: (Continued) | | | | |
| Revenue from the Commonwealth: (Continued) | | | | |
| Categorical aid: (Continued) | | | | |
| Special education - foster children | 49,689 | 49,689 | - | (49,689) |
| At risk payments | 1,602,407 | 2,755,600 | 2,706,483 | (49,117) |
| Standards of Learning algebra readiness | 34,300 | 34,300 | 34,304 | 4 |
| Primary class size | 365,892 | 365,722 | 414,844 | 49,122 |
| Educational technology | 178,000 | 252,846 | 239,726 | (13,120) |
| Homebound | 4,898 | 4,898 | 7,768 | 2,870 |
| Supplemental per pupil allocation | - | - | 288,848 | 288,848 |
| VPI | 222,530 | 416,780 | 202,895 | (213,885) |
| Hold harmless | - | 224,727 | 224,727 | - |
| Other state funds | 58,899 | 732,817 | 384,173 | (348,644) |
| Total revenue from the commonwealth | <u>\$ 11,512,088</u> | <u>\$ 13,253,063</u> | <u>\$ 12,831,560</u> | <u>\$ (421,503)</u> |
| Total revenue from the Commonwealth | 11,512,088 | 13,253,063 | 12,831,560 | (421,503) |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| Title I | \$ 526,565 | \$ 650,567 | \$ 789,975 | \$ 139,408 |
| Title VI-B, special education flow-through | 315,235 | 315,235 | 522,491 | 207,256 |
| Vocational education | 33,514 | 33,514 | 24,106 | (9,408) |
| Title VI-B, special education pre-school | 10,181 | 10,181 | 11,662 | 1,481 |
| Rural education | 32,123 | 32,123 | 60,568 | 28,445 |
| Title II Part A | 64,813 | 64,813 | 49,190 | (15,623) |
| JROTC | 90,000 | 90,000 | 96,260 | 6,260 |
| ESSER | 140,080 | 140,080 | 563,588 | 423,508 |
| American Rescue Plan Act | - | - | 22,391 | 22,391 |
| Other federal funds | 41,247 | 41,247 | 21,556 | (19,691) |
| Total revenue from the federal government | <u>\$ 1,253,758</u> | <u>\$ 1,377,760</u> | <u>\$ 2,161,787</u> | <u>\$ 784,027</u> |
| Total School Operating Fund | <u>\$ 21,439,849</u> | <u>\$ 23,844,731</u> | <u>\$ 23,427,298</u> | <u>\$ (417,433)</u> |

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

| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|-------------------------|----------------------|---|
| Discretely Presented Component Unit - School Board: (Continued) | | | | |
| Special Revenue Funds: | | | | |
| School Special Revenue Fund: | | | | |
| Revenue from local sources: | | | | |
| Revenue from use of money and property: | | | | |
| Revenue from the use of money | \$ - | \$ - | \$ 2,813 | \$ 2,813 |
| Total revenue from use of money and property | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,813</u> | <u>\$ 2,813</u> |
| Charges for services: | | | | |
| Cafeteria sales | \$ 90,000 | \$ 90,000 | \$ 150,200 | \$ 60,200 |
| Total charges for services | <u>\$ 90,000</u> | <u>\$ 90,000</u> | <u>\$ 150,200</u> | <u>\$ 60,200</u> |
| Total revenue from local sources | <u>\$ 90,000</u> | <u>\$ 90,000</u> | <u>\$ 153,013</u> | <u>\$ 63,013</u> |
| Intergovernmental: | | | | |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| School food program | \$ 13,480 | \$ 15,556 | \$ 15,965 | \$ 409 |
| Textbook payment | 105,148 | 105,148 | 103,646 | (1,502) |
| Total categorical aid | <u>\$ 118,628</u> | <u>\$ 120,704</u> | <u>\$ 119,611</u> | <u>\$ (1,093)</u> |
| Total revenue from the Commonwealth | <u>\$ 118,628</u> | <u>\$ 120,704</u> | <u>\$ 119,611</u> | <u>\$ (1,093)</u> |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| School food program | \$ 1,065,182 | \$ 1,108,164 | \$ 1,058,378 | \$ (49,786) |
| Pandemic EBT | - | - | 37,006 | 37,006 |
| Commodities | - | 90,405 | 90,405 | - |
| Total categorical aid | <u>\$ 1,065,182</u> | <u>\$ 1,198,569</u> | <u>\$ 1,185,789</u> | <u>\$ (12,780)</u> |
| Total revenue from the federal government | <u>\$ 1,065,182</u> | <u>\$ 1,198,569</u> | <u>\$ 1,185,789</u> | <u>\$ (12,780)</u> |
| Total School Special Revenue Fund | <u>\$ 1,273,810</u> | <u>\$ 1,409,273</u> | <u>\$ 1,458,413</u> | <u>\$ 49,140</u> |
| School Activity Fund: | | | | |
| Revenue from local sources: | | | | |
| Miscellaneous: | | | | |
| Miscellaneous | \$ - | \$ - | \$ 189,091 | \$ 189,091 |
| Total School Activity Fund | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 189,091</u> | <u>\$ 189,091</u> |
| Total Discretely Presented Component Unit - School Board | <u>\$ 22,713,659</u> | <u>\$ 25,254,004</u> | <u>\$ 25,074,802</u> | <u>\$ (179,202)</u> |

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

| <u>Fund, Function, Activity and Element</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|----------------------------|-------------------------|---------------------|---|
| General Fund: | | | | |
| General government administration: | | | | |
| Legislative: | | | | |
| Board of supervisors | \$ 176,229 | \$ 319,638 | \$ 240,970 | \$ 78,668 |
| General and financial administration: | | | | |
| County administrator | \$ 1,225,336 | \$ 5,195,659 | \$ 5,467,707 | \$ (272,048) |
| Legal services | 111,000 | 111,000 | 110,160 | 840 |
| Commissioner of revenue | 331,520 | 331,520 | 316,781 | 14,739 |
| Treasurer | 496,866 | 531,947 | 488,732 | 43,215 |
| Central accounting | 64,500 | 64,500 | 47,916 | 16,584 |
| Other general and financial administration | 348,321 | 479,245 | 444,518 | 34,727 |
| Total general and financial administration | <u>\$ 2,577,543</u> | <u>\$ 6,713,871</u> | <u>\$ 6,875,814</u> | <u>\$ (161,943)</u> |
| Board of elections: | | | | |
| Electoral board and officials | \$ 283,418 | \$ 283,418 | \$ 307,957 | \$ (24,539) |
| Total general government administration | <u>\$ 3,037,190</u> | <u>\$ 7,316,927</u> | <u>\$ 7,424,741</u> | <u>\$ (107,814)</u> |
| Judicial administration: | | | | |
| Courts: | | | | |
| Circuit court | \$ 50,200 | \$ 50,200 | \$ 76,111 | \$ (25,911) |
| General district court | 43,490 | 43,490 | 23,258 | 20,232 |
| Special magistrates | 3,100 | 3,100 | 944 | 2,156 |
| Juvenile and domestic relations court | 19,070 | 19,070 | 25,904 | (6,834) |
| Sheriff | 246,750 | 249,947 | 221,569 | 28,378 |
| Victim witness | 99,020 | 109,097 | 101,876 | 7,221 |
| Clerk of the circuit court | 487,334 | 487,334 | 429,684 | 57,650 |
| Total courts | <u>\$ 948,964</u> | <u>\$ 962,238</u> | <u>\$ 879,346</u> | <u>\$ 82,892</u> |
| Commonwealth's attorney: | | | | |
| Commonwealth's attorney | \$ 722,233 | \$ 1,003,816 | \$ 733,816 | \$ 270,000 |
| Total commonwealth's attorney | <u>\$ 722,233</u> | <u>\$ 1,003,816</u> | <u>\$ 733,816</u> | <u>\$ 270,000</u> |
| Total judicial administration | <u>\$ 1,671,197</u> | <u>\$ 1,966,054</u> | <u>\$ 1,613,162</u> | <u>\$ 352,892</u> |
| Public safety: | | | | |
| Law enforcement and traffic control: | | | | |
| Sheriff | \$ 3,577,787 | \$ 3,667,611 | \$ 3,225,376 | \$ 442,235 |
| School resource officer grant | 226,344 | 233,725 | 186,157 | 47,568 |
| 911 services | 287,256 | 283,880 | 253,866 | 30,014 |
| Wakefield operations | 174,754 | 174,754 | 91,887 | 82,867 |
| Total law enforcement and traffic control | <u>\$ 4,266,141</u> | <u>\$ 4,359,970</u> | <u>\$ 3,757,286</u> | <u>\$ 602,684</u> |
| Fire and rescue services: | | | | |
| Fire department | \$ 69,842 | \$ 160,715 | \$ 139,219 | \$ 21,496 |
| Ambulance and rescue services | 1,720,800 | 1,791,451 | 1,743,994 | 47,457 |
| Forest fire extinction services | 25,000 | 25,000 | 23,193 | 1,807 |
| Emergency services | 914,557 | 921,057 | 848,278 | 72,779 |
| Total fire and rescue services | <u>\$ 2,730,199</u> | <u>\$ 2,898,223</u> | <u>\$ 2,754,684</u> | <u>\$ 143,539</u> |

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

Schedule 2
Page 2 of 5

| <u>Fund, Function, Activity and Element</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|-------------------------|---------------------|---|
| General Fund: (Continued) | | | | |
| Public safety: (Continued) | | | | |
| Correction and detention: | | | | |
| Confinement and care of prisoners | \$ 2,197,434 | \$ 2,280,722 | \$ 2,047,996 | \$ 232,726 |
| Crater youth care commission | 125,240 | 125,240 | 117,995 | 7,245 |
| Total correction and detention | <u>\$ 2,322,674</u> | <u>\$ 2,405,962</u> | <u>\$ 2,165,991</u> | <u>\$ 239,971</u> |
| Inspections: | | | | |
| Building | \$ 214,518 | \$ 214,518 | \$ 265,558 | \$ (51,040) |
| Total inspections | <u>\$ 214,518</u> | <u>\$ 214,518</u> | <u>\$ 265,558</u> | <u>\$ (51,040)</u> |
| Other protection: | | | | |
| Animal control | \$ 454,236 | \$ 475,041 | \$ 511,046 | \$ (36,005) |
| Total other protection | <u>\$ 454,236</u> | <u>\$ 475,041</u> | <u>\$ 511,046</u> | <u>\$ (36,005)</u> |
| Total public safety | <u>\$ 9,987,768</u> | <u>\$ 10,353,714</u> | <u>\$ 9,454,565</u> | <u>\$ 899,149</u> |
| Public works: | | | | |
| Sanitation and waste removal: | | | | |
| Refuse disposal | \$ 185,786 | \$ 185,786 | \$ 87,274 | \$ 98,512 |
| Total sanitation and waste removal | <u>\$ 185,786</u> | <u>\$ 185,786</u> | <u>\$ 87,274</u> | <u>\$ 98,512</u> |
| Maintenance of general buildings and grounds: | | | | |
| General properties | \$ 704,573 | \$ 844,351 | \$ 718,054 | \$ 126,297 |
| General works | 385,500 | 385,500 | 306,576 | 78,924 |
| Total maintenance of general buildings and grounds | <u>\$ 1,090,073</u> | <u>\$ 1,229,851</u> | <u>\$ 1,024,630</u> | <u>\$ 205,221</u> |
| Total public works | <u>\$ 1,275,859</u> | <u>\$ 1,415,637</u> | <u>\$ 1,111,904</u> | <u>\$ 303,733</u> |
| Health and welfare: | | | | |
| Health: | | | | |
| Supplement of local health department | \$ 162,000 | \$ 162,000 | \$ 162,000 | \$ - |
| Total health | <u>\$ 162,000</u> | <u>\$ 162,000</u> | <u>\$ 162,000</u> | <u>\$ -</u> |
| Mental health and mental retardation: | | | | |
| Community services board | \$ 109,854 | \$ 109,854 | \$ 109,854 | \$ - |
| Total mental health and mental retardation | <u>\$ 109,854</u> | <u>\$ 109,854</u> | <u>\$ 109,854</u> | <u>\$ -</u> |
| Welfare: | | | | |
| Public assistance and welfare administration | \$ 2,444,932 | \$ 2,444,932 | \$ 2,045,555 | \$ 399,377 |
| Area agency on aging | 114,000 | 114,000 | 114,000 | - |
| Opioid abatement | - | 68,078 | 9,081 | 58,997 |
| Children's services act | 2,041,870 | 2,043,726 | 2,180,703 | (136,977) |
| Total welfare | <u>\$ 4,600,802</u> | <u>\$ 4,670,736</u> | <u>\$ 4,349,339</u> | <u>\$ 321,397</u> |
| Total health and welfare | <u>\$ 4,872,656</u> | <u>\$ 4,942,590</u> | <u>\$ 4,621,193</u> | <u>\$ 321,397</u> |

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

Schedule 2
Page 3 of 5

| <u>Fund, Function, Activity and Element</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|-------------------------|----------------------|---|
| General Fund: (Continued) | | | | |
| Education: | | | | |
| Other instructional costs: | | | | |
| Contributions to Community Colleges | \$ 915 | \$ 915 | \$ 915 | \$ - |
| Contribution to County School Board | 8,496,170 | 9,036,075 | 8,347,392 | 688,683 |
| Total education | <u>\$ 8,497,085</u> | <u>\$ 9,036,990</u> | <u>\$ 8,348,307</u> | <u>\$ 688,683</u> |
| Parks, recreation, and cultural: | | | | |
| Parks and recreation: | | | | |
| Recreation center | \$ 60,000 | \$ 60,000 | \$ 60,000 | \$ - |
| Total parks and recreation | <u>\$ 60,000</u> | <u>\$ 60,000</u> | <u>\$ 60,000</u> | <u>\$ -</u> |
| Cultural enrichment: | | | | |
| Wakefield foundation | \$ 17,500 | \$ 17,500 | \$ 17,500 | \$ - |
| Carpenter museum | 1,500 | 1,500 | 1,500 | - |
| Total cultural enrichment | <u>\$ 19,000</u> | <u>\$ 19,000</u> | <u>\$ 19,000</u> | <u>\$ -</u> |
| Library: | | | | |
| Contribution to regional library | \$ 163,935 | \$ 163,935 | \$ 163,935 | \$ - |
| Total library | <u>\$ 163,935</u> | <u>\$ 163,935</u> | <u>\$ 163,935</u> | <u>\$ -</u> |
| Total parks, recreation, and cultural | <u>\$ 242,935</u> | <u>\$ 242,935</u> | <u>\$ 242,935</u> | <u>\$ -</u> |
| Community development: | | | | |
| Planning and community development: | | | | |
| Planning and zoning | \$ 247,870 | \$ 267,069 | \$ 258,624 | \$ 8,445 |
| Industrial development authority | - | 58,961 | - | 58,961 |
| Planning district commission | 17,039 | 17,039 | 17,039 | - |
| Virginia's gateway region | 50,415 | 50,415 | 50,415 | - |
| Crater small business development | 1,500 | 1,500 | 1,500 | - |
| Crater regional workforce development board | 10,000 | 10,000 | 10,000 | - |
| Community development block grant | - | - | 281,169 | (281,169) |
| Housing assistance and other | - | 94 | 5,872 | (5,778) |
| Total planning and community development | <u>\$ 326,824</u> | <u>\$ 405,078</u> | <u>\$ 624,619</u> | <u>\$ (219,541)</u> |
| Environmental management: | | | | |
| Contribution to soil and water conservation district | \$ 7,415 | \$ 7,415 | \$ 7,415 | \$ - |
| Convenience centers | 386,180 | 386,180 | 448,455 | (62,275) |
| Other environmental management | 1,327 | 1,327 | 1,327 | - |
| Total environmental management | <u>\$ 394,922</u> | <u>\$ 394,922</u> | <u>\$ 457,197</u> | <u>\$ (62,275)</u> |
| Cooperative extension program: | | | | |
| Extension office | \$ 29,600 | \$ 29,600 | \$ 20,536 | \$ 9,064 |
| Total cooperative extension program | <u>\$ 29,600</u> | <u>\$ 29,600</u> | <u>\$ 20,536</u> | <u>\$ 9,064</u> |
| Total community development | <u>\$ 751,346</u> | <u>\$ 829,600</u> | <u>\$ 1,102,352</u> | <u>\$ (272,752)</u> |
| Debt service: | | | | |
| Principal retirement | \$ 1,487,389 | \$ 1,627,389 | \$ 1,487,389 | \$ 140,000 |
| Interest and other fiscal charges | 12,087 | 12,087 | 254,702 | (242,615) |
| Total debt service | <u>\$ 1,499,476</u> | <u>\$ 1,639,476</u> | <u>\$ 1,742,091</u> | <u>\$ (102,615)</u> |
| Total General Fund | <u>\$ 31,835,512</u> | <u>\$ 37,743,923</u> | <u>\$ 35,661,250</u> | <u>\$ 2,082,673</u> |

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

Schedule 2
Page 4 of 5

| <u>Fund, Function, Activity and Element</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|-------------------------|---------------|---|
| Special Revenue Fund: | | | | |
| County Special Revenue Fund: | | | | |
| Public Safety: | | | | |
| Other Protection: | | | | |
| Forfeited assets | \$ - | \$ 22,004 | \$ 1,676 | \$ 20,328 |
| Total County Special Revenue Fund | \$ - | \$ 22,004 | \$ 1,676 | \$ 20,328 |
| County Capital Projects Fund: | | | | |
| Capital projects: | | | | |
| Site development | \$ - | \$ 2,423,055 | \$ 742,253 | \$ 1,680,802 |
| Carpet replacement | - | 12,538 | - | 12,538 |
| Judicial complex HVAC | - | 89,880 | 89,880 | - |
| Jail upgrades | - | 147,000 | - | 147,000 |
| NG911 upgrade | - | 19,323 | - | 19,323 |
| Waverly radio tower | - | 20,000 | 22,796 | (2,796) |
| School renovations | - | - | 1,196,368 | (1,196,368) |
| Vehicle replacement | - | - | 598,879 | (598,879) |
| Other capital projects | - | 800 | 800 | - |
| Total capital projects | \$ - | \$ 2,712,596 | \$ 2,650,976 | \$ 61,620 |
| Total County Capital Projects Fund | \$ - | \$ 2,712,596 | \$ 2,650,976 | \$ 61,620 |
| Total Primary Government | \$ 31,835,512 | \$ 40,478,523 | \$ 38,313,902 | \$ 2,164,621 |
| Discretely Presented Component Unit - School Board: | | | | |
| School Operating Fund: | | | | |
| Education: | | | | |
| Administration, health, and attendance | \$ 1,523,456 | \$ 1,965,390 | \$ 2,333,922 | \$ (368,532) |
| Instruction costs | 16,231,730 | 17,513,146 | 15,945,382 | 1,567,764 |
| Pupil transportation | 1,976,390 | 2,124,704 | 2,455,658 | (330,954) |
| Operation and maintenance of school plant | 2,158,273 | 2,255,491 | 2,779,979 | (524,488) |
| Total education | \$ 21,889,849 | \$ 23,858,731 | \$ 23,514,941 | \$ 343,790 |
| Debt service: | | | | |
| Principal retirement | \$ - | \$ - | \$ 25,173 | \$ (25,173) |
| Interest and other fiscal charges | - | - | 599 | (599) |
| Total debt service | \$ - | \$ - | \$ 25,772 | \$ (25,772) |
| Total School Operating Fund | \$ 21,889,849 | \$ 23,858,731 | \$ 23,540,713 | \$ 318,018 |

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

| <u>Fund, Function, Activity and Element</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|-------------------------|----------------------|---|
| Discretely Presented Component Unit - School Board: (Continued) | | | | |
| Special Revenue Funds: | | | | |
| School Special Revenue Fund: | | | | |
| Education: | | | | |
| Textbooks | \$ 160,140 | \$ 160,140 | \$ 25,526 | \$ 134,614 |
| Commodities | - | 90,405 | 90,405 | - |
| School food services | 1,168,662 | 1,203,854 | 1,222,060 | (18,206) |
| Total School Special Revenue Fund | <u>\$ 1,328,802</u> | <u>\$ 1,454,399</u> | <u>\$ 1,337,991</u> | <u>\$ 116,408</u> |
| School Activity Fund | | | | |
| Education: | | | | |
| Instruction costs | \$ - | \$ - | \$ 176,755 | \$ (176,755) |
| Total School Activity Fund | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 176,755</u> | <u>\$ (176,755)</u> |
| Total Discretely Presented Component Unit - School Board | <u>\$ 23,218,651</u> | <u>\$ 25,313,130</u> | <u>\$ 25,055,459</u> | <u>\$ 257,671</u> |

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STATISTICAL INFORMATION

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Table 1

County of Sussex, 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 |
|-------------|-----------------------------------|-------------------------|---------------|--------------|--------------------|--------------|---------------------------------|-----------------------|----------------------------|---------------|
| | | | | | | | | | | |
| 2016 | \$ 1,627,776 | \$ 1,233,272 | \$ 5,360,555 | \$ 671,447 | \$ 2,859,243 | \$ 9,310,556 | \$ 203,681 | \$ 450,369 | \$ 518,091 | \$ 22,234,990 |
| 2017 | 1,726,683 | 1,260,283 | 5,421,684 | 604,641 | 2,725,050 | 9,298,007 | 205,265 | 497,810 | 475,246 | 22,214,669 |
| 2018 | 1,761,192 | 1,152,195 | 5,637,175 | 2,120,718 | 1,560,566 | 9,510,497 | 201,682 | 419,248 | 363,895 | 22,727,168 |
| 2019 | 1,871,482 | 1,197,149 | 5,546,426 | 880,182 | 2,381,879 | 9,120,134 | 197,083 | 1,334,097 | 320,196 | 22,848,628 |
| 2020 | 2,044,817 | 1,296,189 | 5,996,341 | 646,540 | 2,669,402 | 9,548,046 | 265,466 | 1,686,283 | 266,691 | 24,419,775 |
| 2021 | 4,030,061 | 1,368,139 | 6,208,708 | 660,633 | 2,669,630 | 10,193,573 | 263,643 | 2,171,593 | 229,406 | 27,795,386 |
| 2022 | 2,231,888 | 1,246,502 | 9,303,279 | (1,165,094) | 2,742,384 | 9,436,064 | 269,209 | 1,197,484 | 318,744 | 25,580,460 |
| 2023 | 3,239,597 | 1,486,062 | 7,012,831 | 1,325,941 | 3,199,367 | 11,217,857 | 276,958 | 1,289,668 | 95,025 | 29,143,306 |
| 2024 | 3,918,890 | 1,640,376 | 8,856,763 | 1,102,790 | 4,375,318 | 9,497,417 | 247,343 | 1,279,893 | 188,745 | 31,107,535 |
| 2025 | 7,330,506 | 1,562,785 | 9,235,211 | 1,005,173 | 4,523,024 | 9,318,824 | 248,633 | 1,108,614 | (2,504) | 34,330,266 |

Table 2

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

| Fiscal Year | PROGRAM REVENUES | | | | GENERAL REVENUES | | | | | |
|-------------|----------------------|------------------------------------|----------------------------------|--------------|------------------------|-------------------|----------------------------------|---------------|--|-------|
| | 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 | Total |
| 2016 | \$ 6,337,137 | \$ 4,344,775 | \$ 1,620,358 | \$ 8,976,562 | \$ 1,192,279 | \$ 133,395 | \$ 244,452 | \$ 1,423,849 | \$ 24,272,807 | |
| 2017 | 5,681,358 | 4,544,316 | 349,739 | 9,099,418 | 1,288,235 | 149,162 | 311,388 | 1,561,134 | 22,984,750 | |
| 2018 | 7,059,163 | 4,130,874 | 252,547 | 9,642,575 | 1,350,841 | 201,746 | 415,836 | 1,385,430 | 24,439,012 | |
| 2019 | 9,667,070 | 4,480,861 | 18,180 | 9,570,885 | 1,356,724 | 261,789 | 190,183 | 1,549,485 | 27,095,177 | |
| 2020 | 7,223,608 | 4,895,958 | 523,375 | 9,771,362 | 1,360,220 | 279,853 | 281,409 | 1,464,113 | 25,799,898 | |
| 2021 | 6,855,504 | 7,292,455 | - | 10,277,595 | 1,439,329 | 163,820 | 567,645 | 1,467,283 | 28,063,631 | |
| 2022 | 7,041,270 | 6,180,722 | - | 9,918,843 | 1,589,554 | 110,398 | 243,877 | 1,495,157 | 26,579,821 | |
| 2023 | 7,263,711 | 6,388,155 | - | 11,872,907 | 1,708,235 | 316,621 | 255,020 | 1,533,766 | 29,338,415 | |
| 2024 | 7,445,306 | 8,562,868 | 149,163 | 12,057,378 | 1,783,087 | 592,613 | 245,657 | 1,463,938 | 32,300,010 | |
| 2025 | 8,026,170 | 10,245,683 | 82,322 | 13,804,170 | 1,968,825 | 551,456 | 688,979 | 1,488,270 | 36,855,875 | |

Table 3

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

| Fiscal Year | General Government Administration | Judicial Administration | Public Safety | Public Works | Health and Welfare | Education (2) | Parks, Recreation, and Cultural | Community Development | Debt Service | Total |
|-------------|-----------------------------------|-------------------------|---------------|--------------|--------------------|---------------|---------------------------------|-----------------------|--------------|---------------|
| | | | | | | | | | | |
| 2016 | \$ 1,651,120 | \$ 1,146,759 | \$ 5,313,383 | \$ 712,289 | \$ 2,781,880 | \$ 17,552,893 | \$ 199,567 | \$ 606,219 | \$ 2,070,287 | \$ 32,034,397 |
| 2017 | 1,739,744 | 1,154,264 | 5,549,297 | 781,823 | 2,664,504 | 18,234,257 | 186,310 | 708,609 | 1,893,889 | 32,912,697 |
| 2018 | 1,875,141 | 1,119,024 | 5,439,917 | 698,071 | 2,518,382 | 18,500,301 | 195,985 | 747,541 | 1,862,920 | 32,957,282 |
| 2019 | 1,934,844 | 1,236,740 | 5,622,951 | 715,457 | 2,571,008 | 18,736,250 | 188,485 | 1,554,230 | 1,839,385 | 34,399,350 |
| 2020 | 2,160,421 | 1,301,128 | 5,880,090 | 660,541 | 2,793,474 | 18,910,793 | 236,698 | 1,857,527 | 1,787,095 | 35,587,767 |
| 2021 | 3,901,798 | 1,291,835 | 5,881,781 | 626,883 | 2,650,723 | 19,764,039 | 234,065 | 2,294,455 | 1,636,186 | 38,281,765 |
| 2022 | 2,382,435 | 1,273,999 | 10,351,265 | 911,059 | 2,891,402 | 22,343,658 | 263,511 | 1,223,071 | 1,691,899 | 43,332,299 |
| 2023 | 3,218,315 | 1,437,747 | 9,732,504 | 1,376,487 | 3,292,760 | 25,273,026 | 271,260 | 1,291,907 | 1,549,026 | 47,443,032 |
| 2024 | 3,916,671 | 1,752,083 | 9,215,398 | 1,196,691 | 4,509,527 | 25,557,307 | 241,645 | 1,273,202 | 1,720,905 | 49,383,429 |
| 2025 | 7,424,741 | 1,613,162 | 9,591,938 | 1,111,904 | 4,621,193 | 25,030,602 | 242,935 | 1,102,352 | 1,632,166 | 52,370,993 |

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

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

(3) Excludes Capital Projects funds, with the exception of debt service.

Table 4

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

| Fiscal Year | General Property Taxes | Other Local Taxes | Permits, Privilege Fees, Regulatory Licenses | Fines and Forfeitures | Revenue from the Use of Money and Property | Charges for Services | Miscellaneous | Recovered Costs | Inter-governmental (2) | Total |
|-------------|------------------------|-------------------|--|-----------------------|--|----------------------|---------------|-----------------|------------------------|---------------|
| 2016 | \$ 8,973,765 | \$ 1,288,235 | \$ 89,085 | \$ 761,045 | \$ 106,533 | \$ 5,006,192 | \$ 533,155 | \$ 364,728 | \$ 15,406,169 | \$ 32,528,907 |
| 2017 | 9,257,445 | 1,316,588 | 83,095 | 1,113,847 | 101,530 | 5,356,023 | 602,240 | 207,470 | 15,965,128 | 34,003,366 |
| 2018 | 9,617,447 | 1,350,841 | 75,098 | 1,131,786 | 140,708 | 5,989,895 | 689,554 | 294,069 | 15,575,274 | 34,864,672 |
| 2019 | 9,525,228 | 1,356,724 | 66,026 | 1,143,885 | 181,142 | 8,611,967 | 278,032 | 299,430 | 16,935,313 | 38,397,747 |
| 2020 | 9,840,157 | 1,360,220 | 81,849 | 1,019,225 | 175,182 | 6,235,125 | 271,393 | 319,328 | 16,878,941 | 36,181,420 |
| 2021 | 10,309,364 | 1,439,329 | 65,959 | 824,158 | 86,645 | 5,978,499 | 486,257 | 409,951 | 20,649,397 | 40,249,559 |
| 2022 | 9,868,014 | 1,589,554 | 86,301 | 783,292 | 56,000 | 6,208,232 | 1,161,436 | 805,446 | 21,064,749 | 41,623,024 |
| 2023 | 11,527,561 | 1,708,235 | 352,749 | 718,889 | 209,264 | 6,262,677 | 624,743 | 765,371 | 24,983,004 | 47,152,493 |
| 2024 | 12,090,370 | 1,783,087 | 437,264 | 680,627 | 185,631 | 6,435,905 | 696,649 | 822,406 | 26,030,079 | 49,162,018 |
| 2025 | 13,741,160 | 1,968,825 | 308,835 | 779,429 | 274,570 | 7,057,259 | 961,776 | 799,449 | 28,046,419 | 53,937,722 |

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

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

(3) Excludes Capital Projects funds.

Table 5

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

| Fiscal Year | Total Tax Levy (1) | Current Tax Collections (1) | Percent of Levy Collected | Delinquent Tax Collections (1) | Total Tax Collections | Percent of Total Tax Collections to Tax Levy | Outstanding Delinquent Taxes (1,2) | Percent of Delinquent Taxes to Tax Levy |
|-------------|--------------------|-----------------------------|---------------------------|--------------------------------|-----------------------|--|------------------------------------|---|
| 2016 | \$ 10,072,275 | \$ 9,740,166 | 96.70% | \$ 205,445 | \$ 9,945,611 | 98.74% | \$ 420,847 | 4.18% |
| 2017 | 10,280,713 | 10,018,934 | 97.45% | 142,486 | 10,161,420 | 98.84% | 539,381 | 5.25% |
| 2018 | 10,521,583 | 10,329,351 | 98.17% | 195,894 | 10,525,245 | 100.03% | 578,787 | 5.50% |
| 2019 | 10,638,141 | 10,204,030 | 95.92% | 210,172 | 10,414,202 | 97.89% | 577,116 | 5.42% |
| 2020 | 10,891,707 | 10,499,743 | 96.40% | 231,615 | 10,731,358 | 98.53% | 475,190 | 4.36% |
| 2021 | 11,073,926 | 10,754,783 | 97.12% | 284,228 | 11,039,011 | 99.68% | 495,226 | 4.47% |
| 2022 | 10,841,141 | 10,502,434 | 96.88% | 262,639 | 10,765,073 | 99.30% | 562,563 | 5.19% |
| 2023 | 12,884,247 | 12,228,973 | 94.91% | 213,839 | 12,442,812 | 96.57% | 932,713 | 7.24% |
| 2024 | 12,958,646 | 12,524,116 | 96.65% | 381,686 | 12,905,802 | 99.59% | 861,920 | 6.65% |
| 2025 | 14,668,368 | 14,162,990 | 96.55% | 408,040 | 14,571,030 | 99.34% | 915,638 | 6.24% |

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years.

Table 6

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

| Fiscal Year | Real Estate (1) | Personal Property and Mobile Homes | Machinery and Tools | Merchants Capital | Public Service(2) | | | Total |
|-------------|-----------------|------------------------------------|---------------------|-------------------|-------------------|--------------|-------------------|-------|
| | | | | | Real Estate | Real Estate | Personal Property | |
| 2016 | \$ 859,623,290 | \$ 75,590,773 | \$ 52,706,861 | \$ 8,009,419 | \$ 109,399,038 | \$ 1,100,689 | \$ 1,106,430,070 | |
| 2017 | 848,259,629 | 75,987,958 | 47,854,245 | 7,382,323 | 115,022,027 | 1,072,643 | 1,095,578,825 | |
| 2018 | 848,394,808 | 79,399,378 | 45,296,458 | 6,862,587 | 120,591,096 | 1,132,597 | 1,101,676,924 | |
| 2019 | 894,176,374 | 77,528,877 | 40,855,215 | 7,286,525 | 117,079,951 | 1,001,158 | 1,137,928,100 | |
| 2020 | 899,599,174 | 78,857,283 | 46,104,526 | 7,200,430 | 122,841,102 | 1,113,409 | 1,155,715,924 | |
| 2021 | 897,812,000 | 92,212,550 | 26,229,432 | 13,367,662 | 120,280,285 | 925,457 | 1,150,827,386 | |
| 2022 | 896,724,205 | 90,962,740 | 24,044,896 | 13,271,540 | 115,859,370 | 1,160,850 | 1,142,023,601 | |
| 2023 | 1,174,965,899 | 114,769,601 | 40,053,466 | 13,201,318 | 138,770,878 | 1,236,182 | 1,482,997,344 | |
| 2024 | 1,167,714,197 | 123,491,689 | 32,368,837 | 16,311,931 | 124,024,679 | 743,963 | 1,464,655,296 | |
| 2025 | 1,181,337,671 | 123,849,920 | 70,283,603 | 16,850,908 | 136,492,539 | 1,096,748 | 1,529,911,389 | |

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

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

Table 7

County of Sussex, Virginia
Property Tax Rates (1)
Last Ten Calendar Years

| Calendar Year | Real Estate | Mobile Homes | Personal Property | Machinery and Tools | Merchants Capital |
|---------------|-------------|--------------|-------------------|---------------------|-------------------|
| 2015 | \$ 0.54 | \$ 0.54 | \$ 4.85 | \$ 2.43 | \$ 1.00 |
| 2016 | 0.58 | 0.58 | 4.85 | 2.43 | 1.00 |
| 2017 | 0.58 | 0.58 | 4.85 | 2.43 | 1.00 |
| 2018 | 0.58 | 0.58 | 4.85 | 2.43 | 1.00 |
| 2019 | 0.58 | 0.58 | 4.85 | 2.43 | 1.00 |
| 2020 | 0.58 | 0.58 | 4.85 | 2.43 | 1.00 |
| 2021 | 0.58 | 0.58 | 4.85 | 2.43 | 1.00 |
| 2022 | 0.48 | 0.48 | 4.85 | 2.43 | 1.00 |
| 2023 | 0.48 | 0.48 | 4.85 | 2.43 | 1.00 |
| 2024 | 0.53 | 0.53 | 4.85 | 2.43 | 1.00 |

(1) Per \$100 of assessed value.

Table 8

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

| Fiscal Year | Population (1) | Assessed Value (2) | Gross Bonded Debt (3) | Less: | | Net Bonded Debt | Ratio of Net Bonded Debt to Assessed Value | Net Bonded Debt per Capita |
|-------------|----------------|--------------------|-----------------------|-------------------------------|----------------------------------|-----------------|--|----------------------------|
| | | | | Debt Service Monies Available | Debt Assumed by Other Localities | | | |
| 2016 | 12,087 | \$ 1,106,430,070 | \$ 17,008,425 | \$ 1,757,978 | \$ - | \$ 15,250,447 | 1.38% | \$ 1,262 |
| 2017 | 12,087 | 1,095,578,825 | 15,662,479 | 1,970,750 | - | 13,691,729 | 1.25% | 1,133 |
| 2018 | 12,087 | 1,101,676,924 | 14,316,533 | 2,187,916 | - | 12,128,617 | 1.10% | 1,003 |
| 2019 | 12,087 | 1,137,928,100 | 12,970,587 | 2,410,430 | - | 10,560,157 | 0.93% | 874 |
| 2020 | 12,087 | 1,155,715,924 | 11,624,641 | 2,638,624 | - | 8,986,017 | 0.78% | 743 |
| 2021 | 12,087 | 1,150,827,386 | 9,571,695 | 1,816,711 | - | 7,754,984 | 0.67% | 642 |
| 2022 | 10,829 | 1,142,023,601 | 8,689,492 | 1,971,191 | - | 6,718,301 | 0.59% | 620 |
| 2023 | 10,829 | 1,482,997,344 | 5,446,709 | - | - | 5,446,709 | 0.37% | 503 |
| 2024 | 10,829 | 1,464,655,296 | 4,434,099 | - | - | 4,434,099 | 0.30% | 409 |
| 2025 | 10,829 | 1,529,911,389 | 3,440,582 | - | - | 3,440,582 | 0.22% | 318 |

(1) Weldon Cooper Center for Public Service for 2010 and 2020 Census count.

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans. Excludes revenue bonds, landfill postclosure costs, capital leases, and compensated absences.

COMPLIANCE

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

**To the Honorable Members of the Board of Supervisors
County of Sussex
Sussex, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Sussex Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise County of Sussex, Virginia's basic financial statements and have issued our report thereon dated March 26, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Sussex, 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 one instance of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs at item 2025-001.

Purpose of This Report

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

Robinson, Fenn, Cox Associates

Richmond, Virginia
March 26, 2026



**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 Sussex
Sussex, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding County of Sussex, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of County of Sussex, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of County of Sussex, 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.

Report on Internal Control over Compliance (Continued)

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

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

Robinson, Fennell, Cox Associates

Richmond, Virginia
March 26, 2026

County of Sussex, 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 Department of Social Services: | | | |
| Guardianship Assistance | 93.090 | 1110124/25 | \$ 225 |
| Title IV-E Prevention Program | 93.472 | 1140124/25 | 5,195 |
| MaryLee Allen Promoting Safe and Stable Families Program | 93.556 | 0950123/24/0980120 | 16,758 |
| Temporary Assistance for Needy Families | 93.558 | 0400124/25 | 178,427 |
| Refugee and Entrant Assistance State/Replacement Designee Administered Programs | 93.566 | 500,125 | 601 |
| Low Income Home Energy Assistance | 93.568 | 0600424/25 | 36,091 |
| Child Care Mandatory and Matching Funds of the Child Care Development Fund (CCDF Cluster) | 93.596 | 0760124/25 | 36,462 |
| Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | 0900123/24 | 628 |
| Foster Care - Title IV-E | 93.658 | 1100124/25 | 126,349 |
| Adoption Assistance | 93.659 | 1120124/25 | 40,551 |
| Social Services Block Grant | 93.667 | 1000124/25 | 237,019 |
| John H. Chafee Foster Care Program for Successful Transition to Adulthood | 93.674 | 9150123/24 | 4,243 |
| Children's Health Insurance Program | 93.767 | 0540124/25 | 3,258 |
| Medical Assistance Program (Medicaid Cluster) | 93.778 | 1200124/25 | 273,970 |
| Total Department of Health and Human Services | | | <u>\$ 959,777</u> |
| Department of Homeland Security: | | | |
| Pass-Through Payments: | | | |
| Virginia Department of Emergency Management: | | | |
| Hazard Mitigation Grant | 97.039 | unavailable | \$ 35,382 |
| Emergency Management Performance Grants | 97.042 | 77501-54389 | 15,000 |
| Total Department of Homeland Security | | | <u>\$ 50,382</u> |
| Department of Agriculture: | | | |
| Pass-Through Payments: | | | |
| Virginia Department of Agriculture and Consumer Services: | | | |
| Food Distribution (Child Nutrition Cluster) | 10.559 | 17901 | \$ 2,072 |
| Summer Food Service Program for Children (Child Nutrition Cluster) | 10.559 | 17901 | 31,759 |
| Total ALN 10.559 | | | <u>\$ 33,831</u> |
| Virginia Department of Agriculture and Consumer Services: | | | |
| Food Distribution (Child Nutrition Cluster) | 10.555 | 17901-45707 | \$ 88,333 |
| Department of Education: | | | |
| National School Lunch Program (Child Nutrition Cluster) | 10.555 | 17901-40623 | 636,994 |
| Total CFDA# 10.555 | | | <u>\$ 725,327</u> |
| School Breakfast Program (Child Nutrition Cluster) | 10.553 | 17901-40591 | \$ 333,024 |
| Fresh Fruit and Vegetable Program (Child Nutrition Cluster) | 10.582 | 17901-40599 | 13,977 |
| Total Child Nutrition Cluster | | | <u>\$ 1,106,159</u> |
| Pass-Through Payments: | | | |
| Virginia Department of Education: | | | |
| Virginia Department of Agriculture and Consumer Services: | | | |
| Child and Adult Care Food Program (CACFP) | 10.558 | unavailable | 37,006 |
| Child Nutrition Discretionary Grants Limited Availability | 10.579 | unavailable | 42,624 |
| Department of Social Services: | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster) | 10.561 | 0010124/25/0040124/25 | 341,779 |
| Total Department of Agriculture | | | <u>\$ 1,527,568</u> |

County of Sussex, Virginia
Schedule of Expenditures of Federal Awards (Continued)
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 Justice: | | | |
| Pass Through Payments: | | | |
| Virginia Department of Criminal Justice Services: | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 39001-61011 | \$ 20,046 |
| Crime Victim Assistance | 16.575 | 390001-10220 | 51,486 |
| Total Department of Justice | | | <u>\$ 71,532</u> |
| Department of Housing and urban Development: | | | |
| Pass-Through Payments: | | | |
| Virginia Department of Housing and Community Development: | | | |
| Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii | 14.228 | 533005-1400 | <u>\$ 296,169</u> |
| Department of Education: | | | |
| Pass-Through Payments: | | | |
| Virginia Department of Education: | | | |
| Title I Grants to Local Educational Agencies | 84.010 | 17901-42901 | \$ 789,975 |
| Special Education - Grants to States (Special Education Cluster) | 84.027 | 17901-43071 | \$ 522,491 |
| Special Education - Preschool Grants (Special Education Cluster) | 84.173 | 17901-62521 | <u>11,662</u> |
| Total Special Education Cluster | | | 534,153 |
| Career and Technical Education - Basic Grants to States | 84.048 | 17901-61095 | 24,106 |
| Rural Education | 84.358 | 17901-43481 | 60,568 |
| Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) | 84.367 | 17901-61480 | 49,190 |
| English Language Acquisition State Grants | 84.365 | 17901-60512 | 1,968 |
| Student Support and Academic Enrichment Program | 84.424 | 17901-60281 | 19,589 |
| Preschool Development Grants | 84.419 | 17901-40002 | |
| ARRA - 1003g School Improvement Grants | 84.388 | 17901-42990 | |
| ARRA - Education Jobs Fund | 84.410 | 17901-62700 | |
| Gaining Early Awareness and Readiness for Undergraduate Programs | 84.334 | | - |
| State assessments | 84.369 | | |
| COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) | 84.425U | 17901-60177 | <u>563,588</u> |
| Direct Payments: | | | |
| COVID-19 - - American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth | 84.425W | N/A | <u>22,390</u> |
| | | Subtotal for 84.425 | 585,978 |
| Total Department of Education | | | <u>\$ 2,065,527</u> |
| Department of Treasury: | | | |
| Pass Through Payments: | | | |
| Virginia Department of Accounts: | | | |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds | 21.027 | unavailable | <u>\$ 3,215,045</u> |
| Department of Defense: | | | |
| Direct Payments: | | | |
| JROTC | 12.xxx | N/A | <u>\$ 96,260</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 8,282,260</u> |

See accompanying notes to schedule of expenditures of federal awards.

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

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

| | |
|--------------------------|---------------------|
| General Fund | \$ 4,934,684 |
| Total primary government | \$ <u>4,934,684</u> |

Component Unit School Board:

| | |
|-----------------------------------|---------------------|
| School Operating Fund | \$ 2,161,787 |
| School Special Revenue Fund | 1,185,789 |
| Total Component Unit School Board | \$ <u>3,347,576</u> |

| | |
|---|----------------------------|
| Total federal expenditures per basic financial statements | \$ <u><u>8,282,260</u></u> |
|---|----------------------------|

| | |
|---|----------------------------|
| Total federal expenditures per the Schedule of Expenditures of Federal Awards | \$ <u><u>8,282,260</u></u> |
|---|----------------------------|

Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - De Minimis Cost Rate

The County did not elect to use the 15-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 7 - Loan Balances

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

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

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified
 Internal control over financial reporting:
 Material weakness(es) identified? _____ yes ✓ no
 Significant deficiency(ies) identified? _____ yes ✓ none reported
 Noncompliance material to financial statements noted? _____ yes ✓ no

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? _____ yes ✓ no
 Significant deficiency(ies) identified? _____ yes ✓ 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)? _____ yes ✓ no

Identification of major programs:

| <u>Assistance Listing Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-------------------------------------|--|
| 21.027 | COVID-19 - Coronavirus State and Local |
| 10.553/10.555/10.559/10.582 | Fiscal Recovery Funds Child Nutrition Cluster |

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

Auditee qualified as low-risk auditee? ✓ yes _____ no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

County of Sussex, Virginia

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

Section IV - Commonwealth of Virginia Findings

Finding 2025-001:

Financial Reporting

Criteria:

Section 2.2-3115 of the *Code of Virginia* requires that certain local officials complete an annual disclosure form that is to be filed with the Clerk of the Board as public records.

Condition:

The completed forms could not be located for review.

Effect:

The completed annual disclosure forms are public records. The forms are not able to be reviewed by the public since they cannot be located.

Cause:

Procedures were not in place to ensure that the disclosure forms were properly stored.

Recommendation:

Management should have procedures in place to ensure that the disclosure forms are properly filed. We recommend that these public documents be digitally scanned prior to filing.

Management's Recommendation:

The County is considering corrective action for FY26.