

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

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ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

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INTRODUCTORY SECTION

COUNTY OF PITTSYLVANIA, VIRGINIA

BOARD OF SUPERVISORS

| | | |
|--|------------------------------|--|
| Eddie L. Hite, Vice Chair William "Vic" Ingram Kenneth L. Bowman | Robert M. Tucker, Jr., Chair | Timothy W. Dudley Darrell Dalton Murray W. Whittle |
|--|------------------------------|--|

COUNTY SCHOOL BOARD

| | | |
|--|-----------------------|--|
| Kelly H. Merricks, Vice Chair Mark R. Shields George Henderson | Calvin D. Doss, Chair | Willie T. Fitzgerald Don C. Moon Kevin Mills |
|--|-----------------------|--|

SOCIAL SERVICES BOARD

| | | |
|---|---|---|
| Charles Cameron, Vice Chairperson Darrell Dunford Lynn Dawson | Nancy Eanes, Chairperson Tim Dudley, BOS Liaison | James "Jim" Searce Robert Storey Barry Sides, Parliamentarian |
|---|---|---|

OTHER OFFICIALS

| | |
|-----------------------------------|--------------------------|
| Clerk of the Circuit Court | Angie Harris |
| Commonwealth's Attorney..... | Robert "Bryan" Haskins |
| Commissioner of the Revenue | Robin Coles-Goard |
| Treasurer | Vincent E. Shorter |
| Sheriff..... | Michael W. Taylor |
| Superintendent of Schools..... | Steven D. Mayhew |
| Director of Social Services..... | Regina Barger |
| Interim County Administrator..... | David "Dave" F. Arnold |
| County Attorney | Matthew W. Evans |
| County Finance Director | Kimberly G. Van Der Hyde |

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

**To the Board of Supervisors
County of Pittsylvania, Virginia
Chatham, Virginia**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Pittsylvania, 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 respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Pittsylvania, Virginia, as of and for the year ended June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principles

As described in Note 26 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 28 to the financial statements, in 2025, the County restated beginning balances to include sick leave as part of compensated absences as defined by GASB 101. The County also recorded a liability due to Danville-Pittsylvania Regional Industrial Facility Authority, which was previously excluded from the financial statements.

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 Pittsylvania, 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 Pittsylvania, 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 Pittsylvania, 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 Pittsylvania, Virginia's basic financial statements. The accompanying other supplementary information 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 other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2025, on our consideration of the County of Pittsylvania, 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 Pittsylvania, 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 Pittsylvania, Virginia's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Robinson, James, Cox Associates".

Blacksburg, Virginia
December 1, 2025

Management's Discussion and Analysis

The following is a narrative overview and analysis of the financial activities of the County of Pittsylvania, Virginia for the fiscal year ended June 30, 2025. The purpose of this Management Discussion and Analysis is to provide an overview of the County's financial activity, to assist the reader in understanding significant financial issues and to provide information concerning changes in the County's financial position. This narrative provides additional information that should be read in conjunction with reviewing the County's Financial Statements.

Financial Highlights

Government-wide Financial Statements

The governmental activities assets and deferred outflows of resources of the County of Pittsylvania, Virginia exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$91,453,991 (net position). Of this amount, \$64,117,961 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. Information concerning net position for the County, its business-type activities and its component units is located on Exhibit 1. The business-type activities include the Solid Waste Enterprise Fund and the Water and Sewer Fund. The business-type activities' assets and deferred outflows exceeded its liabilities and deferred inflows of resources by \$32,109,001, of which (\$1,979,962) is unrestricted. The component units include the School Board's net position totaling \$52,968,281 of which (\$60,693,993) is unrestricted and the Industrial Development Authority's net position totaling \$6,472,629, of which \$5,335,131 is unrestricted. (See Exhibit 1.) This Exhibit provides insight into the future by using a full accrual accounting method. This model considers all factors when showing the financial position of the County.

The County's governmental activities net position decreased by (\$29,176,886). The County's business-type activities' net position decreased by (\$80,002). In addition, the School Board's net position increased by \$51,130,375 and the IDA's net position increased by \$222,774. (See Exhibit 2.)

Fund Financial Statements

Unlike the Government-wide Financial Statements which use a full accrual accounting approach, the Fund Financial Statements use a modified accrual method of accounting. This method differs from the full accrual method by showing a picture of the County's financial position at the present time. A reconciliation of the two methods is provided in Exhibit 4 and Exhibit 6. At the end of the current fiscal year, unassigned fund balance for the general fund was \$39,027,672 or 34% percent of total general fund expenditures. (See Exhibit 3.) This amount includes taxes, accounts and notes receivable reflected in the fiscal year 2025 budget as well as County Capital Improvement Projects for fiscal year 2025. It is important to note that the School Board carryover amount totaling \$15,272,098 has been assigned for fiscal year 2025, which helps to demonstrate a more accurate unassigned fund balance.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$66,589,956, a decrease of \$7,271,588 from last year. Approximately 96% percent of this total amount, or \$63,915,030 (which includes committed, assigned, and unassigned funds), is available for spending at the government's discretion. This unrestricted balance has three parts, (1) committed funds which represents \$737,523 (2) assigned funds which represent \$24,149,835 and (3) unassigned funds which represents \$39,027,672. (See Exhibit 3.)

Overview of the Financial Statements

The Annual Financial Report consists of four sections: introductory, financial, statistical and compliance.

- The *introductory section* provides a listing of principal officers for 2024-2025.
- The *financial section* has three component parts - managements' discussion and analysis (this section), the basic financial statements which include government-wide financial statements and fund financial statements and required supplemental information.
- The *other statistical information* includes selected financial and demographic data related to the County, generally presented on a multi-year basis.
- The *compliance section* is required under the provisions of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements for Federal Awards* (Uniform Guidance).

Local government accounting and financial reporting originally focused on funds which were designed to enhance and demonstrate fiscal accountability. Now to be accompanied by government-wide financial statements, the objective of operational accountability will also be met. These objectives will provide financial statement users with both justification from the government that public monies have been used to comply with public decisions and as to whether operating objectives have been met efficiently and effectively and can be continued to be met in the future.

Government-wide Financial Statements

Government-wide financial statements provide financial statement users with a general overview of County finances. The statements include all assets and liabilities using the accrual basis of accounting. All current year revenue and expenses are taken into account regardless of when cash is received or paid. Both the financial overview and accrual accounting factors are used in the reporting of a private-sector business. Two financial statements are used to present this information: 1) the statement of net position and 2) the statement of activities.

The statement of net position presents all of the County's permanent accounts, or assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The difference between assets (and deferred outflows of resources) and liabilities (and deferred inflows of resources) is reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Other non-financial factors will also need to be considered to determine the overall financial position of the County.

The statement of activities presents information showing how the government's net position changed during the fiscal year. The statement is focused on the gross and net cost of various government functions which are supported by general tax and other revenue. The statement of activities presents expenses before revenues, emphasizing that in government revenues are generated for the express purpose of providing services rather than as an end in themselves.

Both government-wide financial statements separate governmental activities and business-type activities of the County. Governmental activities are principally supported by taxes and intergovernmental revenues. They include general government administration; judicial administration; public safety; public works; health and welfare; parks, recreation and cultural; and community development. Business-type activities recover all or a significant portion of their costs through user fees and charges. The County currently has two business-type activities which are the Solid Waste Enterprise Fund and the Water and Sewer Fund.

Overview of the Financial Statements (continued)

Government-wide Financial Statements (continued)

The government-wide financial statements include, in addition to the primary government or County, two component units: 1) the Pittsylvania County School Board and 2) Industrial Development Authority. Although these component units are legally separate entities, the County is accountable or financially accountable for them. A primary government is accountable for an organization if the primary government appoints a majority of the organization's governing body. A primary government is financially accountable if, in addition, either the government is able to impose its will on the organization or the organization is capable of imposing specific financial burdens on the primary government. For example, the primary government may approve debt issuances, rate structures and/or provide significant funding for operations of the component units.

Fund Financial Statements

The fund financial statements will be more familiar to past financial statement users. The only difference from prior year presentation of the fund statements is that only major, or significant funds will be presented. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds:

Governmental funds are used to account for essentially the same functions, or services, reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, reconciliations between the two methods are presented in exhibits 4 and 6 of the financial section of this report.

Proprietary funds:

There are two types of proprietary funds: enterprise funds which are established to account for the delivery of goods and services to the general public and internal service funds which account for the delivery of goods and services to other departments or agencies of the government. Proprietary funds use accrual basis accounting, similar to private sector business.

The County of Pittsylvania has two enterprise funds. They are the Solid Waste Fund and the Water and Sewer Fund. The County also has two internal service funds: Central Stores Fund and the Self-Insurance Fund. The Central Stores Fund accounts for the government's consolidated purchasing of office supplies and telephone charges. The Self-Insurance Fund accounts for insurance premiums paid by the County and School Board for all departments. Both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds:

Fiduciary funds account for assets held by the government as a trustee or custodian for another organization or individual. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide financial statement because the funds are not available to support the County's own activities.

Overview of the Financial Statements (continued)

Notes to the financial statements

The notes provide additional information that is needed to fully understand the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As previously noted, net position may serve as a useful indicator of a government's financial position. Again, the full accrual accounting method is used to derive these figures. For the County, the governmental activities and business-type activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$91,453,991 and \$32,109,001, respectively, at the end of the fiscal year. The County's net position is divided into three categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted.

| County of Pittsylvania's Net Position | | | | |
|---------------------------------------|----------------------------|-----------------------------|--|-----------------------------|
| | 2025 | | 2024 | |
| | Governmental Activities | Business-type Activities | Governmental Activities (As Restated)* | Business-type Activities |
| Current and other assets | \$ 119,625,304 | \$ 8,800,229 | \$ 120,611,961 | \$ 9,480,380 |
| Capital assets | 54,896,484 | 39,926,526 | 83,041,367 | 40,705,534 |
| Total Assets | <u>\$ 174,521,788</u> | <u>\$ 48,726,755</u> | <u>\$ 203,653,328</u> | <u>\$ 50,185,914</u> |
| Deferred Outflows of Resources | <u>\$ 6,152,643</u> | <u>\$ 284,998</u> | <u>\$ 6,120,691</u> | <u>\$ 254,063</u> |
| Long-term liabilities | 43,534,948 | 15,221,900 | 49,248,561 | 16,287,709 |
| Other liabilities | 14,140,130 | 1,495,405 | 9,092,599 | 1,767,977 |
| Total liabilities | <u>\$ 57,675,078</u> | <u>\$ 16,717,305</u> | <u>\$ 58,341,160</u> | <u>\$ 18,055,686</u> |
| Deferred Inflows of Resources | <u>\$ 31,545,362</u> | <u>\$ 185,447</u> | <u>\$ 29,325,599</u> | <u>\$ 142,329</u> |
| Net Position: | | | | |
| Net investment in capital assets | \$ 21,604,137 | \$ 34,088,963 | \$ 46,944,926 | \$ 33,658,166 |
| Restricted | 5,731,893 | - | 11,154,959 | - |
| Unrestricted | 64,117,961 | (1,979,962) | 64,007,375 | (1,416,204) |
| Total net position | <u>\$ 91,453,991</u> | <u>\$ 32,109,001</u> | <u>\$ 122,107,260</u> | <u>\$ 32,241,962</u> |

*See Note 28 for restatement detail

For the County as a whole, investment in capital assets (i.e., land, buildings, machinery, and equipment), net of related debt used to acquire those assets that is still outstanding, represents 45 percent of total net position. The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted net position represents resources that are subject to external restrictions on how they may be used. These assets include funds restricted for construction, grants, sheriff asset seizures, and health insurance. The County's restricted net position accounts for 5 percent of the total net position.

Government-wide Financial Analysis (continued)

The remaining balance of unrestricted net position, which is \$62,137,999 or 50 percent of total net position, may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the fiscal year, the County can report positive balances in all three categories of net position.

The County's government-wide activities net position decreased by (\$29,256,888) during the current fiscal year. While government-wide revenues were up over last year's receipts by \$9,271,373, these revenues were not sufficient to cover the increase in expenditures of \$57,682,105 over the prior year. The County's net position decreased primarily because of an increase in Education expense of \$45,624,577. This occurred due to the reversion of school buildings and equipment, net of accumulated depreciation, from the County back to the School Board since the debt had been paid off on these school assets.

Government-wide activities decreased the County's net position by (\$29,256,888). The County's net position decreased in the governmental activities and decreased in its business-type activities by (\$29,176,886) and (\$80,002), respectively. Key elements of this increase/decrease are as follows:

| | 2025 | 2025 | 2024 | 2024 |
|---|-----------------------|----------------------|-----------------------|----------------------|
| | Governmental | Business-type | Governmental | Business-type |
| | <u>Activities</u> | <u>Activities</u> | <u>Activities</u> | <u>Activities</u> |
| Revenues: | | | | |
| Program revenues: | | | | |
| Charges for services | \$ 2,928,047 | \$ 11,366,536 | \$ 2,558,955 | \$ 10,470,675 |
| Operating grants and contributions | 24,246,412 | - | 22,761,627 | - |
| Capital grants and contributions | 1,690,764 | 65,749 | 945,560 | 124,957 |
| General revenues: | | | | |
| General property taxes | 56,140,743 | - | 50,940,455 | - |
| Other local taxes | 15,054,626 | - | 14,127,193 | - |
| Use of money and property | 2,705,108 | 101,845 | 2,032,932 | 134,968 |
| Miscellaneous | 1,186,574 | 42,508 | 1,334,989 | 108,294 |
| Grants and contributions not spec. | 6,018,743 | - | 5,997,933 | - |
| Gain on sale of assets | - | 100,000 | - | - |
| Total Revenues | <u>\$ 109,971,017</u> | <u>\$ 11,676,638</u> | <u>\$ 100,699,644</u> | <u>\$ 10,838,894</u> |
| Expenses: | | | | |
| General government | \$ 7,299,902 | \$ - | \$ 7,041,161 | \$ - |
| Judicial administration | 2,088,624 | - | 2,481,798 | - |
| Public safety | 27,234,446 | - | 26,600,579 | - |
| Public works | 1,493,507 | - | 1,426,076 | - |
| Health and welfare | 18,206,768 | - | 14,840,293 | - |
| Education | 65,833,559 | - | 20,208,982 | - |
| Parks, recreation, and cultural | 3,125,784 | - | 2,618,527 | - |
| Community development | 12,645,973 | - | 5,488,301 | - |
| Interest on long-term debt | 1,219,340 | - | 1,270,110 | - |
| Landfill | - | 6,961,841 | - | 7,229,078 |
| Water and sewer | - | 4,794,799 | - | 4,017,533 |
| Total Expenses | <u>\$ 139,147,903</u> | <u>\$ 11,756,640</u> | <u>\$ 81,975,827</u> | <u>\$ 11,246,611</u> |
| Increase/(Decrease) in net position | \$ (29,176,886) | \$ (80,002) | \$ 18,723,817 | \$ (407,717) |
| Net position, beginning (as prev. reported) | \$ 122,107,260 | \$ 32,241,962 | \$ 105,328,907 | \$ 32,649,679 |
| Restatement* | (1,476,383) | (52,959) | (1,945,464) | - |
| Net position, beginning (as restated) | <u>\$ 120,630,877</u> | <u>\$ 32,189,003</u> | <u>\$ 103,383,443</u> | <u>\$ 32,649,679</u> |
| Net position, ending | <u>\$ 91,453,991</u> | <u>\$ 32,109,001</u> | <u>\$ 122,107,260</u> | <u>\$ 32,241,962</u> |

*See Note 28

Financial Analysis of the Government's Funds

Governmental funds

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

At the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$66,589,956. Approximately 59 percent of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is legally restricted for a specific purpose.

The general fund is the chief operating fund of the County. As of June 30, 2025, total fund balance of the general fund was \$65,167,096 of which \$39,027,672 was unassigned. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 34 percent of total general fund expenditures, which includes transfers to and expenses on behalf of the School Board component unit of \$23,837,276.

An analysis of the supporting schedules (modified accrual) for fiscal year 2025 and 2024 reveals:

- Revenues: Overall general property taxes were up 13% over FY2024. The most significant increase occurred in the Real and Personal PSC Tax at 37% over the prior year, due to collecting tax revenue from the Mountain Valley Pipeline. Real Property Tax also increased by 12% due to the increased property values and the adjustment in the tax rate that occurred in the 2024 Tax Year. Other tax categories experiencing increases included Personal Property, Mobile Homes, and Machinery & Tools. Penalties and Interest also experienced increases during the year. The only tax category decreasing was Merchant's Capital, showing a 9% decline since last year. There was an overall increase in general property taxes by \$6,351,833 over the prior year.
- Revenues: Other local taxes experienced an overall increase of 7% over FY2024 with both increases and decreases in various categories. Increases occurred in seven categories. The largest increase of 20% occurred in the Motor Vehicle Licenses category. Other increases were experienced in the following categories: Local Sales & Use Tax at 5%, Consumption Tax at 3%, Franchise License Tax at 7%, Lodging Tax at 10%, Meals Tax at 1%, and Recordation Tax at 4%. Decreases occurred in the following other local taxes categories: Consumers' Utility Tax (<1%), Business License Tax (13%), and Bank Stock Tax (3%).
- Expenses: Overall primary government expenditures increased by 32% over FY2024. Much of this increase can be attributed to increased Capital Project activity during the year, which includes the school capital projects related to the 1% School Sales Tax as well as the payment of large tax incentive rebates.
- Expenses: School Board Educational Expenses decreased 6% from FY2024. Decreased expenditures occurred in the following educational categories: Technology (50%), Food service and non-instructional (6%), Facilities (61%). Decreases in these categories can be attributed to the completion of ARPA and CARES funded projects in 2024. Most School projects are now being covered by the 1% School Sales Tax Fund and found in the General Fund of the County. Increases occurred in the following educational categories: Administration and health services 10%, Instructional Costs 1%, Pupil Transportation 12%, Operation and maintenance of school plant 6%, and Debt Service (103%).

Financial Analysis of the Government's Funds (continued)

Governmental funds (continued)

The Following is a reconciliation of the Treasurer's books to the Audited Financial Statements.

| | <i>Per Treasurer 6/30/2024 <u>Cash Balance</u></i> | <i>Per Treasurer 6/30/2025 <u>Cash Balance</u></i> |
|--|--|--|
| General Fund | \$ 56,573,318 | \$ 59,440,622 |
| Beautification Fund | 74,701 | 73,857 |
| Pet Center Fund | 108,949 | 34,611 |
| School Bus Lease Fund | - | 1,107,396 |
| Jail Inmate Management Fund | 580,356 | 629,098 |
| Grants Fund | 516,343 | 1,109,808 |
| Capital Improvements Fund | 7,989,696 | 6,886,414 |
| American Rescue Plan Act Fund | 571,094 | - |
| School Additional Sales Tax Fund | 1,831,893 | (1,567,571) |
| Rural Roads Fund | 268,781 | 268,781 |
| Courthouse Construction Fund | 106,204 | 128,499 |
| Courthouse Security Fund | 200,044 | 273,758 |
| Jail Processing Fee Fund | 36,524 | 39,261 |
| Library Gifts Fund | 108,393 | 121,093 |
| Courthouse Maintenance Fund | 101,368 | 138,519 |
| Law Library Fund | 54,822 | 61,520 |
| Rescue Billing Fund | 79,049 | 134,989 |
| | <hr/> | <hr/> |
| Total cash per Treasurer | \$ 69,201,535 | \$ 68,880,655 |
| Audit Adjustments to Cash: | | |
| Entry to cash for overdraft Central Stores | \$ (3,884) | \$ - |
| Reversion of School Salaries Payable Fund | 3,113,682 | 3,202,408 |
| | <hr/> | <hr/> |
| Total cash, as adjusted | \$ 72,311,333 | \$ 72,083,063 |
| Other Adjustments: | | |
| Taxes receivable (60 day collections) | \$ 1,009,427 | \$ 1,276,323 |
| Prepaid tax revenue | (6,628,988) | (7,050,683) |
| Accounts receivables | 2,131,365 | 2,436,347 |
| Lease receivables | 115,283 | 54,824 |
| Due (to)/from other funds | 3,884 | - |
| Due (to)/from School Board | 1,130,238 | (917,247) |
| Due from the other governments | 5,374,384 | 6,985,506 |
| Accounts payables | (3,245,127) | (8,205,312) |
| Salaries payable | (128,351) | (166,010) |
| Unearned revenues - other | (2,024,257) | (1,329,715) |
| | <hr/> | <hr/> |
| Total accrual adjustments | \$ (2,262,142) | \$ (6,915,967) |
| Ending General Fund - Fund Balance | <u>\$ 70,049,191</u> | <u>\$ 65,167,096</u> |

Financial Analysis of the Government's Funds (continued)

Governmental funds (continued)

The fund balance of the County's general fund decreased by \$4,882,092 during the current fiscal year. Most of this decrease can be attributed to an increase in year-end construction invoices incurred for the 1% Sales Tax School Projects. Balances still remain healthy since reserves exist to cover future projects, which includes a \$4M local contribution toward the County-wide Broadband Project.

General Fund Budgetary Highlights

Differences between the original General Fund budgeted appropriations and the final amended budgeted appropriations were a net increase of \$52,651,905. This increase occurred because of various budget increases/reductions that occurred after the 2025 budget process was complete. There were also increases that were made to the 2025 budget because of unforeseen events that occurred during the year. Significant budgetary supplements are included below:

- Reappropriation of approved carryovers and outstanding purchase orders from fiscal year 2024 totaled 19,499,730, of which \$13,837,975 was for Schools
- Additional increases to the General Fund Budget totaled \$2,651,145
- Appropriation of funds for Capital Projects totaled \$11,463,634, Included funding largely for Moses Building Renovations, Commonwealth's Attorney's New Office Space Purchase/Renovations, and Broadband Infrastructure
- 1% Sales Tax School Project Funds totaled \$16,385,299

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets for its governmental activities as of June 30, 2025 is \$54,896,484 (net of accumulated depreciation) and for its Business-type activities is \$39,926,526 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, machinery and equipment, infrastructure, construction in progress, and right to use assets (leased assets).

Major capital asset events during the current fiscal year included the following:

General Fund:

- DSS Generator - \$170,960
- Human Services Rooftop Air Handlers - \$178,900
- County Admin Generator - \$121,510
- Moses Building-Renovations (In Progress) - \$1,521,794
- Network Upgrade - \$393,387
- Gretna Library Renovations (In Progress) - \$360,564
- Public Safety Ambulance and Stretcher - \$393,874
- Library Bookmobile - Down payment - \$179,923
- Sheriff's Vehicle Lease Buyout - \$1,073,923
- Medical Supply Room-Public Safety - \$197,702
- Commonwealth's Attorney's Office Space (In Progress) - \$458,571
- Courthouse Facility/Jail Study - \$259,564

Capital Asset and Debt Administration (continued)

Capital assets (continued)

SOLID WASTE FUND:

- Cell 2C Construction (In Progress) - \$1,322,005
- Mt. Hermon Pavement Schematic - \$575,075
- Phase 3 Expansion (In Progress) - \$199,891
- Motley Convenience Reconfiguration (In Progress) - \$21,839
- Leachate Collection Repair - \$446,600
- Landfill Office/Breakroom Renovations (In Progress) - \$320,663

WATER & SEWER FUND:

- Horseshoe Road Waterline Ext. (In Progress) - \$274,196
- Booster Station and Sewer Lift Station Upgrades (In Progress) - \$194,710
- Woodroam Water System Upgrade - \$166,127
- Water System Upgrades (In Progress) - \$46,076
- Robin Court Water Extension (In Progress) - \$152,434
- R&L Smith Road Water Extension (In Progress) - \$332,943

**County of Pittsylvania, Virginia Capital Assets
(net of depreciation) (as restated)**

| | 2025 | 2025 | 2024 | 2024 |
|----------------------------|----------------------|----------------------|----------------------|----------------------|
| | Governmental | Business-type | Governmental | Business-type |
| | Activities | Activities | Activities | Activities |
| Land | \$ 6,138,848 | 745,127 | \$ 6,077,011 | 745,127 |
| Buildings and system | 35,379,070 | 445,489 | 66,838,510 | 460,851 |
| Machinery and equipment | 8,560,043 | 3,401,806 | 6,060,996 | 3,520,451 |
| Infrastructure | 328,045 | 29,833,565 | 345,967 | 29,769,804 |
| Right to use assets: | | | | |
| Buildings and improvements | 12,286 | - | 18,989 | - |
| Machinery and equipment | 329,671 | 679,682 | 1,022,253 | 894,847 |
| Subscription assets | 1,103,735 | - | 1,381,777 | - |
| Construction in process | 3,044,786 | 4,820,857 | 1,295,864 | 5,314,454 |
| Total | \$ 54,896,484 | \$ 39,926,526 | \$ 83,041,367 | \$ 40,705,534 |

School Board Assets financed with debt are considered assets of the General government until debt on these assets has been defeased. As such, the above listed assets include School Board Assets net of related depreciation of \$26,388,182. Additional information on the County's capital assets can be found in the notes to the financial statements.

Capital Asset and Debt Administration (continued)

Long-term debt

At the end of the fiscal year the County had the following outstanding debt:

County of Pittsylvania's Outstanding Debt

| | 2025 | 2025 | 2024 | 2024 |
|-------------------------------|---------------|---------------|--------------------------|--------------------------|
| | Governmental | Business-type | Governmental | Business-type |
| | Activities | Activities | Activities (As restated) | Activities (As restated) |
| General obligation bonds | \$ 23,200,113 | \$ 5,195,000 | \$ 27,342,293 | \$ 5,920,000 |
| Lease Revenue Notes | 1,581,300 | - | 1,878,478 | - |
| Deferred Amounts: | | | | |
| Bond Premium | 184,395 | 374,337 | 391,496 | 477,157 |
| Landfill closure/post-closure | - | 8,261,555 | - | 8,334,709 |
| Financed Purchases | 4,528,639 | - | 5,070,040 | - |
| Lease liabilities | 372,082 | 696,372 | 1,073,181 | 897,104 |
| Subscription liabilities | 853,076 | - | 1,045,388 | - |
| Compensated absences | 3,416,636 | 160,843 | 2,887,930 | 133,043 |
| Net pension liability | 6,540,371 | 366,770 | 7,921,668 | 409,038 |
| Net OPEB liabilities | 2,858,336 | 167,023 | 3,114,470 | 169,617 |
| Total | \$ 43,534,948 | \$ 15,221,900 | \$ 50,724,944 | \$ 16,340,668 |

Legislations enacted in fiscal year ended June 30, 2002, required that debt historically reported by the School Board has been assumed by the Primary Government. The legislation affects the reporting of local school capital assets as well.

Additional information on the County's long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- At June 30, 2025, the unemployment rate for the County was 4.5 percent, which is an increase from the rate of 3.3 percent a year ago. This is more than the state's average unemployment rate of 3.90 percent and more than the national average rate of 4.1 percent.
- Pittsylvania County continues to work jointly with the City of Danville through a joint authority known as the Danville-Pittsylvania County Regional Industrial Facilities Authority and jointly with the City of Danville and the Town of Hurt in the Staunton-River Regional Industrial Facility Authority. These authorities work to attract industry and business to Southside Virginia.
- Pittsylvania County has a median household income of \$54,627 compared to the State median household income of \$97,720.
- Pittsylvania County's population was estimated at 59,410 in 2025 compared with 60,501 based on the US Census Bureau information from 2020.

Economic Factors and Next Year's Budgets and Rates (continued)

All of these factors were considered in preparing the County's budget for the 2025 fiscal year. Appropriations for County funds lapse at fiscal year end, with the exception of the Capital Projects Fund, therefore, it is not anticipated that fund balance will be used to finance daily operations for the 2025 budget year.

Requests for Information

This financial report is designed to provide readers with a general overview of the County of Pittsylvania's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Office, P.O. Box 426, Chatham, Virginia 24531. The County's website at www.pittsylvaniacountyva.org may also be visited to obtain valuable information about the County.

Basic Financial Statements

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

| | Primary Government | | | Component Units | |
|--|--------------------|---------------|----------------|-----------------|-----------------------|
| | Governmental | Business-type | Total | Industrial | |
| | Activities | Activities | | School Board | Development Authority |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 79,676,711 | \$ 5,951,462 | \$ 85,628,173 | \$ 1,558,754 | \$ 621,898 |
| Cash in custody of others | 27,468 | - | 27,468 | 2,310,418 | - |
| Cash and cash equivalents - restricted | 1,107,396 | 478,351 | 1,585,747 | 25,181 | - |
| Receivables (net of allowance for uncollectibles): | | | | | |
| Taxes receivable | 28,981,863 | - | 28,981,863 | - | - |
| Accounts receivable | 2,780,866 | 2,146,668 | 4,927,534 | 109,167 | 443,319 |
| Interest receivable | - | - | - | - | 12,113 |
| Due from primary government | - | - | - | 917,247 | - |
| Due from other governmental units | 6,989,615 | 169,871 | 7,159,486 | 5,012,794 | - |
| Inventories | 6,561 | 28,877 | 35,438 | - | - |
| Assets held for resale - Industrial sites | - | - | - | - | 793,300 |
| Prepaid items | - | - | - | 2,599,603 | - |
| Notes receivable | - | 25,000 | 25,000 | - | 4,111,423 |
| Lease receivable | 54,824 | - | 54,824 | 7,248 | 9,145,560 |
| Capital assets (net of accumulated depreciation): | | | | | |
| Land | 6,138,848 | 745,127 | 6,883,975 | 2,744,421 | 304,097 |
| Construction in progress | 3,044,786 | 4,820,857 | 7,865,643 | 34,242,787 | - |
| Buildings and improvements | 35,379,070 | 445,489 | 35,824,559 | 65,353,544 | 11,936,062 |
| Machinery and equipment | 8,560,043 | 3,401,806 | 11,961,849 | 7,738,256 | - |
| Infrastructure | 328,045 | 29,833,565 | 30,161,610 | 2,284,781 | - |
| Right to use assets: | | | | | |
| Buildings and improvements - lease | 12,286 | - | 12,286 | - | - |
| Machinery and equipment - lease | 329,671 | 679,682 | 1,009,353 | 86,238 | - |
| Subscription assets | 1,103,735 | - | 1,103,735 | 292,431 | - |
| Total assets | \$ 174,521,788 | \$ 48,726,755 | \$ 223,248,543 | \$ 125,282,870 | \$ 27,367,772 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred charge on refunding | \$ 1,522,581 | \$ - | \$ 1,522,581 | \$ - | \$ - |
| OPEB related items | 708,111 | 41,175 | 749,286 | 3,679,908 | - |
| Pension related items | 3,921,951 | 243,823 | 4,165,774 | 18,024,944 | - |
| Total deferred outflows of resources | \$ 6,152,643 | \$ 284,998 | \$ 6,437,641 | \$ 21,704,852 | \$ - |
| LIABILITIES | | | | | |
| Accounts payable | \$ 4,238,982 | \$ 470,146 | \$ 4,709,128 | \$ 1,699,290 | \$ 23,384 |
| Accounts payable - capital | 5,202,719 | 50,205 | 5,252,924 | 814,933 | - |
| Salaries payable | 166,010 | 55,992 | 222,002 | 3,202,408 | - |
| Customer deposits | - | 277,502 | 277,502 | - | 11,583 |
| Estimate of incurred but unreported health claims | 1,315,625 | - | 1,315,625 | - | - |
| Accrued interest payable | 239,916 | 44,877 | 284,793 | - | 25,505 |
| Due to DPRIFA | 2,059,631 | - | 2,059,631 | - | - |
| Due to component units | 917,247 | - | 917,247 | - | - |
| Unearned revenue | - | 596,683 | 596,683 | - | - |
| Long-term liabilities: | | | | | |
| Due within one year | 8,761,100 | 1,166,686 | 9,927,786 | 8,920,127 | 1,288,326 |
| Due in more than one year | 34,773,848 | 14,055,214 | 48,829,062 | 66,765,499 | 13,358,191 |
| Total liabilities | \$ 57,675,078 | \$ 16,717,305 | \$ 74,392,383 | \$ 81,402,257 | \$ 14,706,989 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred revenue - property taxes | \$ 28,186,264 | \$ - | \$ 28,186,264 | \$ - | \$ - |
| Lease related items | 50,879 | - | 50,879 | 6,453 | 6,188,154 |
| OPEB related items | 959,655 | 56,044 | 1,015,699 | 2,468,132 | - |
| Pension related items | 2,348,564 | 129,403 | 2,477,967 | 10,142,599 | - |
| Total deferred inflows of resources | \$ 31,545,362 | \$ 185,447 | \$ 31,730,809 | \$ 12,617,184 | \$ 6,188,154 |
| NET POSITION | | | | | |
| Net investment in capital assets | \$ 21,604,137 | \$ 34,088,963 | \$ 55,693,100 | \$ 111,740,795 | \$ 1,137,498 |
| Restricted: | | | | | |
| Grant funds | 2,252,393 | - | 2,252,393 | - | - |
| Asset forfeiture funds | 453,777 | - | 453,777 | - | - |
| Health insurance | 3,025,723 | - | 3,025,723 | - | - |
| School nutrition | - | - | - | 1,921,479 | - |
| Unrestricted | 64,117,961 | (1,979,962) | 62,137,999 | (60,693,993) | 5,335,131 |
| Total net position | \$ 91,453,991 | \$ 32,109,001 | \$ 123,562,992 | \$ 52,968,281 | \$ 6,472,629 |

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

County of Pittsylvania, 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 Government | | Component Units | |
| | | | | | Governmental Activities | Business-type Activities | School Board | Industrial Development Authority |
| PRIMARY GOVERNMENT: | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government administration | \$ 7,299,902 | \$ 424,778 | \$ 648,040 | \$ - | \$ (6,227,084) | \$ - | \$ - | \$ - |
| Judicial administration | 2,088,624 | 17,566 | 1,428,407 | - | (642,651) | - | - | - |
| Public safety | 27,234,446 | 2,364,588 | 6,997,400 | 54,959 | (17,817,499) | - | - | - |
| Public works | 1,493,507 | 14,229 | - | 33,500 | (1,445,778) | - | - | - |
| Health and welfare | 18,206,768 | - | 12,491,921 | 170,959 | (5,543,888) | - | - | - |
| Education | 65,833,559 | - | - | - | (65,833,559) | - | - | - |
| Parks, recreation, and cultural | 3,125,784 | 106,886 | 420,777 | 688,170 | (1,909,951) | - | - | - |
| Community development | 12,645,973 | - | 2,259,867 | 743,176 | (9,642,930) | - | - | - |
| Interest on long-term debt | 1,219,340 | - | - | - | (1,219,340) | - | - | - |
| Total governmental activities | \$ 139,147,903 | \$ 2,928,047 | \$ 24,246,412 | \$ 1,690,764 | \$ (110,282,680) | \$ - | \$ - | \$ - |
| Business-type activities: | | | | | | | | |
| Solid Waste | \$ 6,961,841 | \$ 6,610,423 | \$ - | \$ - | \$ - | \$ (351,418) | \$ - | \$ - |
| Water and Sewer | 4,794,799 | 4,756,113 | - | 65,749 | - | 27,063 | - | - |
| Total business-type activities | \$ 11,756,640 | \$ 11,366,536 | \$ - | \$ 65,749 | \$ - | \$ (324,355) | \$ - | \$ - |
| Total primary government | \$ 150,904,543 | \$ 14,294,583 | \$ 24,246,412 | \$ 1,756,513 | \$ (110,282,680) | \$ (324,355) | \$ - | \$ - |
| COMPONENT UNITS: | | | | | | | | |
| School Board | \$ 104,046,730 | \$ 611,245 | \$ 94,898,932 | \$ 2,968,904 | \$ - | \$ (5,567,649) | \$ - | \$ (376,168) |
| Industrial Development Authority | 1,362,313 | 986,145 | - | - | - | - | - | - |
| Total component units | \$ 105,409,043 | \$ 1,597,390 | \$ 94,898,932 | \$ 2,968,904 | \$ - | \$ (5,567,649) | \$ - | \$ (376,168) |
| General revenues: | | | | | | | | |
| General property taxes | | | | | \$ 56,140,743 | \$ - | \$ - | \$ - |
| Other local taxes: | | | | | | | | |
| Local sales and use taxes | | | | | 8,378,834 | - | - | - |
| Consumers' utility taxes | | | | | 1,362,866 | - | - | - |
| Motor vehicle licenses | | | | | 2,799,477 | - | - | - |
| Meals taxes | | | | | 1,675,222 | - | - | - |
| Other local taxes | | | | | 838,227 | - | - | - |
| Unrestricted revenues from use of money | | | | | 2,705,108 | 101,845 | 4,179 | 410,453 |
| Miscellaneous | | | | | 1,186,574 | 42,508 | 2,848,231 | - |
| Payments from the County of Pittsylvania | | | | | 6,018,743 | - | 53,845,614 | 188,489 |
| Grants and contributions not restricted to specific programs | | | | | - | - | - | - |
| Gain on sale of assets | | | | | 100,000 | - | - | - |
| Total general revenues | | | | | \$ 81,105,794 | \$ 244,353 | \$ 56,698,024 | \$ 598,942 |
| Change in net position | | | | | (29,176,886) | (80,002) | 51,130,375 | 222,774 |
| Net position - beginning, as previously reported | | | | | 124,052,724 | 32,241,962 | 156,294,686 | 6,249,855 |
| Restatements | | | | | (3,421,847) | (52,959) | (10,098,292) | - |
| Total net position - beginning, as restated | | | | | 120,630,877 | 32,189,003 | 152,819,880 | 6,249,855 |
| Net position - ending | | | | | \$ 91,453,991 | \$ 32,109,001 | \$ 52,968,281 | \$ 6,472,629 |

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

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

| | General | Industrial Development | Other Governmental Funds | Total |
|--|-----------------------|---------------------------|--------------------------------|-----------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 70,975,667 | \$ 4,021,833 | \$ 657,869 | \$ 75,655,369 |
| Cash in custody of others | - | - | 27,468 | 27,468 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Taxes receivable | 28,981,863 | - | - | 28,981,863 |
| Accounts receivable | 2,436,347 | - | - | 2,436,347 |
| Due from other governmental units | 6,985,506 | 4,109 | - | 6,989,615 |
| Lease receivable | 54,824 | - | - | 54,824 |
| Restricted assets: | | | | |
| Cash and cash equivalents | 1,107,396 | - | - | 1,107,396 |
| Total assets | <u>\$ 110,541,603</u> | <u>\$ 4,025,942</u> | <u>\$ 685,337</u> | <u>\$ 115,252,882</u> |
| LIABILITIES | | | | |
| Accounts payable - operations | \$ 3,002,593 | \$ 1,228,788 | \$ - | \$ 4,231,381 |
| Salaries payable | 166,010 | - | - | 166,010 |
| Accounts payable - capital related | 5,202,719 | - | - | 5,202,719 |
| Due to DPRIFA | - | 2,059,631 | - | 2,059,631 |
| Due to component unit | 917,247 | - | - | 917,247 |
| Total liabilities | <u>\$ 9,288,569</u> | <u>\$ 3,288,419</u> | <u>\$ -</u> | <u>\$ 12,576,988</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - property taxes | \$ 34,756,223 | \$ - | \$ - | \$ 34,756,223 |
| Unavailable revenue - EMS billings | 136,251 | - | - | 136,251 |
| Unavailable revenue - opioid settlement | 1,142,585 | - | - | 1,142,585 |
| Lease related items | 50,879 | - | - | 50,879 |
| Total deferred inflows of resources | <u>\$ 36,085,938</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 36,085,938</u> |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Nonspendable - leases | \$ 3,945 | \$ - | \$ - | \$ 3,945 |
| Restricted: | | | | |
| Grant funds | 1,109,808 | - | - | 1,109,808 |
| Forfeited Assets Fund | - | - | 453,777 | 453,777 |
| School bus lease funds | 1,107,396 | - | - | 1,107,396 |
| Committed: | | | | |
| Industrial Development Fund | - | 737,523 | - | 737,523 |
| Assigned: | | | | |
| Pet Center Fund | 34,611 | - | - | 34,611 |
| Beautification Fund | 73,857 | - | - | 73,857 |
| Law Library Fund | 61,520 | - | - | 61,520 |
| Library Gifts Fund | 111,869 | - | - | 111,869 |
| Capital Outlay Fund | 6,886,414 | - | - | 6,886,414 |
| Jail Inmate Management Fund | 629,088 | - | - | 629,088 |
| Courthouse Maintenance Fund | 138,519 | - | - | 138,519 |
| Courthouse Security Fund | 273,758 | - | - | 273,758 |
| Courthouse Construction Fund | 128,499 | - | - | 128,499 |
| Jail Processing Fund | 39,261 | - | - | 39,261 |
| Rural Road Addition Fund | 268,781 | - | - | 268,781 |
| Debt Service Reserve Fund | - | - | 204,092 | 204,092 |
| Jail canteen | - | - | 12,394 | 12,394 |
| Sheriff investigations | - | - | 15,074 | 15,074 |
| School carryover | 15,272,098 | - | - | 15,272,098 |
| Unassigned | 39,027,672 | - | - | 39,027,672 |
| Total fund balances | <u>\$ 65,167,096</u> | <u>\$ 737,523</u> | <u>\$ 685,337</u> | <u>\$ 66,589,956</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 110,541,603</u> | <u>\$ 4,025,942</u> | <u>\$ 685,337</u> | <u>\$ 115,252,882</u> |

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

County of Pittsylvania, 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 | \$ | 66,589,956 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Jointly owned assets are included in the total capital assets. | | |
| Land | \$ | 6,138,848 |
| Buildings and improvements | | 35,379,070 |
| Infrastructure | | 328,045 |
| Machinery and equipment | | 8,560,043 |
| Lease - machinery and equipment | | 329,671 |
| Lease - building and system | | 12,286 |
| Subscription asset | | 1,103,735 |
| Construction in progress | | <u>3,044,786</u> |
| | | 54,896,484 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | | |
| Unavailable revenue - property taxes | \$ | 6,569,959 |
| Unavailable revenue - opioid settlement funds | | 1,142,585 |
| Unavailable revenue - EMS billings | | <u>136,251</u> |
| | | 7,848,795 |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. | | |
| | | 3,049,196 |
| Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds. | | |
| Deferred charge on refunding | \$ | 1,522,581 |
| Pension related items | | 3,921,951 |
| OPEB related items | | <u>708,111</u> |
| | | 6,152,643 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Bonds payable | \$ | (24,781,413) |
| Lease liabilities | | (372,082) |
| Subscription liabilities | | (853,076) |
| Financed purchases | | (4,528,639) |
| Unamortized premiums | | (184,395) |
| Accrued interest payable | | (239,916) |
| Net OPEB liabilities | | (2,858,336) |
| Net pension liability | | (6,540,371) |
| Compensated absences | | <u>(3,416,636)</u> |
| | | (43,774,864) |
| Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Pension related items | \$ | (2,348,564) |
| OPEB related items | | <u>(959,655)</u> |
| | | (3,308,219) |
| Net position of governmental activities | \$ | <u><u>91,453,991</u></u> |

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

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

| | <u>General</u> | <u>Industrial Development</u> | <u>Other Governmental Funds</u> | <u>Total</u> |
|--|-----------------------|-----------------------------------|---|-----------------------|
| REVENUES | | | | |
| General property taxes | \$ 56,597,678 | \$ - | \$ - | \$ 56,597,678 |
| Other local taxes | 15,054,626 | - | - | 15,054,626 |
| Permits, privilege fees, and regulatory licenses | 538,400 | - | - | 538,400 |
| Fines and forfeitures | 84,019 | - | - | 84,019 |
| Revenue from the use of money and property | 2,884,240 | - | 131 | 2,884,371 |
| Charges for services | 2,043,466 | - | 53,205 | 2,096,671 |
| Miscellaneous | 1,272,837 | - | - | 1,272,837 |
| Recovered costs | 1,726,625 | - | - | 1,726,625 |
| Intergovernmental | 29,747,400 | 2,204,867 | 3,652 | 31,955,919 |
| Total revenues | <u>\$ 109,949,291</u> | <u>\$ 2,204,867</u> | <u>\$ 56,988</u> | <u>\$ 112,211,146</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government administration | \$ 6,928,163 | \$ - | \$ - | \$ 6,928,163 |
| Judicial administration | 2,549,776 | - | - | 2,549,776 |
| Public safety | 29,081,471 | - | 84,825 | 29,166,296 |
| Public works | 1,136,544 | - | - | 1,136,544 |
| Health and welfare | 16,798,150 | - | - | 16,798,150 |
| Education | 24,094,704 | - | - | 24,094,704 |
| Parks, recreation, and cultural | 3,159,050 | - | - | 3,159,050 |
| Community development | 3,002,527 | 4,523,559 | - | 7,526,086 |
| Nondepartmental | 10,356 | - | - | 10,356 |
| Capital projects | 19,074,792 | - | - | 19,074,792 |
| Debt service: | | | | |
| Principal retirement | 8,597,768 | - | - | 8,597,768 |
| Interest and other fiscal charges | 1,219,183 | - | - | 1,219,183 |
| Total expenditures | <u>\$ 115,652,484</u> | <u>\$ 4,523,559</u> | <u>\$ 84,825</u> | <u>\$ 120,260,868</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (5,703,193)</u> | <u>\$ (2,318,692)</u> | <u>\$ (27,837)</u> | <u>\$ (8,049,722)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ - | \$ 1,877,500 | \$ 25,000 | \$ 1,902,500 |
| Transfers out | (1,902,500) | - | - | (1,902,500) |
| Issuance of literary loans | 1,370,113 | - | - | 1,370,113 |
| Issuance of financed purchase | 1,353,485 | - | - | 1,353,485 |
| Total other financing sources (uses) | <u>\$ 821,098</u> | <u>\$ 1,877,500</u> | <u>\$ 25,000</u> | <u>\$ 2,723,598</u> |
| Net change in fund balances | \$ (4,882,095) | \$ (441,192) | \$ (2,837) | \$ (5,326,124) |
| Fund balances - beginning, as previously reported | 70,049,191 | 3,124,179 | 688,174 | 73,861,544 |
| Restatements | - | (1,945,464) | - | (1,945,464) |
| Fund balances - beginning, as restated | <u>\$ 70,049,191</u> | <u>\$ 1,178,715</u> | <u>\$ 688,174</u> | <u>\$ 71,916,080</u> |
| Fund balances - ending | <u>\$ 65,167,096</u> | <u>\$ 737,523</u> | <u>\$ 685,337</u> | <u>\$ 66,589,956</u> |

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

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

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

Net change in fund balances - total governmental funds \$ (5,326,124)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.

| | | |
|--|--------------|--------------|
| Capital outlays | \$ 5,940,690 | |
| Reversion of assets back to the School Board (net) | (29,218,196) | |
| Depreciation/amortization expense | (4,836,835) | (28,114,341) |

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (30,542)

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

| | | |
|-------------------------|--------------|-----------|
| Property taxes | \$ (456,935) | |
| Opioid settlement funds | (86,263) | |
| EMS billings | 29,694 | (513,504) |

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

Debt Issued or Incurred:

| | | |
|-------------------------------|----------------|--|
| Issuance of literary loans | \$ (1,370,113) | |
| Issuance of financed purchase | (1,353,485) | |

Principal Payments

| | | |
|--------------------------|-----------|-----------|
| Bonds payable | 5,809,471 | |
| Subscription liabilities | 192,312 | |
| Lease liabilities | 701,099 | |
| Financed purchases | 1,894,886 | 5,874,170 |

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 | \$ (528,706) | |
| Change in accrued interest payable | 97,258 | |
| Change in net OPEB liabilities and related items | (98,040) | |
| Change in net pension liability and related items | 1,078,030 | |
| Amortization of bond premium | 207,101 | |
| Amortization of loss on refunding | (304,516) | 451,127 |

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. (1,517,672)

Change in net position of governmental activities \$ (29,176,886)

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

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

| | Enterprise Funds | | | Internal Service Funds |
|--|----------------------|----------------------|----------------------|------------------------------|
| | Solid Waste | Water and | Total | |
| | Fund | Sewer Fund | | |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 2,877,267 | \$ 3,074,195 | \$ 5,951,462 | \$ 4,021,342 |
| Cash and cash equivalents - restricted | 478,351 | - | 478,351 | - |
| Accounts receivables, net of allowances for uncollectibles | 1,130,452 | 1,016,216 | 2,146,668 | 344,519 |
| Due from other governmental units | - | 169,871 | 169,871 | - |
| Inventories | - | 28,877 | 28,877 | 6,561 |
| Note receivable - current portion | - | 25,000 | 25,000 | - |
| Total current assets | <u>\$ 4,486,070</u> | <u>\$ 4,314,159</u> | <u>\$ 8,800,229</u> | <u>\$ 4,372,422</u> |
| Noncurrent assets: | | | | |
| Capital assets: (net of related depreciation) | | | | |
| Land | \$ 356,227 | \$ 388,900 | \$ 745,127 | \$ - |
| Construction in progress | 1,915,767 | 2,905,090 | 4,820,857 | - |
| Machinery and equipment | 2,393,604 | 1,008,202 | 3,401,806 | - |
| Buildings and improvements | - | 445,489 | 445,489 | - |
| Infrastructure | 6,551,875 | 23,281,690 | 29,833,565 | - |
| Right to use assets: | | | | |
| Machinery and equipment - lease | 679,682 | - | 679,682 | - |
| Total capital assets | <u>\$ 11,897,155</u> | <u>\$ 28,029,371</u> | <u>\$ 39,926,526</u> | <u>\$ -</u> |
| Total noncurrent assets | <u>\$ 11,897,155</u> | <u>\$ 28,029,371</u> | <u>\$ 39,926,526</u> | <u>\$ -</u> |
| Total assets | <u>\$ 16,383,225</u> | <u>\$ 32,343,530</u> | <u>\$ 48,726,755</u> | <u>\$ 4,372,422</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| OPEB related items | \$ 28,862 | \$ 12,313 | \$ 41,175 | \$ - |
| Pension related items | 175,766 | 68,057 | 243,823 | - |
| Total deferred outflows of resources | <u>\$ 204,628</u> | <u>\$ 80,370</u> | <u>\$ 284,998</u> | <u>\$ -</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable - operations | \$ 136,155 | \$ 333,991 | \$ 470,146 | \$ 7,601 |
| Estimate of incurred but unreported health claims | - | - | - | 1,315,625 |
| Accrued salaries | 54,184 | 1,808 | 55,992 | - |
| Accounts payable - capital related | 11,446 | 38,759 | 50,205 | - |
| Interest payable | 44,877 | - | 44,877 | - |
| Unearned revenue | 457,699 | 138,984 | 596,683 | - |
| Customer deposits payable | - | 277,502 | 277,502 | - |
| Compensated absences - current portion | 55,734 | 64,898 | 120,632 | - |
| Bonds payable - current portion | 833,509 | - | 833,509 | - |
| Lease liabilities - current portion | 212,545 | - | 212,545 | - |
| Total current liabilities | <u>\$ 1,806,149</u> | <u>\$ 855,942</u> | <u>\$ 2,662,091</u> | <u>\$ 1,323,226</u> |
| Noncurrent liabilities: | | | | |
| Landfill closure/postclosure liability | \$ 8,261,555 | \$ - | \$ 8,261,555 | \$ - |
| Bonds payable - net of current portion | 4,735,828 | - | 4,735,828 | - |
| Lease liabilities - net of current portion | 483,827 | - | 483,827 | - |
| Compensated absences - net of current portion | 18,578 | 21,633 | 40,211 | - |
| Net pension liability | 252,110 | 114,660 | 366,770 | - |
| Net OPEB liabilities | 117,381 | 49,642 | 167,023 | - |
| Total noncurrent liabilities | <u>\$ 13,869,279</u> | <u>\$ 185,935</u> | <u>\$ 14,055,214</u> | <u>\$ -</u> |
| Total liabilities | <u>\$ 15,675,428</u> | <u>\$ 1,041,877</u> | <u>\$ 16,717,305</u> | <u>\$ 1,323,226</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| OPEB related items | \$ 39,377 | \$ 16,667 | \$ 56,044 | \$ - |
| Pension related items | 86,685 | 42,718 | 129,403 | - |
| Total deferred inflows of resources | <u>\$ 126,062</u> | <u>\$ 59,385</u> | <u>\$ 185,447</u> | <u>\$ -</u> |
| NET POSITION | | | | |
| Net investment in capital assets | \$ 6,098,351 | \$ 27,990,612 | \$ 34,088,963 | \$ - |
| Restricted for health insurance claims | - | - | - | 3,025,723 |
| Unrestricted (deficit) | (5,311,988) | 3,332,026 | (1,979,962) | 23,473 |
| Total net position | <u>\$ 786,363</u> | <u>\$ 31,322,638</u> | <u>\$ 32,109,001</u> | <u>\$ 3,049,196</u> |

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

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

| | Enterprise Funds | | | Internal Service Funds |
|--|---------------------|-------------------------|----------------------|------------------------------|
| | Solid Waste Fund | Water and Sewer Fund | Total | |
| OPERATING REVENUES | | | | |
| Charges for services: | | | | |
| Water revenues | \$ - | \$ 2,772,553 | \$ 2,772,553 | \$ - |
| Sewer revenues | - | 1,823,103 | 1,823,103 | - |
| Connection charges | - | 132,677 | 132,677 | - |
| Solid waste collections | 6,512,105 | - | 6,512,105 | - |
| Recycling | 6,616 | - | 6,616 | - |
| Materials and supplies | - | - | - | 227,350 |
| Insurance premiums | - | - | - | 15,250,474 |
| Penalties and interest | 91,702 | 27,780 | 119,482 | - |
| Miscellaneous | - | 42,508 | 42,508 | - |
| Total operating revenues | <u>\$ 6,610,423</u> | <u>\$ 4,798,621</u> | <u>\$ 11,409,044</u> | <u>\$ 15,477,824</u> |
| OPERATING EXPENSES | | | | |
| Salaries | \$ 1,155,312 | \$ 422,257 | \$ 1,577,569 | \$ - |
| Fringe benefits | 507,497 | 127,034 | 634,531 | 16,779,147 |
| Contractual services | 2,265,212 | 110,408 | 2,375,620 | - |
| Utilities | 74,731 | 86,373 | 161,104 | - |
| Insurance | 22,120 | 13,136 | 35,256 | - |
| Fuel | 412,451 | 17,369 | 429,820 | - |
| Supplies | 507,883 | - | 507,883 | 216,349 |
| Landfill monitoring | 154,841 | - | 154,841 | - |
| Improvements and closure costs | (25,526) | - | (25,526) | - |
| Miscellaneous | 447,570 | 40,146 | 487,716 | - |
| Purchased water | - | 1,474,668 | 1,474,668 | - |
| Repairs and maintenance | - | 189,294 | 189,294 | - |
| Office and administration | - | 471,744 | 471,744 | - |
| Sewage treatment | - | 1,147,647 | 1,147,647 | - |
| Capital Expenses | - | 317 | 317 | - |
| Depreciation | 1,309,584 | 694,406 | 2,003,990 | - |
| Total operating expenses | <u>\$ 6,831,675</u> | <u>\$ 4,794,799</u> | <u>\$ 11,626,474</u> | <u>\$ 16,995,496</u> |
| Operating Income (Loss) | <u>\$ (221,252)</u> | <u>\$ 3,822</u> | <u>\$ (217,430)</u> | <u>\$ (1,517,672)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment income | \$ 26,359 | \$ 75,486 | \$ 101,845 | \$ - |
| Gain on sale of assets | 100,000 | - | 100,000 | - |
| Interest expense | (130,166) | - | (130,166) | - |
| Total nonoperating revenues (expenses) | <u>\$ (3,807)</u> | <u>\$ 75,486</u> | <u>\$ 71,679</u> | <u>\$ -</u> |
| Income (loss) before capital contributions, and construction grants | <u>\$ (225,059)</u> | <u>\$ 79,308</u> | <u>\$ (145,751)</u> | <u>\$ (1,517,672)</u> |
| Capital contributions and construction grants | - | 65,749 | 65,749 | - |
| Change in Net Position | <u>\$ (225,059)</u> | <u>\$ 145,057</u> | <u>\$ (80,002)</u> | <u>\$ (1,517,672)</u> |
| Total net position - beginning, as previously reported | \$ 1,034,662 | \$ 31,207,300 | \$ 32,241,962 | \$ 4,566,868 |
| Restatements | (23,240) | (29,719) | (52,959) | - |
| Total net position - beginning, as restated | <u>\$ 1,011,422</u> | <u>\$ 31,177,581</u> | <u>\$ 32,189,003</u> | <u>\$ 4,566,868</u> |
| Total net position - ending | <u>\$ 786,363</u> | <u>\$ 31,322,638</u> | <u>\$ 32,109,001</u> | <u>\$ 3,049,196</u> |

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

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

| | Enterprise Funds | | | Internal Service Funds |
|---|-----------------------|-------------------------|-----------------------|------------------------------|
| | Solid Waste Fund | Water and Sewer Fund | Total | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers and users | \$ 6,588,368 | \$ 4,628,667 | \$ 11,217,035 | \$ - |
| Receipts for materials and supplies | - | - | - | 222,536 |
| Receipts for insurance premiums | - | - | - | 15,242,313 |
| Payments to suppliers | (3,984,804) | (3,519,742) | (7,504,546) | (212,874) |
| Payments to employees | (1,651,125) | (536,961) | (2,188,086) | - |
| Payments for insurance premiums | - | - | - | (16,605,522) |
| Net cash provided by (used for) operating activities | <u>\$ 952,439</u> | <u>\$ 571,964</u> | <u>\$ 1,524,403</u> | <u>\$ (1,353,547)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Interfund borrowings | - | - | - | (3,884) |
| Net cash provided by (used for) noncapital financing activities | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (3,884)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Purchase of utility plant | \$ (1,184,462) | \$ (338,329) | \$ (1,522,791) | \$ - |
| Capital contributions | - | 55,878 | 55,878 | - |
| Payments on note receivable | - | 25,000 | 25,000 | - |
| Principal payments on bonds | (725,000) | - | (725,000) | - |
| Principal payments on leases | (200,732) | - | (200,732) | - |
| Interest expense | (238,178) | - | (238,178) | - |
| Proceeds from sales of capital assets | 100,000 | - | 100,000 | - |
| Net cash provided by (used for) capital and related financing activities | <u>\$ (2,248,372)</u> | <u>\$ (257,451)</u> | <u>\$ (2,505,823)</u> | <u>\$ -</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest and dividends received | \$ 26,359 | \$ 75,486 | \$ 101,845 | \$ - |
| Net increase (decrease) in cash and cash equivalents | <u>\$ (1,269,574)</u> | <u>\$ 389,999</u> | <u>\$ (879,575)</u> | <u>\$ (1,357,431)</u> |
| Cash and cash equivalents - beginning (including restricted investments of \$594,907) | \$ 4,625,192 | \$ 2,684,196 | \$ 7,309,388 | \$ 5,378,773 |
| Cash and cash equivalents - ending (including restricted investments of \$478,351) | <u>\$ 3,355,618</u> | <u>\$ 3,074,195</u> | <u>\$ 6,429,813</u> | <u>\$ 4,021,342</u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | | | |
| Operating income (loss) | \$ (221,252) | \$ 3,822 | \$ (217,430) | \$ (1,517,672) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | |
| Depreciation | \$ 1,309,584 | \$ 694,406 | \$ 2,003,990 | \$ - |
| (Increase) decrease in accounts receivable | (40,589) | (175,784) | (216,373) | (12,975) |
| (Increase) decrease in inventories | - | 1,820 | 1,820 | 1,638 |
| (Increase) decrease in deferred outflows related to pension | (46,140) | 14,496 | (31,644) | - |
| (Increase) decrease in deferred outflows related to OPEB | (6,266) | 6,975 | 709 | - |
| Increase (decrease) in accrued salaries | 13,139 | 1,255 | 14,394 | - |
| Increase (decrease) in closure/postclosure liability | (73,154) | - | (73,154) | - |
| Increase (decrease) in accounts payable | (52,368) | 29,540 | (22,828) | 175,462 |
| Increase (decrease) in compensated absences | 10,894 | 16,906 | 27,800 | - |
| Increase (decrease) in customer deposits payable | - | 14,499 | 14,499 | - |
| Increase (decrease) in unearned revenue | 18,534 | 5,830 | 24,364 | - |
| Increase (decrease) in net pension liability | (18,639) | (23,629) | (42,268) | - |
| Increase (decrease) in net OPEB liabilities | 21,234 | (23,828) | (2,594) | - |
| Increase (decrease) in deferred inflows related to pension | 18,540 | 9,122 | 27,662 | - |
| Increase (decrease) in deferred inflows related to OPEB | 18,922 | (3,466) | 15,456 | - |
| Total adjustments | <u>\$ 1,173,691</u> | <u>\$ 568,142</u> | <u>\$ 1,741,833</u> | <u>\$ 164,125</u> |
| Net cash provided by (used for) operating activities | <u>\$ 952,439</u> | <u>\$ 571,964</u> | <u>\$ 1,524,403</u> | <u>\$ (1,353,547)</u> |
| Noncash investing, capital, and financing activities: | | | | |
| Capital related payables - current year | \$ 11,446 | \$ 38,759 | \$ 50,205 | \$ - |
| Capital related payables - prior year | (344,414) | (3,600) | (348,014) | - |
| Capital contribution receivables - current year | - | (169,871) | (169,871) | - |
| Capital contribution receivables - prior year | - | 160,000 | 160,000 | - |

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

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

| | <u>Custodial Funds</u> |
|----------------------------|----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 1,022,369 |
| Cash in custody of others | 48,794 |
| Due from other governments | 632,637 |
| Total assets | <u>\$ 1,703,800</u> |
| LIABILITIES | |
| Accounts payable | <u>\$ 334,011</u> |
| NET POSITION | |
| Restricted: | |
| Social services welfare | \$ 21,003 |
| Escrows for developers | 368,563 |
| Workforce Investment Board | 931,429 |
| Amounts held for inmates | 48,794 |
| Total liabilities | <u>\$ 1,369,789</u> |

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

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

| | <u>Custodial Funds</u> |
|---|----------------------------|
| ADDITIONS | |
| Contributions: | |
| Government grants | \$ 2,142,596 |
| Rental income | 336,506 |
| Social security and welfare receipts | 50,860 |
| Inmate deposits | 150,358 |
| Miscellaneous | 488,304 |
| Total contributions | <u>\$ 3,168,624</u> |
| DEDUCTIONS | |
| Workforce Investment Board expenses | \$ 3,133,845 |
| Administrative fees | 4,900 |
| Welfare payments | 46,692 |
| Inmate purchases and withdrawals | 146,695 |
| Total deductions | <u>\$ 3,332,132</u> |
| Net increase (decrease) in fiduciary net position | \$ (163,508) |
| Net position - beginning | 1,533,297 |
| Net position - ending | <u>\$ 1,369,789</u> |

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

Note 1 - Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

Blended component units - The County does not have any blended component units.

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County's discretely presented component units.

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

The Industrial Development Authority of Pittsylvania County (IDA) encourages and provides financing for industrial development in Pittsylvania County. The IDA is deemed to be a discretely presented component unit of the County. The IDA's fiscal year end is June 30th and financial data presented herewith for the Authority is for the fiscal year ended June 30, 2025. The IDA issues separate financial statements that may be obtained from the County of Pittsylvania, 21 North Main Street, Chatham, Virginia 24531.

Related Organizations - The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointment.

Jointly Governed Organizations - The County, in conjunction with the City of Danville, participates in supporting the Danville-Pittsylvania Community Services Board. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$741,030 to the Community Services Board.

The County in conjunction with the City of Danville participates in supporting the Danville-Pittsylvania Regional Industrial Facilities Authority (DPRIFA). The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$271,136 to DPRIFA. The County has a moral obligation to continue to provide funding to the IFA for debt service and ongoing construction projects.

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

A. Financial Reporting Entity (Continued)

The County along with the Town of Hurt and City of Danville are part of the jointly governed organization Staunton River Regional Industrial Facility Authority (SRRIFA). SRRIFA's mission is to improve the regional economy through the attraction of global industry. During the year, the County contributed \$61,000 to SRRIFA.

B. 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 units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

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

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

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

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

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

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

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

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 in the month preceding receipt by the County.

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

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

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

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. The General Fund includes the activities of the ARPA Funding, Social Services, School Capital Projects, Debt Reserve, Bond, Zoning, Grants, CIP, Jail Operations, Rural Roads, Building Code Academy, Courthouse Security, Jail Inmate Management, Landfill Bond, Library Gifts, Courthouse Maintenance, Law Library, Animal Friendly Plates, and Jail Processing Funds. The aforementioned Funds have been merged with the General Fund for financial reporting purposes.

The *Industrial Development Fund* serves as the County's major *Special Revenue Fund*. The Industrial Development Fund accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for industrial and community development benefiting the County. The Industrial Development Fund includes the activities of the cyclical and non-cyclical industrial development funds.

The government reports the following nonmajor governmental funds:

- The *Forfeited Assets Fund* is a Special Revenue Fund that accounts for and reports financial resources to be used in connection with the Sheriff and Commonwealth Attorney's asset forfeiture funds.
- The *Debt Service Reserve Fund* is the County's only Debt Service Fund. It accounts for and reports financial resources to be used for the payment of debt of the County as well as jointly governed organizations.
- The *Sheriff Fund* accounts for the Sheriff's confidential account activities as well as the canteen profits from the jail.

The government reports the following major enterprise funds:

The *Solid Waste Fund* accounts for the activities of the landfill, including charges for services, expenses, assets, and related debts.

The *Water and Sewer Fund* accounts for the activities of the water and sewer operations, including charges for services, expenses, assets, and related debts.

The School Board reports the following major governmental fund:

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

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

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

The School Board reports the following nonmajor governmental fund:

- The *School Activity Fund* accounts for the activities of the bank accounts held at the individual schools under the direction of each corresponding principal.

Additionally, the government reports the following fund types:

Internal Service Funds account for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The Internal Service Funds consist of the Central Stores and Self Insurance Funds.

Fiduciary funds (Trust and Custodial funds) account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Custodial funds include the Special Welfare, Cash Bond, Workforce Investment Board, and Sheriff's Inmate Trust Funds.

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

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

Proprietary Funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Funds are charges to departments for sales and health insurance. Operating expenses for Internal Service Funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

1. Cash and Cash Equivalents

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

At June 30, 2025, the County and School Board held \$1,107,396 and \$25,181, respectively, in restricted cash and cash equivalents related to funds advanced for a financed purchase of school buses.

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

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

2. Investments

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

3. Receivables and Payables

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

4. Property Taxes

Property is assessed at its value on January 1st. Property taxes attach as an enforceable lien on property as of January 1st. Real estate taxes are payable in installments on June 10th and December 10th. Personal property taxes are due and collectible in installments on June 10th and December 10th. The County bills and collects its own property taxes.

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,276,229 at June 30, 2025 and is comprised of property taxes (\$524,984), EMS billings (\$668,972), water and sewer charges (\$43,319) and solid waste charges (\$38,954).

6. Use of Estimates

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

7. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements. The cost of prepaid items is recorded as an expenditure in the fund financial statements when purchased rather than when consumed. The cost of prepaid items is recorded as an expense when consumed rather than when purchased in the government-wide financial statements.

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

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

8. 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 \$20,000 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.

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

| <u>Assets</u> | <u>Years</u> |
|------------------------------------|--------------|
| Buildings | 40 |
| Building improvements | 40 |
| Structures, lines, and accessories | 20-40 |
| Machinery and equipment | 4-30 |
| Lease - machinery and equipment | 4-30 |
| Lease - buildings and improvements | 40 |
| Subscription asset | 3-5 |

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has multiple items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

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

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

9. Deferred Outflows/Inflows of Resources (Continued)

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 and opioid receivable is reported in the governmental funds balance sheet. This property tax amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, EMS billings, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

10. Long-term Obligations

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

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

11. Compensated Absences

The County and the School Board recognize 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 for the County, and three types of leave qualify for compensated absences - vacation, personal, and sick leave for the School Board. 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.

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

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

11. Compensated Absences (Continued)

Vacation

The County's policy permits employees to accumulate earned by unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment. Vacation benefits are accrued per pay period based on position and tenure. There are also carry forward caps in place based on position and tenure. A liability has been recorded for vacation leave estimated to be payable upon departure/termination and any expected use of accrued vacation leave in excess of a potential payout.

The School Board's policy permits twelve-month employees to accumulate annual leave that is earned monthly based on years of service, with annual accruals ranging from 12 to 24 days and a maximum accumulation of 40 days. Annual leave may not be used until six months of employment have been completed and must be approved in advance. Upon resignation, dismissal, retirement, or death, employees are compensated for any accumulated annual leave at their per diem rate.

Sick Leave

The County's policy permits employees to accumulate earned by unused sick leave. At the end of employment, sick leave is payable up to \$2,500. In addition, 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.

The School Board's policy permits employees to accumulate earned by unused sick leave. At the end of employment, sick leave is payable up to \$30 per day. In addition, 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.

Personal Leave

The School Board's policy permits employees accumulate up to three personal leave days; any unused personal leave in excess of this limit is automatically converted to accumulated sick leave at the end of the school session. Personal leave balances do not vest and are not paid out upon separation from employment. However, at retirement, any accumulated personal leave is added to the employee's sick leave balance in accordance with Board policy.

12. Pensions

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

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

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

13. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, HIC, and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' fiduciary net 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.

Health Insurance

The County and School Board offer retirees the option to remain on the health insurance plan resulting in an implicit subsidy OPEB liability. For more information see the related note disclosure.

14. 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." The 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 prepaid expenditures) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

The Board of Supervisors is the County's highest level of decision-making authority and a resolution is required prior to the last day of the fiscal year in order to establish, modify, or rescind a fund balance commitment. The amount subject to the constraint may be determined in the subsequent period.

The County's Board of Supervisors has authorized the Finance Director to assign fund balance in accordance with the County's fund balance policy.

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

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

14. Fund Balance (Continued)

The County will maintain an unassigned fund balance in the general fund equal to 10% of expenditures/revenues. The County considers a balance of less than 10% to be cause for concern, barring unusual, or deliberate circumstances.

The County considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unassigned, assigned, or committed fund balances are available, unless prohibited by legal documents or contracts. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available, the County considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.

15. Net Position

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

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

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

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

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

16. 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 and School Board recognize lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$20,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Subsequently, the lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Lessor

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

Subscriptions

The County recognizes intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities with an initial value of \$20,000, individually or in the aggregate, in the government-wide financial statements. At the commencement of the subscription, the subscription liability is measured at the present value of payments expected to be made during the subscription liability term (less any contract incentives). Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is measured at the initial amount of the subscription liability, adjusted for subscription payments made at or before commencement of the subscription term, and capitalizable implementation costs, less any incentives received. Subsequently, the subscription asset is amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

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

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

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

Key Estimates and Judgments

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

- The County and School Board use the interest rate stated in lease or subscription contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the County and School Board uses its estimated incremental borrowing rate as the discount rate for leases.
- 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.

Note 2 - Stewardship, Compliance, and Accountability:

A. Budgetary Information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All Funds of the County have legally adopted budgets with the exception of Custodial Funds, the Sheriff Fund, and the School Board's School Activity Fund.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.

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

A. Budgetary Information (Continued)

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds (except the School Fund) and the School Capital Projects Funds. The School Operating Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of expenditures over appropriations

At June 30, 2025, the health and welfare function had expenditures in excess of appropriations due to unexpected accruals, but no functions had expenditures in excess of its appropriations.

C. Deficit fund equity

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

Note 3 - Deposits and Investments:

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.

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

Custodial Credit Risk (Investments)

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Neither the County nor its discretely presented component unit has an investment policy for custodial credit risk. As of June 30, 2025, the County and the Component Unit - School Board did not hold any investments that were subject to custodial credit risk.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 3 - Deposits and Investments: (Continued)

Concentration of Credit Risk

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

Credit Risk of Debt Securities

The County has not adopted an investment policy for credit risk. The County's rated debt investments as of June 30, 2025 were rated by Standard & Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard & Poor's rating scale.

| County's Rated Debt Investments' Values | | | | School Board's Rated Debt Investments' Values | | | |
|---|----------------------|---------|------------|---|----------------------|---------|-----------|
| Rated Debt Investments | Fair Quality Ratings | | | Rated Debt Investments | Fair Quality Ratings | | |
| | AAAm | Unrated | Total | | AAAm | Unrated | Total |
| SNAP | \$ 377,714 | \$ - | \$ 377,714 | SNAP | \$ 25,181 | \$ - | \$ 25,181 |
| Money Market Mutual Funds | 100,637 | - | 100,637 | Money Market Mutual Funds | - | - | - |
| Total | \$ 478,351 | \$ - | \$ 478,351 | Total | \$ 25,181 | \$ - | \$ 25,181 |

These investments are reported as cash and cash equivalents due to their liquidity.

External Investment Pool

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

Interest Rate Risk

The County has not adopted an investment policy for interest rate risk. Investments subject to interest rate risk are presented below along with their corresponding maturities.

| County's Investment Maturities (in years) | | | School Board's Investment Maturities (in years) | | |
|---|------------|------------------|---|------------|------------------|
| Investment Type | Fair Value | Less than 1 year | Investment Type | Fair Value | Less than 1 year |
| SNAP | \$ 377,714 | \$ 377,714 | SNAP | \$ 25,181 | \$ 25,181 |
| Money Market Mutual Funds | 100,637 | 100,637 | Money Market Mutual Funds | - | - |
| Total | \$ 478,351 | \$ 478,351 | Total | \$ 25,181 | \$ 25,181 |

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

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

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

(If there has been a change in valuation technique that has a significant effect on the result (e.g., changing from an expected cash flow technique or the use of an additional valuation technique), document that specific change, and the reason(s) for making it.)

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

| Investment Type | Fair Value Measurement Using | | |
|---------------------------|---|---|---|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Money Market Mutual Funds | \$ 100,637 | \$ - | \$ - |
| | \$ 100,637 | \$ - | \$ - |

Note 4 - Due from Other Governmental Units:

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

| | <u>Primary Government</u> | <u>Component Unit School Board</u> |
|--|-------------------------------|--|
| <u>Commonwealth of Virginia:</u> | | |
| Local sales tax | \$ 842,689 | \$ - |
| Communication sales tax | 235,124 | - |
| State sales tax | 739,348 | 1,829,439 |
| Noncategorical aid | 164,691 | - |
| Categorical aid - shared expenses | 652,821 | - |
| Categorical aid - Virginia Public Assistance funds | 147,508 | - |
| Categorical aid - CSA funds | 2,568,284 | - |
| Categorical aid - other | 686,861 | 1,481,528 |
| <u>Federal Government:</u> | | |
| Categorical aid - Virginia Public Assistance funds | 286,578 | - |
| Categorical aid - education | - | 1,701,827 |
| Categorical aid - other | 835,582 | - |
| Totals | \$ <u>7,159,486</u> | \$ <u>5,012,794</u> |

Note 5 - Interfund/Component-Unit Obligations:

| <u>Fund</u> | <u>Due from Primary Government/ Component Unit</u> | <u>Due to Primary Government/ Component Unit</u> |
|--------------------------------|--|--|
| Primary Government: | | |
| General Fund | \$ - | \$ 917,247 |
| Component Unit - School Board: | | |
| School Fund | \$ 917,247 | \$ - |

Note 5 - Interfund/Component-Unit Obligations: (Continued)

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: | | |
| Major Governmental Funds: | | |
| General Fund | \$ - | \$ 1,902,500 |
| Industrial Development Fund | 1,877,500 | - |
| Nonmajor Governmental Funds: | | |
| Sheriff Fund | 25,000 | - |
| Total | <u>\$ 1,902,500</u> | <u>\$ 1,902,500</u> |
| Component Unit - School Board: | | |
| School Operating Fund | \$ - | \$ 1,309,266 |
| School Activity Fund | 1,309,266 | - |
| Total | <u>\$ 1,309,266</u> | <u>\$ 1,309,266</u> |

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

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COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 6 - Long-Term Obligations:

Primary Government - Governmental Activities Indebtedness:

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

| | Beginning Balance | Restatement | Increases/ Issuances | Decreases/ Retirements | Ending Balance |
|-----------------------------------|----------------------|---------------------|-------------------------|---------------------------|----------------------|
| General obligation bonds | \$ 27,342,293 | \$ - | \$ 1,370,113 | \$ (5,512,293) | \$ 23,200,113 |
| Unamortized bond premiums | 391,496 | - | - | (207,101) | 184,395 |
| Direct borrowings and placements: | | | | | |
| Lease revenue bonds | 1,878,478 | - | - | (297,178) | 1,581,300 |
| Financed purchases | 5,070,040 | - | 1,353,485 | (1,894,886) | 4,528,639 |
| Lease liabilities | 1,073,181 | - | - | (701,099) | 372,082 |
| Subscription liabilities | 1,045,388 | - | - | (192,312) | 853,076 |
| Compensated absences* | 1,411,547 | 1,476,383 | 528,706 | - | 3,416,636 |
| Net pension liability | 7,921,668 | - | 9,946,663 | (11,327,960) | 6,540,371 |
| Net OPEB liabilities | 3,114,470 | - | 762,339 | (1,018,473) | 2,858,336 |
| Total | \$ 49,248,561 | \$ 1,476,383 | \$ 13,961,306 | \$ (21,151,302) | \$ 43,534,948 |

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

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

| Year Ending June 30, | General Obligation Bonds | | Direct Borrowings and Placements | | | | Lease Liabilities | | Subscription Liabilities | |
|-------------------------|--------------------------|--------------------|----------------------------------|---------------------------------|---------------------------------|--------------------------------|-------------------|------------------|--------------------------|------------------|
| | Principal | Interest | Lease Revenue Bonds Principal | Lease Revenue Bonds Interest | Financed Purchases Principal | Financed Purchases Interest | Principal | Interest | Principal | Interest |
| 2026 | \$ 3,875,000 | \$ 698,163 | \$ 300,428 | \$ 54,535 | \$ 1,534,397 | \$ 110,726 | \$ 201,851 | \$ 22,777 | \$ 199,081 | \$ 6,060 |
| 2027 | 4,010,000 | 562,513 | 303,779 | 43,990 | 682,976 | 68,538 | 92,866 | 10,638 | 130,275 | 2,637 |
| 2028 | 4,130,000 | 442,213 | 307,234 | 33,325 | 236,748 | 45,273 | 48,421 | 4,922 | 135,283 | 1,354 |
| 2029 | 4,265,000 | 310,612 | 223,495 | 23,319 | 241,530 | 40,490 | 28,944 | 970 | 92,847 | - |
| 2030 | 4,400,000 | 174,712 | 224,006 | 15,564 | 246,409 | 35,611 | - | - | 95,632 | - |
| 2031-2035 | 1,150,000 | 34,500 | 222,358 | 7,791 | 1,036,430 | 91,651 | - | - | 199,958 | - |
| 2036-2040 | - | - | - | - | 550,149 | 13,892 | - | - | - | - |
| Totals | \$21,830,000 | \$2,222,713 | \$ 1,581,300 | \$ 178,524 | \$ 4,528,639 | \$ 406,181 | \$ 372,082 | \$ 39,307 | \$ 853,076 | \$ 10,051 |

Amount not yet drawn

| | |
|----------------|---------------------|
| down | 1,370,113 |
| Adjusted total | <u>\$23,200,113</u> |

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 6 - Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness: (Continued)

Details of long-term indebtedness:

| | Interest Rates | Implementation/ Issue Date | Final Maturity Date | Installment Amounts | Amount of Original Issue | Total Amount | Amount Due Within One Year |
|--|----------------|-------------------------------|------------------------|----------------------------|--------------------------------|-----------------|-------------------------------|
| General Obligation Bonds: | | | | | | | |
| General obligation bond (2) | 3.00-5.00% | 8/21/2015 | 2/1/2030 | \$625,000-3,600,000 (a+) | \$ 37,660,000 | \$ 15,440,000 | \$ 2,905,000 |
| General obligation bond (1) | 3.00-5.00% | 6/2/2016 | 6/15/2031 | \$605,000-1,150,000 (a+) | 13,275,000 | 6,390,000 | 970,000 |
| Literary Loan - Kentuck ES* | 2.00% | 10/1/2024 | 10/1/2043 | unavailable | 10,792,290 | 734,346 | - |
| Literary Loan - Southside ES* | 2.00% | 10/1/2024 | 10/1/2043 | unavailable | 9,388,584 | 316,000 | - |
| Literary Loan - Union Hall ES* | 2.00% | 10/1/2024 | 10/1/2043 | unavailable | 6,305,404 | 319,767 | - |
| Total general obligation bonds | | | | | | \$ 23,200,113 | \$ 3,875,000 |
| Plus: | | | | | | | |
| Unamortized Premium | | | | | | \$ 184,395 | \$ 87,867 |
| Direct Borrowings and Placements - Lease Revenue Bonds: | | | | | | | |
| Revenue bond - IDA | 3.59% | 1/30/2018 | 2/1/2028 | \$152,730-315,936 (a+) | \$ 1,803,802 | \$ 244,016 | \$ 78,462 |
| QECB Energy Revenue Bond | 3.47% | 1/20/2016 | 3/1/2031 | \$216,581-224,519 (a+) | 3,313,595 | 1,337,284 | 221,966 |
| Total direct borrowings - lease revenue bonds | | | | | | \$ 1,581,300 | \$ 300,428 |
| Direct Borrowings and Placements - Financed Purchases: | | | | | | | |
| E-911 Equipment Purchase | 3.54% | 12/1/2017 | 3/15/2026 | \$873,858-\$1,419,774 (a+) | \$ 10,987,800 | \$ 873,858 | \$ 873,858 |
| Bank of America Energy Lease | 2.01% | 6/16/2021 | 3/1/2036 | \$214,218-\$266,932 (a+) | 3,532,028 | 2,770,790 | 227,465 |
| School Bus Truist Bank | 4.65% | 4/6/2023 | 4/6/2025 | \$343,850 annual payment | 642,544 | 883,991 | 433,074 |
| Total financed purchases | | | | | | \$ 4,528,639 | \$ 1,534,397 |
| Lease Liabilities: | | | | | | | |
| Enterprise Vehicle Leases | 7.06-16.63% | 7/1/2021 | 2/1/2026-5/1/2029 | \$6,161-\$8,117 (b) | \$ 1,485,011 | \$ 359,131 | \$ 194,846 |
| Bill Rogers Tower Site Lease | 2.00% | 7/1/2021 | 4/1/2027 | \$500 (b) | 85,094 | 12,951 | 7,005 |
| Total lease liabilities | | | | | | \$ 372,082 | \$ 201,851 |
| Subscription Liabilities: | | | | | | | |
| L3 Harris E911 tower software | 3.00% | 7/1/2022 | 8/24/2031 | \$104,500 (b) | \$ 918,148 | \$ 651,065 | \$ 84,968 |
| Motorola Watchdog software | 3.00% | 10/28/2022 | 10/28/2025 | \$20,825 (b) | 79,731 | 20,218 | 20,218 |
| ESRI GIS software | 3.00% | 7/1/2022 | 10/1/2025 | \$66,000 (b) | 221,574 | 53,398 | 53,398 |
| CivicPlus Agenda Software | 3.00% | 7/1/2022 | 7/1/2027 | \$19,950-\$23,095 (c) | 118,573 | 62,206 | 19,083 |
| Time & Attendance Software | 3.00% | 9/1/2023 | 9/1/2027 | \$23,400 (b) | 110,380 | 66,189 | 21,414 |
| Total subscription liabilities | | | | | | \$ 853,076 | \$ 199,081 |
| Other Obligations: | | | | | | | |
| Compensated absences | | | | | | \$ 3,416,636 | \$ 2,562,476 |
| Net pension liability | | | | | | 6,540,371 | - |
| Net OPEB liabilities | | | | | | 2,858,336 | - |
| Total other obligations | | | | | | \$ 12,815,343 | \$ 2,562,476 |
| Total long-term obligations | | | | | | \$ 43,534,948 | \$ 8,761,100 |

(1) Refunding bond

(2) Advanced refunding bond

(a+) annual principal installments shown does not include semi-annual interest installments

(b) payments include principal and interest

(c) variable payments including principal and interest

* bond is in draw down phase as of year end

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 6 - Long-Term Obligations: (Continued)

Primary Government - Business-type Activities Indebtedness:

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

| | Beginning Balance | Restatement | Increases/ Issuances | Decreases/ Retirements | Ending Balance |
|---|----------------------|------------------|-------------------------|---------------------------|----------------------|
| Direct borrowings and placements: | | | | | |
| Lease revenue bonds | \$ 5,920,000 | \$ - | \$ - | \$ (725,000) | \$ 5,195,000 |
| Unamortized bond premiums | 477,157 | - | - | (102,820) | 374,337 |
| Landfill closure/post-closure liability | 8,334,709 | - | - | (73,154) | 8,261,555 |
| Compensated absences* | 80,084 | 52,959 | 27,800 | - | 160,843 |
| Lease liabilities | 897,104 | - | - | (200,732) | 696,372 |
| Net pension liability | 409,038 | - | 591,110 | (633,378) | 366,770 |
| Net OPEB liabilities | 169,617 | - | 75,175 | (77,769) | 167,023 |
| Total | \$ 16,287,709 | \$ 52,959 | \$ 694,085 | \$ (1,812,853) | \$ 15,221,900 |

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

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

| Year Ending June 30, | Direct Borrowings and Placements | | | |
|-------------------------|----------------------------------|-------------------|-------------------|------------------|
| | Lease Revenue Bonds | | Lease Liabilities | |
| | Principal | Interest | Principal | Interest |
| 2026 | \$ 745,000 | \$ 170,414 | \$ 212,545 | \$ 34,388 |
| 2027 | 775,000 | 147,721 | 225,052 | 21,880 |
| 2028 | 795,000 | 122,161 | 238,296 | 8,637 |
| 2029 | 685,000 | 96,271 | 20,479 | 98 |
| 2030 | 235,000 | 78,291 | - | - |
| 2031-2035 | 1,350,000 | 208,600 | - | - |
| 2036-2037 | 610,000 | 13,471 | - | - |
| Totals | \$ 5,195,000 | \$ 836,929 | \$ 696,372 | \$ 65,003 |

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 6 - Long-Term Obligations: (Continued)

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

Details of long-term indebtedness:

| | Interest Rates | Issue Date | Final Maturity Date | Installment Amounts | Amount of Original Issue | Total Amount | Amount Due Within One Year |
|--|----------------|------------|---------------------|------------------------|--------------------------|----------------------|----------------------------|
| Direct Borrowings and Placements - Lease Revenue Bonds: | | | | | | | |
| Lease revenue bond | 2.21-5.13% | 10/17/2021 | 10/1/2036 | \$215,000-310,000 (a+) | \$ 3,885,000 | \$ 3,205,000 | \$ 250,000 |
| Lease revenue bond | 1.63-2.72% | 10/17/2021 | 10/1/2028 | \$465,000-520,000 (a+) | 3,430,000 | 1,990,000 | 495,000 |
| Total direct borrowings - lease revenue bonds | | | | | | <u>\$ 5,195,000</u> | <u>\$ 745,000</u> |
| Plus: | | | | | | | |
| Unamortized Premium | | | | | | \$ 374,337 | \$ 88,509 |
| Lease Liabilities | | | | | | | |
| CAT - Excavator | 5.73% | 8/27/2023 | 7/27/2028 | \$8,477 (m) | \$ 443,394 | \$ 286,854 | \$ 87,551 |
| CAT - Truck | 5.73% | 8/27/2023 | 7/27/2028 | \$12,101 (m) | 633,016 | 409,518 | 124,994 |
| Total lease liabilities | | | | | | <u>\$ 696,372</u> | <u>\$ 212,545</u> |
| Other Obligations: | | | | | | | |
| Landfill closure/post-closure liability | | | | | | \$ 8,261,555 | \$ - |
| Compensated absences | | | | | | 160,843 | 120,632 |
| Net pension liability | | | | | | 366,770 | - |
| Net OPEB liabilities | | | | | | 167,023 | - |
| Total other obligations | | | | | | <u>\$ 8,956,191</u> | <u>\$ 120,632</u> |
| Total long-term obligations | | | | | | <u>\$ 15,221,900</u> | <u>\$ 1,166,686</u> |

(a+) annual principal installments shown does not include semi-annual interest installments

(m) monthly principal and interest payments

Collateral: The County's lease revenue bond issued August 5, 2006 and the lease revenue bond issued January 30, 2018 are secured by the Human Services building. The County's lease revenue bond issued October 17, 2021 for the landfill construction is secured by the County Administration (Moses) building.

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

Covenants: The County's lease revenue bonds issued 10/17/2021 include a debt covenant that requires the net revenues available for debt service to be equal to at least 100% of annual debt service.

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 7 - Long-Term Obligations-Component Unit School Board:

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

| | Beginning Balance | Restatement | Increases / Issuances | Decreases / Retirements | Ending Balance |
|--------------------------|----------------------|----------------------|--------------------------|----------------------------|----------------------|
| Compensated absences* | \$ 1,928,565 | \$ 10,098,292 | \$ - | \$ (307,339) | \$ 11,719,518 |
| Net pension liability | 52,901,661 | - | 22,117,121 | (27,745,261) | 47,273,521 |
| Net OPEB liabilities | 15,984,588 | - | 3,883,500 | (3,362,231) | 16,505,857 |
| Lease liabilities | 180,134 | - | - | (94,365) | 85,769 |
| Subscription liabilities | 74,745 | - | 292,431 | (266,215) | 100,961 |
| Total | \$ 71,069,693 | \$ 10,098,292 | \$ 26,293,052 | \$ (31,775,411) | \$ 75,685,626 |

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

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

| Year Ending June 30, | Subscription Liabilities | | Lease Liabilities | |
|-------------------------|--------------------------|-----------------|-------------------|---------------|
| | Principal | Interest | Principal | Interest |
| 2026 | \$ 49,981 | \$ 2,019 | \$ 80,507 | \$ 935 |
| 2027 | 50,980 | 1,020 | 5,262 | 35 |
| Totals | \$ 100,961 | \$ 3,039 | \$ 85,769 | \$ 970 |

Details of long-term indebtedness:

| | Interest Rates | Implementation Date | Final Maturity Date | Installment Amounts | Amount of Original Issue | Total Amount | Amount Due Within One Year |
|----------------------------------|----------------|---------------------|-----------------------|----------------------|--------------------------|---------------|----------------------------|
| Lease Liabilities: | | | | | | | |
| School copier leases | 2.00% | 7/1/2021 | 12/4/2022 - 4/23/2027 | \$156 - \$23,040 (m) | \$5,875-\$109,722 | \$ 85,769 | \$ 80,507 |
| Total lease liabilities | | | | | | \$ 85,769 | \$ 80,507 |
| Subscription Liabilities: | | | | | | | |
| CoGuardian software | 2.00% | 7/1/2024 | 7/1/2027 | \$52,000 (a) | \$ 224,265 | \$ 100,961 | \$ 49,981 |
| Total subscription liabilities | | | | | | \$ 100,961 | \$ 49,981 |
| Other Obligations: | | | | | | | |
| Compensated absences | | | | | | \$ 11,719,518 | \$ 8,789,639 |
| Net pension liability | | | | | | 47,273,521 | - |
| Net OPEB liabilities | | | | | | 16,505,857 | - |
| Total other obligations | | | | | | \$ 75,498,896 | \$ 8,789,639 |
| Total long-term obligations | | | | | | \$ 75,685,626 | \$ 8,920,127 |

(m) = monthly principal and interest payments

(a) = annual principal and interest payments

Note 8 - 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.

In fiscal year 2021, the blended component unit Pittsylvania County Service Authority employees became County employees and joined that plan with VRS. However, VRS is currently still maintaining the old plan for them but is in the process of consolidating plans. For reporting purposes, the plans are merged.

Benefit Structures

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

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

Note 8 - Pension Plans: (Continued)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

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

| | Primary Government | Component Unit School Board Nonprofessional |
|--|-----------------------|---|
| Inactive members or their beneficiaries currently receiving benefits | 318 | 171 |
| Inactive members: | | |
| Vested inactive members | 60 | 22 |
| Non-vested inactive members | 146 | 70 |
| Inactive members active elsewhere in VRS | 146 | 30 |
| Total inactive members | 352 | 122 |
| Active members | 358 | 132 |
| Total covered employees | 1028 | 425 |

Note 8 - Pension Plans: (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted 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 employee contribution rate for the year ended June 30, 2025 was 12.83% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$2,915,394 and \$2,666,162 for the years ended June 30, 2025 and June 30, 2024, respectively.

The Component Unit School Board's contractually required employee contribution rate for nonprofessional employees for the year ended June 30, 2025 was 7.36% 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 Pittsylvania County School Board's nonprofessional employees were \$289,605 and \$207,945 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 \$88,740 and \$18,786 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 \$87,322 and \$11,633 for the County and School Board, respectively, for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$9,424,472 and \$2,236,929 for the County and School Board, respectively, for the year ended June 30, 2025.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's, Blended Component Unit'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.

Note 8 - Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

| | |
|---------------------------------------|---|
| Inflation | 2.50% |
| Salary increases, including inflation | 3.50% - 5.35% |
| Investment rate of return | 6.75%, net of pension plan investment expenses, including inflation |

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

Note 8 - Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

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

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

Note 8 - Pension Plans: (Continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

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

Note 8 - Pension Plans: (Continued)

Long-term Expected Rate of Return

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

| <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%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 8 - Pension Plans: (Continued)

Discount Rate

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

Changes in Net Pension Liability (Asset)

| | Primary Government | | |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
| | Increase (Decrease) | | |
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balances at June 30, 2023 | \$ 94,375,493 | \$ 86,044,787 | \$ 8,330,706 |
| Changes for the year: | | | |
| Service cost | \$ 2,498,537 | \$ - | \$ 2,498,537 |
| Interest | 6,355,860 | - | 6,355,860 |
| Differences between expected and actual experience | 1,595,600 | - | 1,595,600 |
| Contributions - employer | - | 2,663,715 | (2,663,715) |
| Contributions - employee | - | 966,475 | (966,475) |
| Net investment income | - | 8,296,071 | (8,296,071) |
| Benefit payments, including refunds of employee contributions | (5,426,281) | (5,426,281) | - |
| Administrative expenses | - | (54,450) | 54,450 |
| Other changes | - | 1,753 | (1,753) |
| Net changes | \$ 5,023,716 | \$ 6,447,283 | \$ (1,423,567) |
| Balances at June 30, 2024 | \$ 99,399,209 | \$ 92,492,070 | \$ 6,907,139 |

Note 8 - Pension Plans: (Continued)

Changes in Net Pension Liability (Asset) (Continued)

| | Component Unit - School Board (Nonprofessional) | | |
|--|---|---------------------------------------|---|
| | Increase (Decrease) | | |
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a) - (b) |
| Balances at June 30, 2023 | \$ 16,732,479 | \$ 16,608,620 | \$ 123,859 |
| Changes for the year: | | | |
| Service cost | \$ 331,129 | \$ - | \$ 331,129 |
| Interest | 1,113,216 | - | 1,113,216 |
| Differences between expected and actual experience | 661,234 | - | 661,234 |
| Contributions - employer | - | 207,417 | (207,417) |
| Contributions - employee | - | 169,808 | (169,808) |
| Net investment income | - | 1,584,203 | (1,584,203) |
| Benefit payments, including refunds of employee contributions | (1,143,031) | (1,143,031) | - |
| Administrative expenses | - | (11,064) | 11,064 |
| Other changes | - | 303 | (303) |
| Net changes | \$ 962,548 | \$ 807,636 | \$ 154,912 |
| Balances at June 30, 2024 | \$ 17,695,027 | \$ 17,416,256 | \$ 278,771 |

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Note 8 - Pension Plans: (Continued)

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 Pittsylvania County School Board (nonprofessional) using the discount rate of 6.75%, as well as what the County's and Pittsylvania County School Board's (nonprofessional) 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:

| | <u>1% Decrease</u> | <u>Current</u> | <u>1% Increase</u> |
|---|--------------------|----------------------|--------------------|
| | <u>(5.75%)</u> | <u>Discount Rate</u> | <u>(7.75%)</u> |
| | | <u>(6.75%)</u> | |
| County - Primary Government | | | |
| Net Pension Liability (Asset) | \$ 18,827,197 | \$ 6,907,139 | \$ (2,944,999) |
| Component Unit School Board (Nonprofessional) | | | |
| Net Pension Liability (Asset) | \$ 2,185,842 | \$ 278,771 | \$ (1,329,998) |

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Note 8 - 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 \$1,744,966, and \$403,378 respectively. At June 30, 2025, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to 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 | \$ 1,211,567 | \$ 48,618 | \$ 320,392 | \$ - |
| Change in assumptions | 23,858 | - | - | - |
| Net difference between projected and actual earnings on pension plan investments | - | 2,414,394 | - | 470,767 |
| Change in proportionate share | 14,955 | 14,955 | - | - |
| Employer contributions subsequent to the measurement date | 2,915,394 | - | 289,605 | - |
| Total | \$ 4,165,774 | \$ 2,477,967 | \$ 609,997 | \$ 470,767 |

\$2,915,394 and \$289,605 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability (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:

| <u>Year Ended June 30</u> | <u>Primary Government</u> | <u>Component Unit School Board (Nonprofessional)</u> |
|---------------------------|---------------------------|--|
| 2026 | \$ (1,411,428) | \$ (100,304) |
| 2027 | 1,160,733 | 136,573 |
| 2028 | (466,802) | (88,778) |
| 2029 | (510,091) | (97,866) |
| 2030 | - | - |
| Thereafter | - | - |

Note 8 - Pension Plans: (Continued)

Pension Plan Data

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

Component Unit School Board (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 \$7,865,216 and \$8,440,857 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 \$146,693 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 \$53,965 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$6,456,972 for the year ended June 30, 2025.

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

At June 30, 2025, the school division reported a liability of \$46,994,750 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 0.50064% as compared to 0.52218% at June 30, 2023.

Note 8 - Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

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

For the year ended June 30, 2025, the school division recognized pension expense of \$3,751,265. 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:

| | Component Unit-School Board (Professional) | |
|--|---|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 8,152,926 | \$ 967,655 |
| Change in assumptions | 853,018 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 6,468,856 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 543,787 | 2,235,321 |
| Employer contributions subsequent to the measurement date | <u>7,865,216</u> | <u>-</u> |
| Total | <u>\$ 17,414,947</u> | <u>\$ 9,671,832</u> |

\$7,865,216 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:

Note 8 - 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)

| <u>Year Ended June 30</u> | <u>Component Unit School Board (Professional)</u> |
|---------------------------|---|
| 2026 | \$ (3,586,147) |
| 2027 | 3,699,791 |
| 2028 | 624,081 |
| 2029 | (859,826) |
| 2030 | - |
| Thereafter | - |

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 |

Note 8 - Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions (Continued)

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 Improvements:

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

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

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

Note 8 - Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Net Pension Liability

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

| | | <u>Teacher Employee Retirement Plan</u> |
|---|----|---|
| Total Pension Liability | \$ | 60,622,260 |
| Plan Fiduciary Net Position | | 51,235,236 |
| Employers' Net Pension Liability (Asset) | \$ | <u>9,387,024</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.

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:

| | <u>Current Discount Rate</u> | |
|--------------------------------|----------------------------------|--------------------------------|
| <u>1% Decrease (5.75%)</u> | <u>(6.75%)</u> | <u>1% Increase (7.75%)</u> |

School division's proportionate share of the
 VRS Teacher Employee Retirement Plan
 Net Pension Liability

| | | | |
|--|---------------|---------------|---------------|
| | \$ 87,307,033 | \$ 46,994,750 | \$ 13,980,272 |
|--|---------------|---------------|---------------|

Note 8 - Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

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 and Component Unit School Board

Aggregate Pension Information

| | Primary Government | | | | Component Unit School Board | | | |
|------------------------------|--------------------|------------------|-------------------------------|-----------------|-----------------------------|------------------|-------------------------------|-----------------|
| | Deferred Outflows | Deferred Inflows | Net Pension Liability (Asset) | Pension Expense | Deferred Outflows | Deferred Inflows | Net Pension Liability (Asset) | Pension Expense |
| VRS Pension Plans: | | | | | | | | |
| Primary Government | \$ 4,165,774 | \$ 2,477,967 | \$ 6,907,139 | \$ 1,744,966 | \$ - | \$ - | \$ - | \$ - |
| School Board Nonprofessional | - | - | - | - | 609,997 | 470,767 | 278,771 | 403,378 |
| School Board Professional | - | - | - | - | 17,414,947 | 9,671,832 | 46,994,750 | 3,751,265 |
| Totals | \$ 4,165,774 | \$ 2,477,967 | \$ 6,907,139 | \$ 1,744,966 | \$ 18,024,944 | \$ 10,142,599 | \$ 47,273,521 | \$ 4,154,643 |

Note 9 - Other Postemployment Benefits - Health Insurance:

Plan Description

In addition to the pension benefits described in Note 8, the County and School Board participate in a single employer defined benefit healthcare plan, the Pittsylvania County Post-Retirement Medical Plan (PPRMP). Several entities participate in the defined benefit healthcare plan through the County of Pittsylvania, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan. The benefit provisions, including employer and employee contributions, are governed by the Board of Supervisors and can be amended through board action. The PPRMP does not issue a publicly available financial report.

Note 9 - Other Postemployment Benefits - Health Insurance: (Continued)

Benefits Provided

PPRMP provides health insurance benefits to eligible retirees and their spouses. To be eligible, employees must meet the age and service criteria for retirement benefits under VRS, which requires that the employee be (1) age 50 with 10 years of service; (2) age 55 with 5 years of service; or (3) age 65 with 5 years of service. Additionally, the employee must be of full-time status in VRS and must be covered by the active plan at the time of retirement. Coverage continues as documented below:

County:

- Medical Coverage:
 - Retiree pays 100% of Pre-65 premium.
 - Retiree pays 100% of spousal premium.
 - Medicare eligible retirees pay 100% of carve out premium for retiree and spouse.
 - Effective 10/1/2017, the County no longer allows post 65 retirees to elect coverage but still has 4 retirees that are grandfathered into the plan.
- Dental Coverage:
 - Retiree pays 100% of employee premium less \$12 monthly County credit.
 - Retiree pays 100% of premium for spouse.
 - Coverage stops at death.

School Board:

- Medical Coverage:
 - Retiree pays 100% of employee premium.
 - Retiree pays 100% of spousal premium.
 - Coverage stops at age 65.
- Dental Coverage:
 - Retiree pays 100% of employee premium less \$12 monthly County credit.
 - Retiree pays 100% of premium for spouse.
 - Coverage stops at death.

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 | 364 | 1,132 |
| Total Retirees with coverage | 94 | 394 |
| Total | <u>458</u> | <u>1,526</u> |

Contributions

The County and School Board do not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Board of Supervisors. The amount paid by the County and School Board for OPEB as the benefits came due during the year ended June 30, 2025 was \$15,000 and \$391,000, respectively.

Note 9 - Other Postemployment Benefits - Health Insurance: (Continued)

Actuarial Assumptions

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

| | |
|--------------------------|--|
| Salary Increase Rates | The salary increase is 2.50% as of July 1, 2024 |
| Participation Percentage | 50% of active participants who retire at age 50 or greater are assumed to elect coverage in retirement. 25% of their spouses are assumed to elect coverage in retirement. 100% of actives who become disabled are assumed to elect coverage. |
| Discount Rate | 4.09% as of July 1, 2024 |
| Healthcare Trend Rate | 7.00% for fiscal year end 2025, decreasing 0.25% per year to an ultimate rate of 5.00% |
| Retirement Age | Retirement is assumed to occur beginning once a participant attains age 55 and completes 5 years of service or age 50 and completes 10 years of service. |
| Mortality Rates | The mortality rates were based on the RP-2014 Mortality Table fully generational, with base year 2006, projected using two-dimensional mortality improvement scale MP-2021. |

The actuarial assumptions used in the July 1, 2024 valuation were based on July 1, 2024 valuation data. The methods, assumptions, and participant data used can be found in the July 1, 2024 actuarial valuation report.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09% based on the Fidelity Index’s “20-year Municipal GO AA Index” as of July 1, 2024.

Changes in Total OPEB Liability

| | <u>Primary Government</u> | <u>Component Unit - School Board</u> |
|---|---------------------------|--|
| Balances at July 1, 2023 | \$ 2,092,000 | \$ 6,619,000 |
| Changes for the year: | | |
| Service cost | 162,000 | 362,000 |
| Interest | 87,000 | 262,000 |
| Difference between expected and actual experience | (496,000) | 830,000 |
| Changes in assumptions | - | 362,000 |
| Contributions - employer | 15,000 | (391,000) |
| Other changes | 72,000 | - |
| Net changes | <u>(160,000)</u> | <u>1,425,000</u> |
| Balances at July 1, 2024 | <u>\$ 1,932,000</u> | <u>\$ 8,044,000</u> |

Note 9 - Other Postemployment Benefits - Health Insurance: (Continued)

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

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

| | Discount Rate | | |
|-------------------------------|---------------|--------------|--------------|
| | 1% Decrease | Current | 1% Increase |
| | (3.09%) | (4.09%) | (5.09%) |
| Primary Government | \$ 2,128,000 | \$ 1,932,000 | \$ 1,759,000 |
| Component Unit - School Board | 8,814,000 | 8,044,000 | 7,346,000 |

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

The following presents the total OPEB liability of the County 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:

| | Healthcare Cost Trend | | |
|-------------------------------|-----------------------|--------------|--------------|
| | 1% Decrease | Current | 1% Increase |
| | | | |
| Primary Government | \$ 1,743,000 | \$ 1,932,000 | \$ 2,155,000 |
| Component Unit - School Board | 7,317,000 | 8,044,000 | 8,881,000 |

Total OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2025, the County and School Board reported a liability of \$1,932,000 and \$8,044,000, respectively, for their proportionate share of the total OPEB Liability. The total OPEB Liability was measured as of July 1, 2024 and the total OPEB liability used to calculate the total OPEB Liability was determined by an actuarial valuation as of July 1, 2023 and rolled forward to that date. At June 30, 2025 and 2024, the County's proportion was 19.28% and 23.88%, respectively. At June 30, 2025 and 2024, the School Board's proportion was 80.27% and 75.54%, respectively.

For the year ended June 30, 2025, the County and School Board recognized OPEB expense in the amount of \$131,000 and \$531,000, respectively.

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

Note 9 - Other Postemployment Benefits - Health Insurance: (Continued)

Total OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

| | 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 | \$ 35,000 | \$ 612,000 | \$ 968,000 | \$ 727,000 |
| Change in assumptions | 249,000 | 28,000 | 661,000 | 458,000 |
| Employer contributions subsequent to the measurement date | 15,000 | - | 391,000 | - |
| Total | <u>\$ 299,000</u> | <u>\$ 640,000</u> | <u>\$ 2,020,000</u> | <u>\$ 1,185,000</u> |

\$15,000 and \$391,000, respectively, are reported as deferred outflows of resources related to OPEB resulting from the County's and School Board's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in the OPEB expense in future reporting periods as follows:

| Year Ended June 30 | Primary Government | Component Unit School Board |
|--------------------|-----------------------|--------------------------------|
| 2026 | \$ (103,000) | \$ (76,000) |
| 2027 | (40,000) | (32,000) |
| 2028 | (55,000) | 15,000 |
| 2029 | (66,000) | 149,000 |
| 2030 | (70,000) | 132,000 |
| Thereafter | (22,000) | 256,000 |

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

Note 10 - Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

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

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on

Note 10 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Contributions (Continued)

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 \$106,856 and \$112,589 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 \$18,594 and \$20,536 for the years ended June 30, 2025 and June 30, 2024, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (professional) were \$260,427 and \$285,524 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

Primary Government

At June 30, 2025, the entity reported a liability of \$906,129 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.0812% as compared to 0.0832% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$31,759. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Component Unit School Board (Nonprofessional)

At June 30, 2025, the entity reported a liability of \$165,268 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.0148% as compared to 0.0154% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$3,435. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 10 - 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)

Component Unit School Board (Professional)

At June 30, 2025, the entity reported a liability of \$2,298,018 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.2059% as compared to 0.2183% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$4,560. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

| | Primary Government | | Component Unit School Board (Nonprofessional) | | Component Unit School Board (Professional) | |
|---|--------------------------------|-------------------------------|---|-------------------------------|--|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 142,917 | \$ 22,134 | \$ 26,067 | \$ 4,037 | \$ 362,450 | \$ 56,133 |
| Net difference between projected and actual earnings on GLI OPEB plan investments | - | 76,377 | - | 13,930 | - | 193,699 |
| Change in assumptions | 5,165 | 44,906 | 942 | 8,190 | 13,099 | 113,885 |
| Changes in proportionate share | 55,498 | 33,695 | 16,344 | 11,339 | 12,992 | 178,490 |
| Employer contributions subsequent to the measurement date | 106,856 | - | 18,594 | - | 260,427 | - |
| Total | \$ 310,436 | \$ 177,112 | \$ 61,947 | \$ 37,496 | \$ 648,968 | \$ 542,207 |

Note 10 - 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)

\$106,856, \$18,594, and \$260,427 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

| <u>Year Ended June 30</u> | <u>Primary Government</u> | <u>Component Unit School Board (Nonprofessional)</u> | <u>Component Unit School Board (Professional)</u> |
|---------------------------|-------------------------------|--|---|
| 2026 | \$ (25,769) | \$ (6,738) | \$ (152,255) |
| 2027 | 34,496 | 4,951 | 2,925 |
| 2028 | 3,249 | 3,968 | (20,470) |
| 2029 | 4,067 | 2,250 | 2,838 |
| 2030 | 10,420 | 1,426 | 13,296 |
| Thereafter | - | - | - |

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 |

Note 10 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

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

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

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

Note 10 - Group Life Insurance (GLI) 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; males set forward 2 years; 105% of rates for females set forward 3 years.

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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 |

Note 10 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

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.

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 |

Note 10 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Net GLI OPEB Liability

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

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

Note 10 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

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

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

Note 10 - 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 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 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 | \$ 1,409,148 | \$ 906,129 | \$ 499,755 |
| Component Unit School Board's (Nonprofessional) proportionate share of the GLI Plan Net OPEB Liability | 257,013 | 165,268 | 91,150 |
| Component Unit School Board's (Professional) proportionate share of the GLI Plan Net OPEB Liability | 3,573,717 | 2,298,018 | 1,267,422 |

GLI Plan Fiduciary Net Position

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

Note 11 - 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.

Note 11 - 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>Primary Government</u> | <u>Component Unit School Board (Nonprofessional)</u> |
|--|-------------------------------|--|
| Inactive members or their beneficiaries currently receiving benefits | 168 | 55 |
| Vested inactive members | 13 | 7 |
| Inactive members active elsewhere in VRS | - | 29 |
| Total inactive members | <u>13</u> | <u>36</u> |
| Active members | <u>469</u> | <u>132</u> |
| Total covered employees | <u><u>650</u></u> | <u><u>223</u></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 County's and School Board's (nonprofessional) contractually required employer contribution rate for the year ended June 30, 2025 was 0.15% and 1.21%, respectively, of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the HIC Plan were \$13,706 and \$31,206 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions from the School Board (nonprofessional) to the HIC Plan were \$47,612 and \$46,015 for the years ended June 30, 2025 and June 30, 2024, respectively.

Net HIC OPEB Liability

The County'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.

Note 11 - Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

Note 11 - Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

| | |
|---|--|
| 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 rate.

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:

Note 11 - Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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:

Note 11 - Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return (Continued)

| <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%.

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.

Note 11 - Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Changes in Net HIC OPEB Liability

| | Primary Government | | |
|---|------------------------------------|---------------------------------------|--|
| | Increase (Decrease) | | |
| | Total HIC OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net HIC OPEB Liability (Asset) (a) - (b) |
| Balances at June 30, 2023 | \$ 707,439 | \$ 513,421 | \$ 194,018 |
| Changes for the year: | | | |
| Service cost | \$ 12,895 | \$ - | \$ 12,895 |
| Interest | 46,948 | - | 46,948 |
| Differences between expected and actual experience | 11,036 | - | 11,036 |
| Contributions - employer | - | 31,207 | (31,207) |
| Net investment income | - | 47,151 | (47,151) |
| Benefit payments | (49,607) | (49,607) | - |
| Administrative expenses | - | (690) | 690 |
| Net changes | \$ 21,272 | \$ 28,061 | \$ (6,789) |
| Balances at June 30, 2024 | \$ 728,711 | \$ 541,482 | \$ 187,229 |

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Note 11 - Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Changes in Net HIC OPEB Liability (Continued)

| | Component Unit School Board (Nonprofessional) | | |
|---|---|---------------------------------------|--|
| | Increase (Decrease) | | |
| | Total HIC OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net HIC OPEB Liability (Asset) (a) - (b) |
| Balances at June 30, 2023 | \$ 374,347 | \$ 47,078 | \$ 327,269 |
| Changes for the year: | | | |
| Service cost | \$ 3,052 | \$ - | \$ 3,052 |
| Interest | 24,585 | - | 24,585 |
| Differences between expected and actual experience | (1,947) | - | (1,947) |
| Contributions - employer | - | 45,930 | (45,930) |
| Net investment income | - | 6,004 | (6,004) |
| Benefit payments | (26,368) | (26,368) | - |
| Administrative expenses | - | (86) | 86 |
| Net changes | \$ (678) | \$ 25,480 | \$ (26,158) |
| Balances at June 30, 2024 | \$ 373,669 | \$ 72,558 | \$ 301,111 |

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

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

| | Rate | | |
|---|-------------|------------------|-------------|
| | 1% Decrease | Current Discount | 1% Increase |
| | (5.75%) | (6.75%) | (7.75%) |
| County's | | | |
| Net HIC OPEB Liability | \$ 266,006 | \$ 187,229 | \$ 120,577 |
| Component Unit School Board's (Nonprofessional) | | | |
| Net HIC OPEB Liability | \$ 335,567 | \$ 301,111 | \$ 271,455 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 11 - 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

For the year ended June 30, 2025, the County and School Board (nonprofessional) recognized HIC Plan OPEB expense of (\$13,582) and \$44,897, respectively. At June 30, 2025, the County and School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the County's and School Board's (nonprofessional) HIC Program 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 | \$ 107,276 | \$ 186,528 | \$ 4,621 | \$ 2,008 |
| Net difference between projected and actual earnings on HIC OPEB plan investments | - | 12,059 | - | 566 |
| Change in assumptions | 18,868 | - | 24,749 | - |
| Employer contributions subsequent to the measurement date | 13,706 | - | 47,612 | - |
| Total | \$ 139,850 | \$ 198,587 | \$ 76,982 | \$ 2,574 |

\$13,706 and \$47,612 reported as deferred outflows of resources related to the HIC OPEB resulting from the County's and School Board's (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

| Year Ended June 30 | Primary Government | Component Unit School Board (Nonprofessional) |
|--------------------|--------------------|---|
| 2026 | \$ (44,691) | \$ 19,682 |
| 2027 | (28,285) | 8,033 |
| 2028 | 1,976 | (486) |
| 2029 | (1,443) | (433) |
| 2030 | - | - |
| Thereafter | - | - |

Note 11 - Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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 12 - Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

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

The specific information for the Teacher HIC Program 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.

Note 12 - Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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 Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$669,733 and \$639,125 for the years ended June 30, 2025 and June 30, 2024, respectively.

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 \$5,697,460 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 Program OPEB Liability was determined by an actuarial performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division's proportion of the VRS Teacher Employee HIC was 0.49301% as compared to 0.51470% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized VRS Teacher Employee HIC OPEB expense of \$375,112. 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.

Note 12 - 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)

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 | \$ - | \$ 269,932 |
| Net difference between projected and actual earnings on Teacher HIC OPEB plan investments | - | 20,266 |
| Change in assumptions | 98,151 | - |
| Changes in proportionate share and differences between actual and expected contributions | 104,127 | 410,657 |
| Employer contributions subsequent to the measurement date | <u>669,733</u> | - |
| Total | <u>\$ 872,011</u> | <u>\$ 700,855</u> |

\$669,733 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 | \$ (114,958) |
| 2027 | (105,359) |
| 2028 | (104,746) |
| 2029 | (81,550) |
| 2030 | (49,552) |
| Thereafter | (42,412) |

Note 12 - Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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 |

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.

Note 12 - Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

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

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

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

Note 12 - Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

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

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

Note 12 - Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate.

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

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

The following presents the school division’s proportionate share of the VRS Teacher Employee HIC Program 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 | \$ 6,479,434 | \$ 5,697,460 | \$ 5,034,666 |

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 13 - Line of Duty Act (LODA) (OPEB):

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 13 - Line of Duty Act (LODA) (OPEB): (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 VACORP. VACORP assumes all liability for the County's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2025 was \$173,790.

Note 14 - Summary of Other Postemployment Benefits (OPEB):

| | Primary Government | | | | Component Unit School Board | | | |
|------------------------------|--------------------|------------------|----------------------|--------------|-----------------------------|------------------|----------------------|--------------|
| | Deferred Outflows | Deferred Inflows | Net OPEB Liabilities | OPEB Expense | Deferred Outflows | Deferred Inflows | Net OPEB Liabilities | OPEB Expense |
| Stand-Alone Plan (Note 9) | | | | | | | | |
| County | \$ 299,000 | \$ 640,000 | \$ 1,932,000 | \$131,000 | \$ - | \$ - | \$ - | \$ - |
| School Board | - | - | - | - | 2,020,000 | 1,185,000 | 8,044,000 | 531,000 |
| VRS OPEB Plans: | | | | | | | | |
| GLI Plan (Note 10) | | | | | | | | |
| County | 310,436 | 177,112 | 906,129 | 31,759 | - | - | - | - |
| School Board Nonprofessional | - | - | - | - | 61,947 | 37,496 | 165,268 | 3,435 |
| School Board Professional | - | - | - | - | 648,968 | 542,207 | 2,298,018 | 4,560 |
| HIC Plan (Note 11) | | | | | | | | |
| County | 139,850 | 198,587 | 187,229 | (13,582) | - | - | - | - |
| School Board Nonprofessional | - | - | - | - | 76,982 | 2,574 | 301,111 | 44,897 |
| Teacher HIC Plan (Note 12) | - | - | - | - | 872,011 | 700,855 | 5,697,460 | 375,112 |
| Totals | \$ 749,286 | \$ 1,015,699 | \$ 3,025,358 | \$149,177 | \$ 3,679,908 | \$ 2,468,132 | \$ 16,505,857 | \$ 959,004 |

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COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 15 - Capital Assets:

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

Primary Government:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|------------------------|-----------------------|------------------------|------------------------|
| Governmental Activities: | | | | |
| Capital assets, not being depreciated/amortized: | | | | |
| Land | \$ 6,077,011 | \$ 61,837 | \$ - | \$ 6,138,848 |
| Construction in progress | 1,295,864 | 2,108,087 | (359,165) | 3,044,786 |
| Total capital assets not being depreciated/amortized | <u>\$ 7,372,875</u> | <u>\$ 2,169,924</u> | <u>\$ (359,165)</u> | <u>\$ 9,183,634</u> |
| Capital assets, being depreciated/amortized: | | | | |
| Buildings and improvements | \$ 110,824,539 | \$ 484,638 | \$ (48,296,487) | \$ 63,012,690 |
| Infrastructure | 358,439 | - | - | 358,439 |
| Machinery and equipment | 38,179,301 | 3,645,293 | (323,599) | 41,500,995 |
| Right-to-use lease buildings and Improvements | 39,116 | - | - | 39,116 |
| Right-to-use lease machinery and equipment | 1,472,079 | - | (487,726) | 984,353 |
| Right-to-use subscription asset | 1,783,823 | - | (39,417) | 1,744,406 |
| Total capital assets being depreciated/amortized | <u>\$ 152,657,297</u> | <u>\$ 4,129,931</u> | <u>\$ (49,147,229)</u> | <u>\$ 107,639,999</u> |
| Accumulated depreciation/amortization: | | | | |
| Buildings and improvements | \$ (43,986,029) | \$ (2,725,882) | \$ 19,078,291 | \$ (27,633,620) |
| Infrastructure | (12,472) | (17,922) | - | (30,394) |
| Machinery and equipment | (32,118,305) | (1,146,246) | 323,599 | (32,940,952) |
| Right-to-use lease buildings and Improvements | (20,127) | (6,703) | - | (26,830) |
| Right-to-use lease machinery and equipment | (449,826) | (662,040) | 457,184 | (654,682) |
| Right-to-use subscription asset | (402,046) | (278,042) | 39,417 | (640,671) |
| Total accumulated depreciation | <u>\$ (76,988,805)</u> | <u>\$ (4,836,835)</u> | <u>\$ 19,898,491</u> | <u>\$ (61,927,149)</u> |
| Total capital assets being depreciated/amortized, net | <u>\$ 75,668,492</u> | <u>\$ (706,904)</u> | <u>\$ (29,248,738)</u> | <u>\$ 45,712,850</u> |
| Governmental activities capital assets, net | <u>\$ 83,041,367</u> | <u>\$ 1,463,020</u> | <u>\$ (29,607,903)</u> | <u>\$ 54,896,484</u> |

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 15 - Capital Assets: (Continued)

Primary Government: (Continued)

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|------------------------|-----------------------|-----------------------|------------------------|
| Business-type Activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 745,127 | \$ - | \$ - | \$ 745,127 |
| Construction in progress | 5,314,454 | 597,626 | (1,091,223) | 4,820,857 |
| Total capital assets not being depreciated | <u>\$ 6,059,581</u> | <u>\$ 597,626</u> | <u>\$ (1,091,223)</u> | <u>\$ 5,565,984</u> |
| Capital assets, being depreciated: | | | | |
| Infrastructure | \$ 53,196,785 | \$ 1,209,968 | \$ - | \$ 54,406,753 |
| Machinery and equipment | 8,217,090 | 508,611 | - | 8,725,701 |
| Buildings and improvements | 986,763 | - | - | 986,763 |
| Right-to-use lease machinery and equipment | 1,076,410 | - | - | 1,076,410 |
| Total capital assets being depreciated | <u>\$ 63,477,048</u> | <u>\$ 1,718,579</u> | <u>\$ -</u> | <u>\$ 65,195,627</u> |
| Accumulated depreciation: | | | | |
| Infrastructure | \$ (23,426,981) | \$ (1,146,207) | \$ - | \$ (24,573,188) |
| Machinery and equipment | (4,696,639) | (627,256) | - | (5,323,895) |
| Buildings and improvements | (525,912) | (15,362) | - | (541,274) |
| Right-to-use lease machinery and equipment | (181,563) | (215,165) | - | (396,728) |
| Total accumulated depreciation | <u>\$ (28,831,095)</u> | <u>\$ (2,003,990)</u> | <u>\$ -</u> | <u>\$ (30,835,085)</u> |
| Total capital assets being depreciated, net | <u>\$ 34,645,953</u> | <u>\$ (285,411)</u> | <u>\$ -</u> | <u>\$ 34,360,542</u> |
| Business-type activities capital assets, net | <u>\$ 40,705,534</u> | <u>\$ 312,215</u> | <u>\$ (1,091,223)</u> | <u>\$ 39,926,526</u> |

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

| | |
|---|---------------------|
| Governmental Activities: | |
| General government administration | \$ 244,950 |
| Judicial administration | 11,359 |
| Public safety | 1,641,697 |
| Public works | 309,389 |
| Health and welfare | 136,741 |
| Education | 2,143,626 |
| Parks, recreation, and cultural | 200,013 |
| Community development | 149,060 |
| Total depreciation expense-governmental activities | <u>\$ 4,836,835</u> |
| Business-type Activities: | |
| Solid Waste Fund | \$ 1,309,584 |
| Water and Sewer Fund | 694,406 |
| Total depreciation expense-business-type activities | <u>\$ 2,003,990</u> |

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 15 - Capital Assets: (Continued)

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

Discretely Presented Component Unit:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|------------------------|-----------------------|------------------------|------------------------|
| Governmental Activities: | | | | |
| Capital assets, not being depreciated/amortized: | | | | |
| Land | \$ 2,744,421 | \$ - | \$ - | \$ 2,744,421 |
| Construction in progress | 23,596,471 | 17,606,259 | (6,959,943) | 34,242,787 |
| Total capital assets not being depreciated/amortized | <u>\$ 26,340,892</u> | <u>\$ 17,606,259</u> | <u>\$ (6,959,943)</u> | <u>\$ 36,987,208</u> |
| Capital assets, being depreciated/amortized: | | | | |
| Buildings and improvements | \$ 75,437,468 | \$ 6,889,967 | \$ 48,296,487 | \$ 130,623,922 |
| Machinery and equipment | 27,499,674 | 1,787,568 | (1,310,273) | 27,976,969 |
| Infrastructure | 2,769,967 | - | - | 2,769,967 |
| Right-to-use machinery and equipment | 426,316 | - | (38,815) | 387,501 |
| Right-to-use subscription asset | 224,265 | 292,431 | (224,265) | 292,431 |
| Total capital assets being depreciated/amortized | <u>\$ 106,357,690</u> | <u>\$ 8,969,966</u> | <u>\$ 46,723,134</u> | <u>\$ 162,050,790</u> |
| Accumulated depreciation/amortization: | | | | |
| Buildings and improvements | \$ (44,069,973) | \$ (2,122,114) | \$ (19,078,291) | \$ (65,270,378) |
| Machinery and equipment | (19,999,637) | (1,549,349) | 1,310,273 | (20,238,713) |
| Infrastructure | (300,522) | (184,664) | - | (485,186) |
| Right-to-use machinery and equipment | (247,342) | (92,736) | 38,815 | (301,263) |
| Right-to-use subscription asset | (149,510) | (74,755) | 224,265 | - |
| Total accumulated depreciation/amortization | <u>\$ (64,766,984)</u> | <u>\$ (4,023,618)</u> | <u>\$ (17,504,938)</u> | <u>\$ (86,295,540)</u> |
| Total capital assets being depreciated/amortized, net | <u>\$ 41,590,706</u> | <u>\$ 4,946,348</u> | <u>\$ 29,218,196</u> | <u>\$ 75,755,250</u> |
| Governmental activities capital assets, net | <u>\$ 67,931,598</u> | <u>\$ 22,552,607</u> | <u>\$ 22,258,253</u> | <u>\$ 112,742,458</u> |

Note 16 - Risk Management:

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

Note 17 - Contingent Liabilities:

Federal programs in which the County participates were audited in accordance with the provisions of Uniform Guidance. Pursuant to the provisions of this guidance all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 18 - Surety Bonds:

Primary Government:

| | |
|---|------------|
| <u>Fidelity & Deposit Company of Maryland-Surety:</u> | |
| Angie Harris, Clerk of the Circuit Court | \$ 25,000 |
| Vincent E. Shorter, Treasurer | 750,000 |
| Robin Coles-Goard, Commissioner of the Revenue | 3,000 |
| Michael W. Taylor, Sheriff | 30,000 |
| All constitutional officers' employees: blanket bond | 50,000 |
| | |
| <u>VACo Insurance Programs:</u> | |
| All County employees - blanket bond | \$ 250,000 |

Note 19 - Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. \$11,300,672 is the total estimated closure and postclosure care liability at June 30, 2025. This represents the cumulative amount based on the use of 100% of the estimated capacity of the landfill and is based on what it would cost to perform all remaining closure and postclosure in 2025. The liability on the statement of net position of \$8,261,555 is based on the County's estimate that the landfill has reached 100.00% of Phase I and 84.26% of Phase II of capacity with a remaining useful life of 8 years for phase II. Actual costs for closure and postclosure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the Department of Environmental Quality's assurance requirements for landfill closure and postclosure costs. The County demonstrated financial assurance requirements for closure, post-closure care and corrective action costs through the submission of a Local Government Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 20 - Self Health Insurance:

The County of Pittsylvania, Virginia established a limited risk management program for health insurance. Premiums are paid into the health plan fund from the County and are available to pay claims, and administrative costs of the program. During the fiscal year 2025, a total of \$16,779,147 was paid in benefits and administrative costs. The risk assumed by the County is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type (Keycare, Bluecare, etc.). Incurred but not reported claims of \$1,315,625 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions. Changes in the claims liability during fiscal year 2025 and the two previous years were as follows:

| <u>Fiscal Year</u> | <u>Balance at Beginning of Fiscal Year</u> | <u>Current Year Claims and Changes in Estimates</u> | <u>Claim Payments</u> | <u>Balance at End of Fiscal Year</u> |
|--------------------|--|---|---------------------------|--|
| 2024-25 | \$ 1,142,000 | \$ 16,952,772 | \$ (16,779,147) | \$ 1,315,625 |
| 2023-24 | 1,115,300 | 14,626,871 | (14,600,171) | 1,142,000 |
| 2022-23 | 1,070,200 | 14,452,003 | (14,406,903) | 1,115,300 |

Note 21 - Deferred/Unavailable Revenue:

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. Unavailable revenue is comprised of the following:

| | | |
|---|----|-------------------|
| Delinquent property taxes receivable - 2nd half 2025 | \$ | 21,135,581 |
| Prepaid taxes | | 7,050,683 |
| Lease related items | | 50,879 |
| Pension related items | | 2,348,564 |
| OPEB related items | | 959,655 |
| Total deferred revenue for governmental activities | \$ | <u>31,545,362</u> |
| Delinquent property taxes receivable - 2nd half 2025 | \$ | 21,135,581 |
| Prepaid taxes | | 7,050,683 |
| Taxes receivable due prior to June 30, 2025, not collected within 60 days | | 6,569,959 |
| Opioid settlement receivable | | 1,142,585 |
| Lease related items | | 50,879 |
| EMS billings due prior to June 30, 2025, not collected | | 136,251 |
| Total unavailable revenue for governmental funds | \$ | <u>36,085,938</u> |

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 22 - Commitments and Contingencies:

The Board of Supervisors of Pittsylvania County and the City Council of the City of Danville, Virginia approved support agreements with the Danville-Pittsylvania Regional Industrial Facility Authority to provide funding (subject to annual appropriations) sufficient to meet principal and interest payments on the Authority's \$7,300,000 revenue bonds. As described in Note 1, the County contributed \$271,136 towards these agreements in fiscal year 2025.

The County and School Board have obligated funds for the projects described below as of June 30, 2025:

| | Original Contract | Amount Paid As of 6/30/2025 | Accounts Payable | Retainage Payable | Remaining Contract Amount |
|---|----------------------|--------------------------------|---------------------|----------------------|------------------------------|
| County Contracts: | | | | | |
| Ringgold Bridge (FEMA) | \$ 3,972,218 | \$ 435,337 | \$ 267,425 | \$ 36,988 | \$ 3,232,468 |
| EPA Brownsfield Grant Consultant | 587,000 | 518,086 | - | 4,109 | 64,805 |
| Cherrystone Creek Dam #1 | 967,790 | 749,685 | 36,370 | - | 181,735 |
| Cherrystone Creek Watershed Dam #2A | 779,100 | 729,295 | - | - | 49,805 |
| New HVAC system and windows at Moses building | 1,541,993 | 378,963 | 1,142,831 | - | 20,199 |
| Robin Court Water Connection | 131,888 | 125,700 | 6,188 | - | - |
| School Security Upgrades-Northern Schools | 2,597,000 | 2,325,443 | - | 112,391 | 159,166 |
| School Security Upgrades-Southern Schools | 3,459,000 | 3,021,456 | 316,614 | 36,329 | 84,601 |
| Kentuck Elementary Classroom Addition | 6,117,485 | 1,100,656 | 109,616 | 63,699 | 4,843,514 |
| School Security Upgrades | 268,750 | 255,313 | 13,437 | - | - |
| Stony Mill Classroom Addition | 365,250 | 280,312 | 42,046 | - | 42,892 |
| Kentuck Elementary Classroom Addition Eng | 480,000 | 408,000 | - | - | 72,000 |
| Southside Elementary HVAC/Window Replacemen | 6,923,121 | 2,721,244 | 853,803 | 188,160 | 3,159,914 |
| Southside Elementary HVAC/Window Replacemen | 416,695 | 349,545 | 7,900 | - | 59,250 |
| Union Hall HVAC/Window Replacement Eng | 274,695 | 236,745 | - | - | 37,950 |
| Union Hall HVAC/Window Replacement | 5,220,000 | 1,886,324 | 1,366,276 | 142,820 | 1,824,580 |
| Chatham Elementary-HVAC/Window Replacement | 378,895 | 144,800 | 116,172 | - | 117,923 |
| Hurt Elementary-HVAC/Window Replacement Eng | 368,895 | 176,100 | 95,563 | - | 97,232 |
| Mt. Airy Elementary-HVAC/Window Replacement | 285,195 | 85,324 | 92,917 | - | 106,954 |
| Southside Elementary-Classroom Addition | 363,250 | 236,460 | 41,728 | - | 85,062 |
| Union Hall Elementary-Classroom Addition | 251,750 | 202,000 | 12,437 | - | 37,313 |
| Water and Sewer Improvements | 335,000 | 209,446 | - | - | 125,554 |
| New Book Mobile | 359,845 | 179,923 | - | - | 179,922 |
| R&L Smith Road water line | 412,950 | 173,780 | 31,800 | - | 207,370 |
| 6 South Main Street | 246,000 | - | 61,845 | 3,255 | 180,900 |
| Total Contracts | \$ 37,103,765 | \$ 16,929,937 | \$ 4,614,968 | \$ 587,751 | \$ 14,971,109 |
| School Board Contracts: | | | | | |
| PCTC HVAC and Window Replacement | \$ 8,323,000 | \$ 8,165,590 | \$ - | \$ 157,410 | \$ - |
| Stony Mill HVAC and Window Replacement | 7,446,554 | 7,073,462 | - | 373,092 | - |
| PCTC Welding Shop Exhaust | 863,811 | 384,426 | 265,210 | 19,221 | 194,954 |
| Total Contracts | \$ 16,633,365 | \$ 15,623,478 | \$ 265,210 | \$ 549,723 | \$ 194,954 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 23 - Commitments and Contingencies: (Continued)

The County has also obligated funds for the development of projects initiated by the Regional Industrial Facilities Authority. The County’s share of the projects as described below was 50% as of June 30, 2025:

| Contractor | Service Provided | Project | Total Contract | Paid as of 6/30/2025 | Contract Remaining |
|-----------------------------|------------------|--|----------------|----------------------|--------------------|
| Dewberry | Engineering | SOVA Megasite at Berry Hill | \$ 990,850 | \$ 987,879 | \$ 2,971 |
| Dewberry | Engineering | SOVA Megasite at Berry Hill | 1,644,380 | 1,486,430 | 157,950 |
| Dewberry | Engineering | SOVA Megasite at Berry Hill | 153,250 | 139,750 | 13,500 |
| Dewberry | Engineering | SOVA Megasite at Berry Hill -Lot 1&2 Site Development | 420,540 | 408,090 | 12,450 |
| Jimmy R. Lynch & Sons, Inc. | Construction | SOVA Megasite at Berry Hill -Lot 1&2 Site Development | 3,716,936 | 3,482,831 | 234,105 |
| Dewberry | Engineering | SOVA Megasite at Berry Hill-Water & Sewer | 912,310 | 888,110 | 24,200 |
| WPS | Engineering | SOVA Megasite at Berry Hill-Cemetery Relocation | 876,983 | 720,025 | 156,958 |
| WPS | Engineering | SOVA Megasite at Berry Hill-Cultural Resource Services | 17,670 | 2,528 | 15,142 |
| Totals | | | \$ 8,732,919 | \$ 8,115,643 | \$ 617,276 |
| County's 50% obligation | | | \$ 4,366,460 | \$ 4,057,822 | \$ 308,638 |

School Board Early Retirement Incentive Program:

The Component Unit - School Board administers an early retirement incentive program for School Board employees. Early retirement is available to those employees with a minimum of twenty years of service in the Pittsylvania School System, including the five consecutive years immediately preceding the effective date of retirement. In addition, employees must be at least 55 years of age and less than 65 years of age to be eligible for the program. To participate, the employee must be a vested member of the Virginia Retirement System (VRS). In addition, employees may not work for any other agency covered under the VRS during their tenure in the program. The program allows for payment of 20% of an employee’s final contracted salary, earned before the effective date of retirement, for a period of 7 years or until the participant reaches the age of sixty-five. The School Board reserves the right to amend or terminate the program. Employees are required to work twenty days per year to receive their payment. At June 30, 2025 the commitment related to the Early Retirement Incentive Program was \$4,808,096.

Note 24 - Litigation:

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 25 - Economic Incentive Tax Abatement Programs:

A tax abatement consists of “a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.”

Pittsylvania County has multiple agreements, all for the purpose of economic development, that conform to that definition. Tax abatements related to real estate, machinery and tools taxes, and business personal property taxes of \$33,873,537 and \$17,531,138, and \$70,000 respectively, have been agreed to in aggregate and are applied over the next 3-10 years on a declining scale. The entities regularly pay their taxes and on an annual basis prove they have met certain requirements for the grant program on an individual basis. These requirements include new jobs, which is verified by the Virginia Employment Commission, and taxable improvements to real estate or machinery and tools tax. Any entity failing to maintain their end of the agreement will forfeit any further abatement reimbursements. During fiscal year 2025, incentives were paid to companies under these agreements in the amount of \$668,366. The agreements require the companies to pay their taxes as originally billed in order to receive the abatement refund check from the County so amounts are reported gross in the financial statements.

Note 26— Adoption of Accounting Principle:

The County implemented provisions of the Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. The objective of Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Beginning net position for the County and School Board was restated, as described in Note 28, to include sick leave in compensated absences as part of implementation of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*.

Note 27— Lease Receivable:

The following is a summary of leases receivable transactions of the County for the year ended June 30, 2025:

| | Beginning Balance | Increases/ Issuances | Decreases/ Retirements | Ending Balance | Interest Revenue |
|-------------------|----------------------|-------------------------|---------------------------|-------------------|---------------------|
| Leases receivable | \$ 115,283 | \$ - | \$ (60,459) | \$ 54,824 | \$ 2,129 |

Lease revenue recognized during the fiscal year was \$23,462.

Details of leases receivable:

| Lease Description | Implementation/ Start Date | End Date | Payment Frequency | Discount Rate | Ending Balance | Amount Due Within One Year |
|---------------------------|-------------------------------|-----------|----------------------|---------------|----------------|----------------------------------|
| AT&T Chatham Tower Lease | 7/1/2021 | 9/4/2026 | Monthly | 3.00% | \$ 30,864 | \$ 24,598 |
| AT&T Callands Tower Lease | 7/1/2021 | 5/31/2026 | Monthly | 2.00% | 23,960 | 23,960 |
| Total | | | | | \$ 54,824 | \$ 48,558 |

There are no variable payments for any of the lease receivables above.

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 27— Lease Receivable: (Continued)

The following is a summary of leases receivable transactions of the School Board for the year ended June 30, 2025:

| | Beginning Balance | Increases/ Issuances | Decreases/ Retirements | Ending Balance | Interest Revenue |
|-------------------|----------------------|-------------------------|---------------------------|-------------------|---------------------|
| Leases receivable | \$ 15,005 | \$ - | \$ (7,757) | \$ 7,248 | \$ 229 |

Lease revenue recognized during the fiscal year was \$7,723.

Details of leases receivable:

| Lease Description | Implementation/ Start Date | End Date | Payment Frequency | Discount Rate | Ending Balance | Amount Due Within One Year |
|-----------------------------|-------------------------------|----------|----------------------|---------------|----------------|----------------------------------|
| Verizon Mt Airy Elem. Lease | 7/1/2021 | 5/1/2026 | Monthly | 2.00% | \$ 15,005 | \$ 7,757 |

There are no variable payments for any of the lease receivables above.

Note 28 - Restatement of Beginning Balances:

The below schedule represents the restatement of beginning balances for the implementation of GASB 101 and the correction for an unrecorded liability. As described in Note 29, the County has an agreement with DPRIFA to jointly fund the projects. This amount had not previously been recorded but the County had incurred a liability due to economic development investments by the City of Danville, Virginia in the jointly owned project.

| | Governmental Activities | Primary Government | | | DCPU School Board |
|--|-------------------------|---------------------|-------------------------|-----------------------------------|----------------------|
| | | Solid Waste Fund | Water and Sewer Fund | Total Business-type Activities | |
| Net Position, July 1, 2024, as previously stated | \$ 124,052,724 | \$ 1,034,662 | \$ 31,207,300 | \$ 32,241,962 | \$ 11,936,198 |
| Increase in compensated absences | (1,476,383) | (23,240) | (29,719) | (52,959) | (10,098,292) |
| Amount due to DPRIFA (Note 29) | (1,945,464) | - | - | - | - |
| Net Position, July 1, 2024, as restated | \$ 120,630,877 | \$ 1,011,422 | \$ 31,177,581 | \$ 32,189,003 | \$ 1,837,906 |

Note 29 - Due to Danville-Pittsylvania Regional Industrial Facility Authority:

The Danville-Pittsylvania Regional Industrial Facility Authority is equally funded by the City of Danville and Pittsylvania County. The two localities have signed agreements to share all costs of the Authority equally. At times, one locality may front all costs associated with a transaction, creating an amount owed by the other. The Authority reflects these balances as all transactions associated with the Authority are recorded on the Authority's books. At June 30, 2025, the Authority reflects amounts due to the City of Danville of \$2,059,631 and a corresponding due from Pittsylvania County for the same amount. This stems from items paid for or contributed by the City of Danville in excess of its share. It is not expected that Pittsylvania County will repay this amount in full in fiscal year 2025, but rather that the balance will be adjusted annually based on contributions made by both localities.

Note 30 - Upcoming Pronouncements:

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

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

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

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

Note 31 - Subsequent Events:

On July 18, 2025, the County closed on a \$6,830,000 Virginia Resource Authority bond including an interest rate of 5.125%. This bond will provide funding for Moses Building renovations, Courthouse HVAC improvements, and E911 radio equipment.

The School Board applied for Virginia Literary Loan funding during the period ended May 22, 2025. On August 15, 2025, the School Board was notified that it was awarded a \$5,687,000 loan with an interest rate of 2.0% payable over 18 years for renovations at Mt. Airy Elementary.

The School Board applied for Virginia Literary Loan funding during the period ended May 22, 2025. On August 15, 2025, the School Board was notified that it was awarded a \$8,228,000 loan with an interest rate of 2.0% payable over 18 years for renovations at John L. Hurt Elementary.

The School Board applied for Virginia Literary Loan funding during the period ended May 22, 2025. On August 15, 2025, the School Board was notified that it was awarded a \$7,018,000 loan with an interest rate of 2.0% payable over 18 years for renovations at Chatham Elementary.

The School Board applied for Virginia Literary Loan funding during the period ended May 22, 2025. On August 15, 2025, the School Board was notified that it was awarded a \$7,018,000 loan with an interest rate of 2.0% payable over 18 years for renovations at Chatham Elementary.

Required Supplementary Information

County of Pittsylvania, 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 | \$ 52,996,908 | \$ 52,996,908 | \$ 56,597,678 | \$ 3,600,770 |
| Other local taxes | 14,111,401 | 14,111,401 | 15,054,626 | 943,225 |
| Permits, privilege fees, and regulatory licenses | 464,350 | 464,980 | 538,400 | 73,420 |
| Fines and forfeitures | 65,000 | 65,000 | 84,019 | 19,019 |
| Revenue from the use of money and property | 2,163,456 | 2,163,456 | 2,884,240 | 720,784 |
| Charges for services | 1,668,000 | 1,690,844 | 2,043,466 | 352,622 |
| Miscellaneous | 301,802 | 547,082 | 1,272,837 | 725,755 |
| Recovered costs | 1,436,940 | 1,802,147 | 1,726,625 | (75,522) |
| Intergovernmental | 25,313,089 | 29,535,335 | 29,747,400 | 212,065 |
| Total revenues | <u>\$ 98,520,946</u> | <u>\$ 103,377,153</u> | <u>\$ 109,949,291</u> | <u>\$ 6,572,138</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government administration | \$ 7,636,720 | \$ 8,025,642 | \$ 6,928,163 | \$ 1,097,479 |
| Judicial administration | 2,744,145 | 2,961,452 | 2,549,776 | 411,676 |
| Public safety | 28,759,730 | 32,111,735 | 29,081,471 | 3,030,264 |
| Public works | 1,248,574 | 1,285,646 | 1,136,544 | 149,102 |
| Health and welfare | 13,869,642 | 14,999,610 | 16,798,150 | (1,798,540) |
| Education | 24,643,335 | 39,365,300 | 24,094,704 | 15,270,596 |
| Parks, recreation, and cultural | 2,964,530 | 3,363,812 | 3,159,050 | 204,762 |
| Community development | 2,278,030 | 5,994,940 | 3,002,527 | 2,992,413 |
| Nondepartmental | 854,725 | 2,875,452 | 10,356 | 2,865,096 |
| Capital projects | 4,699,069 | 31,595,246 | 19,074,792 | 12,520,454 |
| Debt service: | | | | |
| Principal retirement | 7,077,360 | 6,877,299 | 8,597,768 | (1,720,469) |
| Interest and other fiscal charges | 1,003,586 | 975,217 | 1,219,183 | (243,966) |
| Total expenditures | <u>\$ 97,779,446</u> | <u>\$ 150,431,351</u> | <u>\$ 115,652,484</u> | <u>\$ 34,778,867</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 741,500</u> | <u>\$ (47,054,198)</u> | <u>\$ (5,703,193)</u> | <u>\$ 41,351,005</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ 3,981,247 | \$ 7,906,053 | \$ - | \$ (7,906,053) |
| Transfers out | (4,731,747) | (9,991,719) | (1,902,500) | 8,089,219 |
| Issuance of literary loans | - | 16,385,297 | 1,370,113 | (15,015,184) |
| Issuance of financed purchase | - | 1,353,485 | 1,353,485 | - |
| Total other financing sources (uses) | <u>\$ (750,500)</u> | <u>\$ 15,653,116</u> | <u>\$ 821,098</u> | <u>\$ (14,832,018)</u> |
| Net change in fund balances | \$ (9,000) | \$ (31,401,082) | \$ (4,882,095) | \$ 26,518,987 |
| Fund balances - beginning | 9,000 | 31,401,082 | 70,049,191 | 38,648,109 |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 65,167,096</u> | <u>\$ 65,167,096</u> |

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

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|-------------------------|----------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Intergovernmental | \$ - | \$ 5,536,146 | \$ 2,204,867 | \$ (3,331,279) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community development | \$ 727,500 | \$ 11,292,831 | \$ 4,523,559 | \$ 6,769,272 |
| Excess (deficiency) of revenues over (under) expenditures | \$ (727,500) | \$ (5,756,685) | \$ (2,318,692) | \$ 3,437,993 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ 727,500 | \$ 1,877,500 | \$ 1,877,500 | \$ - |
| Net change in fund balances | \$ - | \$ (3,879,185) | \$ (441,192) | \$ 3,437,993 |
| Fund balances - beginning, as previously reported | - | 3,879,185 | 3,124,179 | (755,006) |
| Restatements | - | - | (1,945,464) | (1,945,464) |
| Fund balances - beginning, as restated | \$ - | \$ 3,879,185 | \$ 1,178,715 | \$ (2,700,470) |
| Fund balances - ending | \$ - | \$ - | \$ 737,523 | \$ 737,523 |

County of Pittsylvania, Virginia
 Schedule of Changes in Total OPEB Liability and Related Ratios
 Primary Government
 For the Measurement Dates of July 1, 2017 through July 1, 2024

| | 2024 | 2023 | 2022 | 2021 | 2020 (1) | 2019 | 2018 | 2017 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB liability | | | | | | | | |
| Service cost | \$ 162,000 | \$ 163,000 | \$ 105,000 | \$ 97,000 | \$ 73,000 | \$ 68,000 | \$ 94,000 | \$ 92,000 |
| Interest | 87,000 | 77,000 | 36,000 | 42,000 | 58,000 | 62,000 | 78,000 | 75,000 |
| Changes in assumptions | - | (33,000) | 231,000 | 81,000 | 98,000 | 67,000 | (75,000) | - |
| Differences between expected and actual experience | (496,000) | (4,000) | (171,000) | 95,000 | (274,000) | (43,000) | (396,000) | - |
| Benefit payments | 15,000 | (85,000) | (19,000) | (244,000) | - | (171,000) | (104,000) | (64,000) |
| Other changes | 72,000 | - | - | - | - | - | - | - |
| Net change in total OPEB liability | \$ (160,000) | \$ 118,000 | \$ 182,000 | \$ 71,000 | \$ (45,000) | \$ (17,000) | \$ (403,000) | \$ 103,000 |
| Total OPEB liability - beginning | 2,092,000 | 1,974,000 | 1,792,000 | 1,721,000 | 1,766,000 | 1,741,000 | 2,144,000 | 2,041,000 |
| Total OPEB liability - ending | \$ 1,932,000 | \$ 2,092,000 | \$ 1,974,000 | \$ 1,792,000 | \$ 1,721,000 | \$ 1,724,000 | \$ 1,741,000 | \$ 2,144,000 |
| Covered-employee payroll | \$ 21,607,000 | \$ 18,754,000 | \$ 18,754,000 | \$ 16,254,000 | \$ 16,254,000 | \$ 11,392,288 | \$ 11,659,905 | \$ 11,312,022 |
| County's total OPEB liability as a percentage of covered-employee payroll | 8.94% | 11.15% | 10.53% | 11.02% | 10.59% | 15.13% | 14.93% | 18.95% |

(1) Pittsylvania County Service Authority's total OPEB liability was absorbed by Pittsylvania County during fiscal year 2021 and is restated as noted in the 2020 measurement.

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

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

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|---------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|
| Total OPEB liability | | | | | | | | |
| Service cost | \$ 362,000 | \$ 359,000 | \$ 433,000 | \$ 405,000 | \$ 370,000 | \$ 355,000 | \$ 285,000 | \$ 278,000 |
| Interest | 262,000 | 243,000 | 126,000 | 150,000 | 234,000 | 267,000 | 284,000 | 287,000 |
| Changes in assumptions | 362,000 | (95,000) | (533,000) | 297,000 | 353,000 | 336,000 | (720,000) | - |
| Differences between expected and actual experience | 830,000 | (9,000) | 391,000 | (53,000) | (1,779,000) | (246,000) | 102,000 | - |
| Contributions - employer | - | - | (376,000) | - | - | - | - | - |
| Benefit payments | (391,000) | (215,000) | - | (456,000) | (639,000) | (575,000) | (741,000) | (555,000) |
| Net change in total OPEB liability | \$ 1,425,000 | \$ 283,000 | \$ 41,000 | \$ 343,000 | \$ (1,461,000) | \$ 137,000 | \$ (790,000) | \$ 10,000 |
| Total OPEB liability - beginning | 6,619,000 | 6,336,000 | 6,295,000 | 5,952,000 | 7,413,000 | 7,276,000 | 8,066,000 | 8,056,000 |
| Total OPEB liability - ending | \$ 8,044,000 | \$ 6,619,000 | \$ 6,336,000 | \$ 6,295,000 | \$ 5,952,000 | \$ 7,413,000 | \$ 7,276,000 | \$ 8,066,000 |
| Covered-employee payroll | \$ 57,388,000 | \$ 51,008,000 | \$ 51,008,000 | \$ 42,170,000 | \$ 42,170,000 | \$ 48,985,515 | \$ 48,729,160 | \$ 42,557,261 |
| Pittsylvania School Board's total OPEB liability as a percentage of covered-employee payroll | 14.02% | 12.98% | 12.42% | 14.93% | 14.11% | 15.13% | 14.93% | 18.95% |

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

County of Pittsylvania, Virginia
Notes to Required Supplementary Information - Health Insurance OPEB
For the Year Ended June 30, 2025

County and School Board

Valuation Date: 7/1/2024

Measurement Date: 7/1/2024

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

Methods and assumptions used to determine OPEB liability:

| | |
|--------------------------|--|
| Actuarial Cost Method | Entry age normal |
| Discount Rate | 4.09% as of July 1, 2024 |
| Inflation | 2.50% per year as of July 1, 2024 |
| Healthcare Trend Rate | 7.00% for fiscal year end 2025, decreasing 0.25% per year to an ultimate rate of 5.00% |
| Salary Increase Rates | The salary increase is 2.50% as of July 1, 2024 |
| Participation Percentage | 50% of active participants who retire at age 50 or greater are assumed to elect coverage in retirement. 25% of their spouses are assumed to elect coverage in retirement. 100% of actives who become disabled are assumed to elect coverage. |
| Retirement Age | Retirement is assumed to occur beginning once a participant attains age 55 and completes 5 years of service or age 50 and completes 10 years of service. |
| Mortality Rates | The mortality rates were based on the RP-2014 Mortality Table fully generational, with base year 2006, projected using two-dimensional mortality improvement scale MP-2021. |

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

| Date (1) | Employer's Proportion of the Net GLI OPEB Liability (Asset) (2) | Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3) | Employer's Covered Payroll (4) | Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5) | Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6) |
|-------------|---|---|---|--|---|
| 2024 | 0.0812% \$ | 906,129 \$ | 20,863,082 | 4.34% | 73.41% |
| 2023 | 0.0832% | 998,069 | 19,608,326 | 5.09% | 69.30% |
| 2022 | 0.0841% | 1,012,284 | 18,282,760 | 5.54% | 67.21% |
| 2021 | 0.0811% | 944,456 | 16,748,120 | 5.64% | 67.45% |
| 2020 | 0.0761% | 1,269,817 | 15,239,249 | 8.33% | 52.64% |
| 2019 | 0.0750% | 1,221,101 | 14,700,404 | 8.31% | 52.00% |
| 2018 | 0.0777% | 1,181,000 | 14,778,504 | 7.99% | 51.22% |
| 2017 | 0.0776% | 1,167,000 | 14,305,441 | 8.16% | 48.86% |

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

County of Pittsylvania, Virginia
 Schedule of Employer Contributions - County
 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) |
|------|--|---|---|---|---|
| 2025 | \$ 106,856 | \$ 106,856 | - | \$ 22,735,396 | 0.47% |
| 2024 | 112,589 | 112,589 | - | 20,863,082 | 0.54% |
| 2023 | 105,861 | 105,861 | - | 19,608,326 | 0.54% |
| 2022 | 98,752 | 98,752 | - | 18,282,760 | 0.54% |
| 2021 | 90,440 | 90,440 | - | 16,748,120 | 0.54% |
| 2020 | 79,244 | 79,244 | - | 15,239,249 | 0.52% |
| 2019 | 76,404 | 76,404 | - | 14,700,404 | 0.52% |
| 2018 | 76,806 | 76,806 | - | 14,778,504 | 0.52% |
| 2017 | 74,388 | 74,388 | - | 14,305,441 | 0.52% |
| 2016 | 66,525 | 66,525 | - | 13,859,466 | 0.48% |

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

| Date (1) | Employer's Proportion of the Net GLI OPEB Liability (Asset) (2) | Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3) | Employer's Covered Payroll (4) | Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5) | Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6) |
|-------------|---|---|---|--|---|
| 2024 | 0.2059% \$ | 2,298,018 \$ | 52,855,997 | 4.35% | 73.41% |
| 2023 | 0.2183% | 2,618,101 | 51,416,382 | 5.09% | 69.30% |
| 2022 | 0.2168% | 2,610,481 | 47,163,344 | 5.53% | 67.21% |
| 2021 | 0.2187% | 2,545,796 | 45,145,382 | 5.64% | 67.45% |
| 2020 | 0.2230% | 3,722,006 | 45,921,268 | 8.11% | 52.64% |
| 2019 | 0.2272% | 3,697,312 | 44,492,645 | 8.31% | 52.00% |
| 2018 | 0.2324% | 3,529,000 | 44,186,097 | 7.99% | 51.22% |
| 2017 | 0.2242% | 3,374,000 | 41,346,360 | 8.16% | 48.86% |

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

County of Pittsylvania, Virginia
 Schedule of Employer Contributions - School Board's Teacher
 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) |
|------|--|---|---|---|---|
| 2025 | \$ 260,427 | \$ 260,427 | - | \$ 55,410,021 | 0.47% |
| 2024 | 285,524 | 285,524 | - | 52,855,997 | 0.54% |
| 2023 | 277,672 | 277,672 | - | 51,416,382 | 0.54% |
| 2022 | 254,660 | 254,660 | - | 47,163,344 | 0.54% |
| 2021 | 243,785 | 243,785 | - | 45,145,382 | 0.54% |
| 2020 | 238,680 | 238,680 | - | 45,921,268 | 0.52% |
| 2019 | 231,359 | 231,359 | - | 44,492,645 | 0.52% |
| 2018 | 229,700 | 229,700 | - | 44,186,097 | 0.52% |
| 2017 | 215,001 | 215,001 | - | 41,346,360 | 0.52% |
| 2016 | 193,522 | 193,522 | - | 40,317,085 | 0.48% |

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

| Date (1) | Employer's Proportion of the Net GLI OPEB Liability (Asset) (2) | Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3) | Employer's Covered Payroll (4) | Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5) | Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6) |
|-------------|---|---|---|--|---|
| 2024 | 0.0148% \$ | 165,268 \$ | 3,802,707 | 4.35% | 73.41% |
| 2023 | 0.0154% | 185,174 | 3,649,201 | 5.07% | 69.30% |
| 2022 | 0.0146% | 175,918 | 3,175,059 | 5.54% | 67.21% |
| 2021 | 0.0133% | 154,965 | 2,748,413 | 5.64% | 67.45% |
| 2020 | 0.0139% | 231,467 | 2,865,412 | 8.08% | 52.64% |
| 2019 | 0.0145% | 235,629 | 2,865,151 | 8.22% | 52.00% |
| 2018 | 0.0148% | 224,000 | 2,810,568 | 7.97% | 51.22% |
| 2017 | 0.0154% | 232,000 | 2,843,865 | 8.16% | 48.86% |

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

County of Pittsylvania, Virginia
 Schedule of Employer Contributions - School Board's Nonprofessional
 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) |
|------|--|---|---|---|---|
| 2025 | \$ 18,594 | \$ 18,594 | - | \$ 3,956,130 | 0.47% |
| 2024 | 20,536 | 20,536 | - | 3,802,707 | 0.54% |
| 2023 | 19,635 | 19,635 | - | 3,649,201 | 0.54% |
| 2022 | 17,159 | 17,159 | - | 3,175,059 | 0.54% |
| 2021 | 14,841 | 14,841 | - | 2,748,413 | 0.54% |
| 2020 | 14,839 | 14,839 | - | 2,865,412 | 0.52% |
| 2019 | 14,898 | 14,898 | - | 2,865,151 | 0.52% |
| 2018 | 14,609 | 14,609 | - | 2,810,568 | 0.52% |
| 2017 | 14,788 | 14,788 | - | 2,843,865 | 0.52% |
| 2016 | 13,408 | 13,408 | - | 2,793,343 | 0.48% |

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

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total HIC OPEB Liability | | | | | | | | |
| Service cost | \$ 12,895 | \$ 10,548 | \$ 17,621 | \$ 12,098 | \$ 11,556 | \$ 11,294 | \$ 10,816 | \$ 12,454 |
| Interest | 46,948 | 65,601 | 48,359 | 47,379 | 44,653 | 42,354 | 40,909 | 40,771 |
| Differences between expected and actual experience | 11,036 | (306,713) | 201,161 | (51,223) | 6,486 | 17,194 | 9,815 | - |
| Changes in assumptions | - | 30,422 | 30,422 | 11,863 | - | 15,274 | - | (16,465) |
| Benefit payments | (49,607) | (46,640) | (23,461) | (22,978) | (21,635) | (37,661) | (44,133) | (25,441) |
| Net change in total HIC OPEB liability | \$ 21,272 | \$ (277,204) | \$ 274,102 | \$ (2,861) | \$ 41,060 | \$ 48,455 | \$ 17,407 | \$ 11,319 |
| Total HIC OPEB Liability - beginning | 707,439 | 984,643 | 710,541 | 713,402 | 672,342 | 623,887 | 606,480 | 595,161 |
| Total HIC OPEB Liability - ending (a) | \$ 728,711 | \$ 707,439 | \$ 984,643 | \$ 710,541 | \$ 713,402 | \$ 672,342 | \$ 623,887 | \$ 606,480 |
| Plan fiduciary net position | | | | | | | | |
| Contributions - employer | \$ 31,207 | \$ 29,198 | \$ 36,388 | \$ 33,414 | \$ 28,908 | \$ 27,906 | \$ 28,042 | \$ 27,160 |
| Net investment income | 47,151 | 35,009 | 325 | 113,757 | 8,386 | 25,066 | 27,141 | 40,026 |
| Benefit payments | (49,607) | (46,640) | (23,461) | (22,978) | (21,635) | (37,661) | (44,133) | (25,441) |
| Administrative expense | (690) | (849) | (1,008) | (1,381) | (816) | (543) | (624) | (650) |
| Other | - | (78,596) | 13,680 | - | (4) | (30) | (2,018) | 2,018 |
| Net change in plan fiduciary net position | \$ 28,061 | \$ (61,878) | \$ 25,924 | \$ 122,812 | \$ 14,839 | \$ 14,738 | \$ 8,408 | \$ 43,113 |
| Plan fiduciary net position - beginning | 513,421 | 575,299 | 549,375 | 426,563 | 411,724 | 396,986 | 388,578 | 345,465 |
| Plan fiduciary net position - ending (b) | \$ 541,482 | \$ 513,421 | \$ 575,299 | \$ 549,375 | \$ 426,563 | \$ 411,724 | \$ 396,986 | \$ 388,578 |
| County of Pittsylvania's net HIC OPEB liability - ending (a) - (b) | \$ 187,229 | \$ 194,018 | \$ 409,344 | \$ 161,166 | \$ 286,839 | \$ 260,618 | \$ 226,901 | \$ 217,902 |
| Plan fiduciary net position as a percentage of the total HIC OPEB liability | 74.31% | 72.57% | 58.43% | 77.32% | 59.79% | 61.24% | 63.63% | 64.07% |
| Covered payroll | \$ 20,804,209 | \$ 19,463,798 | \$ 18,194,143 | \$ 16,705,523 | \$ 15,215,002 | \$ 14,663,677 | \$ 14,759,147 | \$ 14,294,169 |
| County of Pittsylvania's net HIC OPEB liability as a percentage of covered payroll | 0.90% | 1.00% | 2.25% | 0.96% | 1.89% | 1.78% | 1.54% | 1.52% |

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 Pittsylvania, Virginia
 Schedule of Employer Contributions - County
 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 | \$ 13,706 | \$ 13,706 | \$ - | \$ 9,137,366 | 0.15% |
| 2024 | 31,206 | 31,206 | - | 20,804,209 | 0.15% |
| 2023 | 45,607 | 45,607 | - | 19,463,798 | 0.23% |
| 2022 | 36,389 | 36,389 | - | 18,194,143 | 0.20% |
| 2021 | 33,411 | 33,411 | - | 16,705,523 | 0.20% |
| 2020 | 28,908 | 28,908 | - | 15,215,002 | 0.19% |
| 2019 | 27,861 | 27,861 | - | 14,663,677 | 0.19% |
| 2018 | 28,652 | 28,652 | - | 14,759,147 | 0.19% |
| 2017 | 27,160 | 27,160 | - | 14,294,169 | 0.19% |
| 2016 | 26,313 | 26,313 | - | 13,848,961 | 0.19% |

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

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total HIC OPEB Liability | | | | | | | | |
| Service cost | \$ 3,052 | \$ 3,274 | \$ 3,204 | \$ 4,932 | \$ 5,185 | \$ 4,729 | \$ 9,246 | \$ 10,897 |
| Interest | 24,585 | 24,054 | 19,790 | 18,480 | 18,519 | 26,022 | 13,464 | 12,310 |
| Changes of benefit terms | - | - | - | - | 6,818 | - | - | - |
| Differences between expected and actual experience | (1,947) | 6,538 | (1,829) | 12,173 | (3,430) | (109,019) | (6,419) | - |
| Changes in assumptions | - | - | 70,125 | 10,434 | - | 6,018 | - | (32,389) |
| Benefit payments | (26,368) | (25,200) | (31,183) | (28,461) | (26,865) | (23,420) | (22,067) | (21,078) |
| Net change in total HIC OPEB liability | (678) | 8,666 | 60,107 | 17,558 | 227 | (95,670) | (5,776) | (30,260) |
| Total HIC OPEB Liability - beginning | 374,347 | 365,681 | 305,574 | 288,016 | 287,789 | 383,459 | 389,235 | 419,495 |
| Total HIC OPEB Liability - ending (a) | 373,669 | 374,347 | 365,681 | 305,574 | 288,016 | 287,789 | 383,459 | 389,235 |
| Plan fiduciary net position | | | | | | | | |
| Contributions - employer | \$ 45,930 | \$ 43,612 | \$ 33,684 | \$ 29,124 | \$ 28,999 | \$ 28,909 | \$ 26,449 | \$ 26,507 |
| Net investment income | 6,004 | 1,170 | (159) | 467 | 9 | 5 | 1 | - |
| Benefit payments | (26,368) | (25,200) | (31,183) | (28,461) | (26,865) | (23,420) | (22,067) | (21,078) |
| Administrative expense | (86) | (6) | (36) | (9) | (4) | - | - | - |
| Other | - | 1,103 | 20,709 | - | - | - | - | - |
| Net change in plan fiduciary net position | 25,480 | 20,679 | 23,015 | 1,121 | 2,139 | 5,494 | 4,383 | 5,429 |
| Plan fiduciary net position - beginning | 47,078 | 26,399 | 3,384 | 2,263 | 124 | (5,370) | (9,753) | (15,182) |
| Plan fiduciary net position - ending (b) | 72,558 | 47,078 | 26,399 | 3,384 | 2,263 | 124 | (5,370) | (9,753) |
| Pittsylvania School Board's net HIC OPEB liability - ending (a) - (b) | \$ 301,111 | \$ 327,269 | \$ 339,282 | \$ 302,190 | \$ 285,753 | \$ 287,665 | \$ 388,829 | \$ 398,988 |
| Plan fiduciary net position as a percentage of the total HIC OPEB liability | 19.42% | 12.58% | 7.22% | 1.11% | 0.79% | 0.04% | -1.40% | -2.51% |
| Covered payroll | \$ 3,802,928 | \$ 3,608,539 | \$ 3,177,674 | \$ 2,722,447 | \$ 2,856,626 | \$ 2,849,165 | \$ 2,803,851 | \$ 2,819,928 |
| Pittsylvania School Board's net HIC OPEB liability as a percentage of covered payroll | 7.92% | 9.07% | 10.68% | 11.10% | 10.00% | 10.10% | 13.87% | 14.15% |

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 Pittsylvania, Virginia
 Schedule of Employer Contributions - School Board's Nonprofessional
 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 | \$ 47,612 | \$ 47,612 | - | \$ 3,934,849 | 1.21% |
| 2024 | 46,015 | 46,015 | - | 3,802,928 | 1.21% |
| 2023 | 43,663 | 43,663 | - | 3,608,539 | 1.21% |
| 2022 | 34,001 | 34,001 | - | 3,177,674 | 1.07% |
| 2021 | 29,130 | 29,130 | - | 2,722,447 | 1.07% |
| 2020 | 29,017 | 29,017 | - | 2,856,626 | 1.02% |
| 2019 | 28,931 | 28,931 | - | 2,849,165 | 1.02% |
| 2018 | 26,330 | 26,330 | - | 2,803,851 | 0.94% |
| 2017 | 26,507 | 26,507 | - | 2,819,928 | 0.94% |
| 2016 | 13,371 | 13,371 | - | 2,785,662 | 0.48% |

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

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

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Pittsylvania, 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 | 0.49301% \$ | 5,697,460 \$ | 52,820,287 | 10.79% | 21.82% |
| 2023 | 0.51470% | 6,235,044 | 51,320,683 | 12.15% | 17.90% |
| 2022 | 0.50536% | 6,312,182 | 47,100,086 | 13.40% | 15.08% |
| 2021 | 0.50992% | 6,545,176 | 45,097,251 | 14.51% | 13.15% |
| 2020 | 0.52267% | 6,818,316 | 45,841,970 | 14.87% | 9.95% |
| 2019 | 0.53116% | 6,953,401 | 44,492,580 | 15.63% | 8.97% |
| 2018 | 0.54456% | 6,914,000 | 44,028,760 | 15.70% | 8.08% |
| 2017 | 0.52320% | 6,637,000 | 41,273,292 | 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 Pittsylvania, 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 | \$ 669,733 | \$ 669,733 | - | \$ 55,349,865 | 1.21% |
| 2024 | 639,125 | 639,125 | - | 52,820,287 | 1.21% |
| 2023 | 620,980 | 620,980 | - | 51,320,683 | 1.21% |
| 2022 | 569,911 | 569,911 | - | 47,100,086 | 1.21% |
| 2021 | 545,677 | 545,677 | - | 45,097,251 | 1.21% |
| 2020 | 549,856 | 549,856 | - | 45,841,970 | 1.20% |
| 2019 | 533,911 | 533,911 | - | 44,492,580 | 1.20% |
| 2018 | 541,549 | 541,549 | - | 44,028,760 | 1.23% |
| 2017 | 458,330 | 458,330 | - | 41,273,292 | 1.11% |
| 2016 | 425,552 | 425,552 | - | 39,808,563 | 1.07% |

County of Pittsylvania, 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 Pittsylvania, 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 | 2020 (1) | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---------------|---------------|----------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|
| Total pension liability | | | | | | | | | | |
| Service cost | \$ 2,498,537 | \$ 2,243,567 | \$ 1,932,687 | \$ 1,802,237 | \$ 1,738,500 | \$ 1,566,727 | \$ 1,552,874 | \$ 1,627,407 | \$ 1,592,178 | \$ 1,561,447 |
| Interest | 6,228,295 | 6,088,425 | 5,924,911 | 5,387,041 | 5,060,327 | 4,787,083 | 4,557,967 | 4,386,198 | 4,226,561 | 4,054,448 |
| Changes in benefit terms | 127,565 | - | - | - | - | - | 260,443 | - | - | - |
| Differences between expected and actual experience | 1,595,600 | 667,598 | (669,978) | 516,399 | 2,645,976 | 687,864 | 474,277 | (157,351) | (430,827) | (255,709) |
| Changes in assumptions | - | - | - | 3,099,957 | - | 2,091,004 | - | (171,451) | - | - |
| Benefit payments | (5,426,281) | (5,158,831) | (4,993,337) | (4,546,411) | (4,662,774) | (3,768,690) | (3,376,271) | (3,085,649) | (3,129,127) | (2,673,712) |
| Net change in total pension liability | \$ 5,023,716 | \$ 3,840,759 | \$ 2,194,283 | \$ 6,259,223 | \$ 4,782,029 | \$ 5,363,988 | \$ 3,469,290 | \$ 2,599,154 | \$ 2,258,785 | \$ 2,686,474 |
| Total pension liability - beginning | \$ 94,375,493 | \$ 90,534,734 | \$ 88,340,451 | \$ 82,081,228 | \$ 77,299,199 | \$ 70,271,242 | \$ 66,801,952 | \$ 64,202,798 | \$ 61,944,013 | \$ 59,257,539 |
| Total pension liability - ending (a) | \$ 99,399,209 | \$ 94,375,493 | \$ 90,534,734 | \$ 88,340,451 | \$ 82,081,228 | \$ 75,635,230 | \$ 70,271,242 | \$ 66,801,952 | \$ 64,202,798 | \$ 61,944,013 |
| Plan fiduciary net position | | | | | | | | | | |
| Contributions - employer | \$ 2,663,715 | \$ 2,498,615 | \$ 2,037,478 | \$ 1,878,591 | \$ 1,421,641 | \$ 1,356,116 | \$ 1,392,480 | \$ 1,358,939 | \$ 1,259,536 | \$ 1,217,249 |
| Contributions - employee | 966,475 | 923,563 | 876,054 | 785,970 | 743,519 | 710,681 | 716,663 | 705,141 | 684,974 | 666,219 |
| Net investment income | 8,296,071 | 5,294,473 | (70,344) | 18,492,366 | 1,334,712 | 4,279,923 | 4,533,806 | 6,785,854 | 950,219 | 2,482,371 |
| Benefit payments | (5,426,281) | (5,158,831) | (4,993,337) | (4,546,411) | (4,662,774) | (3,768,690) | (3,376,271) | (3,085,649) | (3,129,127) | (2,673,712) |
| Administrator charges | (54,450) | (52,915) | (52,963) | (46,571) | (46,049) | (43,099) | (39,457) | (39,392) | (35,171) | (34,270) |
| Other | 1,753 | 2,127 | 1,939 | 1,739 | (1,537) | (2,691) | (4,027) | (6,026) | (410) | (526) |
| Net change in plan fiduciary net position | \$ 6,447,283 | \$ 3,509,032 | \$ (2,201,173) | \$ 16,565,684 | \$ (1,210,488) | \$ 2,532,240 | \$ 3,223,194 | \$ 5,718,867 | \$ (269,979) | \$ 1,657,331 |
| Plan fiduciary net position - beginning | \$ 86,044,787 | \$ 82,535,755 | \$ 84,736,928 | \$ 68,171,244 | \$ 69,381,732 | \$ 64,883,559 | \$ 61,660,365 | \$ 55,941,498 | \$ 56,211,477 | \$ 54,554,146 |
| Plan fiduciary net position - ending (b) | \$ 92,492,070 | \$ 86,044,787 | \$ 82,535,755 | \$ 84,736,928 | \$ 68,171,244 | \$ 67,415,799 | \$ 64,883,559 | \$ 61,660,365 | \$ 55,941,498 | \$ 56,211,477 |
| County's net pension liability - ending (a) - (b) | \$ 6,907,139 | \$ 8,330,706 | \$ 7,998,979 | \$ 3,603,523 | \$ 13,909,984 | \$ 8,219,431 | \$ 5,387,683 | \$ 5,141,587 | \$ 8,261,300 | \$ 5,732,536 |
| Plan fiduciary net position as a percentage of the total pension liability | 93.05% | 91.17% | 91.16% | 95.92% | 83.05% | 89.13% | 92.33% | 92.30% | 87.13% | 90.75% |
| Covered payroll | \$ 20,802,997 | \$ 19,460,833 | \$ 18,189,418 | \$ 16,705,523 | \$ 15,635,460 | \$ 14,663,677 | \$ 14,759,147 | \$ 14,294,168 | \$ 13,848,961 | \$ 13,309,411 |
| County's net pension liability as a percentage of covered payroll | 33.20% | 42.81% | 43.98% | 21.57% | 88.96% | 56.05% | 36.50% | 35.97% | 59.65% | 43.07% |

(1) Pittsylvania County Service Authority's net pension liability was absorbed by Pittsylvania County during fiscal year 2021 and is restated as noted in the 2020 measurement.

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

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total pension liability | | | | | | | | | | |
| Service cost | \$ 331,129 | \$ 322,944 | \$ 229,725 | \$ 266,922 | \$ 285,762 | \$ 283,647 | \$ 284,563 | \$ 287,778 | \$ 288,380 | \$ 346,582 |
| Interest | 1,113,216 | 1,069,282 | 1,064,727 | 999,416 | 988,487 | 983,847 | 953,988 | 959,558 | 965,041 | 944,972 |
| Differences between expected and actual experience | 661,234 | 329,263 | (352,383) | (34,915) | (164,199) | (133,520) | 107,647 | (246,249) | (413,256) | (93,323) |
| Changes of assumptions | | | | 456,809 | | 363,620 | | (148,814) | | |
| Benefit payments | (1,143,031) | (1,014,550) | (921,069) | (979,700) | (916,597) | (899,996) | (939,281) | (924,400) | (912,609) | (910,435) |
| Net change in total pension liability | \$ 962,548 | \$ 706,939 | \$ 21,000 | \$ 708,532 | \$ 193,453 | \$ 597,598 | \$ 406,917 | \$ (72,127) | \$ (72,444) | \$ 287,796 |
| Total pension liability - beginning | \$ 16,732,479 | \$ 16,025,540 | \$ 16,004,540 | \$ 15,296,008 | \$ 15,102,555 | \$ 14,504,957 | \$ 14,098,040 | \$ 14,170,167 | \$ 14,242,611 | \$ 13,954,815 |
| Total pension liability - ending (a) | \$ 17,695,027 | \$ 16,732,479 | \$ 16,025,540 | \$ 16,004,540 | \$ 15,296,008 | \$ 15,102,555 | \$ 14,504,957 | \$ 14,098,040 | \$ 14,170,167 | \$ 14,242,611 |
| Plan fiduciary net position | | | | | | | | | | |
| Contributions - employer | \$ 207,417 | \$ 201,791 | \$ 212,548 | \$ 185,571 | \$ 199,985 | \$ 202,266 | \$ 214,640 | \$ 217,553 | \$ 295,254 | \$ 283,578 |
| Contributions - employee | 169,808 | 163,799 | 143,968 | 126,486 | 133,777 | 133,890 | 133,817 | 135,498 | 135,599 | 132,471 |
| Net investment income | 1,584,203 | 1,028,457 | (10,497) | 3,695,414 | 266,968 | 900,296 | 976,204 | 1,494,086 | 212,712 | 570,904 |
| Benefit payments | (1,143,031) | (1,014,550) | (921,069) | (979,700) | (916,597) | (899,996) | (939,281) | (924,400) | (912,609) | (910,435) |
| Administrator charges | (11,064) | (10,548) | (10,582) | (9,586) | (9,423) | (9,304) | (8,749) | (9,014) | (8,145) | (8,196) |
| Other | 303 | 411 | 382 | 345 | (311) | (564) | (857) | (1,312) | (92) | (120) |
| Net change in plan fiduciary net position | \$ 807,636 | \$ 369,360 | \$ (585,250) | \$ 3,018,530 | \$ (325,601) | \$ 326,588 | \$ 375,774 | \$ 912,411 | \$ (277,281) | \$ 68,202 |
| Plan fiduciary net position - beginning | \$ 16,608,620 | \$ 16,239,260 | \$ 16,824,510 | \$ 13,805,980 | \$ 14,131,581 | \$ 13,804,993 | \$ 13,429,219 | \$ 12,516,808 | \$ 12,794,089 | \$ 12,725,887 |
| Plan fiduciary net position - ending (b) | \$ 17,416,256 | \$ 16,608,620 | \$ 16,239,260 | \$ 16,824,510 | \$ 13,805,980 | \$ 14,131,581 | \$ 13,804,993 | \$ 13,429,219 | \$ 12,516,808 | \$ 12,794,089 |
| School Division's net pension liability (asset) - ending (a) - (b) | \$ 278,771 | \$ 123,859 | \$ (213,720) | \$ (819,970) | \$ 1,490,028 | \$ 970,974 | \$ 699,964 | \$ 668,821 | \$ 1,653,359 | \$ 1,448,522 |
| Plan fiduciary net position as a percentage of the total pension liability | 98.42% | 99.26% | 101.33% | 105.12% | 90.26% | 93.57% | 95.17% | 95.26% | 88.33% | 89.83% |
| Covered payroll | \$ 3,802,707 | \$ 3,626,021 | \$ 3,175,059 | \$ 2,722,447 | \$ 2,843,229 | \$ 2,849,165 | \$ 2,803,851 | \$ 2,819,928 | \$ 2,785,662 | \$ 2,656,294 |
| School Division's net pension liability (asset) as a percentage of covered payroll | 7.33% | 3.42% | -6.73% | -30.12% | 52.41% | 34.08% | 24.96% | 23.72% | 59.35% | 54.53% |

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

| Date (1) | Employer's Proportion of the Net Pension Liability (Asset) (2) | Employer's Proportionate Share of the Net Pension Liability (Asset) (3) | Employer's Covered Payroll (4) | Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4) (5) | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (6) |
|-------------|--|--|--------------------------------------|---|---|
| 2024 | 0.50064% | \$ 46,994,750 | \$ 52,803,239 | 89.00% | 84.52% |
| 2023 | 0.52218% | 52,777,802 | 51,283,248 | 102.91% | 82.45% |
| 2022 | 0.51334% | 48,873,041 | 47,102,587 | 103.76% | 82.61% |
| 2021 | 0.51670% | 40,108,819 | 45,074,365 | 88.98% | 85.46% |
| 2020 | 0.52870% | 76,941,190 | 45,841,970 | 167.84% | 71.47% |
| 2019 | 0.53560% | 70,485,372 | 44,492,580 | 158.42% | 73.51% |
| 2018 | 0.54730% | 64,357,000 | 44,028,760 | 146.17% | 74.81% |
| 2017 | 0.52460% | 64,515,000 | 41,273,292 | 156.31% | 72.92% |
| 2016 | 0.52650% | 73,790,000 | 39,808,563 | 185.36% | 68.28% |
| 2015 | 0.53400% | 67,217,000 | 39,414,097 | 170.54% | 70.68% |

County of Pittsylvania, Virginia
 Schedule of Employer Contributions
 For the Years Ended June 30, 2016 through June 30, 2025

| Date | Contractually Required Contribution (1)* | Contributions in Relation to Contractually Required Contribution (2)* | Contribution Deficiency (Excess) (3) | Employer's Covered Payroll (4) | Contributions as a % of Covered Payroll (5) |
|--|---|--|---|---|---|
| Primary Government | | | | | |
| 2025 | \$ 2,915,394 | \$ 2,915,394 | \$ - | \$ 23,466,771 | 12.42% |
| 2024 | 2,666,162 | 2,666,162 | - | 20,802,997 | 12.82% |
| 2023 | 2,503,592 | 2,503,592 | - | 19,460,833 | 12.86% |
| 2022 | 2,042,436 | 2,042,436 | - | 18,189,418 | 11.23% |
| 2021 | 1,886,536 | 1,886,536 | - | 16,705,523 | 11.29% |
| 2020 | 1,421,641 | 1,421,641 | - | 15,635,460 | 9.09% |
| 2019 | 1,353,100 | 1,353,100 | - | 14,663,677 | 9.23% |
| 2018 | 1,392,480 | 1,392,480 | - | 14,759,147 | 9.43% |
| 2017 | 1,358,939 | 1,358,939 | - | 14,294,168 | 9.51% |
| 2016 | 1,592,630 | 1,261,351 | 331,279 | 13,848,961 | 9.11% |
| Component Unit School Board (nonprofessional) | | | | | |
| 2025 | \$ 289,605 | \$ 289,605 | \$ - | \$ 3,802,928 | 7.62% |
| 2024 | 207,945 | 207,945 | - | 3,802,707 | 5.47% |
| 2023 | 203,551 | 203,551 | - | 3,626,021 | 5.61% |
| 2022 | 215,082 | 215,082 | - | 3,175,059 | 6.77% |
| 2021 | 186,140 | 186,140 | - | 2,722,447 | 6.84% |
| 2020 | 200,303 | 200,303 | - | 2,843,229 | 7.04% |
| 2019 | 203,666 | 203,666 | - | 2,849,165 | 7.15% |
| 2018 | 214,640 | 214,640 | - | 2,803,851 | 7.66% |
| 2017 | 217,553 | 217,553 | - | 2,819,928 | 7.71% |
| 2016 | 295,656 | 295,656 | - | 2,785,662 | 10.61% |
| Component Unit School Board (professional) | | | | | |
| 2025 | \$ 7,865,216 | \$ 7,865,216 | \$ - | \$ 55,349,865 | 14.21% |
| 2024 | 8,440,857 | 8,440,857 | - | 52,803,239 | 15.99% |
| 2023 | 8,234,333 | 8,234,333 | - | 51,283,248 | 16.06% |
| 2022 | 7,619,808 | 7,619,808 | - | 47,102,587 | 16.18% |
| 2021 | 7,304,728 | 7,304,728 | - | 45,074,365 | 16.21% |
| 2020 | 7,022,807 | 7,022,807 | - | 45,841,970 | 15.32% |
| 2019 | 6,854,257 | 6,854,257 | - | 44,492,580 | 15.41% |
| 2018 | 7,075,682 | 7,075,682 | - | 44,028,760 | 16.07% |
| 2017 | 5,997,754 | 5,997,754 | - | 41,273,292 | 14.53% |
| 2016 | 5,597,084 | 5,597,084 | - | 39,808,563 | 14.06% |

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

County of Pittsylvania, Virginia
Notes to Required Supplementary Information
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 |

Other Supplementary Information

NONMAJOR FUNDS

NONMAJOR SPECIAL REVENUE FUND

Forfeited Assets - The Forfeited Assets fund accounts for financial resources to be used in connection with the Sheriff's asset forfeited funds.

Sheriff Fund - The Sheriff Fund accounts for the activity of the investigation account and the canteen account as maintained by the Sheriff.

County of Pittsylvania, Virginia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

| | Forfeited Assets <u>Fund</u> | Debt Service Reserve <u>Fund</u> | Sheriff <u>Fund</u> | Total Nonmajor Governmental <u>Funds</u> |
|-------------------------------------|---------------------------------|--|------------------------|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 453,777 | \$ 204,092 | \$ - | \$ 657,869 |
| Cash in custody of others | - | - | 27,468 | 27,468 |
| Total assets | <u>\$ 453,777</u> | <u>\$ 204,092</u> | <u>\$ 27,468</u> | <u>\$ 685,337</u> |
| FUND BALANCES | | | | |
| Restricted: | | | | |
| Forfeited Assets Fund | \$ 453,777 | - | - | \$ 453,777 |
| Assigned: | | | | |
| Debt service | - | 204,092 | - | 204,092 |
| Jail canteen | - | - | 12,394 | 12,394 |
| Sheriff investigations | - | - | 15,074 | 15,074 |
| Total fund balances | <u>\$ 453,777</u> | <u>\$ 204,092</u> | <u>\$ 27,468</u> | <u>\$ 685,337</u> |
| Total liabilities and fund balances | <u>\$ 453,777</u> | <u>\$ 204,092</u> | <u>\$ 27,468</u> | <u>\$ 685,337</u> |

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

| | Forfeited Assets <u>Fund</u> | Debt Service Reserve <u>Fund</u> | Sheriff <u>Fund</u> | Total Nonmajor Governmental <u>Funds</u> |
|---|---------------------------------|--|------------------------|---|
| REVENUES | | | | |
| Revenue from the use of money and property | \$ 131 | \$ - | \$ - | \$ 131 |
| Charges for services | - | - | 53,205 | 53,205 |
| Intergovernmental | 3,652 | - | - | 3,652 |
| Total revenues | <u>\$ 3,783</u> | <u>\$ -</u> | <u>\$ 53,205</u> | <u>\$ 56,988</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | \$ 10,198 | \$ - | \$ 74,627 | \$ 84,825 |
| Total expenditures | <u>\$ 10,198</u> | <u>\$ -</u> | <u>\$ 74,627</u> | <u>\$ 84,825</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (6,415)</u> | <u>\$ -</u> | <u>\$ (21,422)</u> | <u>\$ (27,837)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ - | \$ - | \$ 25,000 | \$ 25,000 |
| Net change in fund balances | \$ (6,415) | \$ - | \$ 3,578 | \$ (2,837) |
| Fund balances - beginning | 460,192 | 204,092 | 23,890 | 688,174 |
| Fund balances - ending | <u>\$ 453,777</u> | <u>\$ 204,092</u> | <u>\$ 27,468</u> | <u>\$ 685,337</u> |

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

| | Forfeited Assets Fund | | | Variance with Final Budget Positive (Negative) |
|---|-----------------------|---------------------|-------------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| REVENUES | | | | |
| Revenue from the use of money and property | \$ 300 | \$ 300 | \$ 131 | \$ (169) |
| Intergovernmental | - | - | 3,652 | 3,652 |
| Total revenues | <u>\$ 300</u> | <u>\$ 300</u> | <u>\$ 3,783</u> | <u>\$ 3,483</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | \$ 146,995 | \$ 146,995 | \$ 10,198 | \$ 136,797 |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (146,695)</u> | <u>\$ (146,695)</u> | <u>\$ (6,415)</u> | <u>\$ 140,280</u> |
| Net change in fund balances | \$ (146,695) | \$ (146,695) | \$ (6,415) | \$ 140,280 |
| Fund balances - beginning | 146,695 | 146,695 | 460,192 | 313,497 |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 453,777</u> | <u>\$ 453,777</u> |

County of Pittsylvania, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Debt Service Reserve Fund
 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 | | | | |
| Total revenues | \$ - | \$ - | \$ - | \$ - |
| EXPENDITURES | | | | |
| Total expenditures | \$ - | \$ - | \$ - | \$ - |
| Excess (deficiency) of revenues over (under) expenditures | \$ - | \$ - | \$ - | \$ - |
| Net change in fund balances | \$ - | \$ - | \$ - | \$ - |
| Fund balances - beginning | - | - | 204,092 | 204,092 |
| Fund balances - ending | \$ - | \$ - | 204,092 | \$ 204,092 |

INTERNAL SERVICE FUNDS

Central Stores - The Central Stores fund accounts for the Primary Government's consolidated purchasing. The Primary Government bills internally for the department's usage.

Self-Insurance - The Self-Health Insurance fund accounts for insurance premiums paid by the County and for all departments. Internal billings are prepared for all departments.

County of Pittsylvania, Virginia
Combining Statement of Net Position
Internal Service Funds
June 30, 2025

| | Central Stores <u>Fund</u> | Self- Insurance <u>Fund</u> | <u>Total</u> |
|--|----------------------------------|-----------------------------------|---------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 5,778 | \$ 4,015,564 | \$ 4,021,342 |
| Accounts receivables, net of allowances for uncollectibles | 18,735 | 325,784 | 344,519 |
| Inventories | 6,561 | - | 6,561 |
| Total assets | <u>\$ 31,074</u> | <u>\$ 4,341,348</u> | <u>\$ 4,372,422</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 7,601 | \$ - | \$ 7,601 |
| Estimate of incurred but unreported health claims | - | 1,315,625 | 1,315,625 |
| Total liabilities | <u>\$ 7,601</u> | <u>\$ 1,315,625</u> | <u>\$ 1,323,226</u> |
| NET POSITION | | | |
| Restricted for health insurance claims | \$ - | \$ 3,025,723 | \$ 3,025,723 |
| Unrestricted (deficit) | 23,473 | - | 23,473 |
| Total net position | <u>\$ 23,473</u> | <u>\$ 3,025,723</u> | <u>\$ 3,049,196</u> |

County of Pittsylvania, Virginia
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2025

| | Central Stores <u>Fund</u> | Self- Insurance <u>Fund</u> | <u>Total</u> |
|--|----------------------------------|-----------------------------------|-----------------------|
| OPERATING REVENUES | | | |
| Charges for services: | | | |
| Materials and supplies | \$ 227,350 | \$ - | \$ 227,350 |
| Insurance premiums | - | 15,250,474 | 15,250,474 |
| Total operating revenues | <u>\$ 227,350</u> | <u>\$ 15,250,474</u> | <u>\$ 15,477,824</u> |
| OPERATING EXPENSES | | | |
| Supplies, insurance and telephone | \$ 216,349 | \$ - | \$ 216,349 |
| Insurance claims and expenses | - | 16,779,147 | 16,779,147 |
| Total operating expenses | <u>\$ 216,349</u> | <u>\$ 16,779,147</u> | <u>\$ 16,995,496</u> |
| Operating income (loss) | <u>\$ 11,001</u> | <u>\$ (1,528,673)</u> | <u>\$ (1,517,672)</u> |
| Total net position (deficit) - beginning | 12,472 | 4,554,396 | 4,566,868 |
| Total net position (deficit) - ending | <u>\$ 23,473</u> | <u>\$ 3,025,723</u> | <u>\$ 3,049,196</u> |

County of Pittsylvania, Virginia
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

| | Central Stores <u>Fund</u> | Self- Insurance <u>Fund</u> | <u>Total</u> |
|---|----------------------------------|-----------------------------------|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts for materials and supplies | \$ 222,536 | \$ - | \$ 222,536 |
| Receipts for insurance premiums | - | 15,242,313 | 15,242,313 |
| Payments to suppliers | (212,874) | - | (212,874) |
| Payments for premiums | - | (16,605,522) | (16,605,522) |
| Net cash provided by (used for) operating activities | <u>\$ 9,662</u> | <u>\$ (1,363,209)</u> | <u>\$ (1,353,547)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Interfund borrowings | \$ (3,884) | \$ - | \$ (3,884) |
| Net cash provided (used) by noncapital financing activities | <u>\$ (3,884)</u> | <u>\$ -</u> | <u>\$ (3,884)</u> |
| Net increase (decrease) in cash and cash equivalents | \$ 5,778 | \$ (1,363,209) | \$ (1,357,431) |
| Cash and cash equivalents - beginning | - | 5,378,773 | 5,378,773 |
| Cash and cash equivalents - ending | <u>\$ 5,778</u> | <u>\$ 4,015,564</u> | <u>\$ 4,021,342</u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | | |
| Operating income (loss) | \$ 11,001 | \$ (1,528,673) | \$ (1,517,672) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | |
| (Increase) decrease in accounts receivable | (4,814) | (8,161) | (12,975) |
| (Increase) decrease in inventories | 1,638 | - | 1,638 |
| Increase (decrease) in accounts payable | 1,837 | 173,625 | 175,462 |
| Total adjustments | <u>\$ (1,339)</u> | <u>\$ 165,464</u> | <u>\$ 164,125</u> |
| Net cash provided by (used for) operating activities | <u>\$ 9,662</u> | <u>\$ (1,363,209)</u> | <u>\$ (1,353,547)</u> |

FIDUCIARY FUNDS

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

Cash Bond Fund - The Cash Bond fund accounts for those escrow funds received from developers or contractors which, upon satisfactory project completion, are returned to the developer or contractor.

Workforce Investment Board Fund - The Workforce Investment Board (WIB) Fund accounts for the fiduciary activity of the regional nonprofit WIB as contracted through the County.

Sheriff Inmate Trust Fund- The Sheriff Inmate Trust accounts for the funds deposited on behalf of the inmates for their benefit.

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

| | <u>Special Welfare</u> | <u>Cash Bond Fund</u> | <u>Workforce Investment Board Fund</u> | <u>Sheriff's Inmate Trust Fund</u> | <u>Total</u> |
|----------------------------|----------------------------|-------------------------------|--|--|---------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 21,003 | \$ 368,563 | \$ 632,803 | \$ - | \$ 1,022,369 |
| Cash in custody of others | - | - | - | 48,794 | 48,794 |
| Due from other governments | - | - | 632,637 | - | 632,637 |
| Total assets | <u>\$ 21,003</u> | <u>\$ 368,563</u> | <u>\$ 1,265,440</u> | <u>\$ 48,794</u> | <u>\$ 1,703,800</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ - | \$ - | \$ 334,011 | \$ - | \$ 334,011 |
| NET POSITION | | | | | |
| Restricted: | | | | | |
| Social services welfare | \$ 21,003 | \$ - | \$ - | \$ - | \$ 21,003 |
| Escrows for developers | - | 368,563 | - | - | 368,563 |
| Workforce Investment Board | - | - | 931,429 | - | 931,429 |
| Amounts held for inmates | - | - | - | 48,794 | 48,794 |
| Total net position | <u>\$ 21,003</u> | <u>\$ 368,563</u> | <u>\$ 931,429</u> | <u>\$ 48,794</u> | <u>\$ 1,369,789</u> |

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

| | <u>Special Welfare</u> | <u>Cash Bond Fund</u> | <u>Workforce Investment Board Fund</u> | <u>Sheriff's Inmate Trust Fund</u> | <u>Total</u> |
|---|----------------------------|-------------------------------|--|--|---------------------|
| ADDITIONS | | | | | |
| Contributions: | | | | | |
| Government grants | \$ - | \$ - | \$ 2,142,596 | \$ - | \$ 2,142,596 |
| Rental income | - | - | 336,506 | - | 336,506 |
| Social security and welfare receipts | 50,860 | - | - | - | 50,860 |
| Inmate deposits | - | - | - | 150,358 | 150,358 |
| Miscellaneous | - | 100,963 | 387,341 | - | 488,304 |
| Total contributions | <u>\$ 50,860</u> | <u>\$ 100,963</u> | <u>\$ 2,866,443</u> | <u>\$ 150,358</u> | <u>\$ 3,168,624</u> |
| DEDUCTIONS | | | | | |
| Workforce Investment Board expenses | \$ - | \$ - | \$ 3,133,845 | \$ - | \$ 3,133,845 |
| Administrative fees | - | - | 4,900 | - | 4,900 |
| Welfare payments | 46,692 | - | - | - | 46,692 |
| Inmate purchases and withdrawals | - | - | - | 146,695 | 146,695 |
| Total deductions | <u>\$ 46,692</u> | <u>\$ -</u> | <u>\$ 3,138,745</u> | <u>\$ 146,695</u> | <u>\$ 3,332,132</u> |
| Net increase (decrease) in fiduciary net position | \$ 4,168 | \$ 100,963 | \$ (272,302) | \$ 3,663 | \$ (163,508) |
| Net position - beginning | 16,835 | 267,600 | 1,203,731 | 45,131 | \$ 1,533,297 |
| Net position - ending | <u>\$ 21,003</u> | <u>\$ 368,563</u> | <u>\$ 931,429</u> | <u>\$ 48,794</u> | <u>\$ 1,369,789</u> |

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

NON-MAJOR GOVERNMENTAL FUNDS

School Activity Fund - The School Activity Fund accounts for the activity of each bank account maintained at the school as maintained by each school principal.

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

| | School Operating Fund | Nonmajor School Activity Fund | Total |
|---|-----------------------------|--|---------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 1,558,754 | \$ - | \$ 1,558,754 |
| Cash in custody of others | - | 2,310,418 | 2,310,418 |
| Receivables (net of allowance for uncollectibles): | | | |
| Accounts receivable | 104,734 | 4,433 | 109,167 |
| Due from primary government | 917,247 | - | 917,247 |
| Due from other governmental units | 5,012,794 | - | 5,012,794 |
| Lease receivable | 7,248 | - | 7,248 |
| Restricted cash and cash equivalents | 25,181 | - | 25,181 |
| Total assets | <u>\$ 7,625,958</u> | <u>\$ 2,314,851</u> | <u>\$ 9,940,809</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 2,494,823 | \$ 19,400 | \$ 2,514,223 |
| Salaries payable | 3,202,408 | - | 3,202,408 |
| Total liabilities | <u>\$ 5,697,231</u> | <u>\$ 19,400</u> | <u>\$ 5,716,631</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Lease related items | \$ 6,453 | \$ - | \$ 6,453 |
| FUND BALANCES | | | |
| Nonspendable: | | | |
| Leases | \$ 795 | \$ - | \$ 795 |
| Restricted: | | | |
| School cafeteria | 1,921,479 | - | 1,921,479 |
| Committed: | | | |
| School activities | - | 2,295,451 | 2,295,451 |
| Total fund balances | <u>\$ 1,922,274</u> | <u>\$ 2,295,451</u> | <u>\$ 4,217,725</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 7,625,958</u> | <u>\$ 2,314,851</u> | <u>\$ 9,940,809</u> |

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

| | |
|--|----------------------|
| Total fund balances per above | \$ 4,217,725 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | |
| Land | \$ 2,744,421 |
| Construction in progress | 34,242,787 |
| Buildings and improvements | 65,353,544 |
| Machinery and equipment | 7,738,256 |
| Infrastructure | 2,284,781 |
| Lease - machinery and equipment | 86,238 |
| Subscription asset | <u>292,431</u> |
| | 112,742,458 |
| Prepaid items are reported in the funds using the purchases method and, therefore, are reported as expenditures in the funds. | |
| Prepaid items | 2,599,603 |
| Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds. | |
| Pension related items | \$ 18,024,944 |
| OPEB related items | <u>3,679,908</u> |
| | 21,704,852 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | |
| Net pension liability | \$ (47,273,521) |
| Net OPEB liabilities | (16,505,857) |
| Lease liabilities | (85,769) |
| Subscription liabilities | (100,961) |
| Compensated absences | <u>(11,719,518)</u> |
| | (75,685,626) |
| Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. | |
| Pension related items | \$ (10,142,599) |
| OPEB related items | <u>(2,468,132)</u> |
| | (12,610,731) |
| Net position of governmental activities | <u>\$ 52,968,281</u> |

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

| | School Operating Fund | Nonmajor School Activity Fund* | Total |
|---|-----------------------------|---|-----------------------|
| REVENUES | | | |
| Revenue from the use of money and property | \$ 13,331 | \$ - | \$ 13,331 |
| Charges for services | 602,093 | - | 602,093 |
| Miscellaneous | 819,002 | 2,029,229 | 2,848,231 |
| Recovered costs | 427,812 | - | 427,812 |
| Intergovernmental | 121,705,112 | - | 121,705,112 |
| Total revenues | <u>\$ 123,567,350</u> | <u>\$ 2,029,229</u> | <u>\$ 125,596,579</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Education | \$ 122,222,479 | \$ 3,356,691 | \$ 125,579,170 |
| Debt service: | | | |
| Principal retirement | 360,580 | - | 360,580 |
| Interest and other fiscal charges | 4,219 | - | 4,219 |
| Total expenditures | <u>\$ 122,587,278</u> | <u>\$ 3,356,691</u> | <u>\$ 125,943,969</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 980,072</u> | <u>\$ (1,327,462)</u> | <u>\$ (347,390)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | \$ - | \$ 1,309,266 | \$ 1,309,266 |
| Transfers out | (1,309,266) | - | (1,309,266) |
| Issuance of lease liabilities | 292,431 | - | 292,431 |
| Total other financing sources and uses | <u>\$ (1,016,835)</u> | <u>\$ 1,309,266</u> | <u>\$ 292,431</u> |
| Net change in fund balances | \$ (36,763) | \$ (18,196) | \$ (54,959) |
| Fund balances - beginning | 1,959,037 | 2,313,647 | 4,272,684 |
| Fund balances - ending | <u>\$ 1,922,274</u> | <u>\$ 2,295,451</u> | <u>\$ 4,217,725</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 \$ (54,959)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital asset additions exceeded depreciation/amortization expense in the current period.

| | | |
|--|--------------------|------------|
| Capital asset additions | \$ 19,616,282 | |
| Reversion of assets back to the School Board (net) | 29,218,196 | |
| Depreciation/amortization expense | <u>(4,023,618)</u> | 44,810,860 |

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.

| | | |
|---------------------------------|---------------|--------|
| <u>Debt Issued or Incurred:</u> | | |
| Issuance of lease liabilities | \$ (292,431) | |
| <u>Principal Payments</u> | | |
| Subscription liabilities | 266,215 | |
| Lease liabilities | <u>94,365</u> | 68,149 |

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 | \$ 307,339 | |
| Change in net pension liabilities and related deferred items | 4,002,622 | |
| Change in net OPEB liabilities and related deferred items | <u>609,279</u> | 4,919,240 |

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

| | | |
|-------------------------|--|-----------|
| Change in prepaid items | | 1,387,085 |
|-------------------------|--|-----------|

Change in net position of governmental activities \$ 51,130,375

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

County of Pittsylvania, 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 | \$ 7,260 | \$ 7,260 | \$ 13,331 | \$ 6,071 |
| Charges for services | 6,767,752 | 7,002,553 | 602,093 | (6,400,460) |
| Miscellaneous | 644,873 | 1,216,632 | 819,002 | (397,630) |
| Recovered costs | 330,857 | 330,857 | 427,812 | 96,955 |
| Intergovernmental | 114,343,096 | 138,135,391 | 121,705,112 | (16,430,279) |
| Total revenues | <u>\$ 122,093,838</u> | <u>\$ 146,692,693</u> | <u>\$ 123,567,350</u> | <u>\$ (23,125,343)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Education | \$ 121,729,039 | \$ 146,510,463 | \$ 122,222,479 | \$ 24,287,984 |
| Debt service: | | | | |
| Principal retirement | 360,580 | 360,580 | 360,580 | - |
| Interest and other fiscal charges | 4,219 | 4,219 | 4,219 | - |
| Total expenditures | <u>\$ 122,093,838</u> | <u>\$ 146,875,262</u> | <u>\$ 122,587,278</u> | <u>\$ 24,287,984</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ -</u> | <u>\$ (182,569)</u> | <u>\$ 980,072</u> | <u>\$ 1,162,641</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | \$ - | \$ - | \$ (1,309,266) | \$ (1,309,266) |
| Issuance of leases | - | - | 292,431 | 292,431 |
| Total other financing sources and uses | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (1,016,835)</u> | <u>\$ (1,016,835)</u> |
| Net change in fund balances | \$ - | \$ (182,569) | \$ (36,763) | \$ 145,806 |
| Fund balances - beginning | - | 182,569 | 1,959,037 | 1,959,037 |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,922,274</u> | <u>\$ 2,104,843</u> |

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

Schedule 1
 Page 1 of 6

| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|-------------------------|----------------------|---|
| General Fund: | | | | |
| Revenue from local sources: | | | | |
| General property taxes: | | | | |
| Real Property Tax | \$ 33,833,469 | \$ 33,833,469 | \$ 34,174,890 | \$ 341,421 |
| Real and Personal PSC Tax | 2,584,139 | 2,584,139 | 4,014,514 | 1,430,375 |
| Personal Property Tax | 12,605,713 | 12,605,713 | 13,668,855 | 1,063,142 |
| Mobile Home Tax | 299,390 | 299,390 | 345,791 | 46,401 |
| Machinery and Tools Tax | 2,180,302 | 2,180,302 | 2,693,318 | 513,016 |
| Merchants Capital | 393,895 | 393,895 | 391,626 | (2,269) |
| Penalties | 600,000 | 600,000 | 707,456 | 107,456 |
| Interest | 500,000 | 500,000 | 601,228 | 101,228 |
| Total general property taxes | <u>\$ 52,996,908</u> | <u>\$ 52,996,908</u> | <u>\$ 56,597,678</u> | <u>\$ 3,600,770</u> |
| Other local taxes: | | | | |
| Local Sales and Use Tax | \$ 7,855,000 | \$ 7,855,000 | \$ 8,378,834 | \$ 523,834 |
| Consumers' Utility Tax | 1,325,000 | 1,325,000 | 1,362,866 | 37,866 |
| Consumption Taxes | 200,000 | 200,000 | 216,623 | 16,623 |
| Franchise License Tax | - | - | 11,121 | 11,121 |
| Lodging Taxes | 80,000 | 80,000 | 51,709 | (28,291) |
| Business License Tax | 500 | 500 | 13,103 | 12,603 |
| Meals Tax | 1,630,901 | 1,630,901 | 1,675,222 | 44,321 |
| Motor Vehicle Licenses | 2,445,000 | 2,445,000 | 2,799,477 | 354,477 |
| Bank Stock Tax | 80,000 | 80,000 | 79,524 | (476) |
| Taxes on Recordation and Wills | 495,000 | 495,000 | 466,147 | (28,853) |
| Total other local taxes | <u>\$ 14,111,401</u> | <u>\$ 14,111,401</u> | <u>\$ 15,054,626</u> | <u>\$ 943,225</u> |
| Permits, privilege fees, and regulatory licenses: | | | | |
| Building permits | \$ 300,000 | \$ 300,000 | \$ 328,529 | \$ 28,529 |
| Cellular tower fees | 95,000 | 95,000 | 90,860 | (4,140) |
| Animal licenses | 15,500 | 16,130 | 12,859 | (3,271) |
| Permits and other licenses | 53,850 | 53,850 | 106,152 | 52,302 |
| Total permits, privilege fees, and regulatory licenses | <u>\$ 464,350</u> | <u>\$ 464,980</u> | <u>\$ 538,400</u> | <u>\$ 73,420</u> |
| Fines and forfeitures: | | | | |
| Court fines and forfeitures | \$ 65,000 | \$ 65,000 | \$ 84,019 | \$ 19,019 |
| Revenue from use of money and property: | | | | |
| Revenue from use of money | \$ 2,000,000 | \$ 2,000,000 | \$ 2,704,977 | \$ 704,977 |
| Revenue from use of property | 163,456 | 163,456 | 179,263 | 15,807 |
| Total revenue from use of money and property | <u>\$ 2,163,456</u> | <u>\$ 2,163,456</u> | <u>\$ 2,884,240</u> | <u>\$ 720,784</u> |

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

Schedule 1
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| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|----------------------------|-------------------------|----------------------|---|
| General Fund: (Continued) | | | | |
| Revenue from local sources: (Continued) | | | | |
| Charges for services: | | | | |
| Charges for emergency services | \$ 1,415,900 | \$ 1,440,847 | \$ 1,640,972 | \$ 200,125 |
| Charges for courthouse security | - | 22,027 | 96,854 | 74,827 |
| Charges for parks and recreation | 45,000 | 45,000 | 49,435 | 4,435 |
| Charges for jail inmates | 62,600 | 62,600 | 68,298 | 5,698 |
| Charges for administration | 45,000 | 45,000 | 48,646 | 3,646 |
| Charges for library | 8,000 | 8,000 | 23,707 | 15,707 |
| Charges for courthouse maintenance | 25,000 | - | 14,229 | 14,229 |
| Charges for law library | 9,000 | 9,000 | 13,360 | 4,360 |
| Charges for fire prevention | 10,000 | 10,000 | 9,825 | (175) |
| Charges for commonwealth's attorney | 5,000 | 5,000 | 4,206 | (794) |
| Charges for law enforcement | 4,000 | 4,000 | 4,305 | 305 |
| Charges for animal control | 38,300 | 39,170 | 28,528 | (10,642) |
| Other charges for services | 200 | 200 | 41,101 | 40,901 |
| Total charges for services | <u>\$ 1,668,000</u> | <u>\$ 1,690,844</u> | <u>\$ 2,043,466</u> | <u>\$ 352,622</u> |
| Miscellaneous: | | | | |
| Sale of surplus | \$ - | \$ - | \$ 10,284 | \$ 10,284 |
| Miscellaneous other | 45,500 | 45,850 | 553,203 | 507,353 |
| Local grants and donations | 161,302 | 406,232 | 609,568 | 203,336 |
| City of Danville, Virginia revenue sharing | 95,000 | 95,000 | 99,782 | 4,782 |
| Total miscellaneous | <u>\$ 301,802</u> | <u>\$ 547,082</u> | <u>\$ 1,272,837</u> | <u>\$ 725,755</u> |
| Recovered costs: | | | | |
| Jail reimbursements | \$ 267,502 | \$ 267,502 | \$ 243,282 | \$ (24,220) |
| Sheriffs extra duty | 11,500 | 11,500 | 3,613 | (7,887) |
| Soil and water conservation district | 167,020 | 192,697 | 176,563 | (16,134) |
| School resource officer | 130,000 | 130,000 | 152,132 | 22,132 |
| City of Danville, Virginia | 100,000 | 100,000 | 121,600 | 21,600 |
| Health department | 57,000 | 57,000 | 89,932 | 32,932 |
| Social Services | 248,000 | 248,000 | 122,767 | (125,233) |
| Water and sewer reimbursements | 341,159 | 341,159 | 341,161 | 2 |
| Other recovered costs | 114,759 | 454,289 | 475,575 | 21,286 |
| Total recovered costs | <u>\$ 1,436,940</u> | <u>\$ 1,802,147</u> | <u>\$ 1,726,625</u> | <u>\$ (75,522)</u> |
| Total revenue from local sources | <u>\$ 73,207,857</u> | <u>\$ 73,841,818</u> | <u>\$ 80,201,891</u> | <u>\$ 6,360,073</u> |
| Intergovernmental: | | | | |
| Revenue from the Commonwealth: | | | | |
| Noncategorical aid: | | | | |
| Motor vehicles carriers' tax | \$ 93,000 | \$ 93,000 | \$ 102,365 | \$ 9,365 |
| Mobile home titling tax | 170,000 | 170,000 | 232,325 | 62,325 |
| Motor vehicle rental tax | 4,000 | 4,000 | 21,001 | 17,001 |
| State communications tax | 1,550,000 | 1,550,000 | 1,473,387 | (76,613) |
| Personal property tax relief act funds | 4,139,277 | 4,139,277 | 4,139,277 | - |
| Games of skill tax | - | - | 937 | 937 |
| Total noncategorical aid | <u>\$ 5,956,277</u> | <u>\$ 5,956,277</u> | <u>\$ 5,969,292</u> | <u>\$ 13,015</u> |

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

Schedule 1
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| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|-------------------------|-----------------------|---|
| General Fund: (Continued) | | | | |
| Intergovernmental: (Continued) | | | | |
| Revenue from the Commonwealth: (Continued) | | | | |
| Categorical aid: | | | | |
| Shared expenses: | | | | |
| Commonwealth's Attorney | \$ 780,391 | \$ 780,391 | \$ 696,531 | \$ (83,860) |
| Sheriff | 5,821,633 | 5,821,633 | 5,654,833 | (166,800) |
| Commissioner of Revenue | 238,418 | 238,418 | 248,111 | 9,693 |
| Treasurer | 298,905 | 298,905 | 301,099 | 2,194 |
| Registrar/electoral board | 90,000 | 96,181 | 98,830 | 2,649 |
| Clerk of the Circuit Court | 572,604 | 572,604 | 582,388 | 9,784 |
| Circuit Court | 70,000 | 70,000 | 77,678 | 7,678 |
| Total Shared Expenses | <u>\$ 7,871,951</u> | <u>\$ 7,878,132</u> | <u>\$ 7,659,470</u> | <u>\$ (218,662)</u> |
| Other categorical aid: | | | | |
| Victim witness grant | \$ 32,694 | \$ 43,431 | \$ 39,343 | \$ (4,088) |
| VJCCA grant | 41,765 | 41,765 | 31,765 | (10,000) |
| Records preservation grant | 9,500 | 58,786 | 32,467 | (26,319) |
| Law enforcement grants | - | 32,428 | 16,618 | (15,810) |
| Emergency management preparedness | 217,337 | 221,363 | 280,104 | 58,741 |
| EMS grants | 67,269 | 66,928 | 138,000 | 71,072 |
| Fire program funds | 255,253 | 290,542 | 290,542 | - |
| Library grants | 243,073 | 420,777 | 420,777 | - |
| Litter control grants | 13,543 | 13,543 | - | (13,543) |
| Public assistance | 2,143,596 | 2,143,596 | 1,940,104 | (203,492) |
| VDEM- Ringgold Trail | - | 139,098 | 139,098 | - |
| Children's Services Act | 5,000,000 | 5,000,000 | 5,698,266 | 698,266 |
| Dam Safety, Flood Prevention and Protection Assistance Grant | - | - | 33,500 | 33,500 |
| School resource officer | 512,117 | 512,117 | 475,010 | (37,107) |
| Total other categorical aid | <u>\$ 8,536,147</u> | <u>\$ 8,984,374</u> | <u>\$ 9,535,594</u> | <u>\$ 551,220</u> |
| Total categorical aid | <u>\$ 16,408,098</u> | <u>\$ 16,862,506</u> | <u>\$ 17,195,064</u> | <u>\$ 332,558</u> |
| Total revenue from the Commonwealth | <u>\$ 22,364,375</u> | <u>\$ 22,818,783</u> | <u>\$ 23,164,356</u> | <u>\$ 345,573</u> |
| Revenue from the federal government: | | | | |
| Noncategorical aid: | | | | |
| QCEB interest rebate | \$ - | \$ - | \$ 49,451 | \$ 49,451 |
| Categorical aid: | | | | |
| DMV ground transportation safety grant | \$ 14,300 | \$ 34,700 | \$ 27,133 | \$ (7,567) |
| Emergency management preparedness | 22,803 | 22,803 | 21,643 | (1,160) |
| FEMA - Ringgold trail | - | 2,712,698 | 549,072 | (2,163,626) |
| Law enforcement grants | 23,600 | 23,600 | 13,060 | (10,540) |
| Justice assistance grants | - | 1,201 | 393 | (808) |
| Crime victim assistance | 69,466 | 68,610 | 68,610 | - |
| Community development grants | - | 420,247 | 374,037 | (46,210) |
| WIA adult programs, youth activities, and dislocated workers | - | - | 1,250,490 | 1,250,490 |
| COVID-19 ARPA grants | - | 55,000 | 626,094 | 571,094 |
| Public assistance | 2,818,545 | 3,377,693 | 3,603,061 | 225,368 |
| Total categorical aid | <u>\$ 2,948,714</u> | <u>\$ 6,716,552</u> | <u>\$ 6,533,593</u> | <u>\$ (182,959)</u> |
| Total revenue from the federal government | <u>\$ 2,948,714</u> | <u>\$ 6,716,552</u> | <u>\$ 6,583,044</u> | <u>\$ (133,508)</u> |
| Total General Fund | <u>\$ 98,520,946</u> | <u>\$ 103,377,153</u> | <u>\$ 109,949,291</u> | <u>\$ 6,572,138</u> |

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

Schedule 1
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| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|----------------------------|-------------------------|-----------------------|---|
| Special Revenue Funds: | | | | |
| Industrial Development Fund: | | | | |
| Intergovernmental: | | | | |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| Tobacco indemnification funds | \$ - | \$ 2,014,066 | \$ 8,990 | \$ (2,005,076) |
| Commonwealth opportunity fund grant | - | - | 1,806,420 | 1,806,420 |
| AFID Grant Funds | - | 200,000 | 200,000 | - |
| Total categorical aid | <u>\$ -</u> | <u>\$ 2,214,066</u> | <u>\$ 2,015,410</u> | <u>\$ (198,656)</u> |
| Total revenue from the Commonwealth | <u>\$ -</u> | <u>\$ 2,214,066</u> | <u>\$ 2,015,410</u> | <u>\$ (198,656)</u> |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| Brownfield grants | \$ - | \$ 3,322,080 | \$ 189,457 | \$ (3,132,623) |
| Total categorical aid | <u>\$ -</u> | <u>\$ 3,322,080</u> | <u>\$ 189,457</u> | <u>\$ (3,132,623)</u> |
| Total revenue from the federal government | <u>\$ -</u> | <u>\$ 3,322,080</u> | <u>\$ 189,457</u> | <u>\$ (3,132,623)</u> |
| Total Industrial Development Fund | <u>\$ -</u> | <u>\$ 5,536,146</u> | <u>\$ 2,204,867</u> | <u>\$ (3,331,279)</u> |
| Nonmajor Special Revenue Funds: | | | | |
| Forfeited Assets Fund: | | | | |
| Revenue from local sources: | | | | |
| Revenue from use of money and property: | | | | |
| Revenue from the use of money | \$ 300 | \$ 300 | \$ 131 | \$ (169) |
| Total revenue from local sources | <u>\$ 300</u> | <u>\$ 300</u> | <u>\$ 131</u> | <u>\$ (169)</u> |
| Intergovernmental: | | | | |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| Asset forfeiture funds | \$ - | \$ - | \$ 1,332 | \$ 1,332 |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| Asset forfeiture funds | \$ - | \$ - | \$ 2,320 | \$ 2,320 |
| Total Forfeited Assets Fund | <u>\$ 300</u> | <u>\$ 300</u> | <u>\$ 3,783</u> | <u>\$ 3,483</u> |
| Sheriff Fund: | | | | |
| Revenue from local sources: | | | | |
| Charges for services: | | | | |
| Charges for law enforcement | \$ - | \$ - | \$ 53,205 | \$ 53,205 |
| Total Primary Government | <u>\$ 98,521,246</u> | <u>\$ 108,913,599</u> | <u>\$ 112,211,146</u> | <u>\$ 3,297,547</u> |

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

Schedule 1
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| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|-------------------------|---------------------|---|
| Discretely Presented Component Unit - School Board: | | | | |
| School Operating Fund: | | | | |
| Revenue from local sources: | | | | |
| Revenue from use of money and property: | | | | |
| Revenue from the use of money | \$ - | \$ - | \$ 4,179 | \$ 4,179 |
| Revenue from the use of property | 7,260 | 7,260 | 9,152 | 1,892 |
| Total revenue from use of money and property | <u>\$ 7,260</u> | <u>\$ 7,260</u> | <u>\$ 13,331</u> | <u>\$ 6,071</u> |
| Charges for services: | | | | |
| School food | \$ 6,478,000 | \$ 6,712,801 | \$ 300,694 | \$ (6,412,107) |
| Tuition and payments from other divisions | 289,752 | 289,752 | 301,399 | 11,647 |
| Total charges for services | <u>\$ 6,767,752</u> | <u>\$ 7,002,553</u> | <u>\$ 602,093</u> | <u>\$ (6,400,460)</u> |
| Miscellaneous: | | | | |
| Other miscellaneous | \$ 644,873 | \$ 1,216,632 | \$ 819,002 | \$ (397,630) |
| Recovered costs: | | | | |
| Other recovered costs | \$ 330,857 | \$ 330,857 | \$ 427,812 | \$ 96,955 |
| Total revenue from local sources | <u>\$ 7,750,742</u> | <u>\$ 8,557,302</u> | <u>\$ 1,862,238</u> | <u>\$ (6,695,064)</u> |
| Intergovernmental: | | | | |
| Revenues from local governments: | | | | |
| Contribution from County of Pittsylvania, Virginia | \$ 24,631,995 | \$ 38,000,476 | \$ 23,837,276 | \$ (14,163,200) |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| Share of state sales tax | \$ 10,643,770 | \$ 10,950,773 | \$ 10,954,869 | \$ 4,096 |
| Basic Aid | 36,050,930 | 36,050,930 | 35,869,669 | (181,261) |
| Remedial summer education | 312,032 | 312,032 | 312,032 | - |
| Regular foster care | 71,511 | 71,511 | 42,956 | (28,555) |
| Gifted and talented | 341,403 | 341,403 | 341,656 | 253 |
| Special education | 3,343,581 | 3,343,581 | 3,346,055 | 2,474 |
| Textbook payment | 867,814 | 867,814 | 868,456 | 642 |
| Alternative education | 317,553 | 317,553 | 317,553 | - |
| Algebra readiness | 195,293 | 195,293 | 198,619 | 3,326 |
| Mentor teacher program | 2,230 | 2,230 | 2,940 | 710 |
| Social security fringe benefits | 2,010,484 | 2,010,484 | 2,011,971 | 1,487 |
| Group life | 124,639 | 124,639 | 124,731 | 92 |
| Retirement fringe benefits | 4,313,598 | 4,313,598 | 4,316,790 | 3,192 |
| Governor's school | 17,630 | 17,630 | 30,273 | 12,643 |
| Early reading intervention | 228,658 | 228,658 | 250,584 | 21,926 |
| Homebound education | 32,373 | 32,373 | 25,065 | (7,308) |
| Vocation education | 1,932,148 | 1,932,148 | 1,891,996 | (40,152) |
| Salary Supplement | 1,396,683 | 1,396,683 | 1,402,327 | 5,644 |
| JROTC | 261,884 | 261,884 | 295,603 | 33,719 |
| Special education - foster children | - | - | 74,923 | 74,923 |
| At risk payments | 3,365,253 | 10,214,967 | 10,241,164 | 26,197 |

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

Schedule 1
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| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|-------------------------|-----------------------|---|
| Discretely Presented Component Unit - School Board: (Continued) | | | | |
| School Operating Fund: (Continued) | | | | |
| Intergovernmental: (Continued) | | | | |
| Revenue from the Commonwealth: (Continued) | | | | |
| Categorical aid: (Continued) | | | | |
| Technology | \$ 544,000 | \$ 873,516 | \$ 794,626 | \$ (78,890) |
| Primary class size | 1,573,493 | 1,573,493 | 1,652,049 | 78,556 |
| At risk four-year olds | 1,591,577 | 1,591,577 | 1,408,215 | (183,362) |
| School Food | 187,696 | 187,696 | 210,311 | 22,615 |
| English as a second language | 404,542 | 404,542 | 410,784 | 6,242 |
| Other state funds | 54,406 | 1,057,418 | 1,304,718 | 247,300 |
| GED prep program | 24,608 | 24,608 | 24,081 | (527) |
| State construction grant funds | 2,098,500 | 2,098,500 | 2,968,904 | 870,404 |
| Payments in lieu of sales tax | 1,695,561 | 1,695,561 | 1,695,561 | - |
| Lottery payments | 2,410,551 | 2,410,551 | 2,420,273 | 9,722 |
| Total categorical aid | <u>\$ 76,414,401</u> | <u>\$ 84,903,646</u> | <u>\$ 85,809,754</u> | <u>\$ 906,108</u> |
| Total revenue from the Commonwealth | <u>\$ 76,414,401</u> | <u>\$ 84,903,646</u> | <u>\$ 85,809,754</u> | <u>\$ 906,108</u> |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| Title I | \$ 2,340,261 | \$ 2,340,261 | \$ 2,570,779 | \$ 230,518 |
| Special education | 2,101,486 | 2,101,486 | 2,041,416 | (60,070) |
| Special education, preschool | 31,595 | 31,595 | 35,289 | 3,694 |
| Vocational education | 176,599 | 176,599 | 185,721 | 9,122 |
| School food program | 5,880,000 | 5,880,000 | 6,554,621 | 674,621 |
| Adult education | 80,000 | 80,000 | 70,132 | (9,868) |
| Improving teacher quality | 304,795 | 304,795 | 251,869 | (52,926) |
| COVID-19 Education Relief Funds | 2,272,570 | 4,207,139 | 97,311 | (4,109,828) |
| Rural and low income | 91,570 | 91,570 | 7,528 | (84,042) |
| Language acquisition | 17,824 | 17,824 | 14,762 | (3,062) |
| Student support | - | - | 228,654 | 228,654 |
| Total categorical aid | <u>\$ 13,296,700</u> | <u>\$ 15,231,269</u> | <u>\$ 12,058,082</u> | <u>\$ (3,173,187)</u> |
| Total revenue from the federal government | <u>\$ 13,296,700</u> | <u>\$ 15,231,269</u> | <u>\$ 12,058,082</u> | <u>\$ (3,173,187)</u> |
| Total School Operating Fund | <u>\$ 122,093,838</u> | <u>\$ 146,692,693</u> | <u>\$ 123,567,350</u> | <u>\$ (23,125,343)</u> |
| Nonmajor Special Revenue Funds: | | | | |
| School Activity Fund: | | | | |
| Miscellaneous: | | | | |
| Other miscellaneous | \$ - | \$ - | \$ 2,029,229 | \$ 2,029,229 |
| Total Discretely Presented Component Unit - School Board | <u>\$ 122,093,838</u> | <u>\$ 146,692,693</u> | <u>\$ 125,596,579</u> | <u>\$ (21,096,114)</u> |

County of Pittsylvania, 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 | \$ 226,348 | \$ 226,448 | \$ 215,165 | \$ 11,283 |
| General and financial administration: | | | | |
| County administrator | \$ 1,043,059 | \$ 791,791 | \$ 670,265 | \$ 121,526 |
| Legal services | 389,830 | 666,238 | 677,877 | (11,639) |
| Independent auditor | 136,000 | 139,750 | 116,970 | 22,780 |
| Human resources | 276,498 | 291,292 | 249,493 | 41,799 |
| Commissioner of revenue | 856,248 | 865,732 | 842,878 | 22,854 |
| Reassessment | 100,000 | 100,000 | 12,988 | 87,012 |
| Treasurer | 1,071,214 | 1,109,957 | 1,118,919 | (8,962) |
| Central accounting | 943,129 | 958,506 | 958,212 | 294 |
| Information management | 946,882 | 946,882 | 752,833 | 194,049 |
| Information technology | 723,662 | 773,665 | 701,778 | 71,887 |
| Total general and financial administration | \$ 6,486,522 | \$ 6,643,813 | \$ 6,102,213 | \$ 541,600 |
| Board of elections: | | | | |
| Electoral board | \$ 923,850 | \$ 1,155,381 | \$ 610,785 | \$ 544,596 |
| Total general government administration | \$ 7,636,720 | \$ 8,025,642 | \$ 6,928,163 | \$ 1,097,479 |
| Judicial administration: | | | | |
| Courts: | | | | |
| Circuit court | \$ 287,197 | \$ 289,197 | \$ 273,742 | \$ 15,455 |
| General district court | 11,706 | 14,561 | 11,635 | 2,926 |
| Special magistrates | 4,750 | 4,750 | 1,537 | 3,213 |
| Juvenile and domestic relations court | 29,100 | 29,100 | 20,415 | 8,685 |
| Clerk of the circuit court | 955,722 | 1,080,487 | 1,030,352 | 50,135 |
| Law Library | 23,000 | 23,000 | 10,860 | 12,140 |
| Victim and witness assistance | 102,160 | 146,184 | 145,044 | 1,140 |
| Commissioner of accounts | 2,150 | 9,988 | 1,777 | 8,211 |
| Total courts | \$ 1,415,785 | \$ 1,597,267 | \$ 1,495,362 | \$ 101,905 |
| Commonwealth's attorney: | | | | |
| Commonwealth's attorney | \$ 1,328,360 | \$ 1,364,185 | \$ 1,054,414 | \$ 309,771 |
| Total judicial administration | \$ 2,744,145 | \$ 2,961,452 | \$ 2,549,776 | \$ 411,676 |
| Public safety: | | | | |
| Law enforcement and traffic control: | | | | |
| Sheriff - law enforcement | \$ 9,775,498 | \$ 10,555,549 | \$ 9,788,309 | \$ 767,240 |
| Sheriff - grants | 560,017 | 977,739 | 855,435 | 122,304 |
| Sheriff - E911 system | 185,720 | 234,375 | 247,129 | (12,754) |
| Total law enforcement and traffic control | \$ 10,521,235 | \$ 11,767,663 | \$ 10,890,873 | \$ 876,790 |
| Fire and rescue services: | | | | |
| Volunteer fire and rescue agencies | \$ 7,841,182 | \$ 9,796,177 | \$ 8,174,796 | \$ 1,621,381 |

County of Pittsylvania, 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: (Continued) | | | | |
| Public safety: (Continued) | | | | |
| Correction and detention: | | | | |
| Sheriff - correction and detention | \$ 6,181,782 | \$ 6,162,411 | \$ 5,815,881 | \$ 346,530 |
| Court services unit | 435,765 | 487,165 | 473,927 | 13,238 |
| Other correction and detention | 62,600 | 62,600 | 46,361 | 16,239 |
| Total correction and detention | <u>\$ 6,680,147</u> | <u>\$ 6,712,176</u> | <u>\$ 6,336,169</u> | <u>\$ 376,007</u> |
| Inspections: | | | | |
| Building inspections | \$ 416,011 | \$ 420,534 | \$ 360,115 | \$ 60,419 |
| Other protection: | | | | |
| Animal control | \$ 346,169 | \$ 323,177 | \$ 305,060 | \$ 18,117 |
| Pet Center | 1,039,217 | 1,228,572 | 1,171,540 | 57,032 |
| Medical examiner | 7,000 | 7,000 | 4,160 | 2,840 |
| E911 System | 1,854,349 | 1,787,890 | 1,610,439 | 177,451 |
| Emergency management | 54,420 | 68,546 | 26,364 | 42,182 |
| Other public safety - COVID-19 | - | - | 201,955 | (201,955) |
| Total other protection | <u>\$ 3,301,155</u> | <u>\$ 3,415,185</u> | <u>\$ 3,319,518</u> | <u>\$ 95,667</u> |
| Total public safety | <u>\$ 28,759,730</u> | <u>\$ 32,111,735</u> | <u>\$ 29,081,471</u> | <u>\$ 3,030,264</u> |
| Public works: | | | | |
| Maintenance of general buildings and grounds: | | | | |
| Maintenance of general buildings and grounds | \$ 1,248,574 | \$ 1,285,646 | \$ 1,136,544 | \$ 149,102 |
| Total public works | <u>\$ 1,248,574</u> | <u>\$ 1,285,646</u> | <u>\$ 1,136,544</u> | <u>\$ 149,102</u> |
| Health and welfare: | | | | |
| Health: | | | | |
| Local health department | \$ 552,000 | \$ 524,086 | \$ 434,917 | \$ 89,169 |
| Behavioral Health and Development Services: | | | | |
| Behavioral health and development services | \$ 741,030 | \$ 741,030 | \$ 741,030 | \$ - |
| Welfare: | | | | |
| Welfare administration | \$ 4,848,198 | \$ 5,325,567 | \$ 5,322,978 | \$ 2,589 |
| Public assistance | 994,824 | 1,057,563 | 1,060,929 | (3,366) |
| Children's Services Act | 6,733,590 | 7,351,364 | 7,987,806 | (636,442) |
| Workforce Investment Board | - | - | 1,250,490 | (1,250,490) |
| Total welfare | <u>\$ 12,576,612</u> | <u>\$ 13,734,494</u> | <u>\$ 15,622,203</u> | <u>\$ (1,887,709)</u> |
| Total health and welfare | <u>\$ 13,869,642</u> | <u>\$ 14,999,610</u> | <u>\$ 16,798,150</u> | <u>\$ (1,798,540)</u> |
| Education: | | | | |
| Other instructional costs: | | | | |
| Contribution to local school board | \$ 24,631,995 | \$ 38,000,476 | \$ 23,837,276 | \$ 14,163,200 |
| Contribution to local school board - school bus purchase | - | 1,353,484 | 246,088 | 1,107,396 |
| Contributions to community college | 11,340 | 11,340 | 11,340 | - |
| Total education | <u>\$ 24,643,335</u> | <u>\$ 39,365,300</u> | <u>\$ 24,094,704</u> | <u>\$ 15,270,596</u> |

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

Schedule 2
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| <u>Fund, Function, Activity and Element</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|-------------------------|-----------------------|---|
| General Fund: (Continued) | | | | |
| Parks, recreation, and cultural: | | | | |
| Parks and recreation: | | | | |
| Administration of parks and recreation | \$ 608,362 | \$ 744,073 | \$ 623,721 | \$ 120,352 |
| State Forestry | 35,000 | 35,000 | 34,984 | 16 |
| Total parks and recreation | <u>\$ 643,362</u> | <u>\$ 779,073</u> | <u>\$ 658,705</u> | <u>\$ 120,368</u> |
| Library: | | | | |
| Library administration | \$ 2,321,168 | \$ 2,584,739 | \$ 2,500,345 | \$ 84,394 |
| Total parks, recreation, and cultural | <u>\$ 2,964,530</u> | <u>\$ 3,363,812</u> | <u>\$ 3,159,050</u> | <u>\$ 204,762</u> |
| Community development: | | | | |
| Planning and community development: | | | | |
| Planning commission | \$ 30,415 | \$ 30,415 | \$ 21,315 | \$ 9,100 |
| Community & industry development | 328,170 | 3,435,293 | 1,228,939 | 2,206,354 |
| Community development | 782,420 | 1,293,058 | 735,922 | 557,136 |
| Economic development | 776,381 | 808,772 | 643,790 | 164,982 |
| Total planning and community development | <u>\$ 1,917,386</u> | <u>\$ 5,567,538</u> | <u>\$ 2,629,966</u> | <u>\$ 2,937,572</u> |
| Environmental management: | | | | |
| Soil and water conservation district | \$ 151,087 | \$ 176,889 | \$ 178,261 | \$ (1,372) |
| Other environmental management | 13,543 | 54,499 | 6,508 | 47,991 |
| Total environmental management | <u>\$ 164,630</u> | <u>\$ 231,388</u> | <u>\$ 184,769</u> | <u>\$ 46,619</u> |
| Cooperative extension program: | | | | |
| Cooperative extension program | \$ 196,014 | \$ 196,014 | \$ 187,792 | \$ 8,222 |
| Total community development | <u>\$ 2,278,030</u> | <u>\$ 5,994,940</u> | <u>\$ 3,002,527</u> | <u>\$ 2,992,413</u> |
| Nondepartmental: | | | | |
| Employee benefits | \$ 854,725 | \$ 2,673,497 | \$ 10,356 | \$ 2,663,141 |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds | - | 201,955 | - | 201,955 |
| Total nondepartmental | <u>\$ 854,725</u> | <u>\$ 2,875,452</u> | <u>\$ 10,356</u> | <u>\$ 2,865,096</u> |
| Capital projects: | | | | |
| Gretna Library Renovations | \$ - | \$ 25,485 | \$ 25,314 | \$ 171 |
| School security upgrades | 3,500,000 | 3,500,000 | 4,745,561 | (1,245,561) |
| School HVAC upgrades | - | 16,385,299 | 6,584,689 | 9,800,610 |
| Moses Building Improvements | 844,069 | 1,541,993 | 1,412,413 | 129,580 |
| New jail construction | - | 52,218 | 4,780 | 47,438 |
| Wayside Park | 15,000 | 59,100 | 1,965 | 57,135 |
| Cherrystone Creek Rehab | - | 510,509 | 411,907 | 98,602 |
| Broadband improvements | - | 6,870,760 | 5,032,276 | 1,838,484 |
| Other capital projects | 340,000 | 2,649,882 | 855,887 | 1,793,995 |
| Total capital projects | <u>\$ 4,699,069</u> | <u>\$ 31,595,246</u> | <u>\$ 19,074,792</u> | <u>\$ 12,520,454</u> |
| Debt service: | | | | |
| Principal retirement | \$ 7,077,360 | \$ 6,877,299 | \$ 8,597,768 | \$ (1,720,469) |
| Interest and other fiscal charges | 1,003,586 | 975,217 | 1,219,183 | (243,966) |
| Total debt service | <u>\$ 8,080,946</u> | <u>\$ 7,852,516</u> | <u>\$ 9,816,951</u> | <u>\$ (1,964,435)</u> |
| Total General Fund | <u>\$ 97,779,446</u> | <u>\$ 150,431,351</u> | <u>\$ 115,652,484</u> | <u>\$ 34,778,867</u> |

County of Pittsylvania, 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> |
|--|----------------------------|-------------------------|-----------------------|---|
| Special Revenue Funds: | | | | |
| Industrial Development Fund: | | | | |
| Community development: | | | | |
| Planning and community development: | | | | |
| Industrial development | \$ 727,500 | \$ 6,496,355 | 4,320,553 | \$ 2,175,802 |
| SVMP Park design | - | 150,000 | - | 150,000 |
| Brownsfield grants | - | 270,515 | 203,006 | 67,509 |
| VMP Lot 2 site | - | 4,370,153 | - | 4,370,153 |
| Hurt Klopman Mills water and sewer improvements | - | 5,808 | - | 5,808 |
| Total planning and community development | <u>\$ 727,500</u> | <u>\$ 11,292,831</u> | <u>\$ 4,523,559</u> | <u>\$ 6,769,272</u> |
| Total Industrial Development Fund | <u>\$ 727,500</u> | <u>\$ 11,292,831</u> | <u>\$ 4,523,559</u> | <u>\$ 6,769,272</u> |
| Nonmajor Special Revenue Funds: | | | | |
| Forfeited Assets Fund: | | | | |
| Public safety: | | | | |
| Law enforcement and traffic control: | | | | |
| Sheriff | \$ 146,995 | \$ 146,995 | \$ 10,198 | \$ 136,797 |
| Total Forfeited Asset Fund | <u>\$ 146,995</u> | <u>\$ 146,995</u> | <u>\$ 10,198</u> | <u>\$ 136,797</u> |
| Sheriff Fund: | | | | |
| Public safety: | | | | |
| Law enforcement and traffic control: | | | | |
| Sheriff | \$ - | \$ - | \$ 74,627 | \$ (74,627) |
| Total Primary Government | <u>\$ 98,653,941</u> | <u>\$ 161,871,177</u> | <u>\$ 120,260,868</u> | <u>\$ 41,610,309</u> |
| Discretely Presented Component Unit - School Board: | | | | |
| School Operating Fund: | | | | |
| Education: | | | | |
| Administration of schools: | | | | |
| Administration and health services | \$ 5,321,706 | \$ 5,083,770 | \$ 5,061,444 | \$ 22,326 |
| Instruction costs: | | | | |
| Instructional costs | \$ 79,956,435 | \$ 88,349,708 | \$ 79,505,504 | \$ 8,844,204 |
| Technology | 3,850,706 | 5,269,297 | 3,844,197 | 1,425,100 |
| Total instruction costs | <u>\$ 83,807,141</u> | <u>\$ 93,619,005</u> | <u>\$ 83,349,701</u> | <u>\$ 10,269,304</u> |
| Operating costs: | | | | |
| Pupil transportation | \$ 7,234,819 | \$ 8,870,664 | \$ 8,328,887 | \$ 541,777 |
| Operation and maintenance of school plant | 10,848,944 | 19,811,200 | 13,883,861 | 5,927,339 |
| Food service and non-instructional | 12,937,744 | 13,350,922 | 7,782,293 | 5,568,629 |
| Facilities | 1,578,685 | 5,774,902 | 3,816,293 | 1,958,609 |
| Total operating costs | <u>\$ 32,600,192</u> | <u>\$ 47,807,688</u> | <u>\$ 33,811,334</u> | <u>\$ 13,996,354</u> |
| Total education | <u>\$ 121,729,039</u> | <u>\$ 146,510,463</u> | <u>\$ 122,222,479</u> | <u>\$ 24,287,984</u> |
| Debt service: | | | | |
| Principal retirement | \$ 360,580 | \$ 360,580 | \$ 360,580 | \$ - |
| Interest and other fiscal charges | 4,219 | 4,219 | 4,219 | - |
| Total debt service | <u>\$ 364,799</u> | <u>\$ 364,799</u> | <u>\$ 364,799</u> | <u>\$ -</u> |
| Total School Operating Fund | <u>\$ 122,093,838</u> | <u>\$ 146,875,262</u> | <u>\$ 122,587,278</u> | <u>\$ 24,287,984</u> |

County of Pittsylvania, 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) | | | | |
| Nonmajor Special Revenue Funds: | | | | |
| School Activity Fund: | | | | |
| Instruction costs: | | | | |
| Instructional costs | \$ - | \$ - | \$ 3,356,691 | \$ (3,356,691) |
| Total Discretely Presented Component Unit - School Board | <u>\$ 122,093,838</u> | <u>\$ 146,875,262</u> | <u>\$ 125,943,969</u> | <u>\$ 20,931,293</u> |

Other Statistical Information

Table 1

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

| Fiscal Year | General Government Administration | Judicial Administration | Public Safety | Public Works (2) | Health and Welfare | Education (1) | Parks, Recreation, and Cultural | Community Development | Interest on Long-Term Debt | Water and Sewer | Total |
|-------------|-----------------------------------|-------------------------|---------------|------------------|--------------------|---------------|---------------------------------|-----------------------|----------------------------|-----------------|----------------|
| 2024-25 | \$ 7,299,902 | \$ 2,088,624 | \$ 27,234,446 | \$ 8,455,348 | \$ 18,206,768 | \$ 65,833,559 | \$ 3,125,784 | \$ 12,645,973 | \$ 1,219,340 | \$ 4,794,799 | \$ 150,904,543 |
| 2023-24 | 7,041,161 | 2,481,798 | 26,600,579 | 8,655,154 | 14,840,293 | 20,208,982 | 2,618,527 | 5,488,301 | 1,270,110 | 4,017,533 | 93,222,438 |
| 2022-23 | 6,444,358 | 2,239,934 | 25,491,554 | 9,897,289 | 13,127,476 | 21,733,403 | 2,477,435 | 5,832,451 | 1,543,541 | 3,467,427 | 92,254,868 |
| 2021-22 | 5,150,180 | 2,066,183 | 26,121,977 | 7,406,793 | 13,191,096 | 21,778,030 | 2,104,226 | 3,184,294 | 1,770,163 | 3,481,488 | 86,254,430 |
| 2020-21 | 4,835,772 | 2,358,868 | 22,941,289 | 5,611,653 | 13,483,044 | 16,150,405 | 2,211,036 | 2,884,583 | 2,007,488 | 9,889,333 | 82,373,471 |
| 2019-20 | 3,569,357 | 2,149,914 | 19,038,351 | 5,147,081 | 12,615,529 | 17,557,755 | 2,112,555 | 2,847,052 | 2,060,530 | - | 67,098,124 |
| 2018-19 | 3,231,084 | 1,884,640 | 18,360,059 | 5,306,662 | 13,146,418 | 21,053,924 | 2,010,342 | 7,912,185 | 3,013,133 | - | 75,918,447 |
| 2017-18 | 3,887,279 | 1,858,800 | 18,156,348 | 4,010,797 | 15,621,570 | 18,851,498 | 1,885,619 | 3,187,057 | 3,163,604 | - | 70,622,572 |
| 2016-17 | 3,481,098 | 1,728,160 | 16,607,010 | 3,681,562 | 15,056,995 | 16,754,289 | 2,279,169 | 2,639,500 | 3,723,137 | - | 65,950,920 |
| 2015-16 | 3,120,093 | 1,630,364 | 17,388,780 | 2,974,772 | 13,295,781 | 20,654,247 | 1,625,932 | 3,050,989 | 4,600,151 | - | 68,341,109 |

(1) Debt financed assets are transferred to the School Board upon defeasance of debt.

This amounts includes assets (net of related depreciation) that were transferred to the School Board during the fiscal year.

(2) In FY 2012, the County implemented a Solid Waste Fund and in FY 2017 the County closed same to the General Fund.

In FY 2019, the County reimplemented the Solid Waste fund. All expenditures have been reported here in Public Works for comparability.

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

| Fiscal Year | PROGRAM REVENUES | | | | GENERAL REVENUES | | | | | | | Total |
|-------------|-------------------------------|------------------------------------|----------------------------------|------------------------|-------------------|----------------------------------|-------------------|--|----------------|--|--|-------|
| | Charges for Services (1), (3) | Operating Grants and Contributions | Capital Grants and Contributions | General Property Taxes | Other Local Taxes | Unrestricted Investment Earnings | Miscellaneous (2) | Grants and Contributions Not Restricted to Specific Programs | | | | |
| 2024-25 | \$ 14,294,583 | \$ 24,246,412 | \$ 1,756,513 | \$ 56,140,743 | \$ 15,054,626 | \$ 2,806,953 | \$ 1,329,082 | \$ 6,018,743 | \$ 121,647,655 | | | |
| 2023-24 | 13,029,630 | 22,761,627 | 1,070,517 | 50,940,455 | 14,127,193 | 2,167,900 | 1,443,283 | 5,997,933 | 111,538,538 | | | |
| 2022-23 | 12,124,491 | 18,683,842 | 2,479,791 | 47,748,928 | 10,621,763 | 964,659 | 783,655 | 6,035,566 | 99,442,695 | | | |
| 2021-22 | 10,805,198 | 29,551,450 | 566,477 | 43,283,654 | 9,921,205 | 121,265 | 1,698,120 | 6,116,106 | 102,063,475 | | | |
| 2020-21 | 9,336,054 | 23,021,784 | 412,194 | 41,537,110 | 9,184,153 | 329,440 | 830,771 | 6,174,111 | 90,825,617 | | | |
| 2019-20 | 4,613,263 | 19,872,881 | 217,699 | 39,753,125 | 8,062,226 | 763,192 | 2,496,062 | 6,344,317 | 82,122,765 | | | |
| 2018-19 | 5,744,056 | 20,829,443 | 179,825 | 40,737,447 | 7,728,921 | 819,879 | 616,335 | 6,420,102 | 83,076,008 | | | |
| 2017-18 | 908,173 | 19,512,825 | 2,176 | 39,899,114 | 7,375,931 | 530,617 | 403,055 | 6,534,738 | 75,166,629 | | | |
| 2016-17 | 887,208 | 18,054,322 | 34,726 | 36,635,453 | 7,255,197 | 534,540 | 2,597,060 | 6,657,163 | 72,655,669 | | | |
| 2015-16 | 1,867,410 | 17,849,640 | 25,446 | 36,527,161 | 6,985,878 | 760,917 | 698,427 | 6,580,065 | 71,294,944 | | | |

- (1) The Solid Waste fund created in fiscal year 2012 started billings in fiscal year 2013. These billings subsequently ended in fiscal year 2016 but were implemented again in fiscal year 2019.
- (2) During fiscal year 2017 a local nonprofit donated a community center valued at \$2,306,900.
- (3) During fiscal year 2021, the County absorbed the Pittsylvania County Service Authority.

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

| Fiscal Year | General Government Administration | Judicial Administration | Public Safety | Public Works (3) | Health and Welfare | Education (2) | Parks, Recreation, and Cultural | Community Development | Capital Projects | Non-departmental | Debt Service | Total |
|-------------|-----------------------------------|-------------------------|---------------|------------------|--------------------|----------------|---------------------------------|-----------------------|------------------|------------------|---------------|----------------|
| 2024-25 | \$ 6,928,163 | \$ 2,549,776 | \$ 29,166,296 | \$ 1,136,544 | \$ 16,798,150 | \$ 125,836,598 | \$ 3,159,050 | \$ 7,526,086 | \$ 19,074,792 | \$ 10,356 | \$ 10,181,750 | \$ 222,367,561 |
| 2023-24 | 7,291,019 | 2,273,398 | 26,193,339 | 1,225,606 | 15,301,373 | 133,629,732 | 2,528,632 | 5,264,513 | 4,867,303 | 27,809 | 9,843,631 | 208,446,355 |
| 2022-23 | 6,844,899 | 2,213,592 | 23,204,256 | 1,028,869 | 13,243,570 | 122,551,015 | 2,278,719 | 5,757,869 | 1,286,413 | 14,049 | 10,806,201 | 189,229,452 |
| 2021-22 | 5,323,131 | 2,085,108 | 23,816,949 | 963,036 | 13,246,319 | 107,208,084 | 2,031,832 | 3,121,610 | 4,377,326 | 10,301 | 10,746,739 | 172,930,435 |
| 2020-21 | 5,827,459 | 2,155,413 | 23,184,655 | 2,427,115 | 13,094,638 | 97,184,716 | 1,970,591 | 4,003,433 | 1,142,694 | 61,283 | 10,483,152 | 161,535,149 |
| 2019-20 | 3,887,073 | 2,115,096 | 18,671,954 | 1,114,173 | 12,924,182 | 91,075,532 | 2,053,465 | 2,953,462 | 1,549,326 | 35,031 | 10,669,146 | 147,048,440 |
| 2018-19 | 3,878,872 | 1,963,583 | 18,189,903 | 1,085,493 | 13,782,871 | 92,432,166 | 1,975,372 | 8,112,384 | 1,010,825 | 11,121 | 11,124,384 | 153,566,974 |
| 2017-18 | 4,277,067 | 1,872,516 | 17,759,838 | 3,140,876 | 15,624,190 | 89,879,252 | 1,820,633 | 3,207,041 | 2,893,567 | 17,203 | 11,306,433 | 151,798,616 |
| 2016-17 | 3,885,062 | 1,742,237 | 15,612,859 | 4,060,175 | 15,405,524 | 86,583,587 | 1,853,468 | 2,658,745 | 5,917,781 | - | 13,168,887 | 150,888,325 |
| 2015-16 | 3,274,249 | 1,629,683 | 16,035,366 | 1,467,351 | 13,227,647 | 84,200,723 | 1,606,150 | 2,437,884 | 4,346,659 | - | 17,299,326 | 145,525,038 |

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

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

(3) In FY 2012, the County implemented a Solid Waste Fund which decreased the Public Works expenditures. In FY 2017, the Solid Waste Fund was merged back into the General Fund. In FY 2019, the Solid Waste Fund was reinstated.

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

| Fiscal Year | General Property Taxes | Other Local Taxes | Permits, Privilege Fees, Regulatory Licenses | Fines and Forfeitures | Revenue from the Use of Money and Property | Charges for Services (3) | Miscellaneous | Recovered Costs | Inter-governmental (2) | Total |
|-------------|------------------------|-------------------|--|-----------------------|--|--------------------------|---------------|-----------------|------------------------|----------------|
| | | | | | | | | | | |
| 2024-25 | \$ 56,597,678 | \$ 15,054,626 | \$ 538,400 | \$ 84,019 | \$ 2,897,702 | \$ 2,698,764 | \$ 4,121,068 | \$ 2,154,437 | \$ 129,823,755 | \$ 213,970,449 |
| 2023-24 | 50,245,845 | 14,127,193 | 482,013 | 73,677 | 2,214,345 | 2,457,352 | 4,716,657 | 2,187,803 | 141,747,518 | 218,252,403 |
| 2022-23 | 45,817,799 | 10,621,763 | 425,635 | 85,290 | 1,048,679 | 2,419,249 | 4,528,411 | 1,833,320 | 126,050,039 | 192,830,185 |
| 2021-22 | 44,099,792 | 9,921,205 | 388,772 | 93,732 | 281,552 | 2,266,961 | 3,837,841 | 2,031,366 | 121,408,094 | 184,329,315 |
| 2020-21 | 41,443,346 | 9,184,153 | 279,987 | 132,512 | 325,030 | 1,285,978 | 1,819,427 | 4,142,544 | 109,732,729 | 168,345,706 |
| 2019-20 | 41,191,363 | 8,062,226 | 212,697 | 133,108 | 785,702 | 1,586,673 | 1,754,295 | 2,685,490 | 98,398,472 | 154,810,026 |
| 2018-19 | 40,423,061 | 7,728,921 | 138,128 | 190,695 | 836,921 | 1,918,034 | 1,171,969 | 2,050,849 | 97,754,802 | 152,213,380 |
| 2017-18 | 38,092,864 | 7,375,931 | 157,376 | 205,021 | 567,380 | 2,319,128 | 1,991,736 | 1,917,836 | 95,725,521 | 148,352,793 |
| 2016-17 | 36,433,274 | 7,255,197 | 157,900 | 200,936 | 555,870 | 2,505,571 | 1,959,508 | 1,996,942 | 92,762,102 | 143,827,300 |
| 2015-16 | 35,693,771 | 6,985,878 | 157,941 | 207,431 | 809,547 | 2,243,356 | 1,991,633 | 1,566,935 | 90,268,791 | 139,925,283 |

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

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

(3) The Solid Waste fund created in fiscal year 2012 started billings in fiscal year 2013. These billings subsequently ended in fiscal year 2016 but were implemented again in fiscal year 2019.

Table 5

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

| Fiscal Year | Total Tax Levy (1,2) | Current Tax Collections (1) | Percent of Levy Collected | Delinquent Tax Collections (1) | Total Tax Collections (2) | Percent of | | Percent of | |
|-------------|----------------------|-----------------------------|---------------------------|--------------------------------|---------------------------|-----------------------------------|----------------------------------|-----------------------------------|--|
| | | | | | | Total Tax Collections to Tax Levy | Outstanding Delinquent Taxes (1) | Total Tax Collections to Tax Levy | Outstanding Delinquent Taxes to Tax Levy |
| 2024-25 | \$ 60,380,555 | \$ 56,380,483 | 93.38% | \$ 3,047,788 | \$ 59,428,271 | 98.42% | \$ 6,031,362 | 9.99% | |
| 2023-24 | 58,199,550 | 51,471,042 | 88.44% | 1,836,561 | 53,307,603 | 91.59% | 6,163,265 | 10.59% | |
| 2022-23 | 50,436,030 | 47,260,150 | 93.70% | 1,620,321 | 48,880,471 | 96.92% | 5,691,783 | 11.29% | |
| 2021-22 | 48,305,166 | 45,914,687 | 95.05% | 1,349,181 | 47,263,868 | 97.84% | 4,937,958 | 10.22% | |
| 2020-21 | 45,176,677 | 43,094,172 | 95.39% | 1,566,300 | 44,660,472 | 98.86% | 5,840,766 | 12.93% | |
| 2019-20 | 44,767,886 | 42,661,051 | 95.29% | 1,866,886 | 44,527,937 | 99.46% | 5,804,812 | 12.97% | |
| 2018-19 | 44,387,221 | 42,381,905 | 95.48% | 1,352,945 | 43,734,850 | 98.53% | 5,930,888 | 13.36% | |
| 2017-18 | 43,537,449 | 40,436,259 | 92.88% | 1,030,852 | 41,467,111 | 95.24% | 5,657,845 | 13.00% | |
| 2016-17 | 39,605,816 | 38,409,842 | 96.98% | 1,343,284 | 39,753,126 | 100.37% | 4,664,208 | 11.78% | |
| 2015-16 | 39,880,759 | 38,231,862 | 95.87% | 1,601,186 | 39,833,048 | 99.88% | 4,842,100 | 12.14% | |

(1) Exclusive of penalties and interest.

(2) Includes amount received under the Personal Property Tax Relief Act.

Table 6

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

| Fiscal Year | Real Estate (1) | Personal Property | Machinery and Tools | Merchant's Capital (3) | Mobile Homes | Public Service (2) | Total |
|-------------|------------------|-------------------|---------------------|------------------------|---------------|--------------------|------------------|
| | | | | | | | |
| 2024-25 | \$ 6,273,311,151 | \$ 206,953,556 | \$ 65,709,850 | \$ 13,393,050 | \$ 65,620,540 | \$ 616,190,603 | \$ 7,241,178,750 |
| 2023-24 | 6,253,236,433 | 197,795,781 | 54,549,590 | 15,074,840 | 64,419,875 | 450,929,457 | 7,036,005,976 |
| 2022-23 | 4,495,098,120 | 199,365,093 | 40,193,920 | 15,773,575 | 45,275,587 | 372,219,900 | 5,167,926,195 |
| 2021-22 | 4,329,264,860 | 218,252,132 | 37,368,480 | 15,409,372 | 42,657,152 | 445,317,608 | 5,088,269,604 |
| 2020-21 | 4,327,897,800 | 160,288,480 | 35,738,470 | 17,359,514 | 42,880,581 | 421,719,956 | 5,005,884,801 |
| 2019-20 | 4,309,781,500 | 146,721,189 | 32,668,500 | 13,478,436 | 42,341,668 | 480,184,634 | 5,025,175,927 |
| 2018-19 | 4,260,148,100 | 142,182,223 | 42,933,670 | 11,605,436 | 42,125,545 | 458,174,427 | 4,957,169,401 |
| 2017-18 | 4,220,028,900 | 137,754,840 | 38,436,500 | 15,126,580 | 41,331,258 | 430,745,366 | 4,883,423,444 |
| 2016-17 | 3,936,640,945 | 134,812,310 | 32,929,860 | 13,133,790 | 45,246,180 | 426,950,518 | 4,589,713,603 |
| 2015-16 | 3,944,880,745 | 129,084,080 | 30,643,700 | 18,824,710 | 44,879,870 | 399,383,840 | 4,567,696,945 |

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

(2) Assessed values are established by the State Corporation Commission-includes all property types.

(3) In FY 2017, the County changed the tax assessment methodology for merchant's capital from 30% original cost to a tiered approach based on the total original cost. The tiers consist of 30%, 10% and 5% of original cost.

Table 7

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

| Fiscal Year | Real Estate | Personal Property | Machinery & Tools | Merchant's Capital | Mobile Homes | Generating Equipment (2) |
|-------------|-------------|-------------------|-------------------|--------------------|--------------|--------------------------|
| 2024-25 | \$ 0.56 | \$ 9.00 | \$ 4.50 | \$ 2.75 | \$ 0.56 | 0.56 |
| 2023-24 | 0.56 | 9.00 | 4.50 | 2.75 | 0.56 | 0.56 |
| 2022-23 | 0.62 | 9.00 | 4.50 | 2.75 | 0.62 | 0.62 |
| 2021-22 | 0.62 | 9.00 | 4.50 | 2.75 | 0.62 | 0.62 |
| 2020-21 | 0.62 | 9.00 | 4.50 | 2.75 | 0.62 | 0.62 |
| 2019-20 | 0.62 | 9.00 | 4.50 | 2.75 | 0.62 | 0.62 |
| 2018-19 | 0.62 | 9.00 | 4.50 | 2.75 | 0.62 | 0.62 |
| 2017-18 | 0.59/0.62 | 8.75/9.00 | 4.50 | 2.75 | 0.59/0.62 | 0.59/0.62 |
| 2016-17 | 0.59 | 8.75 | 4.50 | 2.75 | 0.59 | 0.59 |
| 2015-16 | 0.59 | 8.75 | 4.50 | 2.75 | 0.59 | 0.59 |

(1) Per \$100 of assessed value. Property taxes are assessed on January 1 of each year and therefore, the rates for amounts due on December 5th, may be different from the rates for amounts due on June 5th.

(2) Included as part of Public Service Corporations in other schedules

Table 8

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

| Fiscal Year | Population (1) | Assessed Value (in thousands) (2) | Gross Bonded Debt (3) | Net Bonded Debt | Ratio of Net Bonded Debt to Assessed Value | Net Bonded Debt per Capita |
|-------------|----------------|-----------------------------------|-----------------------|-----------------|--|----------------------------|
| 2024-25 | 60,501 | \$ 7,241,179 | \$ 23,384,508 | \$ 23,384,508 | 0.32% | \$ 387 |
| 2023-24 | 60,501 | 7,036,006 | 27,733,789 | 27,733,789 | 0.39% | 553 |
| 2022-23 | 60,501 | 5,167,926 | 33,478,125 | 33,478,125 | 0.65% | 553 |
| 2021-22 | 60,501 | 5,088,270 | 40,427,334 | 40,427,334 | 0.79% | 668 |
| 2020-21 | 60,501 | 5,005,885 | 47,215,542 | 47,215,542 | 0.94% | 780 |
| 2019-20 | 63,506 | 5,025,176 | 53,720,428 | 53,720,428 | 1.07% | 846 |
| 2018-19 | 63,506 | 4,957,169 | 60,251,224 | 60,251,224 | 1.22% | 949 |
| 2017-18 | 63,506 | 4,883,423 | 65,594,489 | 65,594,489 | 1.34% | 1,033 |
| 2016-17 | 63,506 | 4,589,714 | 69,495,208 | 69,495,208 | 1.51% | 1,094 |
| 2015-16 | 63,506 | 4,567,697 | 76,753,162 | 76,753,162 | 1.68% | 1,209 |

(1) Bureau of the Census.

(2) Real property assessed at 100% of fair market value.

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

Table 9

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

| Fiscal Year | Total Debt Service | Total General Governmental Expenditures | Ratio of Debt Service to General Governmental Expenditures |
|----------------|--------------------------|--|--|
| 2024-25 | \$ 10,181,750 | \$ 222,367,561 | 4.58% |
| 2023-24 | 9,843,631 | 208,446,355 | 4.72% |
| 2022-23 | 10,806,201 | 189,229,452 | 5.71% |
| 2021-22 | 10,746,739 | 172,930,435 | 6.21% |
| 2020-21 | 10,483,152 | 161,535,149 | 6.49% |
| 2019-20 | 10,669,146 | 147,048,440 | 7.26% |
| 2018-19 | 11,124,384 | 153,566,974 | 7.24% |
| 2017-18 | 11,306,433 | 151,798,616 | 7.45% |
| 2016-17 | 13,168,887 | 150,888,325 | 8.73% |
| 2015-16 | 17,299,326 | 145,525,038 | 11.89% |

(1) Includes all governmental funds of the Primary Government and Special Revenue funds of the Discretely Presented Component Unit-School Board.

Table 10

County of Pittsylvania, Virginia
Assessed Valuation of Top Ten Taxpayers
Fiscal Year 2025

| Taxpayer | Type of Business | 2025 Assessed Valuation | Percentage of Total Assessed Valuation |
|---------------------------------|------------------|-------------------------|--|
| Mountain Valley Pipeline | Gas Utility | \$ 310,585,526 | 4.10% |
| Transcontinental Gas Pipeline | Gas Utility | 196,214,704 | 2.59% |
| Appalachian Power Company | Electric Utility | 127,998,905 | 1.69% |
| Virginia Electric & Power | Electric Utility | 122,309,006 | 1.61% |
| Tyson Farms Inc | Manufacturer | 104,451,550 | 1.38% |
| Intertape Polymer Corp | Manufacturer | 41,597,570 | 0.55% |
| Mecklenburg Electric Coop, Inc. | Electric Utility | 38,942,323 | 0.51% |
| Morgan Olson | Manufacturer | 31,655,240 | 0.42% |
| Sartomer | Manufacturer | 15,397,730 | 0.20% |
| Owens Brockway Glass | Manufacturer | 12,541,720 | 0.17% |
| Total | | \$ 1,001,694,274 | 13.21% |
| All Others | | \$ 6,580,952,193 | 86.79% |
| Total Assessed Valuation | | \$ 7,582,646,467 | 100.00% |

COMPLIANCE SECTION



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

**To the Board of Supervisors
County of Pittsylvania, Virginia
Chatham, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Pittsylvania, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County of Pittsylvania, Virginia's basic financial statements, and have issued our report thereon dated December 1, 2025.

Report on Internal Control over Financial Reporting

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

Purpose of This Report

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

A handwritten signature in cursive script that reads "Robinson, James, Cox Associates".

Blacksburg, Virginia
December 1, 2025



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

**To the Board of Supervisors
County of Pittsylvania, Virginia
Chatham, Virginia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the County of Pittsylvania, Virginia complied, in all material respects, with compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs 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 Pittsylvania, 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 qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of County of Pittsylvania, 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 Pittsylvania, 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 Pittsylvania, 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 Pittsylvania, 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 Pittsylvania, 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 Pittsylvania, 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 Pittsylvania, 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2025-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on County of Pittsylvania, Virginia's response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. County of Pittsylvania, Virginia's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

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

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



Blacksburg, Virginia
December 1, 2025

County of Pittsylvania, 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 | Subrecipient Expenditures |
|--|--|---|-------------------------|------------------------------|
| Department of Health and Human Services: | | | | |
| Pass Through Payments: | | | | |
| Virginia Department of Social Services: | | | | |
| Temporary Assistance for Needy Families | 93.558 | 0400124, 0400125 | \$ 534,592 | |
| Refugee and Entrant Assistance State/Replacement Designee Administered Programs | 93.566 | 0500125 | | 1,668 |
| Mary Lee Allen Promoting Safe and Stable Families Program | 93.556 | 0950123, 0950124, 0980120 | | 21,683 |
| Low-Income Home Energy Assistance | 93.568 | 0600424, 0600425 | | 110,491 |
| CCDF Cluster: | | | | |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | 0760124, 0760125 | | 108,525 |
| Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | 0900123, 0900124 | | 1,875 |
| Foster Care Title IV-E | 93.658 | 1100124, 1100125 | | 357,685 |
| Adoption Assistance | 93.659 | 1120124, 1120125 | | 233,707 |
| Social Services Block Grant | 93.667 | 1000124, 1000125 | | 492,735 |
| John H. Chafee Foster Care Program for Successful Transition to Adulthood | 93.674 | 9150123, 9150124 | | 6,742 |
| Children's Health Insurance Program | 93.767 | 0540124, 0540125 | | 12,881 |
| Title IV-E Prevention Program | 93.472 | 1140124, 1140125 | | 16,923 |
| Guardianship Assistance | 93.090 | 1110124, 1110125 | | 698 |
| Medicaid Cluster: | | | | |
| Medical Assistance Program | 93.778 | 1200124, 1200125 | | 819,324 |
| Total Department of Health and Human Services | | | <u>\$ 2,719,529</u> | |
| Department of Agriculture: | | | | |
| Direct payments: | | | | |
| Rural Development: | | | | |
| Watershed Rehabilitation Program | 10.916 | Not applicable | \$ 374,037 | |
| Pass Through Payments: | | | | |
| Child Nutrition Cluster: | | | | |
| Virginia Department of Agriculture & Consumer Services: | | | | |
| Food Distribution-Schools (Note C) | 10.555 | Not available | \$ 617,413 | |
| Virginia Department of Education: | | | | |
| National School Lunch Program | 10.555 | APE40254, APE41108 | 4,031,742 | \$ 4,649,155 |
| Summer Food Service Program for Children | 10.559 | APE60302, APE60303 | | 147,136 |
| School Breakfast Program | 10.553 | APE40253 | | 1,748,392 |
| Total Child Nutrition Cluster | | | | \$ 6,544,683 |
| Child and Adult Food Care Program (CACFP) | 10.558 | APE70027 | | 9,938 |
| Virginia Department of Social Services: | | | | |
| SNAP Cluster: | | | | |
| State Administrative Matching Grants for Supplemental Nutrition Assistance Program | 10.561 | 0010124, 0010125, 0030124, 0030125, 0040124, 0040125, 0050124, 0050125 | | 883,532 |
| Total Department of Agriculture | | | <u>\$ 7,812,190</u> | |
| Department of the Treasury: | | | | |
| Direct payments: | | | | |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds | 21.027 | Not applicable | \$ 571,094 | |
| Pass Through Payments: | | | | |
| Virginia Department of Health: | | | | |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds | 21.027 | Not available | | 55,878 |
| Virginia Tourism Corporation: | | | | |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds | 21.027 | Not available | 55,000 | \$ 681,972 |
| Total Department of the Treasury | | | <u>\$ 681,972</u> | |
| Department of Justice: | | | | |
| Direct payments: | | | | |
| Bulletproof Vest Partnership Program | 16.607 | Not applicable | | \$ 13,060 |
| Pass Through Payments: | | | | |
| Virginia Department of Criminal Justice Services: | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 15PBJA23GG03038MUMU | \$ 393 | |
| Crime Victim Assistance | 16.575 | 15POVC21GG00681ASSI | | 68,610 |
| Total Department of Justice | | | <u>\$ 82,063</u> | |

County of Pittsylvania, 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 | Subrecipient Expenditures |
|---|--|---|-------------------------|------------------------------|
| Department of Commerce: | | | | |
| Direct payments: | | | | |
| Economic Development Cluster: | | | | |
| Economic Adjustment Assistance | 11.307 | Not applicable | \$ 9,871 | |
| Department of Transportation: | | | | |
| Pass Through Payments: | | | | |
| Virginia Department of Motor Vehicles: | | | | |
| Highway Safety Cluster: | | | | |
| State and Community Highway Safety | 20.600 | BPT-2024-54125-24125 | \$ 27,133 | |
| Department of Labor: | | | | |
| Pass Through Payments: | | | | |
| Virginia Community College System: | | | | |
| WIOA Cluster: | | | | |
| WIOA Adult Program | 17.258 | 534027 | \$ 510,678 | \$ 510,678 |
| WIOA Dislocated Worker Formula Grants | 17.278 | 534027 | 202,106 | 202,106 |
| WIOA Youth Activities | 17.259 | 534027 | 537,706 | 537,706 |
| Total Workforce Innovation and Opportunity Act Cluster | | | <u>\$ 1,250,490</u> | <u>\$ 1,250,490</u> |
| Total Department of Labor | | | <u>\$ 1,250,490</u> | |
| Environmental Protection Agency: | | | | |
| Direct Payments: | | | | |
| Department of Conservation and Recreation | | | | |
| Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements | | | | |
| | 66.818 | Not applicable | \$ 189,457 | |
| Department of Education: | | | | |
| Pass Through Payments: | | | | |
| Virginia Department of Education: | | | | |
| Adult Education - Basic Grants to States | 84.002 | APE42801 | \$ 70,132 | |
| Title I Grants to Local Educational Agencies | 84.010 | APE42901 | 2,570,779 | |
| Special Education Cluster: | | | | |
| Special Education Grants to States | 84.027 | APE40287, APE43071 | \$ 2,041,416 | |
| Special Education Preschool Grants | 84.173 | APE62521 | 35,289 | |
| Total Special Education Cluster | | | | 2,076,705 |
| Career and Technical Education Basic Grants to States | 84.048 | APE60031, APE600311005 | | 185,721 |
| School Safety National Activities | 84.184 | APE70057, APE7005789 | | 15,252 |
| English Language Acquisition State Grants | 84.365 | APE60512 | | 14,762 |
| Supporting Effective Instruction State Grant | 84.367 | APE61480 | | 251,869 |
| Rural Education | 84.358 | APE43481 | | 7,528 |
| Education Stabilization Fund: | | | | |
| COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) III Formula Fund | 84.425U | APE50182, APE50183, APE50193 | | 82,059 |
| Student Support and Academic Enrichment Program | 84.424 | APE45278 | | 228,654 |
| Total Department of Education | | | | <u>\$ 5,503,461</u> |
| Department of Homeland Security: | | | | |
| Pass Through Payments: | | | | |
| Virginia Department of Emergency Management: | | | | |
| Emergency Management Performance Grants | 97.042 | EMP-2023-EP-00006 | \$ 21,643 | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | 4411DRVAP00000005 | 549,072 | |
| Total Department of Homeland Security | | | <u>\$ 570,715</u> | |
| Total Expenditures of Federal Awards | | | <u>\$ 18,846,881</u> | <u>\$ 1,250,490</u> |

Notes to the Expenditures of Federal Awards

Note A -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Pittsylvania, Virginia and its discretely presented component unit - School Board 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 for Federal Awards*, (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Note B -- Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (3) The County did not elect to use the 15% de minimis indirect cost rate because they only request direct costs for reimbursement.
- (4) The County did not have any outstanding loans at year end as described in 2 CFR section 200.502(b).
- (5) The County passed funds of \$1,250,490 to subrecipients as noted above.

Note C -- Food Donation

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2025, the Pittsylvania County School Board had food commodities totaling \$0 in inventory.

Note D -- Relationship to Financial Statements

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

Primary government:

| | |
|---|----------------------|
| General Fund (Schedule 1) | \$ 6,583,044 |
| Less: QCEB interest subsidy (Schedule 1) | (49,451) |
| Industrial Development Fund (Schedule 1) | 189,457 |
| Forfeited Assets Fund (Schedule 1) | |
| Plus: Use of federal Forfeited Assets fund balance | 2,320 |
| Less: amounts received but not yet spent | (2,320) |
| Water and Sewer Fund (Exhibit 8) | <u>65,749</u> |
| Total primary government | <u>\$ 6,788,799</u> |
| Component Unit School Board: | |
| School Operating Fund (Schedule 1) | <u>\$ 12,058,082</u> |
| Total federal expenditures per the Schedule of Expenditures of Federal Awards | <u>\$ 18,846,881</u> |

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

Section I - Summary of Auditors' Results

Financial Statements

| | |
|---|---------------|
| Type of auditors' report issued: | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | None reported |
| Noncompliance material to financial statements noted? | No |

Federal Awards

| | |
|--|---------------|
| Internal control over major programs: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | None reported |
| Type of auditors' report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | Yes |

Identification of major programs:

| Assistance Listing # | Name of Federal Program or Cluster |
|----------------------|------------------------------------|
| 84.010 | Title I Program |
| 93.667 | Social Services Block Grant |
| 10.553/10.555/10.559 | Child Nutrition Cluster |
| 93.778 | Medicaid Cluster |

| | |
|---|-----------|
| Dollar threshold used to distinguish between Type A and Type B programs | \$750,000 |
|---|-----------|

| | |
|--|----|
| Auditee qualified as low-risk auditee? | No |
|--|----|

Section II - Financial Statement Findings

There are no financial statement findings to report.

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

Section III - Federal Award Findings and Questioned Costs

2025-001 - Medical Assistance Program (93.778)

| | |
|---|--|
| Agency: | Department of Health and Human Services |
| Federal Award Number/Year: | 12001 - 2024; 12001 - 2025 |
| Program & ALN: | Medical Assistance Program (93.778) |
| Pass-through Entities: | Virginia Department of Social Services |
| Compliance Requirement: | Eligibility |
| Finding Type: | Noncompliance |
| Criteria: | The local social services agency is the grant recipient for the award and is required to ensure eligibility requirements are adequately followed. |
| Condition: | The local social services agency was not in compliance with eligibility requirements in accordance with Uniform Guidance. |
| Cause: | In 4 of the 25 cases tested, eligibility redetermination had not been completed in the previous 12 months. |
| Effect: | Eligibility redetermination was not completed timely and therefore clients were potentially ineligible. |
| Recommendation: | We recommend the local social services agency continue to work with VDSS to catch up on overdue cases so that all have redetermination completed within 12 months. |
| Views of Responsible Officials and Planned Corrective Action: | The local social services agency agrees with the finding. Upon further review of the untimely cases identified in the audit process, it was noted that no changes in benefits were required. The agency will implement procedures to improve timeliness. |

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

There were no prior audit findings.