County of Southampton, Virginia

Annual Comprehensive Financial Report

Year Ended June 30, 2025

Creedle, Jones
& Associates, P.C.
Certified Public Accountants

County of Southampton, Virginia

Table of Contents

Year Ended June 30, 2025

		Pages
FINANCIAL SECTION		
Independent Auditor's Report		i-iii
Management's Discussion and Analysis		1-9
Basic Financial Statements		
Exhibits		
Government-Wide Financial Statements		
1	Statement of Net Position	10
2	Statement of Activities	11
Fund Financial Statements		
3	Balance Sheet – Governmental Funds and Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	12-13
4	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds and Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14-15
5	Statement of Net Position – Proprietary Funds	16
6	Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	17
7	Statement of Cash Flows – Proprietary Funds	18
8	Statement of Fiduciary Net Position	19
9	Statement of Changes in Fiduciary Net Position	20
Notes to the Financial Statements		21-112
Required Supplementary Information		
Exhibit		
10	Budgetary Comparison Schedule – General Fund and Public Assistance Fund	113-118
Schedule of Changes in the Political Subdivision's Net Pension Liability and Related Ratios		119-120
Schedule of Employer's Share of Net Pension Liability - VRS Teacher Employee Retirement Plan		121
Schedule of Employer Contributions		122
Notes to Required Supplementary Information		123-124

	Pages
Schedule of Employer's Share of Net OPEB Liability Group Life Insurance Plan (GLI)	125-127
Schedule of Employer Contributions for Group Life Insurance OPEB Plan	128
Notes to Required Supplementary Information for OPEB Group Life Insurance Plan	129-130
Schedule of Changes in the Political Subdivision's Net HIC OPEB Liability and Related Ratios	131-132
Schedule of Employer's Share of Net OPEB Liability Health Insurance Credit Program (HIC) Teacher	133
Schedule of Employer Contributions HIC OPEB – Political Subdivision and Teacher	134
Notes to Required Supplementary Information HIC OPEB	135-136
Schedule of Employer's Share of Net OPEB Liability Virginia Local Disability Program (VLDP)	137-138
Schedule of Employer Contributions for OPEB VLDP	139-140
Notes to Required Supplementary Information OPEB VLDP	141
Schedule of Changes in the Political Subdivision's Net OPEB Liability - Retiree Health Insurance and Related Ratios	142
Schedule of Employer Contributions – OPEB Retiree Health Insurance	143
Schedule of Changes in the School Board's Net OPEB Liability – Retiree Health Insurance and Related Ratios	144
Schedule of Employer Contributions – OPEB Retiree Health Insurance School Board	145

Other Supplementary Information

Schedules

1	Combining Balance Sheet – Other Governmental Funds	146
2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Governmental Funds	147
3	Combining Statement of Fiduciary Net Position – Custodial Funds	148
4	Combining Statement of Changes in Fiduciary Net Position	149
5	Component Unit School Board – Combining Balance Sheet and Component Unit School Board – Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	150-151
6	Component Unit School Board – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances and Component Unit School Board - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	152-153
7	Component Unit School Board – Budgetary Comparison Schedule – School Operating Fund, School Food Services Fund, School Endowment Fund, and School Activity Fund	154-156

		Pages
Schedules		
8	Jail Canteen and Other Revenue and Expense Information	157
	OTHER INFORMATION SECTION	
Tables		
1	General Governmental Revenues by Source – Last Ten Fiscal Years	158
2	General Governmental Expenditures by Function – Last Ten Fiscal Years	159
3	Assessed Value of Taxable Property and Property Tax Rates – Last Ten Fiscal Years	160
4	Property Tax Levies and Collections – Last Ten Fiscal Years	161
5	Ratio of Net General Obligation Bonded Debt to Assessed Taxable Value and Net General Obligation Bonded Debt Per Capita – Last Ten Fiscal Years	162
6	Special Assessment Billings and Collections – Last Ten Fiscal Years	163
7	Revenue Bond Debt Service Coverage – Water and Sewer Revenue Bonds	164
	COMPLIANCE SECTION	
	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	165-166
	Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	167-169
	Report on Compliance with Commonwealth of Virginia's Laws, Regulations, Contracts, and Grants	170-171
	Schedule of Expenditures of Federal Awards	172-173
	Notes to Schedule of Expenditures of Federal Awards	174
	Schedule of Findings and Questioned Costs	175

FINANCIAL SECTION

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A Professional Corporation

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
County of Southampton, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Southampton, 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 Southampton, Virginia's basic financial statements as listed in the table of contents. We did not audit the financial statements of Blackwater Regional Library, a nonprofit organization, which statements reflect total assets and fiduciary revenues constituting 95 percent and 99 percent, respectively, of the related consolidated totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Blackwater Regional Library, is based solely on the report of the other auditors.

In our opinion, based on our audit and the report of the other auditors, 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 unit, each major fund, and the aggregate remaining fund information of the County of Southampton, Virginia, as of 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 *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 and specifications are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County of Southampton, Virginia and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2025, the County adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*, GASB Statement No. 102, *Certain Risk Disclosures*, and GASB Statement No. 103, *Financial Reporting Model Improvements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Southampton, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County of Southampton, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Southampton, 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 on pages 1-9,113-118, and 119-145 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Southampton, 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 statistical section but does not include the basic financial statements and our auditor's 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 15, 2025, on our consideration of the County of Southampton, 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 Southampton, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Southampton, Virginia's internal control over financial reporting and compliance.

Creedle, Jones & Associates, P.C.

Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
December 15, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the County of Southampton, Virginia presents the following discussion and analysis as an overview of the County of Southampton, Virginia's financial activities for the fiscal year ending June 30, 2025. We encourage readers to read this discussion and analysis in conjunction with the County's basic financial statements.

Financial Highlights

- At the close of the fiscal year, the assets and deferred outflows of resources of the County's governmental activities exceeded its liabilities and deferred inflows of resources by $50,812,213 with an unrestricted balance of $19,072,024. For the business-type activities, the assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources by $3,857,355 with an unrestricted balance of $1,487,167.

- The County's total net position increased by $7,471,207 during the current fiscal year. Of this amount, an increase of $5,760,812 is related to governmental activities and an increase of $1,710,395 is attributed to business-type activities.

- As of June 30, 2025, the County's Governmental Funds reported combined ending fund balances of $31,576,602, an increase of $6,812,110 in comparison with the prior year. Approximately 71.61% of this amount is available for spending at the County's discretion (unassigned fund balance).

- At the end of fiscal year 2025, the general fund unassigned fund balance was $20,794,534, or approximately 54.01% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements report information about the County as a whole using accounting methods similar to those found in the private sector. They also report the County's net position and how they have changed during the fiscal year.

Statement of Net Position: presents information on all of the County's assets and liabilities. The difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources can be used as one way to measure the County's financial health or financial condition. Over time, increases or decreases in the net position can be one indicator of whether the County's financial condition is improving or deteriorating. Other nonfinancial factors will also need to be considered, such as changes in the County's property tax base and the condition of County facilities.

Statement of Activities: presents information using the accrual basis accounting method and shows how the County's net position changed during the fiscal year. All of the current year's revenues and expenses are shown in the Statement of Activities, regardless of when cash is received or paid.

The government-wide financial statements distinguish governmental activities from business-type activities identified as the primary government. The governmental activities of the County include general government administration, judicial administration, public safety, public works, health and welfare, education, parks, recreation and cultural, and community development. Public utilities represent the business-type activities.

Furthermore, the government-wide financial statements include a legally separate entity, the school board, for which the County is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The County uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the County's most significant funds rather than the County as a whole. Major funds are separately reported.

The County has three types of funds:

Governmental Funds - Most of the County's basic services are included in Governmental Funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year end that are available for spending. The Governmental Funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided with the fund's financial statements to explain the relationship (or differences). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Public Assistance Fund, and the Capital Projects Utility Tax Building Fund, all of which are considered to be major funds. Data from the other County non-major funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements presented later in this report.

Proprietary Funds – The County uses an Enterprise Fund which operates in a manner similar to private business enterprises. Costs are recovered primarily through user charges. Proprietary Fund financial statements provide both long and short-term financial information.

Fiduciary Funds – The County is the trustee, or fiduciary, for the County's Custodial funds. Custodial funds utilize the accrual basis of accounting described in the Governmental Fund presentation. Since by definition, these assets are being held for the benefit of a third party and cannot be used to support activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

Other

In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information such as budgetary comparison schedules and combining financial statements.

Governmental accounting and reporting standards also require reporting certain information about the County's other postemployment benefits as required supplementary information. The County has elected to include this information within the notes to the basic financial statements.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

Summary of Net Position

As of June 30, 2025 and 2024

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	$ 37,448,059	$ 29,916,468	$ 2,161,132	$ 1,723,258	$ 39,609,191	$ 31,639,726
Capital assets (net)	67,536,299	68,739,776	27,107,444	27,694,446	94,643,743	96,434,222
Total Assets	104,984,358	98,656,244	29,268,576	29,417,704	134,252,934	128,073,948
Deferred Outflows of Resources	1,821,096	1,176,835	285,815	273,412	2,106,911	1,450,247
Total Assets and Deferred Outflows of Resources	$ 106,805,454	$ 99,833,079	$ 29,554,391	$ 29,691,116	$ 136,359,845	$ 129,524,195
Liabilities						
Current liabilities	$ 1,282,827	$ 790,550	$ 573,370	$ 1,129,874	$ 1,856,197	$ 1,920,424
Long-term liabilities	52,204,349	51,761,628	25,003,308	26,295,617	77,207,657	78,057,245
Total Liabilities	53,487,176	52,552,178	25,576,678	27,425,491	79,063,854	79,977,669
Deferred Inflows of Resources	2,506,065	2,229,500	120,358	118,665	2,626,423	2,348,165
Net Position						
Net investment in capital assets	24,859,667	26,644,843	2,350,056	1,655,486	27,209,723	28,300,329
Restricted for capital projects	6,880,522	6,356,480	20,132	20,128	6,900,654	6,376,608
Unrestricted	19,072,024	12,050,078	1,487,167	471,346	20,559,191	12,521,424
Total Net Position	50,812,213	45,051,401	3,857,355	2,146,960	54,669,568	47,198,361
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 106,805,454	$ 99,833,079	$ 29,554,391	$ 29,691,116	$ 136,359,845	$ 129,524,195

The County's combined net position at June 30, 2025 of $54,669,568 represents an increase of $7,471,207 from the combined net position at June 30, 2024. A portion, $24,859,667, of the County's net position is reflected in its net investment in capital assets. The County uses these assets to provide services to its citizens and, consequently, these assets are not available for future spending. The resources needed to repay the debt related to these capital assets must be provided from other sources. Unrestricted net position is $19,072,024. The remaining $6,880,522 of net position is restricted for capital projects.

Statement of Activities

The following table summarizes revenues and expenses for the primary government:

Summary of Changes in Net Position

For the Fiscal Years Ended June 30, 2025 and 2024

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues						
Charges for services	$ 3,139,819	$ 2,503,498	$ 1,886,030	$ 1,331,220	$ 5,025,849	$ 3,834,718
Operating grants and contributions	10,352,616	9,540,603	952,581	1,269,416	11,305,197	10,810,019
General Revenues						
General property taxes, real and personal	30,608,965	27,115,218	-	-	30,608,965	27,115,218
Other taxes	3,101,661	2,943,333	-	-	3,101,661	2,943,333
Grants and contributions not restricted to specific programs	2,829,855	2,820,026	-	-	2,829,855	2,820,026
Unrestricted revenues from use of property	886,991	1,044,129	63,411	100,703	950,402	1,144,832
Miscellaneous	1,131,186	1,108,353	279,658	222,734	1,410,844	1,331,087
Total Revenues	52,051,093	47,075,160	3,181,680	2,924,073	55,232,773	49,999,233
Expenses						
General government administration	3,076,223	3,321,110	-	-	3,076,223	3,321,110
Judicial administration	3,979,923	798,334	-	-	3,979,923	798,334
Public safety	12,255,724	11,536,264	-	-	12,255,724	11,536,264
Public works	3,633,836	2,910,443	-	-	3,633,836	2,910,443
Health and welfare	4,413,311	4,152,866	-	-	4,413,311	4,152,866
Education	10,980,956	10,450,545	-	-	10,980,956	10,450,545
Parks, recreation, and cultural	334,458	329,153	-	-	334,458	329,153
Community development	2,666,099	2,313,805	-	-	2,666,099	2,313,805
Water and sewer	-	-	3,741,224	3,257,207	3,741,224	3,257,207
Interest on long-term debt	1,861,119	1,556,002	818,693	877,966	2,679,812	2,433,968
Total Expenses	43,201,649	37,368,522	4,559,917	4,135,173	47,761,566	41,503,695
Change in Net Position Before Transfers	8,849,444	9,706,638	(1,378,237)	(1,211,100)	7,471,207	8,495,538
Transfers	(3,088,632)	(666,315)	3,088,632	666,315	-	-
Change in Net Position	5,760,812	9,040,323	1,710,395	(544,785)	7,471,207	8,495,538
Beginning Net Position	45,051,401	36,011,078	2,146,960	2,691,745	47,198,361	38,702,823
Ending Net Position	$ 50,812,213	$ 45,051,401	$ 3,857,355	$ 2,146,960	$ 54,669,568	$ 47,198,361

Governmental activities increased the County's net position by $5,760,812 for fiscal year 2025. General property taxes comprise the largest source of these revenues, totaling $30,608,965 or 58.81% of all governmental activities revenue.

The total cost of all governmental activities for this fiscal year was $43,201,649. Public safety was the County's largest program with expenses totaling $12,255,724. Education, which totals $10,980,956, represents the second largest program.

For the County's governmental activities, the net expense (total cost less fees generated by the activities and program-specific governmental aid) is illustrated in the following table:

Net Cost of Governmental Activities

For the Fiscal Years Ended June 30, 2025 and 2024

	2025		2024	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government administration	$ 3,076,223	$ (1,872,626)	$ 3,321,110	$ (2,249,364)
Judicial administration	3,979,923	(2,852,367)	798,334	272,086
Public safety	12,255,724	(5,919,254)	11,536,264	(5,997,082)
Public works	3,633,836	(2,618,547)	2,910,443	(1,970,095)
Health and welfare	4,413,311	(1,210,979)	4,152,866	(1,042,144)
Education	10,980,956	(10,980,956)	10,450,545	(10,450,545)
Parks, recreation, and cultural	334,458	(329,958)	329,153	(314,005)
Community development	2,666,099	(2,063,408)	2,313,805	(2,017,270)
Interest on long-term debt	1,861,119	(1,861,119)	1,556,002	(1,556,002)
Total	$ 43,201,649	$ (29,709,214)	$ 37,368,522	$ (25,324,421)

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The County's governmental funds reported combined ending fund balances of $31,576,602. The combined governmental fund balance increased $6,812,110 from the prior year.

The General Fund is the main operating fund of the County. At the end of the current fiscal year, the General Fund had an unassigned fund balance of $20,794,354. The General Fund's liquidity can be measured by comparing unassigned fund balance to total fund expenditures. Unassigned fund balance represents 54.01% of total fund expenditures.

The Capital Projects Fund which has a total fund balance of $8,696,945. Of this amount, $6,880,522 is restricted for ongoing and future capital projects resulting in an unassigned fund balance of $1,816,423 for the fiscal year.

BUDGETARY HIGHLIGHTS

General Fund

The following table provides a comparison of original budget, final budget, and actual revenues and expenditures in the General Fund:

Budgetary Comparison

General Fund

For the Fiscal Years Ended June 30, 2025 and 2024

	2025			2024		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues						
Taxes	$ 28,687,658	$ 29,570,405	$ 30,728,702	$ 26,195,363	$ 27,094,284	$ 27,114,630
Other	5,953,788	7,321,659	8,451,412	5,981,243	6,807,002	7,000,765
Intergovernmental	7,193,889	8,165,714	10,306,697	6,719,927	7,694,708	9,954,394
Total	41,835,335	45,057,778	49,486,811	38,896,533	41,595,994	44,069,789
Expenditures	36,737,768	40,555,590	38,501,691	35,214,283	38,497,720	37,069,551
Excess (Deficiency) of Revenues Over Expenditures	5,097,567	4,502,188	10,985,120	3,682,250	3,098,274	7,000,238
Other Financing Sources (Uses)						
Lease liabilities issued	-	-	347,175	-	-	-
Transfers in	25,000	25,000	4,656	1,328,713	1,975,217	2,249,897
Transfers out	(5,122,567)	(5,597,985)	(5,444,448)	(5,010,963)	(5,134,675)	(4,987,962)
Total	(5,097,567)	(5,572,985)	(5,092,617)	(3,682,250)	(3,159,458)	(2,738,065)
Change in Fund Balance	-	(1,070,797)	5,892,503	-	(61,184)	4,262,173
Transfer from Reserve	-	1,070,797	-	-	61,184	-
Change in Fund Balance after Surplus	$ -	$ -	$ 5,892,503	$ -	$ -	$ 4,262,173

Final amended budget revenues were more than the original budget by $3,222,443.

The final amended budget appropriations for expenditures exceeded the original appropriation by $3,817,822.

Actual revenues were more than final budget amounts by $4,429,033, or 9.83%, while actual expenditures were $2,053,899, or 5.06% less than final budget amounts.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

As of June 30, 2025, the County's governmental activities net capital assets total $67,536,299, which represents a net decrease of $1,203,477 or 1.75% over the previous fiscal year-end balance. The business-type activities net capital assets total $27,107,444, a decrease of $587,002 or 2.03% over the previous fiscal year.

Change in Capital Assets

Governmental Activities

	Balance July 1, 2024	Net Additions and Deletions	Balance June 30, 2025
Land and land improvements	$ 3,812,044	$ (14,730)	$ 3,797,314
Construction in progress	25,425,326	(25,425,326)	-
Buildings and improvements	71,391,053	26,253,519	97,644,572
Furniture, equipment, and vehicles	10,795,391	1,122,904	11,918,295
Total Capital Assets	111,423,814	1,936,367	113,360,181
Less: Accumulated depreciation	(42,839,152)	(3,366,950)	(46,206,102)
Total Capital Assets, Net	$ 68,584,662	$ (1,430,583)	$ 67,154,079
Lease assets	$ 208,627	$ 306,567	$ 515,194
Less: Accumulated amortization	(95,957)	(64,309)	(160,266)
Total Lease Assets, Net	$ 112,670	$ 242,258	$ 354,928
SBITA assets	$ 130,947	$ (53,422)	$ 77,525
Less: Accumulated amortization	(88,503)	38,270	(50,233)
Total SBITA Assets, Net	$ 42,444	$ (15,152)	$ 27,292

Business-Type Activities

	Balance July 1, 2024	Net Additions and Deletions	Balance June 30, 2025
Land and land improvements	$ 338,162	$ -	$ 338,162
Buildings and improvements	1,053,937	-	1,053,937
Infrastructure and equipment	54,779,881	528,389	55,308,270
Vehicles	372,125	157,641	529,766
Total Capital Assets	56,544,105	686,030	57,230,135
Less: Accumulated depreciation	(28,889,742)	(1,266,351)	(30,156,093)
Total Capital Assets, Net	$ 27,654,363	$ (580,321)	$ 27,074,042
Lease assets	$ 60,124	$ -	$ 60,124
Less: Accumulated amortization	(20,041)	(6,681)	(26,722)
Total Lease Assets, Net	$ 40,083	$ (6,681)	$ 33,402

Note: School Board fixed assets are jointly owned by the County (primary government) and the Component Unit School Board. The County reports the School Board assets associated with outstanding debt on its books until the debt is paid off.

Long-Term Debt

As of June 30, 2025, the County's long-term obligations total $75,275,670.

	Balance July 1, 2024	Net Additions and Deletions	Balance June 30, 2025
Governmental Activities			
Long-term debt	$ 49,443,936	$ 448,459	**$ 49,892,395**
Compensated absences			
General Fund	396,881	14,836	**411,717**
Social Services Fund	191,042	(65,692)	**125,350**
Total Long-Term Indebtedness - Primary Government	50,031,859	397,603	**50,429,462**
Business-Type Activities			
Long-term debt	25,997,210	(1,275,124)	**24,722,086**
Compensated absences			
Water and Sewer Fund	119,242	4,880	**124,122**
Total Business-Type Activities	26,116,452	(1,270,244)	**24,846,208**
Total Primary Government	$ 76,148,311	$ (872,641)	**$ 75,275,670**

General obligation indebtedness must be approved by voter referendum prior to issuance except for debt incurred from the State Literary Fund or the Virginia Public School Authority.

More detailed information on the County's long-term obligations is presented in Note 11 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal-year 2026 budget.

The average unemployment rate for the County of Southampton, Virginia in June 2025 was 4.1%, an increase of 1.5% from June 2024. This compares unfavorably to the state's rate of 3.9% and the same as the national rate of 4.1%.

The latest estimate by the University of Virginia Weldon Cooper Center for Public Service is a population of 17,769 in July 2024.

These rates along with other indicators were taken into account when adopting the General Fund budget for 2026, which accounts for most of the County's operational costs. The fiscal year 2026 Adopted Budget anticipates General Fund revenues and expenditures to be $45,189,391, an 8% increase over the fiscal year 2025 original budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to Brian S. Thrower, County Administrator, or Lynette C. Lowe, Deputy County Administrator/Chief Financial Officer, County of Southampton, Virginia, 26022 Administration Center Drive, Courtland, Virginia 23837, telephone 757-653-3015, or visit the County's website at www.southamptoncounty.org.

BASIC FINANCIAL STATEMENTS

Exhibit 1

County of Southampton, Virginia

Statement of Net Position

At June 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	School Board
Assets				
Current assets				
Cash, cash equivalents, and investments	$ 23,584,011	$ 1,956,475	$ 25,540,486	$ 7,161,291
Cash - restricted	6,880,522	20,132	6,900,654	26,024
Receivables, net	3,826,804	184,525	4,011,329	63,900
Due from other governments	1,704,878	-	1,704,878	1,701,550
Total Current Assets	35,996,215	2,161,132	38,157,347	8,952,765
Noncurrent Assets				
Capital Assets				
Nondepreciable assets	3,797,314	338,162	4,135,476	1,362,200
Depreciable assets, net	63,356,765	26,735,880	90,092,645	9,320,498
Lease assets, net	354,928	33,402	388,330	160,300
Subscription assets, net	27,292	-	27,292	171
Capital Assets, Net	67,536,299	27,107,444	94,643,743	10,843,169
Total Noncurrent Assets	67,536,299	27,107,444	94,643,743	10,843,169
Other Assets				
Net pension asset	-	-	-	1,737,068
Net OPEB asset	1,451,844	-	1,451,844	-
Total Other Assets	1,451,844	-	1,451,844	1,737,068
Total Assets	104,984,358	29,268,576	134,252,934	21,533,002
Deferred Outflows of Resources				
OPEB	160,285	11,458	171,743	551,468
Pension	1,660,811	94,034	1,754,845	4,547,161
Refunding of debt	-	180,323	180,323	-
Total Deferred Outflows of Resources	1,821,096	285,815	2,106,911	5,098,629
Total Assets and Deferred Outflows of Resources	$ 106,805,454	$ 29,554,391	$ 136,359,845	$ 26,631,631
Liabilities				
Current Liabilities				
Accounts payable and accrued expenses	$ 1,282,827	$ 468,249	$ 1,751,076	$ 4,285,328
Customer deposits	-	97,221	97,221	-
Unearned revenue	-	7,900	7,900	3,572,006
Total Current Liabilities	1,282,827	573,370	1,856,197	7,857,334
Long-Term Liabilities				
Due within one year				
Bonds, loans, and premiums	3,358,250	1,509,173	4,867,423	189,175
Compensated absences	53,707	12,412	66,119	23,910
Leases	125,010	6,644	131,654	73,924
Subscription	14,759	-	14,759	-
Due in more than one year				
Bonds, loans, and premiums	46,534,145	23,212,913	69,747,058	361,152
Compensated absences	483,360	111,710	595,070	215,193
Leases	234,455	28,658	263,113	92,609
Subscription	-	-	-	-
Net pension liability	1,025,303	89,157	1,114,460	12,567,228
Net OPEB liability	375,360	32,641	408,001	678,008
Total Long-Term Liabilities	52,204,349	25,003,308	77,207,657	14,201,199
Total Liabilities	53,487,176	25,576,678	79,063,854	22,058,533
Deferred Inflows of Resources				
OPEB	931,582	7,681	939,263	2,442,544
Pension	1,295,776	112,677	1,408,453	3,749,084
Unavailable revenue - property taxes and landfill fees	137,474	-	137,474	-
Refunding of debt	141,233	-	141,233	-
Total Deferred Inflows of Resources	2,506,065	120,358	2,626,423	6,191,628
Net Position				
Net investment in capital assets	24,859,667	2,350,056	27,209,723	10,126,309
Restricted for capital projects	6,880,522	20,132	6,900,654	26,024
Unrestricted (deficit)	19,072,024	1,487,167	20,559,191	(11,770,863)
Total Net Position (Deficit)	50,812,213	3,857,355	54,669,568	(1,618,530)
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 106,805,454	$ 29,554,391	$ 136,359,845	$ 26,631,631

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

Exhibit 2

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit: School Board
Primary Government							
Governmental Activities							
General government administration	$ 3,076,223	$ 475,664	$ 727,933	$ (1,872,626)		$ (1,872,626)	
Judicial administration	3,979,923	19,869	1,107,687	(2,852,367)		(2,852,367)	
Public safety	12,255,724	1,635,281	4,701,189	(5,919,254)		(5,919,254)	
Public works	3,633,836	1,009,005	6,284	(2,618,547)		(2,618,547)	
Health and welfare	4,413,311	-	3,202,332	(1,210,979)		(1,210,979)	
Education - local school system	10,980,956	-	-	(10,980,956)		(10,980,956)	
Parks, recreation, and cultural	334,458	-	4,500	(329,958)		(329,958)	
Community development	2,666,099	-	602,691	(2,063,408)		(2,063,408)	
Interest and debt issuance costs	1,861,119	-	-	(1,861,119)		(1,861,119)	
Total Governmental Activities	43,201,649	3,139,819	10,352,616	(29,709,214)		(29,709,214)	
Business-Type Activities							
Water and Sewer Fund	4,559,917	1,886,030	952,581		$ (1,721,306)	(1,721,306)	
Total Business-Type Activities	4,559,917	1,886,030	952,581		(1,721,306)	(1,721,306)	
Total Primary Government	$ 47,761,566	$ 5,025,849	$ 11,305,197			(31,430,520)	
Component Unit							
Southampton County School Board	$ 41,185,480	$ 293,467	$ 31,044,254				$ (9,847,759)
General Revenues							
Taxes							
General property taxes, real and personal				30,608,965	-	30,608,965	-
Other local taxes				3,101,661	-	3,101,661	-
Payment from County of Southampton, VA							
Education				-	-	-	10,980,956
Unrestricted grants and contributions not restricted to specific programs				2,829,855	-	2,829,855	-
Unrestricted revenues from use of property				886,991	63,411	950,402	97,842
Miscellaneous				1,131,186	279,658	1,410,844	1,323,251
Transfers				(3,088,632)	3,088,632	-	-
Total General Revenues and Transfers				35,470,026	3,431,701	38,901,727	12,402,049
Change in Net Position				5,760,812	1,710,395	7,471,207	2,554,290
Net Position (Deficit) - Beginning of Year				45,051,401	2,146,960	47,198,361	(4,172,820)
Net Position (Deficit) - End of Year				$ 50,812,213	$ 3,857,355	$ 54,669,568	$ (1,618,530)

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

County of Southampton, Virginia

Balance Sheet

Governmental Funds

At June 30, 2025

	General Fund	Public Assistance Fund	Capital Projects Utility Tax Building Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$19,699,890	$ -	$ 1,960,373	$ 2,078,039	$ 23,738,302
Restricted cash	-	-	6,880,522	-	6,880,522
Property taxes receivable, net	2,212,703	-	-	-	2,212,703
Accounts receivable	1,559,913	-	42,395	11,793	1,614,101
Due from other funds	-	-	-	-	-
Due from other governments	1,486,242	169,354	49,282	-	1,704,878
Total Assets	$24,958,748	$ 169,354	$ 8,932,572	$ 2,089,832	$ 36,150,506
Liabilities					
Pooled cash deficit	$ -	$ 154,291	$ -	$ -	$ 154,291
Accounts payable and accrued liabilities	1,027,608	15,063	235,627	4,529	1,282,827
Unearned revenue	-	-	-	-	-
Total Liabilities	1,027,608	169,354	235,627	4,529	1,437,118
Deferred Inflows of Resources					
Unavailable revenue - taxes and landfill fees	2,918,153	-	-	-	2,918,153
Unavailable revenue - opioid settlement	218,633	-	-	-	218,633
Total Deferred Inflows of Resources	3,136,786	-	-	-	3,136,786
Fund Balance					
Restricted	-	-	6,880,522	2,085,303	8,965,825
Unassigned	20,794,354	-	1,816,423	-	22,610,777
Total Fund Balance	20,794,354	-	8,696,945	2,085,303	31,576,602
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$24,958,748	$ 169,354	$ 8,932,572	$ 2,089,832	$ 36,150,506

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

County of Southampton, Virginia

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

At June 30, 2025

Total Fund Balances for Governmental Funds		$ 31,576,602
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Unavailable revenue - taxes and landfill fees	2,780,679	
Unavailable revenue - opioid settlement	218,633	
		2,999,312
Capital assets net of accumulated depreciation and amortization used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	$ 3,797,314	
Construction-in-progress	-	
Buildings and improvements, net	59,878,888	
Furniture, equipment, and vehicles, net	3,477,877	
Lease assets, net	354,928	
Subscription assets, net	27,292	
Total Capital Assets		67,536,299
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	1,660,811	
Deferred inflows of resources related to pensions	(1,295,776)	
Deferred outflows of resources related to OPEB	160,285	
Deferred inflows of resources related to OPEB	(931,582)	
Deferred inflows of resources related to debt refunding	(141,233)	
Total Deferred Outflows and Inflows of Resources		(547,495)
Liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.		
Balances of long-term liabilities affecting net position are as follows:		
Bonds and notes payable	(49,892,395)	
Lease liabilities	(359,465)	
Subscription liabilities	(14,759)	
Net pension liability	(1,025,303)	
OPEB (obligations) asset	1,076,484	
Compensated absences	(537,067)	
Total		(50,752,505)
Total Net Position of Governmental Activities		$ 50,812,213

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

County of Southampton, Virginia

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2025

	General Fund	Public Assistance Fund	Capital Projects Utility Tax Building Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	$ 30,728,702	$ -	$ -	$ -	$ 30,728,702
Other local taxes	2,356,255	-	745,406	-	3,101,661
Permits, privilege fees, and regulatory licenses	255,844	-	-	-	255,844
Fines and forfeitures	917,195	-	-	-	917,195
Use of money and property	432,815	-	411,200	42,976	886,991
Charges for services	2,328,747	-	-	59,175	2,387,922
Miscellaneous	1,000,811	-	73,066	63,164	1,137,041
Recovered costs	1,159,745	-	180,566	-	1,340,311
Intergovernmental					
Revenue from the Commonwealth of Virginia	9,709,408	672,690	136,900	-	10,518,998
Revenue from the Federal Government	597,289	1,547,401	154,000	108,939	2,407,629
Total Revenues	49,486,811	2,220,091	1,701,138	274,254	53,682,294
Expenditures					
Current					
General government administration	3,457,610	-	-	-	3,457,610
Judicial administration	3,100,933	-	1,238,287	-	4,339,220
Public safety	12,472,888	-	1,115,160	90,773	13,678,821
Public works	3,210,709	-	207,571	-	3,418,280
Health and welfare	1,992,863	2,492,491	-	-	4,485,354
Education - public school system	11,549,475	-	1,088,117	-	12,637,592
Parks, recreation, and cultural	321,736	-	-	-	321,736
Community development	2,293,778	-	142,995	-	2,436,773
Debt service	101,699	53,868	2,745,811	-	2,901,378
Total Expenditures	38,501,691	2,546,359	6,537,941	90,773	47,676,764
Excess (Deficiency) of Revenues Over Expenditures	10,985,120	(326,268)	(4,836,803)	183,481	6,005,530
Other Financing Sources (Uses)					
Issuance of debt/lease liabilities	347,175	-	3,548,037	-	3,895,212
Transfers in	4,656	326,268	2,029,548	-	2,360,472
Transfers out	(5,444,448)	-	-	(4,656)	(5,449,104)
Total Other Financing Sources (Uses)	(5,092,617)	326,268	5,577,585	(4,656)	806,580
Net Change in Fund Balance	5,892,503	-	740,782	178,825	6,812,110
Fund Balance - Beginning of Year	14,901,851	-	7,956,163	1,906,478	24,764,492
Fund Balance - End of Year	$ 20,794,354	$ -	$ 8,696,945	$ 2,085,303	$ 31,576,602

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

County of Southampton, Virginia

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds		$ 6,812,110
Amounts reported for governmental activities in the Statement of Activities are different because:		
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 as depreciation expense.		
Capitalized assets	$ 2,077,079	
Depreciation	(3,507,662)	
		(1,430,583)
Lease and subscription asset capital outlay expenditures which were capitalized	363,487	
Amortization expense for intangible assets	(136,381)	
		227,106
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the fund statements. This amount represents the difference in the amounts deferred in the fund financial statements, but recognized in the Statement of Activities.		
Property taxes and landfill fees	(285,035)	
Opioid settlement	(5,855)	
		(290,890)
Bonds, long-term purchase obligations, and lease proceeds are reported as other financing sources in Governmental Funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases the long-term liabilities and does not affect the Statement of Activities. Similarly, the repayment of principal is an expenditure in the Governmental Funds but reduces the liability in the Statement of Net Position.		
Proceeds of new debt	(3,548,037)	
Repayment of principal and adjustment to bond premiums and discounts	3,099,578	
Gain/(loss) on refunding	20,176	
Lease liabilities issued/paid, net	(247,722)	
Subscription liabilities issued/paid, net	23,008	
Net Adjustment		(652,997)
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. Changes in the following accounts are as follows:		
Compensated absences	50,856	
Net pension liability	138,381	
Deferred inflows - pension	(18,233)	
Deferred outflows - pension	678,610	
Deferred outflows - OPEB	(34,348)	
Deferred inflows - OPEB	(380,419)	
Other postemployment benefits	661,219	
Net Adjustment		1,096,066
Change in Net Position of Governmental Activities		$ 5,760,812

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

Exhibit 5

County of Southampton, Virginia

Statement of Net Position

Proprietary Funds

At June 30, 2025

	Business-Type Activities - Enterprise Fund Water and Sewer Fund
Assets	
Current Assets	
Cash	$ 1,956,475
Restricted cash	20,132
Receivables, net	184,525
Total Current Assets	2,161,132
Noncurrent Assets	
Lease assets, net of amortization	$ 33,402
Capital assets, net	27,074,042
Total Noncurrent Assets	27,107,444
Total Assets	29,268,576
Deferred Outflows of Resources	
OPEB	11,458
Pension	94,034
Refunding of debt	180,323
Total Deferred Outflows of Resources	285,815
Total Assets and Deferred Outflows of Resources	$ 29,554,391
Liabilities	
Current Liabilities	
Accounts payable and accrued expenses	$ 468,249
Due to primary government	-
Unearned revenue	7,900
Current portion of compensated absences	12,412
Current portion of lease liabilities	6,644
Current maturities of long-term debt	1,509,173
Total Current Liabilities	2,004,378
Noncurrent Liabilities	
Customer deposits	97,221
Net OPEB liability	32,641
Net pension liability	89,157
Compensated absences, net of current portion	111,710
Lease liabilities, net of current portion	28,658
Long-term debt, net of unamortized premium	23,212,913
Total Noncurrent Liabilities	23,572,300
Total Liabilities	25,576,678
Deferred Inflows of Resources	
OPEB	7,681
Pension	112,677
Total Deferred Inflows of Resources	120,358
Net Position	
Net investment in capital assets	2,350,056
Restricted for construction	20,132
Unrestricted	1,487,167
Total Net Position	3,857,355
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 29,554,391

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

County of Southampton, Virginia

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

Year Ended June 30, 2025

	Business-Type Activities - Enterprise Fund Water and Sewer Fund
Operating Revenues	
Charges for services, net	$ 1,886,030
Operating grants - federal	952,581
Miscellaneous	279,658
Total Operating Revenues	3,118,269
Operating Expenses	
Personal services	796,874
Fringe benefits	322,346
Repairs and maintenance	730,035
Professional fees	605
Utilities	313,513
Chemicals, lab, permits	155,828
Vehicle and power equipment	44,966
Insurance	21,185
Miscellaneous	64,313
Amortization	6,681
Depreciation	1,284,878
Total Operating Expenses	3,741,224
Operating Loss	(622,955)
Nonoperating Revenues (Expenses)	
Interest income	63,411
Interest expense	(818,693)
Total Nonoperating Revenues (Expenses)	(755,282)
Loss Before Transfers	(1,378,237)
Operating transfers In	3,088,632
Change in Net Position	1,710,395
Total Net Position - Beginning of Year	2,146,960
Total Net Position - End of Year	$ 3,857,355

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

Exhibit 7

County of Southampton, Virginia

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2025

	Business-Type Activities - Enterprise Fund Water and Sewer Fund
Cash Flows from Operating Activities	
Receipts from customers	$ 1,863,339
Other receipts	279,658
Payments for personnel and related costs	(1,153,546)
Payments to suppliers and other operating costs	(935,740)
Net Cash Provided by Operating Activities	53,711
Cash Flows from Noncapital Financing Activities	
Net transfers from other funds	3,088,632
Payments on Due to/Due from General Fund	(299,909)
Net Cash Provided by Noncapital Financing Activities	2,788,723
Cash Flows from Capital and Related Financing Activities	
Purchase and construction of capital assets	(704,557)
Principal paid on lease liabilities	(6,448)
Proceeds of loans	177,580
Principal paid on capital debt	(1,452,704)
Interest paid on capital debt and lease liabilities	(805,814)
Net Cash Used in Capital and Related Financing Activities	(2,791,943)
Cash Flows from Investing Activities	
Interest income	63,411
Net Cash Provided by Investing Activities	63,411
Net Increase in Cash and Cash Equivalents	113,902
Cash and Cash Equivalents - Beginning of Year	1,862,705
Cash and Cash Equivalents - End of Year	$ 1,976,607
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating loss	$ (622,955)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation	1,284,878
Amortization	6,681
Changes in assets and liabilities	
Receivables, net	(24,063)
Deferred outflows - OPEB	510
Deferred outflows - pension	(25,792)
Net OPEB liability	(3,584)
Accounts payable and accrued expenses	394,705
Compensated absences	4,880
Customer deposits	1,372
Unearned grants	(952,581)
Net pension liability	(12,033)
Deferred inflows - OPEB	107
Deferred inflows - pension	1,586
Net Cash Provided by Operating Activities	$ 53,711

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

County of Southampton, Virginia

Statement of Fiduciary Net Position

At June 30, 2025

	OPEB Trust Accounts	Custodial Funds
Assets		
Cash and investments	$5,773,570	$ 3,612,770
Accounts receivable	-	230
Other assets	-	120,900
Total Assets	$5,773,570	$ 3,733,900
Liabilities		
Accounts payable and accrued liabilities	$ -	$ 495
Total Liabilities	-	495
Net Position		
Restricted for:		
Other postemployment benefits	5,773,570	-
Individuals, organizations, and other governments	-	3,733,405
Total Net Position	5,773,570	3,733,405
Total Liabilities and Net Position	$5,773,570	$ 3,733,900

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

Exhibit 9

County of Southampton, Virginia

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2025

	OPEB Trust Accounts	Custodial Funds
Additions		
Contributions from employer	$ 85,000	$ -
Miscellaneous income	-	24,860
Revenue from Commonwealth of Virginia	-	810,188
Revenue from Federal Government	-	45,703
Revenue from County of Southampton	-	296,040
Charges for services	-	28,903
Local grant funds and other donations	-	1,673,367
Investment earnings:		
Dividends and interest	169,467	72,091
Realized gain/(loss) on sale of assets	396,663	280,791
Total investment earnings	566,130	352,882
Total Additions	651,130	3,231,943
Deductions		
Program and administrative expenses	39,308	2,843,442
Net Increase (Decrease) in Net Position	611,822	388,501
Net Position - Beginning	5,161,748	3,344,904
Net Position - Ending	$ 5,773,570	$ 3,733,405

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

1 Summary of Significant Accounting Policies

Narrative Profile

The County of Southampton, Virginia (the "County"), which was founded in 1749, has a population of approximately 17,769 living within an area of 599 square miles. The County is located in the Tidewater area in Southeastern Virginia. The County is governed by an appointed County Administrator and currently a six-member Board of Supervisors with each serving administrative and legislative functions. This number will drop to five Board of Supervisors' members effective January 1, 2026 due to redistricting effects.

The County engages in a comprehensive range of municipal services, including general government administration, judicial administration, public safety, public works, health and welfare, education, parks, recreation, and cultural, and community development.

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

1-A. *Financial Reporting Entity*

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

Individual Component Unit Disclosures

Discretely Presented Component Unit

Southampton County School Board

The Southampton County School Board members are appointed for four-year terms. The School Board may hold property and issue debt subject to approval by the Board of Supervisors. The School Board provides public primary and secondary education services to the County residents. The primary funding sources of the School Board are State and Federal grants and appropriations from the County, which are significant since the School Board does not have separate taxing authority. The County also approves the School Board budget. The School Board does not issue separate financial statements.

Exclusions from the Reporting Entity

Jointly Governed Organizations

Jointly governed organizations are regional governments or other multi-governmental arrangements that are governed by representation from each of the governments that create the organizations, and the participants do not retain an ongoing financial interest or responsibility in the organization.

The financial activities of the following organizations are excluded from the accompanying financial statements for the reasons indicated:

Blackwater Regional Library

The Blackwater Regional Library provides library services to the County. The participating localities provide annual contributions for operations based on book circulation. No one locality contributes more than 50% of the Library's funding nor can impose its will on the organization, and there is no financial benefit/burden relationship. The County appropriated to the Library $296,040 in operating funds in fiscal year 2025. The County has no equity interest in the Library.

Western Tidewater Community Services Board

The Cities of Suffolk and Franklin and the Counties of Isle of Wight and Southampton jointly participate in the Western Tidewater Community Services Board (the "Board"). The Board provides input to state and local agencies on service needs and priorities of persons with physical and sensory disabilities.

Related Organization

Industrial Development Authority of Southampton County, Virginia

The Industrial Development Authority (the "Authority") of the County was created in 1969. The Authority is authorized to acquire, own, lease, and dispose of local properties which will potentially promote industry and develop trade in Virginia through locating and remaining in the area. The Authority assists new and expanding businesses in securing low interest, tax-exempt industrial development revenue bonds. Bonds are issued when financing these facilities, covering the cost of land, buildings, machinery, or equipment. A mortgage or lien on the financed property is then secured and repaid from the revenue of the project. The Authority is governed by a seven-member board appointed by the Southampton County Board of Supervisors. The County has no financial responsibility for the debt issued by the Authority.

1-B. Financial Reporting Model

The County's Annual Comprehensive Financial Report includes management's discussion and analysis, the basic financial statements, and required and other supplementary information, described as follows:

Management's Discussion and Analysis – The basic financial statements are accompanied by a narrative introduction as well as an analytical overview of the County's financial activities.

Government-wide Financial Statements – The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report financial information for the County as a whole. The primary government and the component unit are presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and the County's general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The fiduciary funds of the primary government are not included in the government-wide financial statements.

The Statement of Net Position presents the financial position of the governmental and business-type activities of the County and its discretely presented component unit at year end.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and for each identifiable activity of the business-type activities of the County. Direct expenses are those that are specifically associated with a function and, therefore, clearly identifiable to that particular function. The County does not allocate indirect expenses to functions in the Statement of Activities.

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the County's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Other revenue sources not considered to be program revenues are reported as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the County.

Fund Financial Statements – During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. Fund financial statements are provided for governmental, proprietary, and fiduciary funds.

Major individual governmental and proprietary funds are reported in separate columns.

Reconciliation of Government-wide and Fund Financial Statements – Since the governmental funds financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a summary reconciliation of the difference between total fund balances as reflected on the governmental funds balance sheet and total governmental activities net position as shown on the government-wide Statement of Net Position is presented. In addition, a summary reconciliation of the difference between the total net change in fund balances as reflected on the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances, and the change in net position of governmental activities as shown on the government-wide Statement of Activities is presented.

Budgetary Comparison Schedules – Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. The County and many other governments revise their original budgets over the course of the year for a variety of reasons.

GASB-Required Supplementary Pension – GASB issued Statement No. 68– *Accounting and Financial Reporting for Pensions–an amendment of GASB No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions.

GASB-Required Supplementary OPEB – GASB issued Statement No. 75– *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB).

1-C. Financial Statement Presentation

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

- ***Governmental Funds*** – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The County reports the difference between its governmental fund assets and deferred outflows of resources and its liabilities and deferred inflows of resources as fund balance. The following are the County's major governmental funds:

    - *General Fund* – The General Fund is the primary operating fund of the County and accounts for all revenues and expenditures applicable to the general operations of the County which are not accounted for in other funds. Revenues are derived primarily from property and other local taxes, licenses, permits, charges for services, use of money and property, and intergovernmental grants.

- *Special Revenue Funds* – Special Revenue Funds account for the proceeds of specific revenue sources (other than those derived from special assessments, expendable trusts, or dedicated for major capital projects) requiring separate accounting due to legal or regulatory provisions or administrative action. Special Revenue Funds include the following:

    - Public Assistance Fund – This fund accounts for the administration of the County's social services program.

    - Forfeiture Fund – This fund accounts for County revenues and expenditures associated with the Sheriff's Department and Commonwealth's Attorney's Office related to asset and drug forfeitures.

    - Law Library Fund – This fund accounts for the operation and maintenance of the County's law library.

    - Canteen Fund – This fund accounts for the operations and maintenance of the general store of the jail.

    - Inmate Fund – This fund accounts for individual account balances for inmates within the jail.

    - Beale Farm Fund – This fund accounts for property intended for economic development.

- *Capital Projects Funds* – The Capital Projects Fund consists of the Utility Tax Building Fund which accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

- ***Proprietary Funds*** – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The County has one enterprise fund, the Water and Sewer Fund, which accounts for operations that are financed and operated in a manner similar to private business enterprises. The intent of the County is that the cost of providing services to the general public be financed or recovered through user charges.

- ***Fiduciary Funds (Custodial Funds)*** – Fiduciary funds account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. Custodial funds utilize the accrual basis of accounting. Since by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. Custodial Funds consist of the following:

    - Special Welfare Fund – This fund accounts for monies provided primarily through private donors for assistance of children in foster care, needy senior citizens, and others. This fund is also used to account for monies received from other governments and individuals (i.e., social security and child support) to be paid to special welfare recipients.

    - Cypress Escrow Fund – This fund accounts for funds held in escrow for a VDOT Roadway System. There is a twelve month waiting period for acceptance by VDOT.

- Blackwater Regional Library Fund – This fund accounts for the operation and maintenance of the regional library of the County. The County acts as fiscal agent for the Library.

- OPEB Trust Accounts – This fund accounts for monies held for retired employees covered for postretirement health insurance benefits.

- Non-Judicial Tax Escrow Fund – This fund accounts for monies held above and beyond the cost of tax sales where the real estate property sold for more than the attorney fees, auction fees, and outstanding real estate taxes. These funds must be held in a separate account for two years and if not claimed by the previous owner during the two year waiting period may then be transferred into another account.

.***Component Unit (Southampton County School Board)***

The Southampton County School Board has the following funds:

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

School Food Services Fund – This fund accounts for revenues derived from State and Federal grants and food and beverage sales.

School Endowment Fund – This fund consists of money donated by individuals to be used in the future at the schools' discretion.

School Activity Fund – This fund accounts for funds used to support co-curricular and extracurricular student activities.

1-D. Measurement Focus and Basis of Accounting

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 government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of 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 (general government administration, judicial administration, public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property taxes, 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 (general government administration, judicial administration, public safety, public works, health and welfare, etc.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized 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. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

1-E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

1-E-1 Cash and Cash Equivalents

The County operates a cash and investment pool which all funds utilize with the exception of some agency funds and some special purpose projects. The County pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

The County allocates investment earnings of the cash and investment pool to each participating fund on a monthly basis in accordance with that fund's average equity balance in the pool for that month.

1-E-2 Investments

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, State Treasurer's Local Government Investment Pool (LGIP), and the State Non-Arbitrage Program (SNAP).

1-E-3 Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due from/to all funds" (i.e., the current portions of the interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statement as internal balances.

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounts were as follows at June 30:

General Fund - taxes receivable	$ 860,608
Water and Sewer Fund - service revenue receivables	$ 189,062

Real and Personal Property Tax Data

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

	Real Property	Personal Property
Levy	January 1	January 1
Due Date	December 5	December 5

The County bills and collects its own property taxes.

A 10% penalty or $10 minimum is levied on all taxes not collected on or before their due date. An interest charge of 10% per annum is also levied on such taxes beginning on January 1.

1-E-4 Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable as this amount is not available for general appropriation.

1-E-5 Capital Assets

General capital assets are those capital assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The County reports these assets in the governmental activities column of the government-wide Statement of Net Position but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the enterprise funds' Statement of Net Position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. Improvements to capital assets are capitalized; however, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Capital assets of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives:

Asset Description	Estimated Lives
Buildings and improvements	10 - 50 years
Furniture and equipment	3 - 25 years
Infrastructure	25 years
Vehicles	5-10 years

1-E-6 Leases

As lessee, the County recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements and recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County uses its estimated incremental borrowing rate as the discount rate for leases. The County's estimated incremental borrowing rate is based on historical market data and credit spread based on market data points compared to the lease commencement date.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

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

1-E-7 Subscription-Based IT Arrangements

The County has various subscription-based IT arrangements (SBITAs) requiring recognition. 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.

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

Key estimates and judgments related to subscription-based IT arrangements include how the County determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The County uses the interest rate stated in the subscription contract. When the interest rate charged is not provided, the County uses its estimated incremental borrowing rate as the discount rate for subscriptions.

- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

1-E-8 Deferred Outflows/Inflows of Resources

The Statement of Net Position includes a separate section for deferred outflows of resources. This represents the usage of net position applicable to future periods and will be recognized as expenditures in the future period to which it applies. This category includes Deferred Charge on Refunding reported on the Government-wide Statement of Net Position. The deferred charge on refunding is 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 the refunding debt. This category also includes amounts related to pensions for certain actuarially determined differences between projected and actual investment earnings and lease deferrals.

The Statement of Net Position also includes a separate section for deferred inflows of resources. This represents an acquisition of net position applicable to future periods and will be recognized as revenue in the future period to which it applies. Currently, this category includes revenues received in advance, and amounts related to pensions for certain actuarially determined differences between projected and actual experience.

Deferred inflows of resources in the Governmental Funds Balance Sheet include unavailable revenue. Unavailable revenue consists primarily of special assessment, loans and notes receivable. The County considers revenues available if they are collected within 60 days of the end of the fiscal year.

1-E-9 Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the County will compensate the employees for the benefits through paid time off or some other means.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated absence liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level when paid.

The Component Unit School Board accrues compensated absences (annual and sick leave benefits) when vested. The current portion of the compensated absences is recorded in the School Board Governmental Funds as accrued liabilities. The current and noncurrent portions are recorded in the School Board component unit government-wide financial statements.

1-E-10 Pensions

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. The Virginia Retirement System (VRS) Teacher Employee Retirement Plan is a multiple employer, cost-sharing plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Political Subdivision's Retirement Plan and Virginia Retirement System (VRS) Teacher Retirement Plan and the additions

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

1-E-11 Group Life Insurance Program

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

1-E-12 Health Insurance Credit Program

The Political Subdivision Health Insurance Credit Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The Political Subdivision Health Insurance Credit Program 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. For purposes of measuring the net Political Subdivision Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Health Insurance Credit Program OPEB, and the Political Subdivision Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Political Subdivision Health Insurance Credit Program; and the additions to/deductions from the VRS Political Subdivision Health Insurance Credit Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1-E-13 Teacher Employee Health Insurance Credit Program

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit Program is a multiple-employer, cost-sharing plan. The Teacher Employee Health Insurance Credit Program 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. The Teacher Employee Health Insurance Credit Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher Employee Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher Employee Health Insurance Credit Program OPEB, and the

Teacher Employee Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit Program; and the additions to/deductions from the VRS Teacher Employee Health Insurance Credit Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1-E-14 Political Subdivision Employee Virginia Local Disability Program

The Virginia Retirement System (VRS) Political Subdivision Employee Virginia Local Disability Program is a multiple-employer, cost-sharing plan. For purposes of measuring the net Political Subdivision Employee Virginia Local Disability Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Employee Virginia Local Disability Program OPEB, and the Political Subdivision Employee Virginia Local Disability Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Political Subdivision Employee Virginia Local Disability Program; and the additions to/deductions from the VRS Political Subdivision Employee Virginia Local Disability Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1-E-15 Teacher Employee Virginia Local Disability Program

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit Program is a multiple-employer, cost-sharing plan. The Teacher Employee Health Insurance Credit Program 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. The Teacher Employee Health Insurance Credit Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher Employee Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher Employee Health Insurance Credit Program OPEB, and the Teacher Employee Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit Program; and the additions to/deductions from the VRS Teacher Employee Health Insurance Credit Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1-E-16 Other Postemployment Benefit Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County of Southampton, Virginia's OPEB Plan for Retiree's Health Insurance and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. See Notes to the financial statement for more information regarding the Plan.

1-E-17 Fund Equity

Fund equity at the governmental fund financial reporting level is classified as fund balance. Fund equity for all other reporting is classified as net position.

Governmental Fund Balances – Generally, governmental fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which resources can be spent. Fund balances are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – 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 of action to remove or change the constraint.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned – all amounts not classified as nonspendable, restricted, committed, or assigned.

Net Position – Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

Net Position Flow Assumptions – *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.

Fund Balance Flow Assumptions – Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental 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 fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

1-E-18 Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for water and sewer utilities. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All other items that do not directly relate to the principal and usual activity of the fund are recorded as nonoperating revenues and expenses. These items include investment earnings and gains or losses on the disposition of capital assets.

1-E-19 Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds.

1-E-20 Long-Term Obligations

The County reports long-term debt of Governmental Funds at face value in the general long-term debt account group. The face value of the debt is believed to approximate fair value. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group. Long-term debt and other obligations financed by Proprietary Funds are reported as liabilities in the appropriate funds.

1-E-21 Unearned Revenues

This account includes amounts recognized as receivables but not revenues in governmental funds because the revenue recognition criteria have not been met.

1-E-22 Adoption of New GASB Statements

The County adopted the following GASB statements during the year ended June 30, 2025:

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of the 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. The requirements of this Statement are effective for the fiscal year June 30, 2025 for the County.

GASB Statement No. 102, *Certain Risk Disclosures* – The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for the fiscal year June 30, 2025 for the County.

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve 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. This Statement also addresses certain application issues. The requirements of this statement are effective for the fiscal year ending June 30, 2025 for the County.

1-F. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

2 Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

The Board of Supervisors annually adopts budgets for the various funds of the primary government and Component Unit School Board. All appropriations are legally controlled at the department level for the primary Government Funds. The School Board appropriation is determined by the Board of Supervisors and controlled in total by the primary government. Unexpended appropriations lapse at the end of each fiscal year.

Budgetary Data

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

1. In April, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing July 1. The operating budget and capital budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain citizen comments.

3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

4. The Appropriations Resolution places legal restrictions on expenditures at the fund, function, and departmental level. These appropriations for each fund, function, and department can be revised only by the Board of Supervisors.

5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for all major funds and component units.

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

7. Supplemental Appropriations are adopted if necessary during the fiscal year.

Expenditures in Excess of Appropriations

No expenditures exceeded appropriations.

Fund Deficits

No funds had deficits.

3 Deposits and Investments

Deposits

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

Investments

Statues authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, the State Treasurer's Local Government Investment Pool (LGIP), and the State Non-Arbitrage Program (SNAP).

Custodial Credit Risk

This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The County does not have custodial credit risk policies for investments.

Interest Rate Risk

Through its investment policy, the County manages its exposure to fair value losses arising from increasing interest rates by limiting the duration of its investment portfolio. As of June 30, investments held in the portfolio can be liquidated daily.

Credit Risk

Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U. S. government are not considered to have credit risk exposure.

Concentration of Credit Risk

The portfolio will be diversified with no more than 5% of the value of the portfolio invested in the securities of any single issuer. This limitation shall not apply to the U.S. Government, or Agency thereof, or U.S. Government sponsored corporation securities and fully insured and/or collateralized certificates of deposit.

The County's investments consist of the following:

	Fair Value	Investment Maturity (in Years)
Municipal bonds	$ 11,647,190	1-3
Money Market - SNAP	6,880,522	N/A
	$ 18,527,712	

The County's investments by credit rating consist of the following:

Rating (Moody's or S&P)	Fair Value
AA+ or higher	$ 11,647,190
Unrated	6,880,522
	$ 18,527,712

Cash and investments are reflected in the financial statements as follows:

	Governmental Activities	Business-Type Activities	Fiduciary Responsibilities	Component Unit School Board	Total
Cash on hand	$ 1,100	$ -	$ -	$ -	$ 1,100
Demand deposits	19,079,084	1,739,790	3,612,770	7,161,291	31,592,935
Municipal bonds	11,384,349	236,817	-	26,024	11,647,190
OPEB Trust	-	-	5,773,570	-	5,773,570
	30,464,533	1,976,607	9,386,340	7,187,315	49,014,795
Statement of Net Position					
Deposits and Investments					
Cash and cash equivalents	30,464,533	1,976,607	-	7,187,315	39,628,455
Fiduciary fund cash	-	-	9,386,340	-	9,386,340
	$ 30,464,533	$ 1,976,607	$ 9,386,340	$ 7,187,315	$ 49,014,795

4 Receivables

Receivables at June 30, 2025 consist of the following:

	Primary Government						
	Governmental Activities						
	General	Capital Projects Utility Tax Building Fund	Other Nonmajor	Total Governmental Activities	Business-Type Activities	Total Primary Government	Component Unit School Board
Property taxes	$ 3,073,311	$ -	$ -	3,073,311	$ -	$ 3,073,311	$ -
Landfill fees	937,204	-	-	937,204	-	937,204	-
Utility taxes	-	42,395	-	42,395	-	42,395	-
Other miscellaneous	622,709	-	11,793	634,502	26,450	660,952	63,900
Water and sewer	-	-	-	-	347,137	347,137	-
Total	4,633,224	42,395	11,793	4,687,412	373,587	5,060,999	63,900
Allowance for uncollectibles	(860,608)	-	-	(860,608)	(189,062)	(1,049,670)	-
Net Receivables	$ 3,772,616	$ 42,395	$ 11,793	$ 3,826,804	$ 184,525	$ 4,011,329	$ 63,900

5 Interfund Transfers

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

Primary Government	Transfer to	Transfer from
General Fund		
To Public Assistance for operating costs	$ 326,268	$ -
To Enterprise Fund for operating costs and debt service	3,088,632	-
To Utility Tax Building Fund for operating costs and debt service	2,029,548	-
From Inmate Fund for operating costs	-	4,656
Total General Fund	5,444,448	4,656
Public Assistance Fund		
From General Fund for operating costs	-	326,268
Inmate Fund		
To General Fund for operating costs	4,656	-
Enterprise Fund		
From General Fund for operating costs and debt service	-	3,088,632
Utility Tax Building Fund		
From General Fund for operating costs and debt service	-	2,029,548
Total	$ 5,449,104	$ 5,449,104

6 Transfer to Component Unit/Transfer from Primary Government

Details of the primary government transfers to component unit as of June 30, 2025 are as follows:

	Transfer to	Transfer from
General Fund		
To School Fund for local appropriation	$ 11,549,475	$ -
School Fund		
From General Fund for local appropriation	-	11,549,475
To School Food Fund for operating costs	-	-
School Food Fund		
From School Fund for operating costs	-	-
Total	$ 11,549,475	$ 11,549,475

7 Interfund Receivables and Payables

There were no interfund receivables and payables as of June 30, 2025.

8 Due from Other Governmental Units

Details of the County's receivables from other governmental units, as of June 30, 2025, are as follows:

	Governmental Activities					
	General Fund	Public Assistance Fund	Capital Projects Utility Tax Building Fund	Other Governmental Funds	Total	Component Unit School Board
Commonwealth of Virginia						
Local and State sales taxes	$ 212,464	$ -	$ -	$ -	$ 212,464	$ 286,268
Compensation board - salaries	387,694	-	-	-	387,694	-
Comprehensive services funds	150,392	-	-	-	150,392	-
Communication sales tax	57,696	-	-	-	57,696	-
PSAP grants	14,173	-	-	-	14,173	-
Mobile home tax	8,983	-	-	-	8,983	-
Victim witness	16,002	-	-	-	16,002	-
School resource officer	25,655	-	-	-	25,655	13,746
Public assistance funds	-	53,317	-	-	53,317	-
Other	482,521	-	49,282	-	531,803	301,138
Federal Government						
Public assistance funds	-	116,037	-	-	116,037	-
Title I	-	-	-	-	-	289,878
School food program	-	-	-	-	-	280,056
Title VIB flow-through	-	-	-	-	-	176,707
ESSER	-	-	-	-	-	-
Title II Part A	-	-	-	-	-	33,520
Other	130,662	-	-	-	130,662	320,237
Total	$ 1,486,242	$ 169,354	$ 49,282	$ -	$ 1,704,878	$ 1,701,550

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9 Capital Assets

The following is a summary of changes in capital assets:

Governmental Activities

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Capital Assets Not Being Depreciated				
Land and land improvements	$ 3,812,044	$ -	$ 14,730	**$ 3,797,314**
Construction in progress	25,425,326	-	25,425,326	**-**
Total Capital Assets Not Being Depreciated	29,237,370	-	25,440,056	**3,797,314**
Other Capital Assets				
Buildings and improvements	71,391,053	26,253,519	-	**97,644,572**
Furniture, equipment, and vehicles	10,795,391	1,314,721	191,817	**11,918,295**
Total Other Capital Assets	82,186,444	27,568,240	191,817	**109,562,867**
Less: Accumulated depreciation for				
Buildings and improvements	34,795,918	2,969,766	-	**37,765,684**
Furniture, equipment, and vehicles	8,043,234	537,896	140,712	**8,440,418**
Total Accumulated Depreciation	42,839,152	3,507,662	140,712	**46,206,102**
Other Capital Assets, Net	39,347,292	24,060,578	51,105	**63,356,765**
Net Capital Assets	$ 68,584,662	$ 24,060,578	$ 25,491,161	**$ 67,154,079**

Depreciation expense was allocated as follows:

General government administration	$ 786,297
Judicial administration	4,363
Public safety	428,804
Public works	1,478,477
Health and welfare	19,176
Education	545,320
Parks, recreation, and cultural	12,722
Community development	232,503
Total Depreciation Expense	$ 3,507,662

Governmental Activities

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Lease assets				
Land	$ 46,578	$ 18,373	$ 5,969	**$ 58,982**
Vehicles	-	328,395	-	**328,395**
Equipment	162,049	-	34,232	**127,817**
	208,627	346,768	40,201	**515,194**
Less: accumulated amortization for				
Land	16,551	9,012	5,969	**19,594**
Vehicles	-	49,982	-	**49,982**
Equipment	79,406	45,516	34,232	**90,690**
	95,957	104,510	40,201	**160,266**
Lease assets, Net	$ 112,670	$ 242,258	$ -	**$ 354,928**

	Amortization Expense
General government administration	$ 3,607
Judicial administration	7,234
Public safety	49,982
Public works	9,012
Health and welfare	34,205
Community development	470
Total	$ 104,510

Governmental Activities

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
SBITA Assets				
Software arrangements	$ 130,947	$ 16,719	$ 70,141	**$ 77,525**
Less: accumulated amortization for				
Software arrangements	88,503	31,871	70,141	**50,233**
SBITA Assets, Net	$ 42,444	$ (15,152)	$ -	**$ 27,292**

	Amortization Expense
General government and administration	$ 5,521
Health and welfare	26,350
Total	$ 31,871

Business-Type Activities

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Capital Assets Not Being Depreciated				
Land and land improvements	$ 338,162	$ -	$ -	**$ 338,162**
Total Capital Assets Not Being Depreciated	338,162	-	-	**338,162**
Other Capital Assets				
Buildings and improvements	1,053,937	-	-	**1,053,937**
Infrastructure and equipment	54,779,881	528,389	-	**55,308,270**
Vehicles	372,125	176,168	18,527	**529,766**
Total Other Capital Assets	56,205,943	704,557	18,527	**56,891,973**
Less: Accumulated depreciation for				
Buildings and improvements	507,298	27,053	-	**534,351**
Infrastructure and equipment	28,070,575	1,224,624	-	**29,295,199**
Vehicles	311,869	33,201	18,527	**326,543**
Total Accumulated Depreciation	28,889,742	1,284,878	18,527	**30,156,093**
Other Capital Assets, Net	27,316,201	(580,321)	-	**26,735,880**
Net Capital Assets	$ 27,654,363	$ (580,321)	$ -	**$ 27,074,042**

Depreciation expense was allocated as follows:

Water and sewer	$ 1,284,878
Total Depreciation Expense	$ 1,284,878

Business-Type Activities

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Lease assets				
Equipment	$ 60,124	$ -	$ -	**$ 60,124**
Less: accumulated amortization for				
Equipment	20,041	6,681	-	**26,722**
Lease assets, Net	$ 40,083	$ (6,681)	$ -	**$ 33,402**

Component Unit School Board

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Capital Assets Not Being Depreciated				
Land and land improvements	$ 1,362,200	$ -	$ -	**$ 1,362,200**
Buildings and improvements in process	321,242	-	321,242	**-**
Total Capital Assets Not Being Depreciated	1,683,442	-	321,242	**1,362,200**
Other Capital Assets				
Buildings and improvements	2,795,810	541,247	-	**3,337,057**
Furniture, equipment, and vehicles	23,130,233	1,142,877	-	**24,273,110**
Total Other Capital Assets	25,926,043	1,684,124	-	**27,610,167**
Less: Accumulated depreciation for				
Buildings and improvements	2,517,151	92,031	-	**2,609,182**
Furniture, equipment, and vehicles	14,409,408	1,271,079	-	**15,680,487**
Total Accumulated Depreciation	16,926,559	1,363,110	-	**18,289,669**
Other Capital Assets, Net	8,999,484	321,014	-	**9,320,498**
Net Capital Assets	$ 10,682,926	$ 321,014	$ 321,242	**$ 10,682,698**

Depreciation expense was allocated as follows:

Education	$ 1,363,110
Total Depreciation Expense	$ 1,363,110

School Board Component Unit

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Lease assets				
Equipment	$ 365,171	$ -	$ -	**$ 365,171**
Less: accumulated amortization for				
Equipment	131,691	73,180	-	**204,871**
Lease assets, Net	$ 233,480	$ (73,180)	$ -	**$ 160,300**

School Board Component Unit

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
SBITA Assets				
Software arrangements	$ 143,692	$ -	$ -	**$ 143,692**
Less: accumulated amortization for				
Software arrangements	72,701	70,820	-	**143,521**
SBITA Assets, Net	$ 70,991	$ (70,820)	$ -	**$ 171**

	Amortization Expense
Education	$ 70,820
Total	$ 70,820

10 Compensated Absences

Each County employee earns vacation at the rate of a minimum of 1 day per month up to 1 ¾ days per month based on years of service. Sick leave is earned at the rate of 1 ¼ days per month. Sick leave is paid based on 25% of unused sick leave up to a maximum of $5,000. Accumulated vacation up to thirty days is paid upon termination. The County has outstanding compensated absences totaling $537,067 for the governmental activities, $124,122 for the business-type activities, and $239,103 for the Component Unit School Board.

11 Long-Term Debt

PRIMARY GOVERNMENT

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

Year(s) Ended June 30,	Governmental Activities		Business-Type Activities		Component Unit School Board	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 3,135,824	$ 1,635,141	$ 1,375,033	$ 877,753	$ 189,175	$ 3,297
2027	3,316,512	1,489,755	1,432,290	809,073	160,119	1,189
2028	3,544,408	1,334,875	1,498,492	737,171	98,180	9,569
2029	3,013,591	1,190,970	1,439,742	665,017	102,853	4,896
2030	3,051,080	1,052,364	1,522,037	592,350	-	-
2031-2035	10,767,000	3,629,598	8,241,584	1,948,377	-	-
2036-2040	9,825,000	1,838,976	7,500,713	511,426	-	-
2041-2045	6,175,000	595,992	20,958	1,330	-	-
2046-2048	2,820,000	85,400	-	-	-	-
Compensated absences	537,067	-	124,122	-	239,103	-
Total	46,185,482	12,853,071	23,154,971	6,142,497	789,430	18,951
Add						
Unamortized premium	4,243,980	-	1,691,237	-	-	-
	$ 50,429,462	$ 12,853,071	$ 24,846,208	$ 6,142,497	$ 789,430	$ 18,951

Changes in Long-Term Debt

The following is a summary of changes in long-term obligations of the County:

	Balance July 1, 2024	Increase	Decrease	Balance June 30, 2025	Due Within One Year
Primary Government					
Governmental Activities					
General Fund					
Lease Revenue Bonds, Series 2022 issued June 2022 with final maturity of June 2042; semi-annual payments are due December and June. Interest varies from 5 percent to 4 percent. (Courthouse overage)	$ 7,300,000	$ -	$ -	**$ 7,300,000**	$ 40,000
Rolloff trash truck lease with US Bancorp due May 2025; payable in annual installments of $34,327 with a rate of 2.222 percent.	33,764	-	33,764	**-**	-
Moral Obligation Bond, Series 2015, for jail farm kitchen, due August 2025; payable in annual installments of $23,500 with a rate of 3.35 percent.	17,500	-	11,567	**5,933**	5,933
Lease Revenue and Refunding Bonds, Series 2021 issued March 2021 with final maturity of December 2047; semi-annual payments are due December and June. Interest varies from 5 percent to 2 percent.	21,435,000	-	1,265,000	**20,170,000**	1,325,000
Lease Revenue Bonds, Series 2022 issued June 2022 with final maturity of June 2042; semi-annual payments are due December and June. Interest varies from 5 percent to 4 percent. (Radio Systems)	3,825,000	-	55,000	**3,770,000**	130,000
Lease Revenue Bonds, Series 2022 issued June 2022 with final maturity of June 2042; semi-annual payments are due December and June. Interest varies from 5 percent to 4 percent. (Library Boiler)	340,000	-	35,000	**305,000**	35,000
Lease Revenue Bonds, Series 2022 issued June 2022 with final maturity of June 2042; semi-annual payments are due December and June. Interest varies from 5 percent to 4 percent. (Sheriff Vehicles)	240,000	-	115,000	**125,000**	125,000
Lease Revenue Bonds, Series 2022 issued June 2022 with final maturity of June 2042; semi-annual payments are due December and June. Interest varies from 5 percent to 4 percent. (Vehicles - Administration and Victim Witness)	30,000	-	15,000	**15,000**	15,000
Revenue Bonds, Series 2023 issued May 2023 with a final maturity of June 2033; semi-annual payments are due December and June with a interest rate of 4.20 percent. (Beale Farm)	1,390,000	-	130,000	**1,260,000**	136,000
Lease Purchase issued April 2025 with final maturity of June 2030; annual payments are due December. Interest is stated at a rate of 4.089 percent. (Funds split between funds)	-	389,512	70,904	**318,608**	59,123
Lease Revenue Bonds, Series 2024 issued August 2024 with final maturity of December 2039; annual payments are due December. Interest is stated at a rate of 4.59 percent	-	2,500,000	-	**2,500,000**	120,000
School Fund - School Bonds and School Related					
Literary Loan with the Virginia Department of Treasury, issued December 15, 2009, with interest payable annually at 2.00 percent. Principal is due annually for 20 years.	2,250,000	-	375,000	**1,875,000**	375,000
Lease Revenue Bonds, Series 2022 issued June 2022 with final maturity of June 2042; semi-annual payments are due December and June. Interest varies from 5 percent to 4 percent. (School buses)	425,000	-	75,000	**350,000**	80,000

	Balance July 1, 2024	Increase	Decrease	Balance June 30, 2025	Due Within One Year
School Bus Loan with Blue Ridge Bank dated October 2017. Payments of $31,810 are due semi-annually, April and October. Loan matures October 2024. Interest is stated at a rate of 2.06 percent.	31,266	-	31,266	-	-
General Obligation Bonds (Virginia Public School Authority, 2021 Spring Pool) due in various installments ranging from $135,000 to $280,000 and rates from 2.05 percent to 5.05 percent. Interest due semiannually, July 15 and January 15.	3,990,000	-	150,000	3,840,000	160,000
Lease Revenue and Refunding Bonds, Series 2021 issued March 2021 with final maturity of December 2047; semi-annual payments are due December and June. Interest varies from 5 percent to 2 percent.	3,670,000	-	395,000	3,275,000	430,000
Lease Purchase issued April 2025 with final maturity of June 2030; annual payments are due December. Interest is stated at a rate of 4.089 percent. (Funds split between funds)	-	658,525	119,651	538,874	99,768
Compensated Absences - General Fund	396,881	14,836	-	411,717	41,172
Compensated Absences - Social Services Fund	191,042	-	65,692	125,350	12,535
Subtotal	45,565,453	3,562,873	2,942,844	46,185,482	3,189,531
Add: Unamortized Premium on Series 2021 Bonds	3,239,181	-	154,247	3,084,934	154,247
Add: Unamortized Premium on Series 2021 Spring Pool	541,458	-	30,081	511,377	30,081
Add: Unamortized Premium on Series 2022 Bonds	685,767	-	38,098	647,669	38,098
Total Long-Term Indebtedness-Governmental Activities	50,031,859	3,562,873	3,165,270	50,429,462	3,411,957
Business-Type Activities					
VRA Virginia Pooled Financing Program, Series 2018B Infrastructure Revenue Serial Bond issued August 2018 due October 2038; payable semi-annually beginning October 2018 in varying installments with rates of 3.496 to 5.12 percent.	16,235,000	-	777,000	15,458,000	819,000
VRA Virginia Pooled Financing Program, Series 2018B Moral Obligation Serial Bond issued August 2018 due October 2038; payable semi-annually beginning October 2018 in varying installments with rates of 3.496 to 5.12 percent.	6,925,000	-	333,000	6,592,000	351,000
Virginia Resources Authority, Wastewater Revolving Loan Fund issued March 2012 for $880,502 at 0.00 percent interest. Payable over 20 years.	441,469	-	52,196	389,273	52,196
Moral Obligation Bond, Series 2015, for water tank project, due August 2025; payable in annual installments of $34,400 with a rate of 3.35 percent.	26,248	-	17,350	8,898	8,898
Revenue Bond, Series 2016, for Drewryville Resiliency Improvements, due February 2045; payable in semi-annual installments of $2,478 with a rate of 2.50 percent.	79,116	-	2,997	76,119	3,073

	Balance July 1, 2024	Increase	Decrease	Balance June 30, 2025	Due Within One Year
Lease Revenue and Refunding Bonds, Series 2021 issued March 2021 with final maturity of December 2028; semi-annual payments are due December and June. Interest varies from 5 percent to 2 percent.	465,000	-	105,000	**360,000**	115,000
Lease Purchase issued April 2025 with final maturity of June 2030; annual payments are due December. Interest is stated at a rate of 4.089 percent. (Funds split between funds)	-	177,580	31,021	**146,559**	25,866
Compensated Absences - Water and Sewer Fund	119,242	4,880	-	**124,122**	12,412
Subtotal	24,291,075	182,460	1,318,564	**23,154,971**	1,387,445
Add: Unamortized Premium on Series 2018 Bonds	1,757,483	-	117,166	**1,640,317**	117,166
Add: Unamortized Premium on Series 2021 Bonds	67,894	-	16,974	**50,920**	16,974
Total Business-Type Activities	26,116,452	182,460	1,452,704	**24,846,208**	1,521,585
Total Primary Government	$ 76,148,311	$ 3,745,333	$ 4,617,974	**$ 75,275,670**	$ 4,933,542
Component Unit School Board					
School bus financed purchase of five buses, with Signature Public Funding Corp.; due September 2025; payable in semi-annual installments of $35,421 with a rate of 3.18 percent.	$ 102,973	$ -	$ 68,106	**$ 34,867**	$ 34,867
School bus financed purchase of five buses, with US Bancorp; due May 2027; payable in semi-annual installments of $33,795 with a rate of 2.382 percent.	194,577	-	63,329	**131,248**	64,847
School bus financed purchase of five buses, with HomeTrust Bank; due June 2029; payable in annual installments of $107,749 with a rate of 4.76 percent.	469,608	-	85,396	**384,212**	89,461
Compensated Absences - School Board	258,471	-	19,368	**239,103**	23,910
Total Component Unit School Board	$ 1,025,629	$ -	$ 236,199	**$ 789,430**	$ 213,085

12 Leases

County as Lessee

Lease agreements resulting in lease liabilities for the County are summarized as follows:

Description	Lessor	Asset Type	Original Lease Date	Original Payment Terms	Payment Amount	Interest Rate	Balance June 30, 2025
Southampton County Social Services	Pitney Bowes	Postage Machine	3/25/2021	60	$819.18/qtr.	3.00%	$ 3,216
Adams Grove Marie Sykes Transfer Station	Marie Sykes	Land	9/2/2022	60	$1,976.20/annual	3.00%	3,779
Courtland J. H. Lee III Transfer Station	J. H. Lee and Sons, Inc.	Land	6/25/2007	132	$1,996.12/annual	3.00%	12,417
Capron Francis Bros Farms, LLC Transfer Station	Francis Bros Farms, LLC	Land	3/16/2023	60	$2,298.78/annual	3.00%	4,396
Monroe George T. Drake Jr. Transfer Station	George Thomas & Mary Drake	Land	12/15/2006	140	$1,939.66/annual	3.00%	18,373
Administration Postage Machine	Pitney Bowes	Postage Machine	3/26/2021	48	$953.34/qtr.	3.00%	-
Clerk of Court Postage Machine	Pitney Bowes	Postage Machine	7/1/2020	48	$718.74/qtr.	3.00%	-
Circuit Court Clerk's Office	De Lage Landen Financial Services	Copy Machine	11/19/2020	52	$274.94/month	3.00%	1,093
Judiciary Courts of the Commonwealth of VA	De Lage Landen Financial Services	Copy Machine	11/21/2022	48	$125.50/month	3.00%	1,966
Community Development Planning and Zoning	Cobb Technologies, Inc.	Copy Machine	8/21/2020	38	$245.88/month	3.00%	-
Southampton County Social Services	TimeClock Plu Services	Equipment	7/1/2023	36	$2,710.87/month	3.00%	32,008
Public Safety Dodge Durango	Enterprise Fleet Management	Vehicle	10/24/2024	60	$1,089.64/month	3.00%	52,128
Public Safety Nissan Pathfinder	Enterprise Fleet Management	Vehicle	10/24/2024	60	$745.35/month	3.00%	35,648
Public Safety Dodge Durango	Enterprise Fleet Management	Vehicle	10/24/2024	60	$1,058.09/month	3.00%	50,605
Public Safety Chevrolet Traverse	Enterprise Fleet Management	Vehicle	10/24/2024	60	$788.04/month	3.00%	37,689
Public Safety Dodge Durango	Enterprise Fleet Management	Vehicle	10/24/2024	60	$1,132.50/month	3.00%	54,164
Public Safety Dodge Durango	Enterprise Fleet Management	Vehicle	10/24/2024	60	$1,086.91/month	3.00%	51,983
							$ 359,465

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025	Due Within One Year
Lease Liabilities	$ 111,743	$ 346,768	$ 99,046	**$ 359,465**	$ 125,010

Remaining principal and interest payments on leases are as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 125,010	$ 9,204	$ 134,214
2027	71,446	6,137	77,583
2028	68,830	3,976	72,806
2029	70,923	1,883	72,806
2030	19,439	260	19,699
2031-2034	3,817	175	3,992
Totals	$ 359,465	$ 21,635	$ 381,100

Lease Expense	Year Ending June 30, 2025
Amortization expense by class of underlying asset	
Land	$ 9,012
Vehicles	49,982
Equipment	45,516
Total amortization expense	104,510
Interest on lease liabilities	9,450
Total	$ 113,960

Business-Type Activities

Description	Lessor	Asset Type	Original Lease Date	Original Payment Terms	Payment Amount	Interest Rate	Balance June 30, 2025
Caterpillar Generator	Tidewater Energy Services, LLC	Equipment	7/1/2015	180	$634.34/month	3.00%	$ 35,302

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025	Due Within One Year
Lease Liabilities	$ 41,750	$ -	$ 6,448	$ 35,302	$ 6,644

Remaining principal and interest payments on leases are as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 6,644	$ 968	$ 7,612
2027	6,846	766	7,612
2028	7,054	558	7,612
2029	7,269	343	7,612
2030	7,490	122	7,612
Totals	$ 35,303	$ 2,757	$ 38,060

Lease Expense	Year Ending June 30, 2025
Amortization expense by class of underlying asset	
Equipment	$ 6,681
Total amortization expense	6,681
Interest on lease liabilities	1,148
Total	$ 7,829

Lease agreements resulting in lease liabilities for the School Board are summarized as follows:

Component Unit School Board

Description	Original Lease Date	Original Payment Terms	Payment Amount	Interest Rate	Balance June 30, 2025
Canon Copier	10/1/2022	60 months	$6,298/month	3.00%	$ 164,241
Pitney Bowes NASPO	3/30/2021	60 months	$776/qtr.	3.00%	2,292
					$ 166,533

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025	Due Within One Year
Lease Liabilities	$ 239,026	$ -	$ 72,493	$ 166,533	$ 73,924

Remaining principal and interest payments on leases are as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 73,924	$ 3,982	$ 77,906
2027	73,809	1,769	75,578
2028	18,800	94	18,894
Total	$ 166,533	$ 5,845	$ 172,378

Lease Expense	Year Ending June 30, 2025
Amortization expense by class of underlying asset	
Equipment	$ 73,180
Interest on lease liabilities	5,991
Total	$ 79,171

13 Subscription-Based Information Technology Arrangements

Subscription-Based Information Technology Arrangements (SBITA) liabilities for the County are summarized as follows:

Governmental Activities

Description	Date	Payment Terms	Next Payment Amount	Interest Rate	Balance June 30, 2025
Thomas Brothers Software	6/30/2023	3 years	$1,250/monthly	3.00%	$ 14,759
					$ 14,759

Future subscription payments under SBITA agreements are as follows:

Fiscal Year	Subscriptions Principal	Subscriptions Interest	Total
2026	$ 14,759	$ 241	$ 15,000
	$ 14,759	$ 241	$ 15,000

Amortization expense by class of underlying asset is as follows:

	Year Ending June 30, 2025
Amortization expense by class of underlying asset	
Software	$ 31,871
Interest on subscription liabilities	836
	$ 32,707

Summary of changes in SBITA agreements is as follows:

	Balance July 1, 2024	Increase	Decrease	Balance June 30, 2025	Due Within One Year
Subscriptions	$ 37,767	$ 407	$ 23,415	**$ 14,759**	$ 14,759

Subscription-Based Information Technology Arrangements (SBITA) liabilities for the Component Unit School Board are summarized as follows:

Component Unit School Board

Description	Date	Payment Terms	Next Payment Amount	Interest Rate	Balance June 30, 2025
Faronics Technologies USA Inc.	8/1/2022	1 payment	$0	3.00%	$ -
Edmentum	7/15/2023	1 payment	$0	3.00%	-
					$ -

Future subscription payments under SBITA agreements are as follows:

Fiscal Year	Subscriptions Principal	Subscriptions Interest	Total
2026	$ -	$ -	$ -

Amortization expense by class of underlying asset is as follows:

	Year Ending June 30, 2025
Software	$ 70,820
Total	$ 70,820

Summary of changes in SBITA agreements is as follows:

	Balance July 1, 2024	Increase	Decrease	Balance June 30, 2025	Due Within One Year
Subscriptions	$ -	$ -	$ -	$ -	$ -

14 Net Investment in Capital Assets

The "net investment in capital assets" amount reported on the government-wide Statement of Net Position as of June 30, 2025 is determined as follows:

	Governmental Activities	Business-Type Activities	Component Unit School Board
Net Investment in Capital Assets			
Cost of capital assets	$ 113,952,900	$ 57,290,259	$ 29,481,230
Less: Accumulated depreciation	(46,416,601)	(30,182,815)	(18,638,061)
Net book value	67,536,299	27,107,444	10,843,169
Less: Capital related debt	(45,298,415)	(23,030,849)	(550,327)
Less: Lease liabilities	-	(35,302)	(166,533)
Less: Subscription liabilities	(14,759)	-	-
Less: Unamortized premium	(4,243,980)	(1,691,237)	-
Add: SNAP restricted cash for capital projects	6,880,522	-	-
Net Investment in Capital Assets	$ 24,859,667	$ 2,350,056	$ 10,126,309

15 Deferred Inflows of Resources

Deferred inflows of resources are comprised of the following:

	Primary Government - General Fund
Delinquent taxes not collected within 60 days	$ 1,843,475
Prepaid property taxes - property taxes paid in advance	130,674
Prepaid landfill fees - landfill fees paid in advance	6,800
Delinquent landfill fees not collected within 60 days	937,204
Opioid settlement	218,633
Totals	$ 3,136,786

16 Risk Management

The County and School Board are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Both participate in VRSA (Virginia Risk Sharing Association).

Surety bond coverage is as follows:

The following constitutional officers are insured through the Commonwealth of Virginia Faithful Performance of Duty Bond Plan in effect at June 30, 2025:

Division of Risk Management/AON

Richard L. Francis, Clerk of Circuit Court	$500,000
Cynthia Edwards, Treasurer	400,000
Amy B. Carr, Commissioner of Revenue	3,000
J. A. Wyche, Sr., Sheriff	30,000

The following are insured/bonded through policies purchased by the School Board and County, respectively:

VRSA - Crime/Bond/Faithful Performance of Duties Coverage

Dr. Gwendolyn Shannon, Superintendent of Schools and Clerk of School Board ($250,000 each position)	$250,000
Brian S. Thrower, County Administrator	250,000
Dr. Alan W. Edwards, Chairman	250,000
William H. Gillette, Vice Chairman	250,000
Carl J. Faison, Supervisor	250,000
Christopher D. Cornwell, Sr., Supervisor	250,000
Lynda T. Updike, Supervisor	250,000
Robert White, Supervisor	250,000

17 Commitments and Contingencies

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

18 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 decisions or pending matters not be favorable to such entities.

19 Legal Compliance

The Virginia Public Finance Act contains state law for issuance of long-term and short-term debt. The Act states, in part, that no municipality may issue bonds or other interest-bearing obligations, including existing indebtedness, which will at any time exceed 10% of the assessed valuation on real estate as shown by the last preceding assessment for taxes. Short-term revenue anticipation bonds/notes, general obligation bonds approved in a referendum, revenue bonds, and contract obligations for publically owned or regional projects should not be included in the debt limitation.

Computation of Legal Debt Margin

Total Assessed Value of Taxed Real Estate	$ 2,895,008,834
Debt Limits per Constitution of Virginia - 10% Assessed Value	$ 289,500,883
Amount of Debt Applicable to Debt Limit	
Gross Debt	63,375,823
Legal Debt Margin - June 30, 2025	$ 226,125,060

Note: Includes all long-term general obligation bonded debt and literary fund loans. Excluded capital leases and compensated absences.

20 Appropriation to School from General Fund

Following is a summary of adjustments made to the local school appropriation when converting from fund financial statements to government-wide financial statements:

Appropriation from General Fund	$ 11,549,475
Appropriation from Utility Tax Fund	1,088,117
Total Appropriation per Fund Financial Statements	12,637,592
Net fixed asset and depreciation adjustment on the school buildings still owned by the County until the debt is paid off	545,320
Adjustment for long-term debt paid by School on buildings owned by the County until the debt is paid off	(2,201,956)
Appropriation to School Fund per Government-Wide Financial Statements	$ 10,980,956

21 Tax Abatements

The County negotiates property tax abatement agreements on an individual basis. The County has tax abatements with three entities as of June 30, 2025.

Business Name	Purpose	Percentage of Taxes Abated During the Fiscal Year	Amount of Taxes Abated During the Fiscal Year
Hampton Farms	Machinery and tools tax	50%	$ 26,510
Belmont Peanuts	Utility (local tax)	20%	261
	Machinery and tools tax	50%	2,316
Enviva	Machinery and tools tax	50%	849,960

22 Pension Plan

Plan Description

All full-time, salaried permanent (professional) employees of the Political Subdivision are automatically covered by VRS Retirement Plan upon employment. In addition, all full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment.

This plan is 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 are paying 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.

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. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

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RETIREMENT PLAN PROVISIONS

PLAN 1

About Plan 1

Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.

Eligible Members

Members are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.

Hybrid Opt-In Election

VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.

PLAN 2

About Plan 2

Same as Plan 1.

Eligible Members

Members are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. *Teachers:* Members are in Plan 2 if their membership date is from July 1, 2010, to December 31, 2013, and they have not taken a refund. Members are covered under Plan 2 if they have a membership date prior to July 1, 2010, and they were not vested before January 1, 2013.

Hybrid Opt-In Election

Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.

HYBRID RETIREMENT PLAN

About the Hybrid Retirement Plan

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.

- The defined benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.
- The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
- In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

Eligible Members

Members are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- Political subdivision employees*
- School division employees
- Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 - April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

*Non-Eligible Members

Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Retirement Contributions	***Retirement Contributions***	***Retirement Contributions***
Members contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	Same as Plan 1.	A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Service Credit	***Service Credit***	***Service Credit***
Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	Same as Plan 1.	**Defined Benefit Component:** Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. **Defined Contributions Component:** Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.
Vesting	***Vesting***	***Vesting***
Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	Same as Plan 1.	**Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. **Defined Contributions Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make.

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. •After two years, a member is 50% vested and may withdraw 50% of employer contributions. •After three years, a member is 75% vested and may withdraw 75% of employer contributions. •After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distributions not required, except as governed by law until age 73.
Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	***Calculating the Benefit*** See definition under Plan 1.	***Calculating the Benefit*** **Defined Benefit Component:** See definition under Plan 1. **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	***Average Final Compensation*** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	***Average Final Compensation*** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier **VRS:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.	***Service Retirement Multiplier*** **VRS:** Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased, or granted on or after January 1, 2013.	***Service Retirement Multiplier*** **Defined Benefit Component:** **VRS:** The retirement multiplier for the defined benefit component 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.
Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.	**Sheriffs and regional jail superintendents:** Same as Plan 1.	**Sheriffs and regional jail superintendents:** Not applicable.
Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	**Political subdivision hazardous duty employees:** Same as Plan 1.	**Political subdivision hazardous duty employees:** Not applicable. **Defined Contribution Component** Not applicable.

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Normal Retirement Age	***Normal Retirement Age***	***Normal Retirement Age***
VRS: Age 65. **Political subdivisions hazardous duty employees:** Age 60.	**VRS:** Normal Social Security retirement age. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Defined Benefit Component:** **VRS:** Same as Plan 2. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility	***Earliest Unreduced Retirement Eligibility***	***Earliest Unreduced Retirement Eligibility***
VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit. **Political subdivisions hazardous duty employees:** Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.	**VRS:** Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equal 90. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Defined Benefit Component:** **VRS:** Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility	***Earliest Reduced Retirement Eligibility***	***Earliest Reduced Retirement Eligibility***
VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit. **Political subdivisions hazardous duty employees:** Age 50 with at least five years of service credit.	**VRS:** Age 60 with at least five years (60 months) of service credit. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Defined Benefit Component:** **VRS:** Age 60 with at least five years (60 months) of service credit. **Political subdivisions hazardous duty employees:** Not applicable **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement	***Cost-of-Living Adjustment (COLA) in Retirement***	***Cost-of-Living Adjustment (COLA) in Retirement***
The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. *Eligibility:* For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. *Eligibility:* *Same as Plan 1*	**Defined Benefit Component:** Same as Plan 2 **Defined Contribution Component:** Not applicable *Eligibility:* *Same as Plan 1*

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: •The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. •The member retires on disability. •The member retires directly from short-term or long-term disability. •The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. •The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.	*Exceptions to COLA Effective Dates:* Same as Plan 1	*Exceptions to COLA Effective Dates:* Same as Plan 1
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted.	***Disability Coverage*** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased, or granted.	***Disability Coverage*** Employees of political subdivisions and school divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts towards vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	***Purchase of Prior Service*** Same as Plan 1	***Purchase of Prior Service*** **Defined Benefit Component:** Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. **Defined Contribution Component:** Not applicable

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:

	Number
Inactive members or their beneficiaries currently receiving benefits	166
Inactive members:	
Vested	37
Non-vested	62
LTD	0
Inactive members active elsewhere in VRS	80
Active members	170
Total covered employees	515
School Board	
Inactive members or their beneficiaries currently receiving benefits	41
Inactive members:	
Vested inactive members	8
Non-vested inactive members	36
LTD	1
Inactive members active elsewhere in VRS	12
Active members	46
Total covered employees	144

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 and school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

If the employer used the certified rate: The County of Southampton, Virginia's contractually required contribution rate for the year ended June 30, 2025 was 8.99% 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 employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County of Southampton, Virginia were $878,354 and $1,050,444 for the years ended June 30, 2025 and June 30, 2024, respectively.

County of Southampton, Virginia's school board – general employees' contribution rate was 0%. Contributions to the pension plan were $-0- and $-0- for the years ended June 30, 2025 and June 30, 2024, respectively.

Each school division's contractually required contribution rate for the year ended June 30, 2025 was 14.21% 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, 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. Contribution to the pension plan from the County of Southampton, Virginia's school division were $2,034,432 and $2,258,111 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 $34,094 for the primary government – county, $4,272 for the component unit school board – general employees, $68,247 for the county's school division – teachers 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 $30,275 for the primary government – county, $2,202 for the component unit school board – general employees, $44,119 for the county's school division – teachers for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled $3,409,405 for the primary government – county, $427,200 for the component unit school board – general employees, $6,824,700 for the county's school division – teachers 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. For County of Southampton, Virginia, the net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023 rolled forward to the measurement date of June 30, 2024.

Net Pension Liability – Teacher Employee Retirement Plan

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

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

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

Actuarial Assumptions – General Employees and School Division –Teacher

The total pension liability for General Employees in the Political Subdivision's Retirement Plan and 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.

	General Employees	Teacher
Inflation	2.50%	2.50%
Salary increases, including inflation	3.50% - 5.35%	3.50% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation	6.75%, net of pension plan investment expenses, including inflation

Political Subdivisions

Mortality rates:

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

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

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

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

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

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

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

School Division – Teacher

Mortality rates:

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

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

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

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

Mortality Improvement:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the 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 PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	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 Political Subdivision Retirement Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

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

Mortality rates:

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 PUB2010 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

Long-Term Expected Rate of Return

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

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

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

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

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 member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2024, the employer contribution rate is 100% of the actuarially determined employer contribution rate from the June 30, 2023, actuarial valuations. Through the fiscal year ending June 30, 2024, the rate contributed by the school division for the VRS Teacher Retirement Plan will be 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

Political Subdivision

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2023	$ 47,772,896	$ 46,508,021	$ 1,264,875
Changes for the Year			
Service cost	1,238,531	-	1,238,531
Interest	3,232,572	-	3,232,572
Benefit changes	-	-	-
Assumption changes	-	-	-
Differences between expected	-	-	
and actual experience	1,392,074	-	1,392,074
Contributions - employer	-	1,104,943	(1,104,943)
Contributions - employee	-	440,863	(440,863)
Net investment income	-	4,496,802	(4,496,802)
Benefit payments, including refunds of employee contributions	(2,654,423)	(2,654,423)	-
Administrative expenses	-	(29,945)	29,945
Other changes	-	929	(929)
Net Changes	3,208,754	3,359,169	(150,415)
Balances at June 30, 2024	$ 50,981,650	$ 49,867,190	$ 1,114,460

School Board

Balances at June 30, 2023	$ 4,627,619	$ 6,161,418	$ (1,533,799)
Changes for the Year			
Service cost	88,669	-	88,669
Interest	310,302	-	310,302
Benefit changes	-	-	-
Assumption changes	-	-	-
Differences between expected and actual experience	32,878	-	32,878
Contributions - employer	-	-	-
Contributions - employee	-	47,481	(47,481)
Net investment income	-	592,163	(592,163)
Benefit payments, including refunds of employee contributions	(238,443)	(238,443)	-
Administrative expenses	-	(4,058)	4,058
Other changes	-	(468)	468
Net Changes	193,406	396,675	(203,269)
Balances at June 30, 2024	$ 4,821,025	$ 6,558,093	$ (1,737,068)

Sensitivity of the County of Southampton, Virginia Political Subdivision's and School Division's - Teacher Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County of Southampton, Virginia political subdivision's and school division's proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the County of Southampton, Virginia's political subdivision's and 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:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Political Subdivision			
Net Pension Liability	$ 7,142,148	$ 1,114,460	$ (3,871,168)
School Board			
Net Pension Liability/(Asset)	(1,259,464)	(1,737,068)	(2,144,503)
School Division's Proportionate			
Share of the VRS Teacher Employee Retirement Plan Net Pension Liability	23,347,446	12,567,228	3,738,572

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

For the year ended June 30, 2025, the County of Southampton, Virginia recognized pension expense of $97,856.

For the year ended June 30, 2025, the County of Southampton, Virginia's school board – general employees recognized pension expense of $(266,174).

At June 30, 2025, the County of Southampton, Virginia's school division reported a liability of $12,567,228 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 County of Southampton, Virginia school division's proportion of the Net Pension Liability was based on the County of Southampton, Virginia 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 County of Southampton, Virginia school division's proportion was 0.13% as compared to 0.15% at June 30, 2023.

For the year ended June 30, 2025, the County of Southampton, Virginia's school division recognized pension expense of $570,545. 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 County of Southampton, Virginia's political subdivision and school board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Political Subdivision		School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 876,491	$ 104,694	$ 15,754	$ -
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,303,759	-	177,480
Employer contributions subsequent to the measurement date	878,354	-	-	-
Total	$ 1,754,845	$ 1,408,453	$ 15,754	$ 177,480

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

	Teacher	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,180,237	$ 258,768
Change in assumptions	228,112	-
Net difference between projected and actual earnings on pension plan investments	-	1,729,887
Changes in proportion and differences between employer contributions and proportionate share of contributions	88,626	1,582,949
Employer contributions subsequent to the measurement date	2,034,432	-
Total	$ 4,531,407	$ 3,571,604

$878,354, $-0-, and $2,034,432 reported as deferred outflows of resources related to pensions resulting from the County of Southampton, Virginia's political subdivision, school board general employees, and school board teacher 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:

Year Ended June 30,	Political Subdivision	School Board	Teacher
2026	$ (730,189)	$ (141,610)	$ (1,377,307)
2027	727,590	49,791	712,893
2028	(252,960)	(33,334)	(54,616)
2029	(276,403)	(36,573)	(355,599)
2030	-	-	-
Thereafter	-	-	-

Pension Plan Fiduciary Net Position

Detailed information about the Virginia Retirement System'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 varetire.org/media/shared/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.

Payables to the Pension Plan

The County of Southampton, Virginia's political subdivision, school division – general employees, and school division – teacher recognize $150,619, $1,308, and $267,123, respectively of payables to a defined benefit pension plan outstanding at the end of the reporting period. This amount represents the June 2025 legally required contributions to the pension plan due by July 10 per VRS reporting requirements.

Aggregate Pension Information

	Primary Government					Component Unit School Board				
	Deferred Outflows	Deferred Inflows	Net Pension Liability	Net Pension (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability	Net Pension (Asset)	Pension Expense
VRS Pension Plans										
Primary Government	$ 1,754,845	$ 1,408,453	$ 1,114,460	$ -	$ 97,856	$ -	$ -	$ -	$ -	$ -
School Board - General Employees	-	-	-	-	-	15,754	177,480	-	(1,737,068)	(266,174)
School Board - Teachers	-	-	-	-	-	4,531,407	3,571,604	12,567,228	-	570,545
Totals	$ 1,754,845	$ 1,408,453	$ 1,114,460	$ -	$ 97,856	$ 4,547,161	$ 3,749,084	$ 12,567,228	$ (1,737,068)	$ 304,371

23 Other Post-Employment Benefits - Group Life Insurance Program

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is 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 Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
Eligible Employees The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City Schools Board Basic group life insurance 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 benefits payable under the Group Life Insurance Program have several components. • *Natural Death Benefit:* The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • *Accidental Death Benefit:* The accidental death benefit is double the natural death benefit. • *Other Benefit Provisions*: In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: Accidental dismemberment benefit Safety belt benefit Repatriation benefit Felonious assault benefit Accelerated death benefit option
Reduction in Benefit Amounts The benefit amounts provided to members covered under the Group Life Insurance Program 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.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit 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 Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% X 60%) and the employer component was 0.47% (1.18% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the Group Life Insurance Program from the entity were $45,951 and $49,799 for the years ended June 30, 2025 and June 30, 2024, respectively.

For the school board – general employees, contributions to the Group Life Insurance Program were $3,207 and $5,946 for the years ended June 30, 2025 and June 30, 2024, respectively.

For the school board – teacher, contributions to the Group Life Insurance Program were $67,537 and $77,339 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 Group Life Insurance Program OPEB

At June 30, 2025, the participating employer reported a liability of $405,526 for the political subdivision, $47,873 for the school board – general employees, and $622,461 for the school board – teacher 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 Group Life Insurance 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 .03950% for the political subdivision, .00429% for the school board – general employees, and .05578% for the school board – teacher as compared to .03994 % for the political subdivision, .00431% for the school board – general employees, and .06311% for the school board – teacher at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expenses of $5,112 for the political subdivision, $-0- for the school board – general employees, and $(14,853) for school board – teacher. 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Political Subdivision		
Differences between expected and actual experience	$ 63,961	$ 9,906
Net difference between projected and actual earnings on GLI OPEB program investments	-	34,182
Change in assumptions	2,312	20,097
Changes in proportionate share	8,943	23,810
Employer contributions subsequent to the measurement date	45,951	-
Total	$ 121,167	$ 87,995

	Deferred Outflows of Resources	Deferred Inflows of Resources
School Board		
Differences between expected and actual experience	$ 7,551	$ 1,169
Net difference between projected and actual earnings on GLI OPEB program investments	-	4,035
Change in assumptions	273	2,372
Changes in proportionate share	4,480	2,054
Employer contributions subsequent to the measurement date	3,207	-
Total	$ 15,511	$ 9,630
Teacher		
Differences between expected and actual experience	$ 98,176	$ 15,205
Net difference between projected and actual earnings on GLI OPEB program investments	-	52,467
Change in assumptions	3,548	30,848
Changes in proportionate share	2,698	105,994
Employer contributions subsequent to the measurement date	67,537	-
Total	$ 171,959	$ 204,514

$45,951 for the political subdivision, $3,207 for school board – general employees, and $67,537 for school board – teacher 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:

Year Ended June 30,	Political Subdivision	School Board	Teacher
2026	$ (21,056)	$ (1,808)	$ (57,587)
2027	6,204	1,192	(14,658)
2028	(4,269)	1,217	(16,464)
2029	776	1,364	(7,779)
2030	5,566	709	(3,604)
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.

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

Mortality rates – Teachers

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

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

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

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

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the four-year 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 PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Mortality rates – Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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 PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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 PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Net GLI OPEB Liability

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

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

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

Long-Term Expected Rate of Return

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

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

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

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

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 ending June 30, 2024, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 113% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
State Agency's Proportionate Share of the Group Life Insurance Plan			
Net OPEB Liability - Political Subdivision	$ 630,645	$ 405,526	$ 223,659
Net OPEB Liability - School Division	74,449	47,873	26,403
Net OPEB Liability - Teacher	968,008	622,461	343,305

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2024 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at 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.

Payables to the VRS Group Life Insurance OPEB Plan

The political subdivision, school division – general employees, and school division – teacher recognize $10,435, $445, and $16,835, respectively of payables to a group life insurance OPEB plan outstanding at the end of the reporting period. This amount represents the June 2025 legally required contributions to the OPEB plan due by July 10 per VRS reporting requirements.

24 Other Post-Employment Benefits - Health Insurance Credit Program

Plan Description

All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision Health Insurance Credit Program upon employment. This plan is 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 health insurance credit 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 Health Insurance Credit Program OPEB, including eligibility, coverage and benefits is set out in the table below:

POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS
Eligible Employees The Political Subdivision Retiree Health Insurance Credit Program was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: • Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.
Benefit Amounts The political subdivision's Retiree Health Insurance Credit Program provides the following benefits for eligible employees: • *At Retirement*: 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. • *Disability Retirement*: 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.
Health Insurance Credit Program Notes: • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • No health insurance credit for premiums paid and qualified under LODA, however, the employee may receive the credit for the 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 health insurance credit as a retiree.

Employees Covered by Benefit Terms

As of the June 30, 2024 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Number
Political Subdivision	
Inactive members or their beneficiaries currently receiving benefits	50
Vested inactive members	2
Active elsewhere in VRS	21
Total inactive	73
Active members	57
Total covered employees	130
Component Unit School Board General Employees	
Inactive members or their beneficiaries currently receiving benefits	2
Vested inactive members	0
LTD	1
Active elsewhere in VRS	11
Total inactive	14
Active members	46
Total covered employees	60

Contributions

The contribution requirement 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 of Southampton, Virginia's contractually required employer contribution rate for the year ended June 30, 2025 was 0.15% of covered employee compensation and 1.05% for the component unit school board-general employees. 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 of Southampton, Virginia to the Political Subdivision Health Insurance Credit Program were $3,678 and $2,659 for the years ended June 30, 2025 and June 30, 2024, respectively.

For the component unit school board – general employees, contributions to the Health Insurance Credit Program were $7,164 and $11,392 for the years ended June 30, 2025 and 2024, respectively.

Net HIC OPEB Liability

The County of Southampton, Virginia's net Health Insurance Credit OPEB liability was measured as of June 30, 2024. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions

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

Inflation	2.50%
Salary increases, including inflation	
Locality - General Employees	3.50% - 5.35%
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:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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 PUB2010 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 lognormal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

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

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 ending June 30, 2024, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability:

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net Net HIC OPEB Liability (Asset) (a) - (b)
Political Subdivision			
Balances at June 30, 2023	$ 157,951	$ 145,838	$ 12,113
Changes for the Year			
Service cost	2,649	-	2,649
Interest	10,428	-	10,428
Benefit changes	-	-	-
Changes of assumptions	-	-	-
Differences between expected and actual experience	(6,492)	-	(6,492)
Contributions - employer	-	3,151	(3,151)
Net investment income	-	13,249	(13,249)
Benefit payments	(12,200)	(12,200)	-
Administrative expenses	-	(178)	178
Other changes	-	1	(1)
Net Changes	(5,615)	4,023	(9,638)
Balances at June 30, 2024	$ 152,336	$ 149,861	$ 2,475

Component Unit School Board
General Employees

	Total HIC OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (a) - (b)
Balances at June 30, 2023	$ 60,277	$ 24,510	$ 35,767
Changes for the Year			
Service cost	969	-	969
Interest	4,100	-	4,100
Benefit changes	-	-	-
Changes of assumptions	-	-	-
Differences between expected and actual experience	(3,472)	-	(3,472)
Contributions - employer	-	11,392	(11,392)
Net investment income	-	2,961	(2,961)
Benefit payments	(1,008)	(1,008)	-
Administrative expenses	-	(46)	46
Other changes	-	-	-
Net Changes	589	13,299	(12,710)
Balances at June 30, 2024	$ 60,866	$ 37,809	$ 23,057

Sensitivity of the Political Subdivision Health Insurance Credit Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Political subdivision's			
Net HIC OPEB Liability/(Asset)	$ 16,617	$ 2,475	$ (9,663)
School Board General Employees			
Net HIC OPEB Liability	$ 29,562	$ 23,057	$ 17,487

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

For the year ended June 30, 2025, the County of Southampton, Virginia recognized Health Insurance Credit Program OPEB expense of $8,496 for the political subdivision and $(10,339) for the component unit school board-general employees. At June 30, 2025, the County of Southampton, Virginia reported deferred outflows of resources and deferred inflows of resources related to the County of Southampton, Virginia's Health Insurance Credit Program from the following sources:

Political Subdivision	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 14,070	$ 4,957
Net difference between projected and actual earnings on HIC OPEB program investments	-	3,058
Change in assumptions	4,329	-
Changes in proportionate share	-	-
Employer contributions subsequent to the measurement date	3,678	-
Total	$ 22,077	$ 8,015
Component Unit School Board General Employees		
Differences between expected and actual experience	$ -	$ 43,773
Net difference between projected and actual earnings on HIC OPEB program investments	-	571
Change in assumptions	6,068	-
Changes in proportionate share	-	-
Employer contributions subsequent to the measurement date	7,164	-
Total	$ 13,232	$ 44,344

$3,678 for the political subdivision and $7,164 for the component unit school board-general employees reported as deferred outflows of resources related to the HIC OPEB resulting from the County of Southampton, Virginia's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the Fiscal Year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30,	
Political Subdivision	
2026	$ 5,559
2027	5,555
2028	13
2029	(743)
2030	-
Thereafter	-
Component Unit School Board General Employees	
2026	$ (14,721)
2027	(18,708)
2028	(4,401)
2029	(446)
2030	-
Thereafter	-

Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2024 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at 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.

Payables to the Political Subdivision Health Insurance Credit Program OPEB Plan

The political subdivision and component unit school board-general employees recognize $387 and $396, respectively of payables to a health insurance credit program OPEB plan outstanding at the end of the reporting period. This amount represents the June 2025 legally required contributions to the OPEB plan due by July 10 per VRS reporting requirements.

25 Other Post-Employment Benefits - Teacher Employee Health Insurance Credit Program

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit Program. This plan is 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 health insurance credit 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 Health Insurance Credit Program OPEB, including eligibility, coverage, and benefits is set out in the table below:

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS
Eligible Employees The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993, for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: • Full-time permanent (professional) salaried employees of public school divisions covered under VRS.
Benefit Amounts The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees: • *At Retirement:* 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. • *Disability Retirement:* 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.
Health Insurance Credit Program Notes: • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit as a retiree.

Contributions

The contribution requirement 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 Health Insurance Credit Program. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County of Southampton, Virginia's school division to the VRS Teacher Employee Health Insurance Credit Program were $173,235 and $172,409 for the years ended June 30, 2025 and June 30, 2024, respectively.

Teacher Employee Health Insurance Credit Program OPEB Liabilities, Teacher Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Teacher Employee Health Insurance Credit Program OPEB

At June 30, 2025, the County of Southampton, Virginia's school division reported a liability of $1,536,896 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2024 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program 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 County of Southampton, Virginia school division's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the County of Southampton, Virginia school division's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program 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 County of Southampton, Virginia's school division proportion of the VRS Teacher Employee Health Insurance Credit Program was .13299% as compared to .14886% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of $61,731. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 72,814
Net difference between projected and actual earnings on Teacher HIC OPEB program investments	-	5,467
Change in assumptions	26,476	-
Changes in proportionate share and differences between actual and expected contributions	21,198	258,055
Employer contributions subsequent to the measurement date	173,235	-
Total	$ 220,909	$ 336,336

$173,235 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:

Year Ended June 30,	
2026	$ (64,849)
2027	(59,487)
2028	(59,574)
2029	(45,812)
2030	(32,430)
Thereafter	(26,510)

Actuarial Assumptions

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

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

Mortality rates – Teachers

Pre-Retirement:

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

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

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

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

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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 PUB2010 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 Health Insurance Credit Program represents the program'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 Health Insurance Credit Program is as follows (amounts expressed in thousands):

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

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

Long-Term Expected Rate of Return

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

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

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

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

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 ending June 30, 2024, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia

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 County of Southampton, Virginia School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the County of Southampton, Virginia school division's proportionate share of the VRS Teacher Employee Health Insurance Credit Program net HIC OPEB liability using the discount rate of 6.75%, as well as what the County of Southampton, Virginia 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:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	$ 1,747,834	$ 1,536,896	$ 1,358,107

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee Health Insurance Credit Program's Fiduciary Net Position is available in the separately issued VRS 2024 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at 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.

Payables to the Teacher Health Insurance Credit Program OPEB Plan

The school division – teacher recognize $17,263 of payables to a teacher health insurance program OPEB plan outstanding at the end of the reporting period. This amount represents the June 2025 legally required contributions to the OPEB plan due by July 10 per VRS reporting requirements.

26 Other Post-Employment Benefits - Political Subdivision Employee Virginia Local Disability Program

Plan Description

All full-time, salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision Employee Virginia Local Disability Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. Political subdivisions are required by Title 51.1 of the *Code of Virginia*, as amended to provide short-term and long-term disability benefits for their Hybrid employees either through a local plan or through the Virginia Local Disability Program (VLDP).

The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

POLITICAL SUBDIVISION EMPLOYEE VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) PLAN PROVISIONS
Eligible Employees The Political Subdivision Employee Virginia Local Disability Program was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include: • Full-time general employees; including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS.
Benefit Amounts The Political Subdivision Employee Virginia Disability Local Program (VLDP) provides the following benefits for eligible employees: *Short-Term Disability*: • The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer. • During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out or non-work-related or work-related disability. • Once the eligibility period is satisfied, employees are eligible for higher income replacement levels *Long-Term Disability:* • The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week. • Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.
Virginia Local Disability Program Notes: • Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible. • VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

Contributions

The contribution requirement for active hybrid plan employees is governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2025 was 0.74% of covered employee compensation for employees in the VRS Political Subdivision Employee Virginia Local Disability Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school board – general employees to the VRS Political Subdivision Employee Virginia Local Disability Program were $3,326 and $5,753 for the years ended June 30, 2025 and June 30, 2024, respectively.

Political Subdivision Employee Virginia Local Disability Program OPEB Liabilities, Political Subdivision Employee Virginia Local Disability Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Political Subdivision Employee Virginia Local Disability Program OPEB

At June 30, 2025, the school board – general employees reported a liability (asset) of $(3,157) for its proportionate share of the VRS Political Subdivision Employee Virginia Local Disability Program Net OPEB Liability. The Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was measured as of June 30, 2024 and the total VRS Political Subdivision Employee Virginia Local Disability Program OPEB liability used to calculate the Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The political subdivision's proportion of the Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was based on the political subdivision's actuarially determined employer contributions to the VRS Political Subdivision Employee Virginia Local Disability Program 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 board – general employees' proportion of the VRS Political Subdivision Employee Virginia Local Disability Program was .00875% as compared to 0.09420% at June 30, 2023.

For the year ended June 30, 2025, the school board – general employees recognized VRS Political Subdivision Employee Virginia Local Disability Program OPEB expense of $4,307. Since there was a change in proportionate share between measurement dates a portion of the VRS Political Subdivision Employee Virginia Local Disability Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to the VRS Political Subdivision Employee Virginia Local Disability Program OPEB from the following sources:

School Board

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 375	$ 665
Net difference between projected and actual earnings on Political Subdivision VLDP OPEB program investments	-	286
Change in assumptions	-	73
Changes in proportion	200	92
Employer contributions subsequent to the measurement date	3,326	-
Total	$ 3,901	$ 1,116

$3,326 for the component unit – school board general employees reported as deferred outflows of resources related to the Political Subdivision Employee VLDP OPEB resulting from the political subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Political Subdivision Employee VLDP 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 Political Subdivision Employee VLDP OPEB will be recognized in the Political Subdivision Employee VLDP OPEB expense in future reporting periods as follows:

School Board

Year Ended June 30,		
2026	$	(277)
2027		(1)
2028		(63)
2029		(130)
2030		(67)
Thereafter		(3)

Actuarial Assumptions

The total Political Subdivision Employee VLDP OPEB liability for the VRS Political Subdivision Employee Virginia Local Disability Program 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 - Political subdivision employees	3.50% - 5.35%
Investment rate of return	6.75%, including inflation

Mortality rates – Non-Largest Ten Locality Employers - General and Non-Hazardous Duty Employees

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

Post-Retirement:
Pub-2010 Amount Weighted General 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 General 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 PUB2010 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

Net Political Subdivision Employee VLDP OPEB Liability

The net OPEB liability (NOL) for the Political Subdivision Employee Virginia Local Disability Program represents the program'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 Political Subdivision Employee Virginia Local Disability Program is as follows (amounts expressed in thousands):

	Political Subdivision Employee VLDP OPEB Plan
Total Political Subdivision Employee VLDP OPEB Liability	$ 12,230
Plan Fiduciary Net Position	15,837
Political Subdivision Employee VLDP Net OPEB Liability (Asset)	$ (3,607)
Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision Employee VLDP OPEB Liability	129.49%

The total Political Subdivision Employee VLDP 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 Political Subdivision Employee VLDP OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

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

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

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

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

Discount Rate

The discount rate used to measure the total Political Subdivision Employee VLDP 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 at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by the political subdivision for the VRS Political Subdivision Employee Virginia Local Disability Program 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 Political Subdivision Employee VLDP 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 Political Subdivision Employee VLDP OPEB liability.

Sensitivity of the Political Subdivision's Proportionate Share of the Political Subdivision Employee VLDP Net OPEB Liability to Changes in the Discount Rate

The following presents the political subdivision's proportionate share of the VRS Political Subdivision Employee Virginia Local Disability Program net VLDP OPEB liability using the discount rate of 6.75%, as well as what the political subdivision's proportionate share of the net VLDP 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:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Covered Employers Proportionate			
Share of the VRS School Board			
VLDP OPEB Plan			
Net OPEB Liability (Asset)	$ (2,296)	$ (3,157)	$ (3,915)

Political Subdivision Employee VLDP OPEB Fiduciary Net Position

Detailed information about the VRS Political Subdivision Employee Virginia Local Disability Program's Fiduciary Net Position is available in the separately issued VRS 2024 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at 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.

Payables to the Political Subdivision Employee Virginia Local Disability Program OPEB Plan

The school division – general employees recognize $514 of payables to a Virginia local disability program OPEB plan outstanding at the end of the reporting period. This amount represents the June 2025 legally required contributions to the OPEB plan due by July 10 per VRS reporting requirements.

27 Other Post-Employment Benefits - Teacher Employee Virginia Local Disability Program

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Teacher Employee Virginia Local Disability Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. School divisions are required by Title 51.1 of the Code of Virginia, as amended to provide short-term and long-term disability benefits for their Hybrid employees either through a local plan or through the Virginia Local Disability Program (VLDP).

The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

TEACHER EMPLOYEE VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) PLAN PROVISIONS

Eligible Employees

The Teacher Employee Virginia Local Disability Program was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with hybrid plan retirement benefits

Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include:

- Teachers and other full-time permanent (professional) salaried employees of public school divisions covered under VRS.

Benefit Amounts

The Teacher Employee Virginia Disability Local Program (VLDP) provides the following benefits for eligible employees:

Short-Term Disability:

- The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer.
- During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out or non-work-related or work-related disability.
- Once the eligibility period is satisfied, employees are eligible for higher income replacement levels

Long-Term Disability:

- The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week.
- Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

Virginia Local Disability Program Notes:

- Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible.
- VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services

Contributions

The contribution requirement for active hybrid plan employees is governed by §51.1-1178(C) 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 0.45% of covered employee compensation for employees in the VRS Teacher Employee Virginia Local Disability Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Virginia Local Disability Program were $29,928 and $29,693 for the years ended June 30, 2025 and June 30, 2024, respectively.

Teacher Employee Virginia Local Disability Program OPEB Liabilities, Teacher Employee Virginia Local Disability Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Teacher Employee Virginia Local Disability Program OPEB

At June 30, 2025, the school division reported a liability (asset) of $(5,245) for its proportionate share of the VRS Teacher Employee Virginia Local Disability Program Net OPEB Liability. The Net VRS Teacher Employee Virginia Local Disability Program OPEB Liability was measured as of June 30, 2024 and the total VRS Teacher Employee Virginia Local Disability Program OPEB liability used to calculate the Net VRS Teacher Employee Virginia Local Disability Program OPEB Liability was determined by an actuarial valuation 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 Virginia Local Disability Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Virginia Local Disability Program 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 Virginia Local Disability Program was 0.58543% as compared to 0.71588% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized VRS Teacher Employee Virginia Local Disability Program OPEB expense of $23,186. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee Virginia Local Disability Program Net OPEB expense was related to deferred amounts from changes in proportion.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 16,047	$ 1,411
Net difference between projected and actual earnings on Teacher VLDP OPEB program investments	-	886
Change in assumptions	1,416	-
Changes in proportionate share	3,040	1,678
Employer contributions subsequent to the measurement date	29,928	-
Total	$ 50,431	$ 3,975

$29,928 reported as deferred outflows of resources related to the Teacher Employee VLDP OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee VLDP 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 VLDP OPEB will be recognized in the Teacher Employee VLDP OPEB expense in future reporting periods as follows:

Year Ended June 30,		
2026	$	1,350
2027		2,262
2028		1,685
2029		1,686
2030		1,961
Thereafter		7,584

Actuarial Assumptions

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

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

Mortality rates – Teachers

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

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

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

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

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the four-year 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 PUB2010 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 VLDP OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee Virginia Local Disability Program represents the program'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 Virginia Local Disability Program is as follows (amounts expressed in thousands):

	Teacher Employee VLDP OPEB Plan
Total Teacher Employee VLDP OPEB Liability	$ 12,741
Plan Fiduciary Net Position	13,637
Teacher Employee VLDP Net OPEB Liability (Asset)	$ (896)
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee VLDP OPEB Liability	107.03%

The total Teacher Employee VLDP 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 VLDP OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

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

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

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

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

Discount Rate

The discount rate used to measure the total Teacher Employee VLDP 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 at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by the school division for the VRS Teacher Employee Virginia Local Disability Program 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 VLDP 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 VLDP OPEB liability.

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

The following presents the school division's proportionate share of the VRS Teacher Employee Virginia Local Disability Program net VLDP OPEB liability using the discount rate of 6.75%, as well as what the school division's proportionate share of the net VLDP 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:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Covered Employers Proportionate Share of the VRS Teacher Employee VLDP OPEB Plan Net VLDP OPEB Liability (Asset)	$ 3,188	$ (5,245)	$ (12,600)

Teacher Employee VLDP OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee Virginia Local Disability Program's Fiduciary Net Position is available in the separately issued VRS 2024 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at 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.

Payables to the Teacher Employee Virginia Local Disability Program OPEB Plan

The school division – teacher recognize $3,124 of payables to a teacher employee Virginia local disability program OPEB plan outstanding at the end of the reporting period. This amount represents the June 2025 legally required contributions to the OPEB plan due by July 10 per VRS reporting requirements.

28 Other Postemployment Benefits (OPEB)–Healthcare

County

Plan Membership

The following is a summary of plan membership.

	County
Number of participants	
Active	171
Spouses	65
Retired/Beneficiaries	5
Spouses	-
Total Participants	241

Plan Description

Medical/Drug Plan	Local Choice Key Advantage Expanded Benefits or Key Advantage 250 with Comprehensive or Preventive Dental and Sentara Vantage
Eligibility	Southampton County, Virginia employees are eligible to continue group insurance coverage after retirement provided that: a. Retiring or Disabled employees have coverage in effect when they stop working. b. Retirement (Disability) commences on the first of the month, following the last day they are employed. c. An employee must have been a permanent active employee. d. An employee must have completed five years of service if age 55 or greater or 10 years of service if 50 to 55. e. Eligibility for coverage stops at age 65.
Retiree Payment	Retiree pays the full blended Active/Retiree premium amount.

Premium for 2025
(annual amount)

Age	KA250 Plan (Comprehensive/ Preventive Dental)	Expanded Plan (Comprehensive/ Preventive Dental)
<65		
Retiree	$12,888/$12,672	$14,136/$13,920
Spouse	10,968/10,776	12,024/11,832
>65	**Medicare Comp.**	
Retiree	$ 1,740	
Spouse	1,740	

Plan Changes Since Prior Valuation

There have been no changes in benefit terms since the prior valuation.

Net OPEB Liability

Changes in Net OPEB Liability are as follows:

	Total OPEB Retiree HI Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Retiree HI Liability (Asset) (a) - (b)
Balances at July 1, 2024	$ 1,651,917	$ 2,483,757	$ (831,840)
Changes for the Year			
Service cost	54,565	-	54,565
Interest	100,830	-	100,830
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(434,886)	-	(434,886)
Changes in assumptions	-	-	-
Contributions - employer, including benefits paid	-	67,785	(67,785)
Contributions - member	-	-	-
Net investment income	-	272,728	(272,728)
Benefit payments*	(52,785)	(52,785)	-
Administrative expenses	-	-	-
Net Changes	(332,276)	287,728	(620,004)
Balances at June 30, 2025	$ 1,319,641	$ 2,771,485	$ (1,451,844)

*Estimated employer subsidy

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

The following presents the net OPEB liability of the plan, calculated using the discount rate of 6.00%, as well as what each plan's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	1.00% Decrease 5.00%	Current Discount Rate 6.00%	1.00% Increase 7.00%
Employer's Net OPEB Retiree Health Insurance Liability (Asset)	$ (1,343,632)	$ (1,451,844)	$(1,546,859)

Sensitivity of the Net OPEB Liability to Changes in the Trend Rate

The following presents the net OPEB liability of the plan, calculated using the healthcare trend rate from 6.00% to an ultimate rate of 4.25%/4.50%, as well as what each plan's net OPEB liability would be if it were calculated using trend rates for each year that are 1.00% lower or 1.00% higher than the current rates:

	1.00% Decrease 3.25% / 3.50%	Current Ultimate Trend Rate 4.25% / 4.50%	1.00% Increase 5.25% / 5.50%
Employer's Net OPEB Retiree Health Insurance Liability (Asset)	$ (1,558,736)	$ (1,451,844)	$(1,329,115)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2025, using the following actuarial assumptions, applied to all periods included in the measurement.

Investment Return:	6.00%, net of investment expense and including inflation
Healthcare Trend:	6.00% initially, grading down to 4.25% / 4.50% ultimate

The mortality rates were updated to use the Society of Actuaries Public Mortality (Pub2010G) headcount-weighted tables, with generational mortality improvements using scale SSA.

The disabled versions of the base tables listed above were used, also projected with generational improvements.

Changes in Actuarial Assumptions

There have been no changes in assumptions for this Report.

Actuarial Methods for Determining Employer Contributions

The same economic and demographic assumptions are used for both funding and financial reporting purposes under GASB 74/75.

The Entry Age method is used for accounting/GASB purposes; therefore, all of the actuarial figures within this Report are based on it. Actuarially Determined Contributions are also based on the Entry Age method, with a closed level percentage of payroll closed amortization of the unfunded liability (20 years remaining as of 1/1/2025).

Discount Rate

The discount rate used to measure the total OPEB liability is 6.00%. The County's funding expectations/policy is to contribute the Actuarially Determined Contribution each year, with a minimum amortization (level percentage of payroll) of ten years. On this basis, the plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members.

Therefore, the long-term expected rates of return in pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Expected Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each 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. This is then modified through a Monte-Carlo simulation process, by which a (downward) risk adjustment is applied to the baseline expected return.

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2025, and the final investment return assumption, are summarized in the following table:

Asset Class	Long-Term Expected Real Return-Portfolio	Weight
Domestic Equity	5.90%	45.00%
International Funds	6.25%	19.00%
Fixed Income - US	2.40%	35.00%
Cash Equivalents	1.00%	1.00%
Total Weighted Average Real Return	**4.69%**	100.00%
Plus Inflation	2.50%	
Total Return w/o Adjustment	7.19%	
Risk Adjustment	-1.19%	
Total Expected Return	**6.00%**	

OPEB Expense

For the year ended June 30, 2025, the County recognized OPEB expense of $(144,530).

Deferred Inflow/Outflow Summary

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 579,356
Changes in actuarial assumptions	28,499	155,912
Net difference between projected and actual earnings on OPEB plan investments	-	107,985
Total	$ 28,499	$ 843,253

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2026	$ (88,224)
2027	(160,957)
2028	(156,919)
2029	(129,717)
2030	(104,985)
Thereafter	(173,952)

School Board

Plan Membership

The following is a summary of plan members.

	School Board
Number of participants	
Active	247
Spouses	47
Retired/Beneficiaries	2
Spouses	0
Total Participants	296

Plan Description

Medical/Drug Plan	Key Advantage 250, Key Advantage 500, or Sentara Vantage.
Eligibility	Southampton County Public Schools' employees are eligible to continue group insurance coverage after retirement provided that: a. Retiring employees have coverage in effect when they stop working. b. Retirement commences on the first of the month, following the last day they are employed. c. An employee must have been a permanent active employee. d. Employee must be eligible to retire under the VRS requirements. e. Eligibility for coverage stops at age 65.
Retiree Payment	Retiree pays the full blended Active/Retiree premium amount.

Premiums
(annual, 2025 basis)

	Key250 Comprehensive Dental	Key500 Comprehensive Dental	Sentara Comprehensive Dental	Key250 Basic Dental	Key500 Basic Dental
Retiree	$ 16,248	$ 14,400	$ 10,104	$ 16,044	$ 14,196
Retiree/Spouse	30,060	26,640	18,684	29,676	26,268

Plan Changes Since Prior Valuation

There have been no changes in eligibility or cost sharing provisions since the prior valuation.

Net OPEB Liability

Changes in Net OPEB Liability are as follows:

	Total OPEB Retiree HI Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Retiree HI Liability (Asset) (a) - (b)
Balances at July 1, 2024	$ 2,164,125	$ 2,677,971	$ (513,846)
Changes for the Year			
Service cost	88,239	-	88,239
Interest	134,779	-	134,779
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(916,670)	-	(916,670)
Changes in assumptions	-	-	-
Contributions - employer, including benefits paid	-	82,285	(82,285)
Contribution - member	-	-	-
Net investment income	-	254,094	(254,094)
Benefit payments*	(12,285)	(12,285)	-
Administrative expenses	-	-	-
Net Changes	(705,937)	324,094	(1,030,031)
Balances at June 30, 2025	$ 1,458,188	$ 3,002,065	$ (1,543,877)

*Estimated employer subsidy

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

The following presents the net OPEB liability of the plan, calculated using the discount rate of 6.00%, as well as what each plan's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	1.00% Decrease 5.00%	Current Discount Rate 6.00%	1.00% Increase 7.00%
Employer's Net OPEB Retiree Health Insurance Liability (Asset)	$(1,412,640)	$ (1,543,877)	$(1,659,074)

Sensitivity of the Net OPEB Liability to Changes in the Trend Rate

The following presents the net OPEB liability of the plan, calculated using the healthcare trend rate from 6.00% to an ultimate rate of 4.25% / 4.50%, as well as what each plan's net OPEB liability would be if it were calculated using trend rates for each year that are 1.00% lower or 1.00% higher than the current rates:

	1.00% Decrease 3.25% / 3.50%	Current Ultimate Trend Rate 4.25% / 4.50%	1.00% Increase 5.25% / 5.50%
Employer's Net OPEB Retiree Health Insurance Liability (Asset)	$(1,686,779)	$ (1,543,877)	$(1,374,727)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2025, using the following actuarial assumptions, applied to all periods included in the measurement.

Investment Return:	6.00%, net of investment expense and including inflation
Healthcare Trend:	6.00% initially, grading down to 4.25% / 4.50% ultimate

The mortality rates were updated to use the Society of Actuaries Public Mortality (Pub2010G) headcount-weighted tables, with generational mortality improvements using scale SSA.

The disabled versions of the base tables listed above were used, also projected with generational improvements.

Changes in Actuarial Assumptions

There have been no changes in assumption during fiscal year 2025.

Actuarial Methods for Determining Employer Contributions

The same economic and demographic assumptions are used for both funding and financial reporting purposes under GASB 74/75.

The Entry Age method is used for accounting/GASB purposes, therefore all of the actuarial figures within this Report are based on it. Actuarially Determined Contributions are also based on the Entry Age method, with a closed level percentage of payroll closed amortization of the unfunded liability (20 years remaining as of 1/1/2025).

Discount Rate

The discount rate used to measure the total OPEB liability is 6.00%. The Schools' funding expectations/policy is to contribute the Actuarially Determined Contribution each year, with a minimum amortization (level percentage of payroll) of ten years. On this basis, the plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members.

Therefore, the long-term expected rates of return in pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Expected Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each 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. This is then modified through a Monte-Carlo simulation process, by which a (downward) risk adjustment is applied to the baseline expected return.

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2025, and the final investment return assumption, are summarized in the following table:

Asset Class	Long-Term Expected Real Return-Portfolio	Weight
Domestic Equity	5.90%	45.00%
Non-US Equity	6.25%	19.00%
US Fixed Income - Investment	2.40%	35.00%
Cash Equivalents	1.00%	1.00%
Total Weighted Average Real Return	**4.69%**	100.00%
Plus Inflation	2.50%	
Total Return w/o Adjustment	7.19%	
Risk Adjustment	-1.19%	
Total Expected Return	**6.00%**	

OPEB Expense

For the year ended June 30, 2025, the Schools recognized OPEB expense of $(349,913).

Deferred Inflow/Outflow Summary

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,749,222
Changes in assumptions	75,525	58,207
Net difference between projected and actual earnings on OPEB plan investments	-	35,200
Total	$ 75,525	$ 1,842,629

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2026	$ (356,784)
2027	(432,712)
2028	(250,454)
2029	(235,788)
2030	(129,837)
Thereafter	(361,529)

29 Aggregate OPEB Information

	Primary Government					Component Unit School Board				
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	Net OPEB (Asset)	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	Net OPEB (Asset)	OPEB Expense
VRS OPEB Plans										
Group Life Insurance										
Primary Government	$ 121,167	$ 87,995	$ 405,526	$ -	$ 5,112	$ -	$ -	$ -	$ -	$ -
School Board - General Employees	-	-	-	-	-	15,511	9,630	47,873	-	-
School Board - Teachers	-	-	-	-	-	171,959	204,514	622,461	-	(14,853)
Health Insurance Credit										
Primary Government	22,077	8,015	2,475	-	8,496	-	-	-	-	-
School Board - General Employees	-	-	-	-	-	13,232	44,344	23,057	-	(10,339)
School Board - Teachers	-	-	-	-	-	220,909	336,336	1,536,896	-	61,731
Virginia Local Disability Program										
Primary Government	-	-	-	-	-	-	-	-	-	-
School Board - General Employees	-	-	-	-	-	3,901	1,116	-	(3,157)	4,307
School Board - Teachers	-	-	-	-	-	50,431	3,975	-	(5,245)	23,186
Retiree Health Insurance										
County	28,499	843,253	-	(1,451,844)	(144,530)	-	-	-	-	-
School Board	-	-	-	-	-	75,525	1,842,629	-	(1,543,877)	(349,913)
Totals	$ 171,743	$ 939,263	$ 408,001	$ (1,451,844)	$ (130,922)	$ 551,468	$ 2,442,544	$ 2,230,287	$ (1,552,279)	$ (285,881)

30 Fund Balances – Governmental Funds

As of June 30, 2025, fund balances are composed of the following:

Primary Government

Fund	Restricted for	Amount
Capital Projects Utility Tax Fund	Capital projects	$ 6,880,522
Forfeiture Fund	Subsequent years' appropriations	143,240
Law Library Fund	Subsequent years' appropriations	41,564
Beale Farm Fund	Subsequent years' appropriations	1,615,567
Canteen Fund	Subsequent years' appropriations	13,713
Inmate Fund	Subsequent years' appropriations	271,219
Total Restricted Funds		$ 8,965,825

Component Unit School Board

Fund	Restricted for	Amount
School Endowment Fund	School use only	$ 26,024
Total Restricted Funds		$ 26,024

Fund	Assigned for	Amount
School Food Fund	School cafeteria operations	$ 88,859
School Activity Fund	School activities	980,548
Total Assigned Funds		$ 1,069,407

31 Upcoming Pronouncements

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

32 Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2025 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2025. Management has performed their analysis through December 15, 2025.

REQUIRED SUPPLEMENTARY INFORMATION

County of Southampton, Virginia

Budgetary Comparison Schedule

Year Ended June 30, 2025

General Fund

	Original Budget	Final Budget	Variance with Original Budget Over (Under) Final Budget	Actual	Variance with Final Budget Over (Under) Actual Amounts
Revenues					
General Property Taxes					
Real property taxes	$13,958,323	$ 13,962,023	$ 3,700	$14,984,934	$ 1,022,911
Mobile home taxes	61,427	61,427	-	60,522	(905)
Personal property taxes	9,726,500	9,726,500	-	7,729,708	(1,996,792)
Public service corporation property taxes	1,270,219	1,270,219	-	1,908,638	638,419
Machinery and tools taxes	1,539,544	2,418,591	879,047	2,805,857	387,266
Farm implement/machinery seasonal taxes	660,000	660,000	-	757,109	97,109
Merchants' capital and contractors' equipment	470,645	470,645	-	448,898	(21,747)
Delinquent taxes	335,000	335,000	-	1,070,215	735,215
Interest on taxes	230,000	230,000	-	360,503	130,503
Penalties and fees on delinquent taxes	436,000	436,000	-	602,318	166,318
Total General Property Taxes	28,687,658	29,570,405	882,747	30,728,702	1,158,297
Other Local Taxes					
Local sales and use taxes	1,125,000	1,125,000	-	1,128,630	3,630
Consumption tax	68,000	68,000	-	69,942	1,942
Bank stock tax	45,000	45,000	-	68,528	23,528
Transient occupancy tax	6,000	6,000	-	7,837	1,837
Business license taxes	253,560	253,560	-	284,360	30,800
Motor vehicle licenses	553,000	553,000	-	557,643	4,643
Tax on recordation and wills	164,100	164,100	-	239,315	75,215
Total Other Local Taxes	2,214,660	2,214,660	-	2,356,255	141,595
Permits, Privilege Fees, and Regulatory Licenses					
Animal licenses	7,900	7,900	-	7,470	(430)
Building permits	120,000	120,000	-	161,394	41,394
Other permits, licenses, and fees	63,400	63,400	-	86,980	23,580
Total Permits, Privilege Fees, and Regulatory Licenses	191,300	191,300	-	255,844	64,544
Fines and Forfeitures	576,600	585,495	8,895	917,195	331,700
Revenue from Use of Money and Property	90,000	90,000	-	432,815	342,815
Charges for Services					
Miscellaneous	28,697	28,747	50	8,676	(20,071)
Service charges - tax exempt	8,159	8,159	-	7,913	(246)
School resource officer reimbursement	104,000	104,000	-	131,251	27,251
Reimbursements for utilities and salaries	60,000	385,211	325,211	428,162	42,951
Courthouse maintenance fees	16,000	16,000	-	15,380	(620)

	Original Budget	Final Budget	Variance with Original Budget Over (Under) Final Budget	Actual	Variance with Final Budget Over (Under) Actual Amounts
Commonwealth's Attorney - City of Franklin	22,000	22,000	-	22,000	-
Solid waste management	1,145,000	1,145,000	-	1,174,303	29,303
Ambulance transfers	462,000	462,000	-	532,149	70,149
Collection fee account	3,150	3,150	-	8,913	5,763
Total Charges for Services	1,849,006	2,174,267	325,261	2,328,747	154,480
Recovered Costs					
City of Franklin shared costs	316,194	316,194	-	316,195	1
Expenditure refunds	-	288,676	288,676	356,546	67,870
Insurance claims	-	418,811	418,811	413,048	(5,763)
Miscellaneous recoveries	4,300	51,330	47,030	73,956	22,626
Total Recovered Costs	320,494	1,075,011	754,517	1,159,745	84,734
Miscellaneous					
Gifts, donations, contributions	-	3,667	3,667	3,667	-
Franklin-Southampton charities	-	100,000	100,000	100,000	-
Miscellaneous	11,728	26,759	15,031	36,644	9,885
Industrial corridor tax revenue	700,000	700,000	-	700,000	-
Camp Campbell Foundation	-	160,500	160,500	160,500	-
Total Miscellaneous	711,728	990,926	279,198	1,000,811	9,885
Intergovernmental					
Revenue from the Commonwealth of Virginia					
Noncategorical Aid					
Rolling stock taxes - motor vehicle carriers tax	80,000	80,000	-	93,266	13,266
Communication sales tax	380,000	380,000	-	361,547	(18,453)
Personal property tax relief act	-	-	-	2,346,261	2,346,261
Mobile home titling tax	28,000	28,000	-	28,781	781
Total Noncategorical Aid	488,000	488,000	-	2,829,855	2,341,855
Categorical Aid					
Shared Expenses					
Commonwealth's Attorney	520,069	520,069	-	551,835	31,766
Sheriff and Sheriff's auto	3,958,675	3,979,072	20,397	4,003,377	24,305
Commissioner of the Revenue	137,410	137,410	-	139,000	1,590
Treasurer	136,389	136,389	-	137,932	1,543
Electoral Board and General Registrar	89,994	89,994	-	72,779	(17,215)
Clerk of Court	410,723	422,737	12,014	447,773	25,036
Jail operations	125,000	125,000	-	142,303	17,303
Miscellaneous state grants	-	32,380	32,380	61,904	29,524
Litter Control Grant	-	6,284	6,284	6,284	-

	Original Budget	Final Budget	Variance with Original Budget Over (Under) Final Budget	Actual	Variance with Final Budget Over (Under) Actual Amounts
Emergency Medical Services	-	17,907	17,907	17,907	-
Wireless E911	75,000	75,000	-	80,781	5,781
Fire program allocation	-	78,555	78,555	78,555	-
Victim Witness Grant	34,330	34,330	-	41,895	7,565
Virginia Commission for the Arts	-	4,500	4,500	4,500	-
School Resource Officer	123,210	123,210	-	110,487	(12,723)
Children's Services Act	1,028,905	1,028,905	-	982,241	(46,664)
Total Categorical Aid	6,639,705	6,811,742	172,037	6,879,553	67,811
Total Revenue from the Commonwealth of Virginia	7,127,705	7,299,742	172,037	9,709,408	2,409,666
Revenue from the Federal Government					
Victim witness	66,184	66,184	-	66,184	-
Law enforcement	-	4,840	4,840	4,840	-
Homeland Security Grant		94,948	94,948	60,474	(34,474)
Community development	-	700,000	700,000	465,791	(234,209)
Total Revenue from the Federal Government	66,184	865,972	799,788	597,289	(268,683)
Total Intergovernmental Revenues	7,193,889	8,165,714	971,825	10,306,697	2,140,983
Total Revenues	41,835,335	45,057,778	3,222,443	49,486,811	4,429,033
Expenditures					
Current					
General Government Administration					
Board of Supervisors	393,707	796,663	402,956	632,812	(163,851)
County Administrator	508,497	508,678	181	464,918	(43,760)
Commissioner of Revenue	467,920	450,820	(17,100)	422,179	(28,641)
Treasurer	433,707	434,374	667	431,518	(2,856)
Data processing	560,937	562,035	1,098	486,215	(75,820)
Insurance	369,971	222,098	(147,873)	123,649	(98,449)
Accounting	378,036	378,219	183	377,656	(563)
Delinquent taxes	65,806	65,849	43	45,846	(20,003)
Board of Assessors	100,544	117,863	17,319	112,426	(5,437)
Board of Elections	309,124	404,252	95,128	360,391	(43,861)
Total General Government Administration	3,588,249	3,940,851	352,602	3,457,610	(483,241)
Judicial Administration					
Clerk of Circuit Court	736,555	844,097	107,542	839,562	(4,535)
General District Court	36,400	47,400	11,000	39,727	(7,673)
Magistrate	1,000	1,000	-	874	(126)
Victim Witness Assistance Program	173,315	173,315	-	156,363	(16,952)
Circuit Court	46,621	46,657	36	44,015	(2,642)
Sheriff - Bailiff	695,058	773,890	78,832	772,396	(1,494)
Courthouse Security	264,415	305,206	40,791	282,704	(22,502)
Commonwealth's Attorney	974,523	1,039,821	65,298	965,292	(74,529)
Total Judicial Administration	2,927,887	3,231,386	303,499	3,100,933	(130,453)

	Original Budget	Final Budget	Variance with Original Budget Over (Under) Final Budget	Actual	Variance with Final Budget Over (Under) Actual Amounts
Public Safety					
Sheriff's Department	2,675,517	2,806,033	130,516	3,059,037	253,004
Project Life Saver	-	8,236	8,236	-	(8,236)
School resource officer	239,042	239,042	-	238,171	(871)
Fire departments	589,707	675,335	85,628	662,432	(12,903)
Camp Campbell funds	-	160,500	160,500	160,500	-
Rescue squads	2,948,391	2,966,298	17,907	2,943,413	(22,885)
911	433,610	436,089	2,479	374,762	(61,327)
Wireless 911	60,202	60,202	-	45,127	(15,075)
Emergency services	233,369	373,938	140,569	400,568	26,630
Forestry	22,493	22,493	-	22,274	(219)
Detention	4,278,684	4,377,014	98,330	4,024,752	(352,262)
Probation	194,340	194,340	-	117,418	(76,922)
Inspections	379,421	379,518	97	290,938	(88,580)
Animal control	140,413	143,875	3,462	133,096	(10,779)
Medical Examiner	360	400	40	400	-
Total Public Safety	12,195,549	12,843,313	647,764	12,472,888	(370,425)
Public Works					
Maintenance of highways, streets, bridges, sidewalks	62,740	62,740	-	61,013	(1,727)
Refuse collection	1,165,179	1,214,301	49,122	1,148,313	(65,988)
Refuse disposal	749,012	749,012	-	739,799	(9,213)
Maintenance of buildings and grounds	1,056,851	1,525,605	468,754	1,261,584	(264,021)
Total Public Works	3,033,782	3,551,658	517,876	3,210,709	(340,949)
Health and Welfare					
Health Department	330,000	325,000	(5,000)	325,000	-
Mental health	81,428	81,428	-	81,428	-
Children's services	1,593,550	1,599,427	5,877	1,566,435	(32,992)
Welfare and Social Services	20,000	20,000	-	20,000	-
Total Health and Welfare	2,024,978	2,025,855	877	1,992,863	(32,992)
Education					
Appropriation to public school system	11,549,311	11,559,261	9,950	11,549,475	(9,786)
Total Education	11,549,311	11,559,261	9,950	11,549,475	(9,786)
Parks, Recreation, and Cultural					
Regional library	296,040	296,040	-	296,040	-
Miscellaneous contributions	21,000	25,696	4,696	25,696	-
Total Parks, Recreation, and Cultural	317,040	321,736	4,696	321,736	-
Community Development					
Planning and community development	535,658	2,157,462	1,621,804	1,725,507	(431,955)
Economic development	424,759	465,959	41,200	141,200	(324,759)
Revenue sharing agreement	45,000	48,700	3,700	48,633	(67)
Soil and Water Conservation District and Chowan	10,415	322,669	312,254	319,671	(2,998)
Cooperative Extension Program	78,540	80,140	1,600	58,767	(21,373)
Total Community Development	1,094,372	3,074,930	1,980,558	2,293,778	(781,152)
Capital Projects					
Broadband project	-	-	-	-	-
Total Capital Projects	-	-	-	-	-

	Original Budget	Final Budget	Variance with Original Budget Over (Under) Final Budget	Actual	Variance with Final Budget Over (Under) Actual Amounts
Debt Service	6,600	6,600	-	101,699	95,099
Total Expenditures	36,737,768	40,555,590	3,817,822	38,501,691	(2,053,899)
Excess (Deficiency) of Revenues Over Expenditures	5,097,567	4,502,188	(595,379)	10,985,120	6,482,932
Other Financing Sources (Uses)					
Lease liabilities issued	-	-	-	347,175	347,175
Transfers in	25,000	25,000	-	4,656	(20,344)
Transfers out	(5,122,567)	(5,597,985)	(475,418)	(5,444,448)	153,537
Total Other Financing Sources (Uses)	(5,097,567)	(5,572,985)	(475,418)	(5,092,617)	480,368
Net Change in Fund Balance before Transfer from Surplus	-	(1,070,797)	(1,070,797)	5,892,503	6,963,300
Transfer from Surplus Funds	-	1,070,797	1,070,797	-	(1,070,797)
Net Change in Fund Balance after Transfer from Surplus	$ -	$ -	$ -	5,892,503	$ 5,892,503
Fund Balance - Beginning of Year				14,901,851	
Fund Balance - End of Year				$20,794,354	

Public Assistance Fund

	Original Budget	Final Budget	Variance with Original Budget Over (Under) Final Budget	Actual	Variance with Final Budget Over (Under) Actual Amounts
Revenues					
Intergovernmental					
Revenue from the Commonwealth of Virginia	$ 821,844	$ 821,844	$ -	$ 672,690	$ (149,154)
Revenue from the Federal Government	1,890,501	1,890,501	-	1,547,401	(343,100)
Total Intergovernmental Revenues	2,712,345	2,712,345	-	2,220,091	(492,254)
Total Revenues	2,712,345	2,712,345	-	2,220,091	(492,254)
Expenditures					
Health and Welfare					
Welfare and Social Services	3,192,150	3,192,150	-	2,492,491	(699,659)
Debt Service	-	-	-	53,868	53,868
Total Expenditures	3,192,150	3,192,150	-	2,546,359	(645,791)
Excess (Deficiency) of Revenues Over Expenditures	(479,805)	(479,805)	-	(326,268)	153,537
Other Financing Sources (Uses)					
Lease liabilities issued	-	-	-	-	-
Transfers in (out)	479,805	479,805	-	326,268	(153,537)
Total Other Financing Sources (Uses)	479,805	479,805	-	326,268	(153,537)
Net Change in Fund Balance	$ -	$ -	$ -	-	$ -
Fund Balance - Beginning of Year				-	
Fund Balance - End of Year				$ -	

County of Southampton, Virginia

Schedule of Changes in the Political Subdivision's Net Pension Liability
and Related Ratios

For the Plan Years Ended June 30 (in thousands)

Political Subdivision

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	$ 1,238,531	$ 1,109,785	$ 1,028,451	$ 917,436	$ 893,408	$ 826,221	$ 819,632	$ 838,689	$ 860,119	$ 848,777
Interest	3,232,572	3,130,123	3,102,350	2,875,285	2,788,671	2,717,106	2,580,380	2,494,292	2,376,240	2,257,442
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	1,392,074	(345,372)	(1,443,403)	(596,700)	(241,484)	(272,495)	300,847	(316,935)	(121,657)	90,888
Assumption changes	-	-	-	1,434,092	-	1,153,564	-	(64,282)	-	-
Benefit payments	(2,654,423)	(2,356,637)	(2,357,931)	(2,231,349)	(2,083,484)	(1,769,621)	(1,725,638)	(1,630,525)	(1,603,459)	(1,518,202)
Net change in total pension liability	3,208,754	1,537,899	329,467	2,398,764	1,357,111	2,654,775	1,975,221	1,321,239	1,511,243	1,678,905
Total pension liability - beginning	47,772,896	46,234,997	45,905,530	43,506,766	42,149,655	39,494,880	37,519,659	36,198,420	34,687,177	33,008,272
Total pension liability - ending (a)	$50,981,650	$47,772,896	$46,234,997	$45,905,530	$43,506,766	$42,149,655	$39,494,880	$37,519,659	$36,198,420	$34,687,177
Plan fiduciary net position										
Contributions - employer	$ 1,104,943	$ 1,031,257	$ 990,529	$ 960,592	$ 865,707	$ 846,616	$ 856,555	$ 838,656	$ 973,723	$ 964,986
Contributions - employee	440,863	422,994	393,201	387,241	370,889	362,024	359,871	357,750	355,165	340,481
Net investment income	4,496,802	2,873,388	(39,715)	9,987,560	708,063	2,333,218	2,446,998	3,648,825	515,466	1,300,962
Benefit payments	(2,654,423)	(2,356,637)	(2,357,931)	(2,231,349)	(2,083,484)	(1,769,621)	(1,725,638)	(1,630,525)	(1,551,599)	(1,518,202)
Refunds of contributions	-	-	-	-	-	-	-	-	-	-
Administrator charges	(29,945)	(28,707)	(28,617)	(25,009)	(24,113)	(23,064)	(21,099)	(21,061)	(18,322)	(17,759)
Other	929	1,156	1,052	940	(828)	(1,473)	(2,183)	(3,247)	(218)	(275)
Net change in plan fiduciary net position	3,359,169	1,943,451	(1,041,481)	9,079,975	(163,766)	1,747,700	1,914,504	3,190,398	274,215	1,070,193
Plan fiduciary net position - beginning	46,508,021	44,564,570	45,606,051	36,526,076	36,689,842	34,942,142	33,027,638	29,837,240	29,563,025	28,492,832
Plan fiduciary net position - ending (b)	$49,867,190	$46,508,021	$44,564,570	$45,606,051	$36,526,076	$36,689,842	$34,942,142	$33,027,638	$29,837,240	$29,563,025
Political subdivision's net pension liability - ending (a-b)	$ 1,114,460	$ 1,264,875	$ 1,670,427	$ 299,479	$ 6,980,690	$ 5,459,813	$ 4,552,738	$ 4,492,021	$ 6,361,180	$ 5,124,152
Plan fiduciary net position as a percentage of the total Pension liability	97.81%	97.35%	96.39%	99.35%	83.95%	87.05%	88.47%	88.03%	82.43%	85.23%
Covered payroll	$ 9,214,725	$ 8,512,692	$ 8,157,864	$ 7,926,888	$ 7,492,965	$ 7,244,809	$ 7,281,983	$ 7,101,956	$ 6,746,161	$ 6,748,412
Political subdivision's net pension liability as a percentage of covered payroll	12.09%	14.86%	20.48%	3.78%	93.16%	75.36%	62.52%	63.25%	94.29%	75.93%

County of Southampton, Virginia

Schedule of Changes in the Political Subdivision's Net Pension Liability
and Related Ratios

For the Plan Years Ended June 30 (in thousands)

School Board

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	$ 88,669	$ 76,928	$ 69,244	$ 75,258	$ 79,640	$ 78,234	$ 88,683	$ 90,337	$ 91,354	$ 91,346
Interest	310,302	318,978	314,960	291,908	288,794	289,566	277,084	265,997	277,238	269,920
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	32,878	(290,962)	(63,493)	(24,373)	(74,383)	(69,556)	78,322	62,984	(279,435)	(19,733)
Changes of assumptions	-	-	-	201,454	-	110,587	-	(39,267)	-	-
Benefit payments	(238,443)	(251,992)	(285,755)	(258,185)	(237,668)	(296,458)	(235,079)	(208,242)	(291,241)	(182,762)
Net change in total pension liability	193,406	(147,048)	34,956	286,062	56,383	112,373	209,010	171,809	(202,084)	158,771
Total pension liability - beginning	4,627,619	4,774,667	4,739,711	4,453,649	4,397,266	4,284,893	4,075,883	3,904,074	4,106,158	3,947,387
Total pension liability - ending (a)	$ 4,821,025	$ 4,627,619	$ 4,774,667	$ 4,739,711	$ 4,453,649	$ 4,397,266	$ 4,284,893	$ 4,075,883	$ 3,904,074	$ 4,106,158
Plan fiduciary net position										
Contributions - employer	$ -	$ -	$ -	$ -	$ 2,656	$ 3,065	$ (159)	$ 990	$ 34,570	$ 36,915
Contributions - employee	47,481	44,714	37,408	35,533	38,538	37,380	37,881	44,104	40,774	43,491
Net investment income	592,163	381,091	(2,511)	1,372,366	98,600	330,858	362,999	550,617	77,553	210,034
Benefit payments	(238,443)	(251,992)	(285,755)	(258,185)	(237,668)	(296,458)	(235,079)	(208,242)	(291,241)	(182,762)
Refunds of contributions	-	-	-	-	-	-	-	-	-	-
Administrator charges	(4,058)	(3,883)	(3,956)	(3,538)	(3,458)	(3,465)	(3,236)	(3,276)	(2,979)	(2,931)
Other	(468)	145	141	128	(115)	(208)	(318)	(486)	597	(44)
Net change in plan fiduciary net position	396,675	170,075	(254,673)	1,146,304	(101,447)	71,172	162,088	383,707	(140,726)	104,703
Plan fiduciary net position - beginning	6,161,418	5,991,343	6,246,016	5,099,712	5,201,159	5,129,987	4,967,899	4,584,192	4,724,918	4,620,215
Plan fiduciary net position - ending (b)	$ 6,558,093	$ 6,161,418	$ 5,991,343	$ 6,246,016	$ 5,099,712	$ 5,201,159	$ 5,129,987	$ 4,967,899	$ 4,584,192	$ 4,724,918
Political subdivision's net pension liability - ending (a-b)	$ (1,737,068)	$ (1,533,799)	$ (1,216,676)	$ (1,506,305)	$ (646,063)	$ (803,893)	$ (845,094)	$ (892,016)	$ (680,118)	$ (618,760)
Plan fiduciary net position as a percentage of the total Pension liability	136.03%	133.14%	125.48%	131.78%	114.51%	118.28%	119.72%	121.89%	117.42%	115.07%
Covered payroll	$ 1,084,978	$ 1,009,598	$ 833,345	$ 779,716	$ 838,205	$ 789,917	$ 787,207	$ 912,137	$ 838,366	$ 888,407
Political subdivision's net pension liability as a percentage of covered payroll	-160.10%	-151.92%	-146.00%	-193.19%	-77.08%	-101.77%	-107.35%	-97.79%	-81.12%	-69.65%

County of Southampton, Virginia

Schedule of Employer's Share of Net Pension Liability
VRS Teacher Employee Retirement Plan

For the Measurement Dates of June 30, 2015 through 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's Proportion of the Net Pension Liability (Asset)	**0.13%**	0.15%	0.15%	0.15%	0.16%	0.16%	0.16%	0.16%	0.16%	0.17%
Employer's Proportionate Share of the Net Pension Liability (Asset)	**$12,567,228**	$15,090,057	$14,078,109	$11,719,948	$23,127,034	$21,447,778	$19,208,000	$20,036,000	$23,053,000	$21,760,000
Employer's Covered Payroll	**14,248,654**	14,842,603	13,654,145	13,268,489	13,800,741	13,593,915	13,138,974	12,814,668	12,540,977	12,853,492
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its covered payroll	**88%**	102%	103%	88%	168%	158%	146%	156%	184%	169%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**84.52%**	82.45%	82.61%	85.46%	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%

For Reference Only

The Plan Fiduciary Net Position as a Percentage of the Total Pension Liability for the VRS Teacher Retirement Plan for each year is presented on pages 118 and 119 of the VRS 2024 Annual Report.

County of Southampton, Virginia

Schedule of Employer Contributions

For the Years Ended June 30, 2016 through 2025

Date	Contractually Required Contribution (1)*	Contribution in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Political Subdivision					
2025	**$ 878,354**	**$ 878,354**	**$ -**	**$ 9,772,715**	**8.99%**
2024	1,050,444	1,050,444	-	9,214,725	11.40%
2023	1,028,725	1,028,725	-	8,512,692	12.08%
2022	986,710	986,710	-	8,157,864	12.10%
2021	807,051	807,051	-	7,926,888	10.18%
2020	765,066	765,066	-	7,492,965	10.21%
2019	838,339	838,339	-	7,244,809	11.57%
2018	857,610	857,610	-	7,281,983	11.78%
2017	840,872	838,698	2,174	7,101,956	11.81%
2016	968,074	986,394	(18,320)	6,746,161	14.62%
Component Unit School Board - General Employees					
2025	**$ -**	**$ -**	**$ -**	**$ 682,317**	**0.00%**
2024	-	-	-	1,084,978	0.00%
2023	-	-	-	1,009,598	0.00%
2022	-	-	-	833,345	0.00%
2021	-	-	-	779,716	0.00%
2020	4,442	4,442	-	838,205	0.53%
2019	4,187	4,187	-	789,917	0.53%
2018	831	831	-	787,207	0.11%
2017	1,186	990	196	912,137	0.11%
2016	35,714	41,386	(5,672)	838,366	4.94%
Component Unit School Board - Teachers					
2025	**$ 2,034,432**	**$ 2,034,432**	**$ -**	**$ 14,316,903**	**14.21%**
2024	2,258,111	2,258,111	-	14,248,654	15.85%
2023	2,356,782	2,356,782	-	14,842,603	15.88%
2022	2,196,710	2,196,710	-	13,654,145	16.09%
2021	2,138,164	2,138,164	-	13,268,489	16.11%
2020	2,163,956	2,163,956	-	13,800,741	15.68%
2019	2,131,526	2,131,526	-	13,593,915	15.68%
2018	2,112,442	2,112,442	-	13,138,974	16.08%
2017	1,878,630	1,853,201	25,429	12,814,668	14.46%
2016	1,763,261	1,851,158	(87,897)	12,540,977	14.76%

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

For Reference Only:

Column 1 – Employer contribution rate multiplied by the employer's covered payroll

Column 2 – Employer contributions as referenced in covered Payroll and Contributions report on VRS website.

Column 4 – Employer's covered payroll amount for the fiscal year

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 PUB2010 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 year age and service 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 PUB2010 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	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

School Division

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

County of Southampton, Virginia

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

Political Subdivision	2024	2023	2022	2021	2020	2019	2018	2017
Employer's Proportion of the Net GLI OPEB Liability (Asset)	**0.03950%**	0.03994%	0.04144%	0.04215%	0.04017%	0.04092%	0.04195%	0.04217%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	**$ 405,526**	$ 440,686	$ 459,060	$ 451,481	$ 616,742	$ 612,608	$ 586,040	$ 584,200
Employer's Covered Payroll	**$ 9,212,042**	$ 8,517,247	$ 8,179,093	$ 7,932,644	$ 7,513,039	$ 8,021,313	$ 7,281,983	$ 7,101,956
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	**4.40%**	5.17%	5.61%	5.69%	8.21%	7.64%	8.05%	8.23%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	**73.41%**	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since 2024 is the eighth year of presentation, only eight years of data is available. However, additional years will be included as they become available.

For Reference Only

The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on pages 130 and 131 of the VRS 2024 Annual Report.

County of Southampton, Virginia

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

	2024	2023	2022	2021	2020	2019	2018	2017
School Board								
Employer's Proportion of the Net GLI OPEB Liability (Asset)	**0.00429%**	0.00431%	0.00389%	0.00380%	0.00414%	0.00407%	0.00425%	0.00501%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	**$ 47,873**	$ 756,887	$ 46,839	$ 44,242	$ 69,090	$ 66,230	$ 64,000	$ 75,000
Employer's Covered Payroll	**$ 1,101,093**	$ 1,014,957	$ 846,569	$ 785,796	$ 852,977	$ 797,814	$ 808,026	$ 924,815
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	**4.35%**	74.57%	5.53%	5.63%	8.10%	8.30%	7.92%	8.11%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	**73.41%**	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since 2024 is the eight year of presentation, only eighth years of data is available. However, additional years will be included as they become available.

For Reference Only

The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on pages 130 and 131 of the VRS 2024 Annual Report.

County of Southampton, Virginia

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

Teacher	2024	2023	2022	2021	2020	2019	2018	2017
Employer's Proportion of the Net GLI OPEB Liability (Asset)	**0.05578%**	0.06311%	0.06283%	0.06435%	0.06709%	0.06944%	0.06911%	0.06950%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	**$ 622,461**	$ 51,690	$ 756,534	$ 749,209	$ 1,119,622	$ 1,129,974	$ 1,050,000	$ 1,046,000
Employer's Covered Payroll	**$ 14,322,073**	$ 14,864,549	$ 13,666,052	$ 13,285,960	$ 13,807,502	$ 13,612,623	$ 13,141,574	$ 12,819,622
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	**4.35%**	0.35%	5.09%	5.64%	8.11%	8.30%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	**73.41%**	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since 2024 is the eighth year of presentation, only eight years of data is available. However, additional years will be included as they become available.

For Reference Only

The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on pages 130 and 131 of the VRS 2024 Annual Report.

County of Southampton, Virginia

Schedule of Employer Contributions

Group Life Insurance OPEB Plan

For the Years Ended June 30, 2016 through 2025

Date	Contractually Required Contribution (1)	Contribution in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
Political Subdivision					
2025	**$ 45,951**	**$ 45,951**	**$ -**	**$ 9,772,715**	**0.47%** *
2024	49,799	49,799	-	9,212,042	0.54% *
2023	45,993	45,993	-	8,517,247	0.54% *
2022	44,168	44,168	-	8,179,093	0.54% *
2021	42,837	42,837	-	7,932,644	0.54% *
2020	39,050	39,050	-	7,513,039	0.52% *
2019	41,711	41,711	-	8,021,313	0.52% *
2018	37,866	37,866	-	7,281,983	0.52% *
2017	36,930	36,930	-	7,101,956	0.52% *
2016	35,832	35,832	-	7,464,914	0.48%
School Board					
2025	**$ 3,207**	**$ 3,207**	**$ -**	**$ 682,317**	**0.47%**
2024	5,946	5,946	-	1,101,093	0.54%
2023	5,481	5,481	-	1,014,957	0.54%
2022	4,571	4,571	-	846,569	0.54%
2021	4,243	4,243	-	785,796	0.54%
2020	4,435	4,435	-	852,977	0.52%
2019	4,149	4,149	-	797,814	0.52%
2018	4,202	4,202	-	808,026	0.52%
2017	4,809	4,809	-	924,815	0.52%
2016	4,031	4,031	-	839,867	0.48%
Teacher					
2025	**$ 67,537**	**$ 67,537**	**$ -**	**$ 14,369,526**	**0.47%**
2024	77,339	77,339	-	14,322,073	0.54%
2023	80,269	80,269	-	14,864,549	0.54%
2022	73,797	73,797	-	13,666,052	0.54%
2021	71,744	71,744	-	13,285,960	0.54%
2020	71,799	71,799	-	13,807,502	0.52%
2019	70,786	70,786	-	13,612,623	0.52%
2018	68,336	68,336	-	13,141,574	0.52%
2017	66,662	66,662	-	12,819,622	0.52%
2016	60,231	60,231	-	12,548,054	0.48%

* information is presented less the Regional Library portion of covered payroll and contributions paid

For Reference Only:

Column 1 – Employer contribution rate multiplied by the employer's covered payroll

Column 2 – Employer contributions as referenced in Covered Payroll and Contributions report on VRS website

Column 4 – Employer's covered payroll amount for the fiscal year

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 PUB2010 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 PUB2010 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 PUB2010 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 Southampton, Virginia

Schedule of Changes in the Political Subdivision's Net HIC OPEB Liability
and Related Ratios
(expressed in thousands)
For the Measurement Dates of June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018 and 2017

Political Subdivision	2024	2023	2022	2021	2020	2019	2018	2017
Total HIC OPEB liability								
Service cost	$ 2,649	$ 2,736	$ 3,568	$ 2,075	$ 2,252	$ 2,007	$ 1,949	$ 2,153
Interest	10,428	9,344	7,438	7,726	8,801	9,171	9,433	9,676
Changes in benefit terms	-	-	-	-	-	-	-	-
Changes of assumptions	-	-	10,121	1,044	-	2,731	-	(2,773)
Difference between expected and actual experience	(6,492)	16,162	21,445	(3,711)	(11,955)	(808)	(1,216)	-
Benefit payments	(12,200)	(11,972)	(15,052)	(14,891)	(15,119)	(12,380)	(15,399)	(9,655)
Net change in total HIC OPEB liability	(5,615)	16,270	27,520	(7,757)	(16,021)	721	(5,233)	(599)
Total HIC OPEB liability - beginning	157,951	141,681	114,161	121,918	137,939	137,218	142,451	143,050
Total HIC OPEB liability - ending (a)	$ 152,336	$ 157,951	$ 141,681	$ 114,161	$ 121,918	$ 137,939	$ 137,218	$ 142,451
Plan fiduciary net position								
Contributions - employer	$ 3,151	$ 3,051	$ 2,366	$ 2,167	$ 2,371	$ 2,356	$ 2,408	$ 2,271
Net investment income	13,249	8,043	456	32,488	2,732	8,681	10,036	15,450
Benefit payments	(12,200)	(11,972)	(15,052)	(14,891)	(15,119)	(12,380)	(15,399)	(9,655)
Administrator charges	(178)	(178)	(246)	(351)	(247)	(186)	(223)	(241)
Other	1	482	9,017	-	(1)	(10)	(812)	812
Net change in plan fiduciary net position	4,023	(574)	(3,459)	19,413	(10,264)	(1,539)	(3,990)	8,637
Plan fiduciary net position - beginning	145,838	146,412	149,871	130,458	140,722	142,261	146,251	137,614
Plan fiduciary net position - ending (b)	$ 149,861	$ 145,838	$ 146,412	$ 149,871	$ 130,458	$ 140,722	$ 142,261	$ 146,251
Political subdivision's net HIC OPEB liability - ending (a) - (b)	$ 2,475	$ 12,113	$ (4,731)	$ (35,710)	$ (8,540)	$ (2,783)	$ (5,043)	$ (3,800)
Plan fiduciary net position as a percentage of the total HIC OPEB liability	98.38%	92.33%	103.34%	131.28%	107.00%	102.02%	103.68%	102.67%
Covered payroll	$ 2,191,876	$ 2,123,618	$ 2,022,005	$ 1,846,971	$ 2,343,339	$ 2,328,080	$ 1,498,197	$ 1,403,551
Political subdivision's net HIC OPEB liability as a percentage of covered payroll	0.1129%	0.5704%	-0.2340%	-1.9334%	-0.3644%	-0.1195%	-0.3366%	-0.2707%

County of Southampton, Virginia

Schedule of Changes in the Political Subdivision's Net HIC OPEB Liability
and Related Ratios
(expressed in thousands)
For the Measurement Dates of June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018 and 2017

Component Unit School Board General Employees	2024	2023	2022	2021	2020	2019	2018	2017
Total HIC OPEB liability								
Service cost	$ 969	$ 924	$ 1,099	$ 1,172	$ -	$ -	$ -	$ -
Interest	4,100	8,596	6,931	6,218	-	-	-	-
Changes in benefit terms	-	-	-	-	92,119	-	-	-
Changes of assumptions	-	-	26,987	2,827	-	-	-	-
Difference between expected and actual experience	(3,472)	(74,917)	(8,665)	-	-	-	-	-
Benefit payments	(1,008)	(1,507)	(1,507)	-	-	-	-	-
Net change in total HIC OPEB liability	589	(66,904)	24,845	10,217	92,119	-	-	-
Total HIC OPEB liability - beginning	60,277	127,181	102,336	92,119	-	-	-	-
Total HIC OPEB liability - ending (a)	$ 60,866	$ 60,277	$ 127,181	$ 102,336	$ 92,119	$ -	$ -	$ -
Plan fiduciary net position								
Contributions - employer	$ 11,392	$ 10,600	$ 7,923	$ 7,018	$ -	$ -	$ -	$ -
Net investment income	2,961	1,305	(132)	904	-	-	-	-
Benefit payments	(1,008)	(1,507)	(1,507)	-	-	-	-	-
Administrator charges	(46)	(36)	(28)	(31)	-	-	-	-
Other	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	13,299	10,362	6,256	7,891	-	-	-	-
Plan fiduciary net position - beginning	24,509	14,147	7,891	-	-	-	-	-
Plan fiduciary net position - ending (b)	$ 37,808	$ 24,509	$ 14,147	$ 7,891	$ -	$ -	$ -	$ -
Political subdivision's net HIC OPEB liability - ending (a) - (b)	$ 23,058	$ 35,768	$ 113,034	$ 94,445	$ 92,119	$ -	$ -	$ -
Plan fiduciary net position as a percentage of the total HIC OPEB liability	62.12%	40.66%	11.12%	7.71%	0.00%	0.00%	0.00%	0.00%
Covered payroll	$ 1,084,978	$ 1,009,598	$ 833,345	$ 779,716	$ -	$ -	$ -	$ -
Political subdivision's net HIC OPEB liability as a percentage of covered payroll	2.1252%	3.5428%	13.5639%	12.1127%	0.0000%	0.0000%	0.0000%	0.0000%

County of Southampton, Virginia

Schedule of Employer's Share of Net OPEB Liability
Health Insurance Credit Program (HIC) Teacher
For the Measurement Dates of June 30, 2017 through 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Employer's Proportion of the Net HIC OPEB Liability (Asset)	**0.13299%**	0.14886%	0.14650%	0.15003%	0.15742%	0.16207%	0.16246%	0.16244%
Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	**$ 1,536,896**	$ 1,803,316	$ 1,829,853	$ 1,925,738	$ 2,053,570	$ 2,121,654	$ 2,063,000	$ 2,061,000
Employer's Covered Payroll	**$ 14,248,654**	$ 14,842,603	$ 13,654,145	$ 13,268,489	$ 13,800,741	$ 13,593,915	$ 13,138,974	$ 12,819,622
Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of its Covered Payroll	**10.79%**	12.15%	13.40%	14.51%	14.88%	15.61%	15.70%	16.08%
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	**21.82%**	17.90%	15.08%	13.15%	9.95%	8.97%	8.08%	7.04%

Schedule is intended to show information for 10 years. Since 2024 is the eighth year of presentation, only eight years of data is available. However, additional years will be included as they become available.

For Reference Only

The Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability for the Health Insurance Credit (HIC) for each year is presented on pages 142 and 143 of the VRS 2024 Annual Report.

County of Southampton, Virginia

Schedule of Employer Contributions

Health Insurance Credit - Political Subdivision and Teacher

For the Years Ended June 30, 2016 through 2025

Date	Contractually Required Contribution (1)	Contribution in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
Political Subdivision					
2025	**$ 3,678**	**$ 3,678**	**$ -**	**$ 2,472,253**	**0.15%** *
2024	2,659	2,659	-	2,191,876	0.12% *
2023	2,359	2,359	-	2,123,618	0.11% *
2022	1,819	1,819	-	2,022,005	0.09% *
2021	1,650	1,650	-	1,846,971	0.09% *
2020	2,578	2,578	-	2,343,339	0.11% *
2019	2,356	2,356	-	2,328,080	0.10% *
2018	1,798	1,798	-	1,498,197	0.12% *
2017	1,684	1,684	-	1,403,551	0.12% *
2016	2,017	2,017	-	2,016,976	0.10%
School Board - General Employees					
2025	**$ 7,164**	**$ 7,164**	**$ -**	**$ 682,317**	**1.05%**
2024	11,392	11,392	-	1,084,978	1.05%
2023	10,601	10,601	-	1,009,598	1.05%
2022	7,500	7,500	-	833,345	0.90%
2021	7,017	7,017	-	779,716	0.90%
2020	n/a	n/a	n/a	n/a	n/a
2019	n/a	n/a	n/a	n/a	n/a
2018	n/a	n/a	n/a	n/a	n/a
2017	n/a	n/a	n/a	n/a	n/a
2016	n/a	n/a	n/a	n/a	n/a
Teacher					
2025	**$ 173,235**	**$ 173,235**	**$ -**	**$ 14,316,903**	**1.21%**
2024	172,409	172,409	-	14,248,654	1.21%
2023	179,595	179,595	-	14,842,603	1.21%
2022	165,215	165,215	-	13,654,145	1.21%
2021	160,549	160,549	-	13,268,489	1.21%
2020	165,609	165,609	-	13,800,741	1.20%
2019	163,127	163,127	-	13,593,915	1.20%
2018	161,487	161,487	-	13,138,974	1.23%
2017	142,298	142,298	-	12,819,622	1.11%
2016	132,954	132,954	-	12,542,813	1.06%

* information is presented less the Regional Library portion of covered payroll and contributions paid

For Reference Only:

Column 1 – Employer contribution rate multiplied by the employer's covered payroll
Column 2 – Employer contributions as referenced in Covered Payroll and Contributions report on VRS website
Column 4 – Employer's covered payroll amount for the fiscal year

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 PUB2010 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 PUB2010 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

Teacher

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 Southampton, Virginia

Schedule of Employer's Share of Net OPEB Liability
Virginia Local Disability Program (VLDP) - Political Subdivision
For the Measurement Dates of June 30, 2017 through 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Employer's Proportion of the Net VLDP OPEB Liability (Asset)	**0.00875%**	0.09420%	0.09094%	0.08596%	0.09050%	0.06845%	0.06094%	0.08183%
Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset)	**$ (3,157)**	$ (1,516)	$ (535)	$ (870)	$ 904	$ 1,387	$ 1,000	$ 1,000
Employer's Covered Payroll	**$ 676,845**	$ 576,614	$ 426,015	$ 345,318	$ 337,233	$ 211,592	$ 147,960	$ 150,265
Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset) as a Percentage of its Covered Payroll	**-0.47%**	-0.26%	-0.13%	-0.25%	0.27%	0.66%	0.68%	0.67%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability	**129.49%**	116.89%	107.99%	119.59%	76.84%	49.19%	51.22%	38.40%

Schedule is intended to show information for 10 years. Since 2024 is the eighth year of presentation, only eight years of data is available. However, additional years will be included as they become available.

For Reference Only

The Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability for the Virginia Local Disability (VLDP) for each year is presented on pages 136-137 of the VRS 2024 Annual Report.

County of Southampton, Virginia

Schedule of Employer's Share of Net OPEB Liability
Virginia Local Disability Program (VLDP) - Teacher
For the Measurement Dates of June 30, 2017 through 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Employer's Proportion of the Net VLDP OPEB Liability (Asset)	**0.58543%**	0.71588%	0.61779%	0.64610%	0.67992%	0.69595%	0.62396%	0.72418%
Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset)	**$ (5,245)**	$ 4,753	$ (695)	$ (4,549)	$ 5,455	$ 4,045	$ 5,000	$ 4,000
Employer's Covered Payroll	**$6,317,597**	$6,685,211	$4,972,263	$4,347,658	$4,021,811	$3,337,339	$2,326,563	$2,043,646
Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset) as a Percentage of its Covered Payroll	**-0.08%**	0.07%	-0.01%	-0.10%	0.14%	0.12%	0.21%	0.20%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability	**107.03%**	93.77%	101.57%	114.46%	78.28%	74.12%	46.18%	31.96%

Schedule is intended to show information for 10 years. Since 2024 is the eighth year of presentation, only eight years of data is available. However, additional years will be included as they become available.

For Reference Only

The Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability for the Virginia Local Disability (VLDP) for each year is presented on pages 134 and 135 of the VRS 2024 Annual Report.

County of Southampton, Virginia

Schedule of Employer Contributions

Virginia Local Disability Program

For the Years Ended June 30, 2016 through 2025

Date	Contractually Required Contribution (1)	Contribution in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2025	**$ 3,326**	**$ 3,326**	**$ -**	**$ 449,417**	**0.74%**
2024	5,753	5,753	-	676,845	0.85%
2023	4,901	4,901	-	576,614	0.85%
2022	3,536	3,536	-	426,015	0.83%
2021	2,866	2,866	-	345,318	0.83%
2020	2,428	2,428	-	337,233	0.72%
2019	1,523	1,523	-	211,592	0.72%
2018	888	888	-	147,960	0.60%
2017	902	902	N/A	150,265	0.60%
2016	687	687	N/A	114,489	0.60%

For Reference Only:
Column 1 – Employer contribution rate multiplied by the employer's covered payroll
Column 2 – Actual employer contribution remitted to VRS
Column 4 – Employer's covered payroll amount for the fiscal year

County of Southampton, Virginia

Schedule of Employer Contributions

Virginia Local Disability Program - Teacher

For the Years Ended June 30, 2016 through 2025

Date	Contractually Required Contribution (1)	Contribution in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2025	**$ 29,928**	**$ 29,928**	**$ -**	**$ 6,650,670**	**0.45%**
2024	29,693	29,693	-	6,317,597	0.47%
2023	31,420	31,420	-	6,685,211	0.47%
2022	23,370	23,370	-	4,972,263	0.47%
2021	20,434	20,434	-	4,347,658	0.47%
2020	16,489	16,489	-	4,021,811	0.41%
2019	13,683	13,683	-	3,337,339	0.41%
2018	7,212	7,212	-	2,326,563	0.31%
2017	6,335	6,335	-	2,043,646	0.31%
2016	3,965	3,965	-	1,367,290	0.29%

For Reference Only:

Column 1 – Employer contribution rate multiplied by the employer's covered payroll

Column 2 – Employer contributions as referenced in Covered Payroll and Contributions report on VRS website

Column 4 – Employer's covered payroll amount for the fiscal year

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 and Non-Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Update to PUB2010 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

Teacher

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Update to PUB2010 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 Southampton, Virginia

Schedule of Changes in the Political Subdivision's
Net OPEB Liability - Retiree Health Insurance
and Related Ratios

Last 10 Fiscal Years (as information becomes available)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability									
Service cost	$ 54,565	$ 53,234	$ 56,784	$ 55,399	$ 40,614	$ 39,623	$ 41,366	$ 52,228	$ 50,707
Interest	100,830	94,392	115,531	107,804	119,810	114,634	141,434	134,828	128,355
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(434,886)	-	(242,489)	-	(218,428)	-	(365,102)	-	-
Changes in assumptions	-	-	(249,458)	-	171,009	-	(139,649)	(15,270)	-
Benefit payments	(52,785)	(30,862)	(27,466)	(43,927)	(41,278)	(119,996)	(81,467)	(99,765)	(70,661)
Net change in total OPEB liability	(332,276)	116,764	(347,098)	119,276	71,727	34,261	(403,418)	72,021	108,401
Total OPEB liability - beginning	1,651,917	1,535,153	1,882,251	1,762,975	1,691,248	1,656,987	2,060,405	1,988,384	1,879,983
Total OPEB liability - ending (a)	$ 1,319,641	$ 1,651,917	$ 1,535,153	$ 1,882,251	$ 1,762,975	$ 1,691,248	$ 1,656,987	$ 2,060,405	$ 1,988,384
Plan fiduciary net position									
Contributions - employer, including benefits paid	$ 67,785	$ 80,862	$ 37,446	$ 103,927	$ 91,278	$ 294,996	$ 206,467	$ 299,765	$ 258,661
Contributions - member	-	-	-	-	-	-	-	-	-
Net investment income	272,728	266,120	141,194	(269,556)	419,933	12,580	78,988	72,125	97,469
Benefit payments	(52,785)	(30,862)	(27,466)	(43,927)	(41,278)	(119,996)	(81,467)	(99,765)	(70,661)
Administrative expense	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	287,728	316,120	151,174	(209,556)	469,933	187,580	203,988	272,125	285,469
Plan fiduciary net position - beginning	2,483,757	2,167,637	2,016,463	2,226,019	1,756,086	1,568,506	1,364,518	1,092,393	806,924
Plan fiduciary net position - ending (b)	$ 2,771,485	$ 2,483,757	$ 2,167,637	$ 2,016,463	$ 2,226,019	$ 1,756,086	$ 1,568,506	$ 1,364,518	$ 1,092,393
Political subdivision's net OPEB liability (asset) - ending (a) - (b)	$ (1,451,844)	$ (831,840)	$ (632,484)	$ (134,212)	$ (463,044)	$ (64,838)	$ 88,481	$ 695,887	$ 895,991
Plan fiduciary net position as a percentage of the total OPEB liability	210.02%	150.36%	141.20%	107.13%	126.26%	103.83%	94.66%	66.23%	54.94%
Covered employee-payroll	$ 11,066,788	$ 10,017,855	$ 8,508,863	$ 8,219,388	$ 7,938,503	$ 6,325,590	$ 6,678,465	$ 6,407,641	$ 7,783,279
Political subdivision's net OPEB liability as a percentage of covered payroll	-13.12%	-8.30%	-7.43%	-1.63%	-5.83%	-1.03%	1.32%	10.86%	11.51%

County of Southampton, Virginia

Schedule of Employer Contributions - OPEB Retiree Health Insurance

Last 10 Fiscal Years

Date	Actuarially Determined Employer Contribution (1)	Actual Employer Contribution* (2)	Contribution Deficiency (Excess) (3)	Covered Payroll (4)	Contribution as a % of Payroll (5)
2025	**$ -**	**$ 15,000**	**$ (15,000)**	**$ 11,066,788**	**0.14%**
2024	16,147	50,000	(33,853)	10,017,855	0.50%
2023	14,811	10,000	4,811	8,508,863	0.12%
2022	33,398	60,000	(26,602)	8,219,388	0.73%
2021	55,375	50,000	5,375	7,938,503	0.63%
2020	57,036	175,000	(117,964)	6,325,590	2.77%
2019	55,375	125,000	(69,625)	6,678,465	1.87%
2018	121,776	200,000	(78,224)	6,407,641	3.12%
2017	118,229	188,000	(69,771)	7,783,279	2.42%
2016	163,742	182,000	(18,258)		

* Employer contributions above do not include benefits (implicit subsidies) paid by the County.

County of Southampton, Virginia

Schedule of Changes in the School Board's
Net OPEB Liability - Retiree Health Insurance
and Related Ratios

Last 10 Fiscal Years (as information becomes available)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability									
Service cost	$ 88,239	$ 86,087	$ 74,491	$ 72,674	$ 89,460	$ 86,854	$ 91,976	$ 136,451	$ 132,477
Interest	134,779	122,844	127,701	117,191	175,938	163,649	243,258	225,542	215,687
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(916,670)	-	(278,397)	-	(956,742)	-	(1,414,409)	-	-
Changes in assumptions	-	-	(1,454)	-	169,930	-	(257,360)	(133,482)	-
Benefit payments	(12,285)	(12,066)	(17,650)	(15,406)	(28,352)	(125,119)	(106,303)	(213,556)	(161,873)
Net change in total OPEB liability	(705,937)	196,865	(95,309)	174,459	(549,766)	125,384	(1,442,838)	14,955	186,291
Total OPEB liability - beginning	2,164,125	1,967,260	2,062,569	1,888,110	2,437,876	2,312,492	3,755,330	3,740,375	3,554,084
Total OPEB liability - ending (a)	$ 1,458,188	$ 2,164,125	$ 1,967,260	$ 2,062,569	$ 1,888,110	$ 2,437,876	$ 2,312,492	$ 3,755,330	$ 3,740,375
Plan fiduciary net position									
Contributions - employer, including benefits paid	$ 82,285	$ 82,066	$ 117,650	$ 60,739	$ 28,352	$ 125,119	$ 376,303	$ 463,556	$ 440,423
Contributions - member	-	-	-	-	-	-	-	-	-
Net investment income	254,094	217,516	115,914	(235,279)	321,887	49,012	89,423	48,166	77,815
Benefit payments	(12,285)	(12,066)	(17,650)	(15,406)	(28,352)	(125,119)	(106,303)	(213,556)	(161,873)
Administrative expense	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	324,094	287,516	215,914	(189,946)	321,887	49,012	359,423	298,166	356,365
Plan fiduciary net position - beginning	2,677,971	2,390,455	2,174,541	2,364,487	2,042,600	1,993,588	1,634,165	1,335,999	979,634
Plan fiduciary net position - ending (b)	$ 3,002,065	$ 2,677,971	$ 2,390,455	$ 2,174,541	$ 2,364,487	$ 2,042,600	$ 1,993,588	$ 1,634,165	$ 1,335,999
Political subdivision's net OPEB liability (asset) - ending (a) - (b)	$ (1,543,877)	$ (513,846)	$ (423,195)	$ (111,972)	$ (476,377)	$ 395,276	$ 318,904	$ 2,121,165	$ 2,404,376
Plan fiduciary net position as a percentage of the total OPEB liability	205.88%	123.74%	121.51%	105.43%	125.23%	83.79%	86.21%	43.52%	35.72%
Covered employee-payroll	$ 15,809,843	$ 16,897,342	$ 17,362,261	$ 15,243,728	$ 15,425,893	$ 16,267,929	$ 15,652,246	$ 11,125,737	$ 15,981,786
Political subdivision's net OPEB liability as a percentage of covered payroll	-9.77%	-3.04%	-2.44%	-0.73%	-3.09%	2.43%	2.04%	19.07%	15.04%

County of Southampton, Virginia

Schedule of Employer Contributions - OPEB Retiree Health Insurance School Board

Last 10 Fiscal Years

Date	Actuarially Determined Employer Contribution (1)	Actual Employer Contribution* (2)	Contribution Deficiency (Excess) (3)	Covered Payroll (4)	Contribution as a % of Payroll (5)
2025	**$ -**	**$ 70,000**	**$ (70,000)**	**$ 15,809,843**	**0.44%**
2024	63,649	70,000	(6,351)	16,897,342	0.41%
2023	61,487	100,000	(38,513)	17,362,261	0.58%
2022	46,467	45,333	1,134	15,243,728	0.30%
2021	134,087	-	134,087	15,425,893	0.00%
2020	138,109	-	138,109	16,267,929	0.00%
2019	134,086	270,000	(135,914)	15,652,246	1.72%
2018	273,960	250,000	23,960	11,125,737	2.25%
2017	265,981	278,550	(12,569)	15,981,786	1.74%
2016	264,544	377,000	(112,456)	14,906,021	2.53%

* Employer contributions above do not include benefits (implicit subsidies) paid by the Schools.

OTHER SUPPLEMENTARY INFORMATION

County of Southampton, Virginia

Combining Balance Sheet

Other Governmental Funds

At June 30, 2025

	Forfeiture Fund	Law Library Fund	Beale Farm Fund	Canteen Fund	Inmate Fund	Total Other Governmental Funds
Assets						
Cash and investments	$ 143,240	$ 41,172	$ 1,615,567	$ 11,542	$ 266,518	$ 2,078,039
Accounts receivable	-	392	-	5,495	5,906	11,793
Total Assets	$ 143,240	$ 41,564	$ 1,615,567	$ 17,037	$ 272,424	$ 2,089,832
Liabilities						
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ 3,324	$ 1,205	$ 4,529
Total Liabilities	-	-	-	3,324	1,205	4,529
Fund Balance						
Restricted fund balance	143,240	41,564	1,615,567	13,713	271,219	2,085,303
Total Fund Balance	143,240	41,564	1,615,567	13,713	271,219	2,085,303
Total Liabilities and Fund Balance	$ 143,240	$ 41,564	$ 1,615,567	$ 17,037	$ 272,424	$ 2,089,832

Schedule 2

County of Southampton, Virginia

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Other Governmental Funds

At June 30, 2025

	Forfeiture Fund	Law Library Fund	Beale Farm Fund	Canteen Fund	Inmate Fund	Total Other Governmental Funds
Revenues						
Use of money and property	$ 144	$ 12	$ 42,820	$ -	$ -	$ 42,976
Charges for services	-	4,489	-	54,686	-	59,175
Miscellaneous	-	-	-	-	63,164	63,164
Intergovernmental						
From the Commonwealth of Virginia	-	-	-	-	-	-
From the Federal Government	108,939	-	-	-	-	108,939
Total Revenues	109,083	4,501	42,820	54,686	63,164	274,254
Expenditures						
Current						
Public safety	14,197	-	-	43,353	33,223	90,773
Total Expenditures	14,197	-	-	43,353	33,223	90,773
Excess (Deficiency) of Revenues Over Expenditures	94,886	4,501	42,820	11,333	29,941	183,481
Other Financing Sources (Uses)						
Transfers in	-	-			-	-
Transfers out	-	-	-	-	(4,656)	(4,656)
Total Other Financing Sources (Uses)	-	-	-	-	(4,656)	(4,656)
Net Change in Fund Balances	94,886	4,501	42,820	11,333	25,285	178,825
Fund Balance - Beginning of Year	48,354	37,063	1,572,747	2,380	245,934	1,906,478
Fund Balance - End of Year	$ 143,240	$ 41,564	$ 1,615,567	$ 13,713	$ 271,219	$ 2,085,303

County of Southampton, Virginia

Combining Statement of Fiduciary Net Position

Custodial Funds

At June 30, 2025

	Special Welfare Fund	Cypress Escrow Trust Fund	Non-Judicial Tax Escrow Trust Fund	Blackwater Regional Library Fund	Totals
Assets					
Cash and investments	$ 109,787	$ 8,452	$ 72,828	$ 3,421,703	$ 3,612,770
Accounts receivable	230	-	-	-	230
Other assets	-	-	-	120,900	120,900
Total Assets	$ 110,017	$ 8,452	$ 72,828	$ 3,542,603	$ 3,733,900
Liabilities					
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ 495	$ 495
Total Liabilities	-	-	-	495	495
Net Position					
Restricted for:					
Individuals, organizations, and other governments	110,017	8,452	72,828	3,542,108	3,733,405
Total Net Position	110,017	8,452	72,828	3,542,108	3,733,405
Total Liabilities and Net Position	$ 110,017	$ 8,452	$ 72,828	$ 3,542,603	$ 3,733,900

County of Southampton, Virginia

Combining Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2025

	Special Welfare Fund	Cypress Escrow Trust Fund	Non-Judicial Tax Escrow Trust Fund	Blackwater Regional Library Fund	All Custodial Funds
Additions					
Miscellaneous income	$ -	$ -	$ -	$ 24,860	**$ 24,860**
Revenue from Commonwealth of Virginia	-	-	-	810,188	**810,188**
Revenue from Federal Government	-	-	-	45,703	**45,703**
Revenue from County of Southampton	-	-	-	296,040	**296,040**
Charges for services	-	-	-	28,903	**28,903**
Local grant funds and other donations	31,805	-	-	1,641,562	**1,673,367**
Investment earnings					
Dividends and interest	-	187	36	71,868	**72,091**
Realized gain/(loss) on investments	-	-	-	280,791	**280,791**
Total Additions	31,805	187	36	3,199,915	**3,231,943**
Deductions					
Program and administrative expenses	37,402	-	276	2,805,764	**2,843,442**
Total Deductions	37,402	-	276	2,805,764	**2,843,442**
Net Increase (Decrease) in Net Position	(5,597)	187	(240)	394,151	**388,501**
Net Position - Beginning	115,614	8,265	73,068	3,147,957	**3,344,904**
Net Position - Ending	$ 110,017	$ 8,452	$ 72,828	$ 3,542,108	**$ 3,733,405**

County of Southampton, Virginia

Component Unit School Board

Combining Balance Sheet

At June 30, 2025

	School Operating Fund	School Food Services Fund	School Endowment Fund	School Activity Fund	Total Governmental Funds
Assets					
Cash and investments	$ 6,290,365	$ 113,393	$ -	$ 980,548	$ 7,384,306
Cash - restricted	-	-	26,024	-	26,024
Accounts receivable	61,602	2,298	-	-	63,900
Due from other governments	1,421,494	280,056	-	-	1,701,550
Total Assets	$ 7,773,461	$ 395,747	$ 26,024	$ 980,548	$ 9,175,780
Liabilities					
Pooled cash deficit	$ -	$ 223,015	$ -	$ -	$ 223,015
Accounts payable	1,250,495	2,842	-	-	1,253,337
Accrued liabilities	2,950,960	81,031	-	-	3,031,991
Unearned revenue	3,572,006	-	-	-	3,572,006
Total Liabilities	7,773,461	306,888	-	-	8,080,349
Deferred Inflows of Resources					
Leases	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
Fund Balance					
Restricted					
Endowment	-	-	26,024	-	26,024
Assigned					
Food services	-	88,859	-	-	88,859
School activity funds	-	-	-	980,548	980,548
Unassigned	-	-	-	-	-
Total Fund Balance	-	88,859	26,024	980,548	1,095,431
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 7,773,461	$ 395,747	$ 26,024	$ 980,548	$ 9,175,780

County of Southampton, Virginia

Component Unit School Board

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

At June 30, 2025

Total Fund Balances for Governmental Funds		$ 1,095,431
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	$ 1,362,200	
Buildings and improvements, net of depreciation	727,875	
Furniture, equipment, and vehicles, net of depreciation	8,592,623	
Lease assets, net	160,300	
Subscription assets, net	171	
Total Capital Assets		10,843,169
Deferred outflows and inflows of resources related are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows related to OPEBs	551,468	
Deferred inflows related to OPEBs	(2,442,544)	
Deferred outflows of resources related to pensions	4,547,161	
Deferred inflows of resources related to pensions	(3,749,084)	
Total Deferred Outflows and Inflows of Resources		(1,092,999)
Liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.		
Balances of long-term liabilities affecting net position are as follows:		
Long-term purchase obligations	(550,327)	
Lease liabilities	(166,533)	
Net pension liability/(asset)	(10,830,160)	
Other post employment benefits obligation	(678,008)	
Compensated absences	(239,103)	
Total Liabilities		(12,464,131)
Total Net Position (Deficit) of Governmental Activities		$ (1,618,530)

County of Southampton, Virginia

Component Unit School Board

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances

Year Ended June 30, 2025

	School Operating Fund	School Food Services Fund	School Endowment Fund	School Activity Fund	Total School Funds
Revenues					
Use of money and property	$ 95,400	$ 1,139	$ 1,215	$ 88	$ 97,842
Charges for services	225,900	67,567	-	-	293,467
Miscellaneous	210,169	-	-	1,113,082	1,323,251
Recovered costs	492,837	-	-	-	492,837
Intergovernmental					
Revenue from County of Southampton, Virginia	11,549,475	-	-	-	11,549,475
Revenue from the Commonwealth of Virginia	25,774,529	56,733	-	-	25,831,262
Revenue from the Federal Government	3,613,418	1,599,574	-	-	5,212,992
Total Revenues	41,961,728	1,725,013	1,215	1,113,170	44,801,126
Expenditures					
Education	39,517,545	-	-	1,113,083	40,630,628
School food services	-	1,718,652	-	-	1,718,652
Debt service	2,444,183	-	-	-	2,444,183
Total Expenditures	41,961,728	1,718,652	-	1,113,083	44,793,463
Excess of Revenues over Expenditures before Other Financing Sources (Uses)	-	6,361	1,215	87	7,663
Other Financing Sources (Uses)					
Lease liabilities issued	-	-	-	-	-
Subscription liabilities issued	-	-	-	-	-
Transfers in (out)		-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	-	6,361	1,215	87	7,663
Fund Balances - Beginning of Year	-	82,498	24,809	980,461	1,087,768
Fund Balances - End of Year	$ -	$ 88,859	$ 26,024	$ 980,548	$ 1,095,431

County of Southampton, Virginia

Component Unit School Board

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2025

Net Change in Fund Balances		$ 7,663
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 as depreciation expense.		
Net capital outlays and dispositions of assets	$ 1,362,882	
Depreciation expense	(1,363,110)	
		(228)
Lease and subscription asset capital outlay expenditures which were capitalized	-	
Amortization expense for intangible assets	(144,000)	(144,000)
Bond, long-term purchase obligations, and lease proceeds are reported as financing sources in Governmental Funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases the long-term liabilities and does not affect the Statement of Activities. Similarly, the repayment of principal is an expenditure in the Governmental Funds but reduces the liability in the Statement of Net Position.		
Repayments on debt	$ 216,831	
Lease liabilities issued/paid, net	72,493	
Net Adjustment		289,324
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. Changes in the following accounts are as follows:		
Compensated absences	19,368	
Net pension liability/(asset)	2,726,098	
Deferred inflows - Pension	(1,183,878)	
Deferred outflows - Pension	187,838	
Deferred outflows - OPEB	(123,885)	
Deferred inflows - OPEB	(683,053)	
Other postemployment benefits	1,459,043	
		2,401,531
Change in Net Position of Governmental Activities		$ 2,554,290

County of Southampton, Virginia

Component Unit School Board

Budgetary Comparison Schedule

Year Ended June 30, 2025

School Operating Fund

	Original Budget	Final Budget	Variance with Original Budget Over (Under) Final Budget	Actual	Variance with Final Budget Over (Under) Actual Amounts
Revenues					
Charges for services	$ 60,000	$ 225,900	$ 165,900	$ 225,900	$ -
Revenue from use of money and property	-	95,400	95,400	95,400	-
Miscellaneous	-	559,664	559,664	210,169	(349,495)
Recovered costs	-	3,470,743	3,470,743	492,837	(2,977,906)
Intergovernmental					
Revenue from County of Southampton, Virginia	11,549,311	11,559,261	9,950	11,549,475	(9,786)
Revenue from the Commonwealth of Virginia	26,400,212	26,915,011	514,799	25,774,529	(1,140,482)
Revenue from the Federal Government	1,532,522	4,591,278	3,058,756	3,613,418	(977,860)
Total Revenues	39,542,045	47,417,257	7,875,212	41,961,728	(5,455,529)
Expenditures					
Education					
Instruction	26,473,222	28,479,346	2,006,124	25,572,739	(2,906,607)
Administration, attendance, and health	2,245,304	2,224,572	(20,732)	2,155,353	(69,219)
Transportation	3,313,234	3,441,996	128,762	3,363,148	(78,848)
Operation and maintenance	3,855,135	5,289,205	1,434,070	5,248,847	(40,358)
School food services	-	21,530	21,530	21,530	-
Facilities	230,000	2,526,837	2,296,837	1,047,243	(1,479,594)
Technology	990,885	2,989,556	1,998,671	2,108,685	(880,871)
Debt service	2,434,265	2,444,215	9,950	2,444,183	(32)
Total Expenditures	39,542,045	47,417,257	7,875,212	41,961,728	(5,455,529)
Excess of Revenues over Expenditures before Other Financing Sources (Uses)	-	-	-	-	-
Other Financing Sources (Uses)					
Lease liabilities issued	-	-	-	-	-
Subscription liabilities issued	-	-	-	-	-
Transfers in (out)	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balance	$ -	$ -	$ -	-	$ -
Fund Balance - Beginning of Year				-	
Fund Balance - End of Year				$ -	

School Food Services Fund

	Original Budget	Final Budget	Variance with Original Budget Over (Under) Final Budget	Actual	Variance with Final Budget Over (Under) Actual Amounts
Revenues					
Revenue from the use of money and property	$ -	$ -	$ -	$ 1,139	$ 1,139
Charges for services	53,179	53,179	-	67,567	14,388
Intergovernmental					
Revenue from the Commonwealth of Virginia	55,969	55,969	-	56,733	764
Revenue from the Federal Government	1,440,000	1,615,848	175,848	1,599,574	(16,274)
Total Intergovernmental Revenues	1,495,969	1,671,817	175,848	1,656,307	(15,510)
Total Revenues	1,549,148	1,724,996	175,848	1,725,013	17
Expenditures					
School food services	1,549,148	1,724,996	175,848	1,718,652	(6,344)
Total Expenditures	1,549,148	1,724,996	175,848	1,718,652	(6,344)
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	6,361	6,361
Other Financing Sources (Uses)					
Transfers in (out)	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balance	-	-	-	6,361	6,361
Transfer from Surplus Funds	-	-	-	-	-
Net Change after Reserve	$ -	$ -	$ -	6,361	$ 6,361
Fund Balance - Beginning of Year				82,498	
Fund Balance - End of Year				$ 88,859	

School Endowment Fund

	Original Budget	Final Budget	Variance with Original Budget Over (Under) Final Budget	Actual	Variance with Final Budget Over (Under) Actual Amounts
Revenues					
Revenue from the use of money and property	$ -	$ -	$ -	$ 1,215	$ 1,215
Total Revenues	-	-	-	1,215	1,215
Expenditures					
Education					
Instruction	-	-	-	-	-
Total Expenditures	-	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	1,215	1,215
Other Financing Sources (Uses)					
Transfers in (out)	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balance	-	-	-	1,215	1,215
Transfer from Surplus Funds	-	-	-	-	-
Net Change after Reserve	$ -	$ -	$ -	1,215	$ 1,215
Fund Balance - Beginning of Year				24,809	
Fund Balance - End of Year				$ 26,024	

School Activity Fund

	Original Budget	Final Budget	Variance with Original Budget Over (Under) Final Budget	Actual	Variance with Final Budget Over (Under) Actual Amounts
Revenues					
Miscellaneous	-	-	-	1,113,082	1,113,082
Revenue from use of money and property	-	-	-	88	88
Intergovernmental			-		
Revenue from County of Southampton, Virginia	-	-	-	-	-
Revenue from the Commonwealth of Virginia	-	-	-	-	-
Revenue from the Federal Government	-	-	-	-	-
Total Revenues	-	-	-	1,113,170	1,113,170
Expenditures					
Education					
Instruction	-	-	-	1,113,083	1,113,083
Total Expenditures	-	-	-	1,113,083	1,113,083
Net Change in Fund Balance	$ -	$ -	$ -	87	$ 87
Fund Balance - Beginning of Year				980,461	
Fund Balance - End of Year				$ 980,548	

Schedule 8

County of Southampton, Virginia

Jail Canteen and Other Revenue and Expense Information

Year Ended June 30, 2025

	Inmate Canteen		Jail Telephone Commission		Inmate Medical Co-payments		Other Inmate Collections and Work Release		Totals	
	Revenues	Expenditures	Revenues	Expenditures	Revenues	Expenditures	Revenues	Expenditures	Revenues	Expenditures
Canteen Fund #736	$ 54,686	$ 43,353	$ -	$ -	$ -	$ -	$ -	$ -	$ 54,686	$ 43,353
Inmate Enterprise Fund #737	-	-	29,663	32,326	3,537	-	29,964	896	63,164	33,222
Total	$ 54,686	$ 43,353	$ 29,663	$ 32,326	$ 3,537	$ -	$ 29,964	$ 896	$ 117,850	$ 76,575

OTHER INFORMATION SECTION

County of Southampton, Virginia

General Governmental Revenues by Source[1]

Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, and Regulatory Licenses	Fines and Forfeitures	Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-Governmental	Total
2016	$19,205,365	$2,108,074	$ 17,413	$ 843,525	$ 219,962	$2,213,257	$ 1,288,192	$1,363,838	$ 29,367,981	$56,627,607
2017	20,530,429	2,176,962	230,676	841,367	1,142,822	2,107,962	1,238,506	1,351,596	29,953,058	59,573,378
2018	21,073,623	2,722,124	43,605	819,878	176,966	2,042,024	1,220,498	1,089,170	31,068,136	60,256,024
2019	21,864,899	2,346,073	17,557	802,075	289,195	2,000,574	1,126,639	1,041,317	32,087,676	61,576,005
2020	22,445,184	2,415,804	17,189	535,541	301,838	2,277,624	1,212,120	1,316,293	32,256,420	62,778,013
2021	23,114,015	2,779,250	148,023	433,198	95,293	2,319,876	1,099,522	1,021,171	38,019,589	69,029,937
2022	22,787,622	2,879,497	212,388	586,663	354,798	2,355,643	3,070,367	2,478,887	37,877,776	72,603,641
2023	25,054,376	2,949,487	203,150	637,318	1,736,727	2,440,247	2,647,239	4,314,829	41,180,846	81,164,219
2024	27,114,630	2,943,333	259,740	542,209	1,435,586	2,534,304	2,145,581	3,260,647	40,815,527	81,051,557
2025	**30,728,702**	**3,101,661**	**255,844**	**917,195**	**984,833**	**2,681,389**	**2,460,292**	**1,833,148**	**43,970,881**	**86,933,945**

[1] Includes All Governmental Funds and Discretely Presented Component Unit School Board. Does not include Primary Government appropriations to School Board.

Note: Personal Property Tax Relief Act (PPTRA) is being reported as Intergovernmental Revenue instead of General Property Taxes.

County of Southampton, Virginia

General Governmental Expenditures by Function[1]

Last Ten Fiscal Years

Fiscal Year	General Admini-stration	Judicial Admini-stration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Develop-ment	Capital Projects	Debt Service	Total
2016	$ 2,289,805	$ 1,796,953	$ 8,961,775	$ 2,646,468	$ 3,069,595	$ 34,769,988	$ 322,982	$ 1,114,870	$ 5,931	$ 18,333,388	$ 73,311,755
2017	2,541,644	1,806,316	8,983,507	3,400,527	2,938,631	33,795,517	274,604	1,163,757	-	3,893,274	58,797,777
2018	2,543,839	1,876,499	9,255,645	2,561,373	3,079,284	32,296,902	333,776	1,236,336	-	4,463,844	57,647,498
2019	2,423,515	2,001,818	9,042,212	2,453,451	3,278,794	35,640,932	329,649	1,233,360	-	3,837,742	60,241,473
2020	2,623,664	2,120,705	9,804,901	2,486,849	3,494,308	36,310,978	326,876	1,066,735	-	4,072,902	62,307,918
2021	2,371,796	2,014,014	11,762,149	2,219,480	3,446,391	37,353,094	733,806	986,601	-	26,587,911	87,475,242
2022	2,510,848	7,820,547	10,882,715	2,518,274	3,557,008	40,535,336	442,898	896,881	-	4,471,113	73,635,620
2023	2,999,855	13,879,614	11,399,385	2,471,156	3,916,975	43,877,091	751,266	885,812	1,000,000	5,011,985	86,193,139
2024	3,244,380	13,890,030	11,916,013	2,778,748	4,292,591	41,268,449	1,738,718	2,107,281	-	5,157,093	86,393,303
2025	**3,457,610**	**4,339,220**	**13,678,821**	**3,418,280**	**4,485,354**	**43,437,397**	**321,736**	**2,436,773**	**-**	**5,345,561**	**80,920,752**

[1] Includes All Governmental Funds and Discretely Presented Component Unit School Board. Does not include Primary Government appropriations to School Board.

County of Southampton, Virginia

Assessed Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools[1]	Merchant's Capital	Public Service Corporation Real Estate	Public Service Corporation Personal Property	Total
2016	$ 1,361,590,000	$ 147,143,891	$ 9,252,160	$ 113,646,088	$ 15,609,656	$ 187,432,972	$ 57,907	$ 1,834,732,674
2017	1,369,659,700	153,711,284	9,584,120	123,619,261	16,135,365	187,515,051	49,254	1,860,274,035
2018	1,735,045,600	156,594,080	9,629,251	113,441,589	17,115,299	182,885,004	66,304	2,214,777,127
2019	1,820,829,200	158,607,656	8,296,149	101,946,154	16,331,882	237,207,617	101,840	2,343,320,498
2020	1,822,303,200	163,901,664	8,367,515	95,676,535	15,568,139	237,475,553	82,171	2,343,374,777
2021	1,835,069,719	154,820,140	8,647,303	91,731,420	15,866,742	239,697,215	63,319	2,345,895,858
2022	1,840,007,100	182,369,463	8,899,089	83,119,014	16,082,695	222,866,756	70,013	2,353,414,130
2023	1,851,506,100	241,100,676	8,954,049	86,091,658	20,169,850	198,643,061	86,167	2,406,551,561
2024	1,865,228,100	281,891,968	8,854,430	120,666,320	23,011,985	178,348,528	78,898	2,478,080,229
2025	**2,626,130,300**	**287,023,259**	**8,764,368**	**116,920,545**	**22,690,223**	**268,878,534**	**73,988**	**3,330,481,217**

[1] Includes farm machinery and contractor's equipment.

Property Tax Rates - Last Ten Fiscal Years

Tax Rates per Hundred Dollars of Assessed Valuation

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Farm Machinery and Seasonal	Merchant's Capital	Public Service Corporation Real Estate	Public Service Corporation Personal Property
2016	.77	5.00	.77	2.40	1.95/1.25	.50	.77	5.00
2017	.82	5.00	.82	2.40	1.95/1.25	.50	.82	5.00
2018	.85	5.00	.85	2.40	1.95/1.25	.50	.85	5.00
2019	.85	5.00	.85	2.40	1.95/1.25	.50	.85	5.00
2020	.895	5.00	.895	2.40	1.95/1.25	.50	.895	5.00
2021	.89	5.00	.89	2.40	1.95/1.25	.50	.89	5.00
2022	.89	5.00	.89	2.40	1.95/1.25	.50	.89	5.00
2023	.89	4.60	.89	2.40	1.90/1.15	.50	.89	4.60
2024	.89	4.70	.89	2.40	1.90/1.25	.50	.89	4.70
2025	**.71**	**5.00**	**.71**	**2.40**	**1.90/1.25**	**.50**	**.71**	**5.00**

Table 4

County of Southampton, Virginia

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections [1]	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2016	$21,164,666	$20,577,367	97.23%	$ 464,868	$21,042,235	99.42%	$ 1,453,738	6.87%
2017	23,308,170	21,804,117	93.55%	578,034	22,382,151	96.03%	1,619,681	6.95%
2018	23,634,456	22,161,354	93.77%	771,586	22,932,940	97.03%	1,845,695	7.81%
2019	23,589,821	22,906,244	97.10%	721,693	23,627,937	100.16%	1,746,586	7.40%
2020	24,426,512	23,660,919	96.87%	605,894	24,266,813	99.35%	2,070,653	8.48%
2021	25,111,286	23,901,959	95.18%	892,223	24,794,182	98.74%	2,055,526	8.19%
2022	25,143,868	24,277,040	96.55%	268,437	24,545,477	97.62%	2,316,116	9.21%
2023	25,133,996	26,156,216	104.07%	431,881	26,588,097	105.79%	2,960,489	11.78%
2024	28,637,233	28,345,840	98.98%	278,493	28,624,333	99.95%	3,177,675	11.10%
2025	**32,079,084**	**31,041,927**	**96.77%**	**1,070,215**	**32,112,142**	**100.10%**	**3,073,311**	**9.58%**

[1] Included PPTRA (Personal Property Tax Relief Act) money from the state.

County of Southampton, Virginia

Ratio of Net General Obligation Bonded Debt
to Assessed Taxable Value and Net General Obligation Bonded Debt Per Capita

Last Ten Fiscal Years

Fiscal Year	Population	Assessed Value (in thousands)	Net Bonded Debt	Ratio on Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2016	18,570	$ 1,834,733	$ 65,974,701	.0360	$ 3,553
2017	18,570	1,860,274	62,893,286	.0338	3,387
2018	18,570	2,214,777	58,205,296	.0263	3,134
2019	18,570	2,343,320	62,232,079	.0266	3,351
2020	18,570	2,343,375	58,583,785	.0250	3,155
2021	17,996	2,345,896	64,762,944	.0276	3,599
2022	18,006	2,353,414	69,798,824	.0297	3,876
2023	17,913	2,406,552	66,617,416	.0277	3,719
2024	17,754	2,478,080	63,279,333	.0255	3,564
2025	**17,769**	**3,330,481**	**63,375,823**	**.0190**	**3,567**

Table 6

County of Southampton, Virginia

Special Assessment Billings and Collections

Last Ten Fiscal Years

Special assessments of property taxes have not been made and, accordingly, are not presented. The County has not utilized special assessments for public works improvements or other purposes.

Table 7

County of Southampton, Virginia

Revenue Bond Debt Service Coverage

Last Ten Fiscal Years

Water and Sewer Revenue Bonds

Fiscal Years Ended June 30	Gross Revenues*	Direct Operating Expenses**	Net Available	Principal***	Interest	Total Debt	Coverage
2025	**$ 6,270,312**	**$ 2,449,665**	**3,820,647**	**$ 1,318,564**	**$ 818,693**	**$ 2,137,257**	**1.79**
2024	5,820,285	2,000,664	3,819,621	1,231,898	877,966	2,109,864	1.81
2023	6,733,500	1,809,786	4,923,714	1,186,343	936,797	2,123,140	2.32
2022	4,242,997	1,660,723	2,582,274	1,135,074	1,002,139	2,137,213	1.21
2021	4,165,541	1,860,802	2,304,739	1,112,182	1,050,430	2,162,612	1.07
2020	4,133,161	1,710,615	2,422,546	1,066,669	1,104,708	2,171,377	1.12
2019	3,954,455	1,691,355	2,263,100	1,101,298	945,387	2,046,685	1.11
2018	4,464,157	1,593,999	2,870,158	985,343	1,645,074	2,630,417	1.09
2017	4,270,582	1,625,884	2,644,698	854,133	1,671,372	2,525,505	1.05
2016	4,233,454	1,643,035	2,590,419	828,035	1,691,129	2,519,164	1.03

*Operating revenues, interest income and transfers from general government.
**Excluding depreciation, interest, and amortization.
***Excludes debt refinancing payoffs.

COMPLIANCE SECTION

Creedle Jones & Associates

A Professional Corporation

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Supervisors
County of Southampton, 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 *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 unit, each major fund, and the aggregate remaining fund information of County of Southampton, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise County of Southampton, Virginia's basic financial statements and have issued our report thereon dated December 15, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Southampton, 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 Southampton, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Southampton, 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 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.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Southampton, 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 matter that is 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.

Creedle, Jones & Associates, P.C.

Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
December 15, 2025

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INDEPENDENT AUDITOR'S 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 Southampton, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Southampton, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Southampton, Virginia's major federal programs for the year ended June 30, 2025. County of Southampton, 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, County of Southampton, Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

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Auditor's 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 Southampton, 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 Southampton, 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 Southampton, 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 Southampton, 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 Southampton, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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.

Creedle, Jones & Associates, P.C.

Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
December 15, 2025

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REPORT ON COMPLIANCE WITH COMMONWEALTH OF VIRGINIA'S LAWS, REGULATIONS, CONTRACTS, AND GRANTS

To the Board of Supervisors
County of Southampton, Virginia

We have audited the financial statements of the County of Southampton, Virginia, as of and for the year ended June 30, 2025, and have issued our report thereon dated December 15, 2025.

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 *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with Commonwealth of Virginia's laws, regulations, contracts, and grants applicable to the County of Southampton, Virginia, is the responsibility of the County of Southampton, Virginia's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the County of Southampton, Virginia's compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts, and grants. However, the objective of our audit of the basic financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The following is a summary of the Commonwealth of Virginia's laws, regulations, contracts, and grants for which we performed tests of compliance:

Code of Virginia

- Budget and Appropriation Laws
- Cash and Investments
- Conflicts of Interest
- Retirement Systems
- Debt Provisions
- Procurement
- Unclaimed Property
- Personal Property Tax Relief Act

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State Agency Requirements

- Social Services
- Education
- Comprehensive Services Act Funds
- Economic Development Opportunity Fund

The results of our tests disclosed one instance of noncompliance with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the County of Southampton, Virginia had not complied, in all material respects, with those provisions. It is as follows:

- One Social Services terminated employee's SAMS access not timely removed

This report is intended solely for the information of the Board of Supervisors, County of Southampton, Virginia's management, Auditor of Public Accounts of the Commonwealth of Virginia, and applicable state agencies, and is not intended to be, and should not be, used by anyone other than these specified parties.

Creedle, Jones & Associates, P.C.

Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
December 15, 2025

County of Southampton, Virginia

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
U. S. Department of Agriculture			
Pass-Through Payments			
Department of Social Services			
SNAP Cluster			
State Administrative Matching Grants for SNAP	10.561	765	$ 411,833
Total SNAP Cluster			411,833
Child Nutrition Cluster			
State Department of Agriculture and Consumer Services			
National School Lunch Program - Food distribution - donated commodities	10.555	301	195,387
School Nutrition Program Supply Chain Assistance	10.555	301	51,280
Department of Education			
National School Lunch Program (NSLP)	10.555	197	1,010,492
School Breakfast Program (SBP)	10.553	197	492,423
Summer Food Service Program for Children (SFSPC)	10.559	197	3,369
Summer Food Service Program for Children (SFSPC) (CARES Act)	10.559	197	32,802
Total Child Nutrition Cluster			1,785,753
Child and Adult Care Food Program (CACFP)	10.558	197	9,208
Subtotal - U. S. Department of Agriculture			2,206,794
U. S. Department of Health and Human Services			
Pass-Through Payments			
Department of Social Services			
CCDF Cluster			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	765	51,639
Total CCDF Cluster			51,639
Medicaid Cluster			
Grants to States for Medicaid	93.778	765	353,825
Total Medicaid Cluster			353,825
Temporary Assistance for Needy Families (TANF)	93.558	765	252,316
Guardianship Assistance	93.090	765	358
Title IV-E Prevention Program	93.472	765	6,934
MaryLee Allen Promoting Safe and Stable Families	93.556	765	15,388
Refugee and Entrant Assistance - State Administered Programs	93.566	765	640
Low-Income Home Energy Assistance	93.568	765	53,883
Stephanie Tubbs Jones Child Welfare Services Program	93.645	765	926
Foster Care - Title IV-E	93.658	765	109,702
Adoption Assistance - Title IV-E	93.659	765	30,763
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	765	1,937
Social Services Block Grant	93.667	765	252,825
Children's Health Insurance Program (CHIP)	93.767	765	4,432
Subtotal - U. S. Department of Health and Human Services			1,135,568

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
U. S. Department of Treasury			
Direct Payments			
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	1,256,055
Pass-Through Payments			
Department of Accounts			
Coronavirus State and Local Fiscal Recovery Funds - Law Enforcement Equipment	21.027	151	154,000
Equitable Sharing Program	21.016	151	108,939
Subtotal - U. S. Department of Treasury			1,518,994
U. S. Department of Homeland Security			
Pass-Through Payments			
Department of Emergency Management			
Homeland Security Grant	97.067	127	60,474
U. S. Department of Housing and Urban Development			
Pass-Through Payments			
Department of Housing and Community Development			
Community Development Block Grants/States Program	14.228	165	465,791
U. S. Department of Justice			
Pass-Through Payments			
Department of Criminal Justice Services			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	140	4,840
Crime Victim Assistance	16.575	140	66,184
Subtotal - U. S. Department of Justice			71,024
U. S. Department of Education			
Pass-Through Payments			
Department of Education			
Special Education Cluster (IDEA)			
Special Education - Grants to States (IDEA Part B)	84.027	197	474,813
Special Education - Preschool Grants (IDEA Preschool)	84.173	197	16,875
Total Special Education Cluster (IDEA)			491,688
Student Support and Academic Enrichment Program	84.424	197	46,064
American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	197	21,000
American Rescue Plan-Elementary and Secondary School Emergency Relief (ESSER III)	84.425U	197	1,963,227
Elementary and Secondary School Emergency Relief (ESSER III Summer School) Fund	84.425D	197	86,019
American Rescue Plan-Elementary and Secondary School Emergency Relief (ESSER III)	84.425U	197	4,000
American Rescue Plan-Elementary and Secondary School Emergency Relief (ESSER III)	84.425U	197	3,627
Elementary and Secondary School Emergency Relief (Homeless Children & Youth) Fund	84.425D	197	27,423
Adult Education - Basic Grants to States	84.002	197	12,621
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010A	197	545,611
Title III - Part A - English Language Acquisition	84.365	197	1,633
Career and Technical Education Basic Grants to States (Perkins V)	84.048A	197	20,153
Supporting Effective Instruction State Grants	84.367A	197	86,878
Subtotal - U. S. Department of Education - School			3,309,944
Grand Totals			$ 8,768,589

See accompanying notes to schedule of expenditures of federal awards.

County of Southampton, Virginia

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

1. Basis of Presentation

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

2. Summary of Significant Accounting Policies

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

3. Indirect Cost Rate

County of Southampton, Virginia has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

4. Nonmonetary Assistance

In addition to amounts reported on the Schedule of Expenditures of Federal Awards, the County consumed nonmonetary assistance in the form of food commodities. Commodities with a fair value of $195,387 at the time received were consumed during the year ended June 30, 2025. These commodities were included in the determination of federal awards expended during the year ended June 30, 2025.

5. Subrecipients

No awards were passed through to subrecipients.

County of Southampton, Virginia

Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	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 federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
10.553, 10.555, 10.559	Child Nutrition Cluster
84.425	Elementary and Secondary School Emergency Relief
21.027	Coronavirus State and Local Fiscal Recovery Funds

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

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

There are no federal award findings to report.