

COUNTY OF CLARKE, VIRGINIA



FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

COUNTY OF CLARKE, VIRGINIA

June 30, 2025

BOARD OF SUPERVISORS

David Weiss, Chairman
Terri T. Catlett, Vice Chairman
Douglas Shaffer
Beverly B. McKay
Doug Lawrence

SCHOOL BOARD

Monica Singh-Smith, Chairman
Katie Kerr-Hobert, Vice-Chairman
Renée F. Weir, Clerk
Clay Brumback
Casey Kennedy
Michael Wilson

BOARD OF SOCIAL SERVICES – Became an Advisory Board on 1/1/2025

Robert York, Chairman
Laura Dabinett, Vice-Chairman
Barbara Byrd
Ann Cushman
Doug Lawrence
Bill Johnston
Brenda Jones
Frank Moore, Clarke County Public Schools Representative (non-voting)
Patricia Putnam, Law Enforcement Representative (non-voting)
Jen Parker (non-voting)
Chris Boies (non-voting)

OTHER OFFICIALS

Judge of the Circuit Court	Hon. Kevin C. Black, Chief Judge
Judge of the Circuit Court	Hon. Alexander R. Iden, Presiding Judge
Judge of the Circuit Court	Hon. William W. Eldridge IV
Judge of the Circuit Court	Hon. Bruce D. Albertson
Judge of the Circuit Court	Hon. Andrew S. Baugher
Judge of the Circuit Court	Hon. Christopher E. Collins
Judge of the Circuit Court	Hon. Daryl L. Funk
Judge of the Circuit Court	Hon. Clark Andrew Ritchie

OTHER OFFICIALS (CONTINUED)

Judge of the General District Court	Amy Beth Tisinger
Judge of the General District Court	Louis K. Nagy
Judge of the General District Court	Mary L. C. Daniel
Judge of the General District Court	Anne M. Williams
Judge of the Juvenile and Domestic Relations Court	Nancie Williams
Commonwealth's Attorney	Matthew E. Bass
Commissioner of the Revenue	Donna Peake
Treasurer	Sharon Keeler
Sheriff	Travis Sumption
Superintendent of Schools	Dr. Rick Bolling
County Administrator	Chris Boies
Director of Joint Administrative Services	Brenda Bennett, Steven Nucci

THIS PAGE IS INTENTIONALLY LEFT BLANK

COUNTY OF CLARKE, VIRGINIA

TABLE OF CONTENTS

	Page(s)
<hr/> FINANCIAL SECTION <hr/>	
Independent auditor's report	8-11
Management's discussion and analysis (required supplementary information)	12-19
Basic financial statements:	
Government-wide statements:	
Statement of net position	22
Statement of activities	23
Governmental fund financial statements:	
Balance sheet	25
Reconciliation of total governmental fund balance to net position of governmental activities	26
Statement of revenues, expenditures and changes in fund balance	27
Reconciliation of the statement of revenues, expenditures and changes in fund balance of governmental funds to the statement of activities	28
Internal service fund:	
Statement of net position	29
Statement of revenues, expenses, and changes in net position	30
Statement of cash flows	31
Statement of fiduciary net position	32
Statement of changes in fiduciary net position	33
Notes to financial statements	34-123
Required supplementary information:	
Budgetary comparison schedule - General fund	125
Budgetary comparison schedule - Special revenue fund	126
Budgetary comparison schedule - Governmental capital projects fund	127
Pension	
Schedule of changes in net pension liability (asset) and related ratios - Primary government and Clarke County sanitary authority	128-129
Schedule of changes in net pension liability (asset) and related ratios - Component unit school board (nonprofessional)	130-131
Schedule of employer's share of net pension liability VRS teacher retirement plan	132
Schedule of employer contributions	133
Notes to the supplemental pension schedule	134
Other post-employment benefits	
Group life insurance (GLI)	
Schedule of county's share of net GLI OPEB liability	135
Schedule of employer contributions	136

FINANCIAL SECTION (continued)

Required supplementary information (continued):	
Group life insurance (GLI) (continued)	
Notes to the required supplementary GLI schedule	137
Health insurance credit (HIC)	
Schedule of changes in the county's net HIC OPEB liability and related ratios - Primary government	138
Schedule of employer contributions	139
Notes to the required supplementary HIC schedule	140
Schedule of school board's share of net HIC OPEB liability and related ratios - Teacher employee HIC plan	141
Schedule of employer contributions - Teacher employee HIC plan	142
Notes to the required supplementary teacher employee HIC schedules	143
Health insurance Plan	
Schedule of changes in net OPEB liability and related ratios	144
Notes to the required supplementary health insurance plan	145
Other supplementary information:	
Nonmajor governmental funds	
Combining balance sheet	147
Statement of revenues, expenditures, and changes in fund balance	148
Nonmajor special revenue funds	
Combining balance sheet	149
Statement of revenues, expenditures, and changes in fund balance	150
Budgetary comparison schedule - CSA fund	151
Budgetary comparison schedule - Drug enforcement fund	152
Budgetary comparison schedule - Conservation easement fund	153
Statement of revenues, expenditures, and changes in fund balance	
Nonmajor debt service funds	154
Budgetary comparison schedule - Debt service fund	155
Capital projects funds	
Balance sheet - Nonmajor capital projects fund	156
Statement of revenues, expenditures, and changes in fund balance	157
Budgetary comparison schedule - Parks construction fund	158
Combining statement of fiduciary net position	159
Combining statement of changes in fiduciary net position	160
Discretely presented component unit - School board:	
Combining balance sheet	162
Reconciliation of total governmental fund balance to net position of governmental activities	163
Combining statement of revenues, expenditures, and changes in fund balance	164
Reconciliation of the statement of revenues, expenditures and changes in fund balance of governmental funds to the statement of activities	165
Budgetary comparison schedule - School operating fund	166

FINANCIAL SECTION (continued)

Discretely presented component unit - School board (continued):	
Budgetary comparison schedule - School food service fund	167
Budgetary comparison schedule - School activity fund	168
Budgetary comparison schedule - School capital projects fund	169
Balance sheet - Nonmajor capital projects fund	170
Statement of revenues, expenditures, and changes in fund balance - nonmajor capital projects fund	171
Budgetary comparison schedule - School capital projects proffers fund	172
Discretely presented component unit - Sanitary authority:	
Statement of net position	174
Statement of revenues, expenses, and changes in net position	175
Statement of cash flows	176
Discretely presented component unit - Industrial development authority:	
Statement of net position	178
Statement of revenues, expenses, and changes in net position	179
Statement of cash flows	180
Supporting schedules:	
Budgetary comparison schedule - governmental fund revenues	182-193
Budgetary comparison schedule - governmental fund expenditures	194-201

STATISTICAL SECTION

Government-wide expenses by function - Last ten fiscal years	203
Government-wide revenues - Last ten fiscal years	204
Governmental expenditures by function - Last ten fiscal years	205
Governmental revenues by source - Last ten fiscal years	206
Property tax levies and collections - Last ten fiscal years	207
Assessed value of taxable property - Last ten fiscal years	208
Property tax rates - Last ten fiscal years	209
Ratio of net bonded debt to assessed value and net bonded debt per capita	210
General government capital projects carryover budget allocations	211
School Board capital projects carryover budget allocations	212

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 <i>governmental auditing standards</i>	214-216
---	---------



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the County 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 of the United States of America, and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accountants of the Commonwealth of Virginia. Our responsibilities under those standards 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 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.

Emphasis of Matter 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. Our opinion is not modified with respect to this matter.

As discussed in Note 19 to the financial statements, the County restated certain prior period balances to correct errors. The prior period financial statements were audited by a predecessor auditor, and we did not audit or express an opinion on the adjustments applied to restate those prior period balances. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County'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, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County'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'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 and required supplementary information ("RSI") 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's basic financial statements. The accompanying combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and 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 sections 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'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County'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's internal control over financial reporting and compliance.

UHY LLP

Columbia, Maryland
December 15, 2025

COUNTY OF CLARKE, VIRGINIA

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended June 30, 2025

As management of the County of Clarke (the “County”), we offer readers of the County’s financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2025.

Financial Highlights

- The assets and deferred outflows of resources of the County (excluding component units) exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$38.51 million (net position). Of this amount, \$16.10 million (unrestricted net position) may be used to meet the County’s ongoing obligations to citizens and creditors.
- The County’s total net position decreased by \$668,336, of which the governmental activities accounted for 100% of the decrease.
- At the end of the current fiscal year, the General Fund balance was \$15,631,530 and \$97,345 of the assigned amount is restricted as opioid remediation revenue and \$18,639 is unassigned. The Fiscal Policy of Clarke County requires that certain financial designations of General Fund balance be maintained. These financial designations are reported as \$6,389,930 for liquidity and stabilization funds and \$150,000 for conservation easement. Furthermore, the General Fund balance is comprised of \$2,336,418 in savings for pay-as-you-go capital expenditures and \$6,639,198 is assigned for other requests.
- The County’s total long-term obligations decreased by \$726,815 (3.47%) during the current fiscal year. This decrease was primarily due to planned debt service payments.

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 other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide the readers with a broad overview of the County’s finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the County’s assets, liabilities and deferred inflows and outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of how the financial position of the County may be changing. Increases in net position may indicate an improved financial position; however, even decreases in net position may reflect a changing manner in which the County may have used previously accumulated funds.

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

COUNTY OF CLARKE, VIRGINIA
MANAGEMENT DISCUSSION AND ANALYSIS
For the year ended June 30, 2025

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government administration, judicial administration, public safety, public works, health and welfare, parks, recreation and cultural, community development, and education. The County did not operate any business-type activities.

The government-wide financial statements include not only the County itself (known as the primary government), but also a legally separate school board, a legally separate industrial development authority and a legally separate sanitary authority for which the County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found within this report, as listed in the table of contents.

Fund Financial Statements

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County reports ten individual governmental funds. 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 Virginia Public Assistance Fund, the Governmental Capital Projects Fund and the School Debt Service Fund, all of which are considered to be major funds. Data from the other County funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found within this report, as listed in the table of contents.

COUNTY OF CLARKE, VIRGINIA
MANAGEMENT DISCUSSION AND ANALYSIS
For the year ended June 30, 2025

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary funds include the special welfare, Town of Berryville, and the cafeteria plan withholding funds. The basic fiduciary fund statement can be found within this report, as listed in the table of contents.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found within this report, as listed in the table of contents.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning budgetary comparison schedules and presentation of combining financial statements for the nonmajor and discretely presented component units – School Board, Sanitary Authority, and Industrial Development Authority. The discretely presented component units do not issue separate financial statements. Required supplementary information can be found within this report, as listed in the table of contents. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found within this report, as listed in the table of contents.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$38.51 million at the close of the most recent fiscal year. A large portion of the County's net position (\$22.43 million, 58.25% of total) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the County's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

COUNTY OF CLARKE, VIRGINIA
MANAGEMENT DISCUSSION AND ANALYSIS
For the year ended June 30, 2025

The following table provides a comparative summary of the County's Statement of Net Position:

COUNTY OF CLARKE, VIRGINIA'S NET POSITION

	Governmental Activities	
	2025	2024 As restated
Current and other assets	\$ 36,687,396	\$ 37,470,805
Capital assets	38,839,512	39,960,927
Total assets	75,526,908	77,431,732
Deferred outflows of resources	2,391,286	973,824
Current liabilities	3,548,460	3,466,621
Noncurrent liabilities	20,225,729	20,952,544
Total liabilities	23,774,189	24,419,165
Deferred inflows of resources	15,636,521	14,810,571
Net investment in capital assets	22,430,923	21,735,734
Restricted	100,465	258,852
Unrestricted	15,976,096	17,181,234
Total net position	\$ 38,507,484	\$ 39,175,820

An additional portion of the County's net position (\$3,120) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$16,073,441) may be used to meet the County's ongoing obligations to citizens and creditors.

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

As noted previously, the County's net position decreased by \$668,336 during the current fiscal year. This is largely attributable to an investment in community assets using fund balance, such as the countywide broadband project and the Double Tollgate pump station and force main project.

COUNTY OF CLARKE, VIRGINIA
MANAGEMENT DISCUSSION AND ANALYSIS
For the year ended June 30, 2025

Governmental activities decreased the County's net position by \$668,336. The following table summarizes the County's Statement of Activities:

COUNTY OF CLARKE, VIRGINIA'S CHANGES IN NET POSITION

	Governmental Activities	
	2025	2024 As restated
Revenues		
Program revenues		
Charges for services	\$ 1,887,518	\$ 1,594,306
Operating grants & contributions	3,492,334	3,685,681
Capital grants & contributions	167,995	509,700
General revenues		
Property taxes	26,186,190	24,830,745
Other local taxes	3,502,025	3,277,906
Unrestricted revenues from the use of money and property	301,632	342,486
Miscellaneous	478,874	675,786
Grants and contributions not restricted to specific programs	2,940,335	2,874,207
Total revenues	38,956,903	37,790,817
Expenses		
General governmental administration	5,547,600	5,643,353
Judicial administration	1,027,031	1,019,286
Public safety	8,117,038	7,593,824
Public works	1,594,913	1,583,089
Health and welfare	2,857,170	2,848,697
Parks, recreation, and cultural	1,647,138	1,505,948
Community development	1,011,617	971,827
Nondepartmental	40,519	-
Interest on long-term debt	751,254	813,947
Education	17,030,959	15,165,219
Total expenses	39,625,239	37,145,190
Change in net position	(668,336)	645,627
Net position - beginning, as restated	39,175,820	38,530,193
Net position - ending	\$ 38,507,484	\$ 39,175,820

COUNTY OF CLARKE, VIRGINIA
MANAGEMENT DISCUSSION AND ANALYSIS
For the year ended June 30, 2025

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$16.73 million, a decrease of \$1.05 million in comparison with the prior year. Of this total amount, \$15.63 million or 93.42% constitutes assigned and unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is nonspendable, restricted, or committed to indicate that it is not available for new spending because it has already been committed to a specific purpose.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, assigned and unassigned fund balance of the General Fund was \$15.53 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Assigned and unassigned fund balance represents 47.86% of total General Fund expenditures. This is a common measure for the strength of the County's equity and an overall indicator of a healthy financial condition.

Restricted fund balance of \$3,120 for the swim team and pool in the Parks Construction Fund is included in other governmental funds.

General Fund Budgetary Highlights

There was an increase of \$1,025,059 between the original budget and the final amended budgeted expenditures. The majority of this increase was related to education and community development.

COUNTY OF CLARKE, VIRGINIA
MANAGEMENT DISCUSSION AND ANALYSIS
For the year ended June 30, 2025

Capital Asset and Debt Administration

Capital assets: The County’s investment in capital assets for its governmental activities as of June 30, 2025 amounts to \$38.84 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment and construction in progress. Major capital asset events during the current fiscal year included the following:

- Radio Replacements
- Courthouse green site plans

Capital assets, net of accumulated depreciation, are illustrated in the following table:

	Governmental Activities	
	2025	2024 As restated
Land	\$ 882,349	\$ 857,713
Buildings	32,779,415	33,896,525
Improvements	1,485,120	1,545,984
Machinery & Equipment	2,543,259	2,472,646
Construction in progress	754,366	717,821
Lease Asset	47,998	19,757
Subscription Asset	347,005	450,481
Total	\$ 38,839,512	\$ 39,960,927

Additional information on the County’s capital assets can be found in Note 6.

Long-term debt: At the end of the current fiscal year, the County had total outstanding debt of \$20.23 million and details are summarized in the following table:

	Governmental Activities	
	2025	2024 As restated
Bonds payable:		
General obligation bonds	\$ 12,730,000	\$ 14,370,000
Premiums and discounts	50,818	65,335
Lease revenue bond	3,299,417	3,412,471
Net OPEB liabilities	1,068,234	953,779
Net pension liability	2,197,582	1,131,794
Lease Liability	43,753	20,354
Subscription Liability	276,609	346,317
Compensated absences	559,316	652,494
Total	\$ 20,225,729	\$ 20,952,544

COUNTY OF CLARKE, VIRGINIA
MANAGEMENT DISCUSSION AND ANALYSIS
For the year ended June 30, 2025

Additional information on the County's long-term debt can be found in Note 8.

Economic Factors and Next Year's Budgets and Rates

Forecasts for the national and state economies are mixed at this point with most predictions noting flat to little growth expected over the next year. The Commonwealth has a large cash surplus but there are concerns about ever-increasing mandatory non-discretionary expenditures going forward. Most County revenues continue to grow although the slowdown in new construction has continued from the previous year. Real estate values continue to be strong and vehicle values seem to have stabilized some. The County fund balance greatly exceeds the required set-aside for emergencies and will continue to be used for planned capital expenditures instead of issuing new debt. The overall county financial outlook is strong.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Joint Administrative Services, County of Clarke, 317 W. Main Street, Suite B, Berryville, VA 22611.

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

COUNTY OF CLARKE, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2025

Exhibit 1

	Primary Government	Component Units		
	Governmental Activities	School Board	Clarke County Sanitary Authority	Industrial Development Authority
ASSETS				
Cash and cash equivalents	\$ 15,201,772	\$ 819,197	\$ 1,385,737	\$ 19,547
Receivables (net of allowance for uncollectable)				
Taxes receivable	16,075,922	-	-	-
Accounts receivable	241,877	72,316	172,098	-
Lease receivable	539,469	-	-	-
Due from primary government	-	2,034,377	-	-
Due from other governmental units	2,257,488	916,288	-	-
Inventories	8,628	-	-	-
Prepaid items	180,344	147,109	42,600	-
Investments	2,181,896	-	10,000	145,527
Net pension asset	-	463,161	-	-
Capital assets				
Nondepreciable assets	1,636,715	3,054,699	13,200	-
Depreciable and intangible assets, net	37,202,797	17,287,374	7,285,849	-
Total assets	75,526,908	24,794,521	8,909,484	165,074
DEFERRED OUTFLOWS OF RESOURCES				
Pension benefits	2,160,843	5,254,751	-	-
Other post-employment benefits	230,443	697,950	-	-
Total deferred outflow of resources	2,391,286	5,952,701	-	-
LIABILITIES				
Accounts payable	1,096,142	521,492	112,083	-
Accrued liabilities	135,528	2,590,489	3,408	-
Customers' deposits	-	-	11,162	-
Accrued interest payable	282,413	-	-	-
Due to component unit	2,034,377	-	-	-
Unearned revenue	-	47,917	-	-
Noncurrent liabilities				
Due within one year	1,971,575	103,419	339,950	-
Due in more than one year	18,254,154	17,674,995	1,233,103	-
Total liabilities	23,774,189	20,938,312	1,699,706	-
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	14,343,579	-	-	-
Deferred revenue - Leases	454,439	-	-	-
Pension benefits	765,961	2,605,502	-	-
Other post-employment benefits	72,542	613,435	-	-
Total deferred inflows of resources	15,636,521	3,218,937	-	-
NET POSITION				
	22,430,923	20,178,164	5,725,996	-
Restricted for:				
Swim team	195	-	-	-
Pool	2,925	-	-	-
Opioid settlement	97,345	-	-	-
Pension		463,161		
Unrestricted	15,976,096	(14,051,352)	1,483,782	165,074
Total net position	\$ 38,507,484	\$ 6,589,973	\$ 7,209,778	\$ 165,074

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

COUNTY OF CLARKE, VIRGINIA
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2025

Exhibit 2

Functions/Programs	Program Revenues					Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services, Fees, Fines, and Forfeitures	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units		
						School Board	Clarke County Sanitary Authority	Industrial Development Authority
PRIMARY GOVERNMENT								
Governmental activities								
General government administration	\$ 5,547,600	\$ 32,389	\$ 366,734	\$ -	\$ (5,148,477)	\$ -	\$ -	\$ -
Judicial administration	1,027,031	1,938	550,857	-	(474,236)	-	-	-
Public safety	8,117,038	1,200,961	1,159,340	-	(5,756,737)	-	-	-
Public works	1,594,913	24,544	14,185	-	(1,556,184)	-	-	-
Health and welfare	2,857,170	-	1,330,402	-	(1,526,768)	-	-	-
Education	17,030,959	-	-	-	(17,030,959)	-	-	-
Parks, recreation, and cultural	1,647,138	523,277	-	-	(1,123,861)	-	-	-
Community development	1,011,617	104,409	95,938	-	(811,270)	-	-	-
Nondepartmental	40,519	-	(25,122)	167,995	102,354	-	-	-
Interest on long-term debt	751,254	-	-	-	(751,254)	-	-	-
Total governmental activities	39,625,239	1,887,518	3,492,334	167,995	(34,077,392)	-	-	-
Total primary government	\$ 39,625,239	\$ 1,887,518	\$ 3,492,334	167,995	(34,077,392)	-	-	-
COMPONENT UNITS								
School board	\$ 29,881,782	\$ 749,690	\$ 13,333,009	\$ -	\$ -	\$ (15,799,083)	\$ -	\$ -
Clarke County Sanitary Authority	1,173,389	781,850	-	-	-	-	(391,539)	-
Clark County Industrial Development Authority	11,008	2,470	-	-	-	-	-	(8,538)
Total component units	\$ 31,066,179	\$ 1,534,010	\$ 13,333,009	\$ -	\$ -	\$ (15,799,083)	\$ (391,539)	\$ (8,538)
General revenues:								
Property taxes				\$ 26,186,190		\$ -	\$ -	\$ -
Other local taxes								
Local sales and use tax				1,683,412		-	-	-
Consumers' utility taxes				336,112		-	-	-
Taxes on recordation and wills				244,685		-	-	-
Motor vehicle licenses				411,637		-	-	-
Other				826,179		-	-	-
Unrestricted revenues from use of money and property				301,632		64,952	30,433	12,745
Miscellaneous				478,874		749,172	185,832	-
Grants and Contributions not restricted to specific programs				2,940,335		-	-	-
Contribution from County of Clarke				-		16,170,985	457,000	-
Total general revenues and transfers				33,409,056		16,985,109	673,265	12,745
Change in net position				(668,336)		1,186,026	281,726	4,207
Net position - beginning, as originally reported				38,987,223		5,000,289	6,928,052	160,867
Correction of Error (See Note 19)				188,597		403,658	-	-
Net position - beginning, as restated				39,175,820		5,403,947	6,928,052	160,867
Net position - ending				\$ 38,507,484		\$ 6,589,973	\$ 7,209,778	\$ 165,074

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

Fund Financial Statements

COUNTY OF CLARKE, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

Exhibit 3

	General	Virginia Public Assistance	School Debt Service	Governmental Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 14,363,111	\$ -	\$ -	\$ -	\$ 832,437	\$ 15,195,548
Investments	2,181,896	-	-	-	-	2,181,896
Receivables (net of allowance for uncollectable)						
Taxes receivable	16,075,922	-	-	-	-	16,075,922
Accounts receivable	241,877	-	-	-	-	241,877
Due from other funds	-	-	-	594,979	13,525	608,504
Due from other governmental units	2,082,090	67,951	-	85,870	21,577	2,257,488
Lease Receivable	539,469	-	-	-	-	539,469
Inventories	8,628	-	-	-	-	8,628
Prepaid items	180,344	-	-	-	-	180,344
Total assets	35,673,337	67,951	-	680,849	867,539	37,289,676
LIABILITIES						
Accounts payable	444,755	16,694	-	593,362	41,331	1,096,142
Accrued liabilities	124,822	10,706	-	-	-	135,528
Due to other funds	567,953	40,551	-	-	-	608,504
Due to component units	2,034,377	-	-	-	-	2,034,377
Total liabilities	3,171,907	67,951	-	593,362	41,331	3,874,551
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	16,032,320	-	-	-	-	16,032,320
Unavailable revenue - opioid settlement	194,169	-	-	-	-	194,169
Unavailable revenue - leases	454,439	-	-	-	-	454,439
Total deferred inflows of resources	16,680,928	-	-	-	-	16,680,928
FUND BALANCES						
Nonspendable:						
Prepaid items	180,344	-	-	-	-	180,344
Inventory	8,628	-	-	-	-	8,628
Restricted:						
Swim team	-	-	-	-	195	195
Pool	-	-	-	-	2,925	2,925
Opioid Settlement	97,345	-	-	-	-	97,345
Committed:						
Community development	-	-	-	-	719,375	719,375
Public safety expenditures	-	-	-	-	103,713	103,713
Assigned:						
Capital projects	-	-	-	87,487	-	87,487
Other (Note 15)	15,515,546	-	-	-	-	15,515,546
Unassigned	18,639	-	-	-	-	18,639
Total fund balance	15,820,502	-	-	87,487	826,208	16,734,197
Total liabilities, deferred inflows of resources and fund balance	\$ 35,673,337	\$ 67,951	\$ -	\$ 680,849	\$ 867,539	\$ 37,289,676

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

COUNTY OF CLARKE, VIRGINIA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
June 30, 2025

Exhibit 4

Total governmental fund balance		\$ 16,734,197
Amounts reported for governmental activities in the statement of net position are different because:		
Capital and intangible assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital Assets	\$ 65,688,475	
Accumulated Depreciation	<u>(26,848,963)</u>	38,839,512
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. Details are as follows:		
Unavailable revenue - property taxes	1,688,741	
Unavailable revenue - opioid settlement	<u>194,169</u>	1,882,910
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized when paid		(282,413)
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds. Details are as follows:		
Pension related items	2,160,843	
OPEB related items	<u>230,443</u>	2,391,286
An internal service fund is used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the health insurance internal service fund are included in the governmental activities in the Statement of Net Position		6,224
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. Details are as follows:		
Pension related items	(765,961)	
OPEB related items	<u>(72,542)</u>	(838,503)
Long-term liabilities related to governmental fund activities are not due and payable in the current period and therefore not reported in the funds.		<u>(20,225,729)</u>
Net position of governmental activities		\$ 38,507,484

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

COUNTY OF CLARKE, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2025

Exhibit 5

	General	Virginia Public Assistance	School Debt Service	Governmental Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 26,513,635	\$ -	\$ -	\$ -	\$ 93,957	\$ 26,607,592
Other local taxes	3,502,025	-	-	-	-	3,502,025
Permits, privilege fees, and regulatory licenses	242,019	-	-	-	-	242,019
Fines and forfeitures	203,389	-	-	-	-	203,389
Revenue from the use of money and property	286,957	-	-	-	14,675	301,632
Charges for services	1,442,325	-	-	-	-	1,442,325
Miscellaneous	120,488	-	108,162	1	122,602	351,253
Recovered costs	18,870	2,229	-	-	-	21,099
Intergovernmental:						
Commonwealth	4,839,730	346,167	-	156,016	324,923	5,666,836
Federal	137,923	733,682	65,192	11,979	-	948,776
Total revenues	37,307,361	1,082,078	173,354	167,996	556,157	39,286,946
EXPENDITURES						
Current:						
General government administration	3,163,680	-	-	-	-	3,163,680
Judicial administration	974,261	-	-	-	-	974,261
Public safety	7,603,028	-	-	-	56,056	7,659,084
Public works	1,522,414	-	-	-	-	1,522,414
Health and welfare	673,195	1,500,294	-	-	682,784	2,856,273
Education	16,188,551	-	-	-	-	16,188,551
Parks, recreation, and cultural	1,558,197	-	-	-	-	1,558,197
Community development	924,063	-	-	-	87,554	1,011,617
Nondepartmental	40,519	-	-	-	-	40,519
Capital Outlays	43,278	-	-	-	-	43,278
Capital projects	-	-	-	3,015,131	-	3,015,131
Debt service:						
Principal	-	-	1,640,000	-	113,054	1,753,054
Interest	-	-	644,470	-	138,646	783,116
Total expenditures	32,691,186	1,500,294	2,284,470	3,015,131	1,078,094	40,569,175
Excess (deficiency) of revenues over (under) expenditures	4,616,175	(418,216)	(2,111,116)	(2,847,135)	(521,937)	(1,282,229)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	418,216	2,111,116	2,847,136	674,839	6,051,307
Transfers out	(6,051,307)	-	-	-	-	(6,051,307)
SBITA	9,682	-	-	-	-	9,682
Leases - Lessee	33,596	-	-	-	-	33,596
Insurance proceeds	106,522	-	-	-	-	106,522
Total other financing sources (uses)	(5,901,507)	418,216	2,111,116	2,847,136	674,839	149,800
Net change in fund balance	(1,285,332)	-	-	1	152,902	(1,132,429)
Fund balance - beginning, as previously presented	17,020,804	-	-	-	760,792	17,781,596
Reclassification of Governmental Capital Projects Fund to Major Fund	-	-	-	87,486	(87,486)	-
Fund balance - beginning, as adjusted	17,020,804	-	-	87,486	673,306	17,781,596
Correction of Error (See Note 19)	85,030	-	-	-	-	85,030
Fund balance - beginning, as restated	17,105,834	-	-	87,486	673,306	17,866,626
Fund balance - ending	\$ 15,820,502	\$ -	\$ -	\$ 87,487	\$ 826,208	\$ 16,734,197

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

COUNTY OF CLARKE, VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2025

Exhibit 6

Net change in fund balance - Governmental funds \$ (1,132,429)

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 capital assets is allocated over their estimated useful lives as depreciation expense. Details are as follows:

Capital asset additions	\$ 764,132	
Transfer of joint tenancy assets to Component Unit School Board from Primary Government	(842,408)	
Depreciation expense	<u>(1,086,417)</u>	(1,164,693)

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

Opioid settlement	(15,163)	
Property taxes	<u>(421,402)</u>	(436,565)

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

(4,239)

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

Principal retired	1,753,054	
Bond discount amortization	(1,362)	
Bond premium amortization	<u>15,879</u>	1,767,571

Certain 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. Details are as follows:

Change in compensated absences	93,178	
Change in accrued interest payable	31,862	
Principal payment on subscription liabilities	79,390	
Principal payment on lease liabilities	10,197	
Pension expense	110,344	
OPEB expense	<u>(22,952)</u>	302,019

Change in net position of governmental activities \$ (668,336)

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

COUNTY OF CLARKE, VIRGINIA
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
June 30, 2025

Exhibit 7

	<u>Health Insurance Fund</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 6,224
<u>Total current assets</u>	<u>6,224</u>
<u>Total assets</u>	<u>6,224</u>
<u>LIABILITIES</u>	
<u>Total liabilities</u>	<u>-</u>
<u>NET POSITION</u>	
Unrestricted	6,224
<u>Total net position</u>	<u>\$ 6,224</u>

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

COUNTY OF CLARKE, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUND
For The Year Ended June 30, 2025

Exhibit 8

	Health Insurance Fund
<u>OPERATING REVENUES</u>	
Total operating revenues	-
<u>OPERATING EXPENSES</u>	
Insurance claims and expenses	4,239
Total operating expenses	4,239
Operating income (loss)	(4,239)
Change in net position	(4,239)
Net position, beginning	10,463
Net position, ending	\$ 6,224

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

COUNTY OF CLARKE, VIRGINIA
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
For The Year Ended June 30, 2025

Exhibit 9

	Health Insurance Fund
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts for insurance premiums	\$ 138,794
Payments for premiums	(233,239)
<u>Net cash provided by operating activities</u>	<u>(94,445)</u>
Net increase in cash and cash equivalents	(94,445)
Cash and cash equivalents, beginning	100,669
<u>Cash and cash equivalents, ending</u>	<u>6,224</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	(4,239)
Adjustments to reconcile operating income to net cash provided by operating activities	
(Increase) decrease in accounts receivable	138,794
(Increase) decrease in accounts payable	(229,000)
<u>Total Adjustments</u>	<u>(94,445)</u>
<u>Net cash provided by operating activities</u>	<u>\$ (94,445)</u>

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

COUNTY OF CLARKE, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2025

Exhibit 10

	<u>Custodial Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 279,203
Accounts receivable	1,296
<hr/>	
Total assets	280,499
<hr/>	
<u>LIABILITIES</u>	
Accounts payable	5,513
<hr/>	
Total liabilities	5,513
<hr/>	
<u>NET POSITION</u>	
Restricted for:	
Special welfare	13,865
Town of Berryville	179,802
Employee benefits	81,319
<hr/>	
Total net position	<u>\$ 274,986</u>

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

COUNTY OF CLARKE, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For The Year Ended June 30, 2025

Exhibit 11

	<u>Custodial Funds</u>
<u>ADDITIONS</u>	
Special welfare collections	\$ 1,150
Interest	3,444
Collection of shared costs	102,005
Employee deferrals	69,547
<hr/>	
Total additions	176,146
<hr/>	
<u>DEDUCTIONS</u>	
Welfare costs	323
Town share of maintenance costs	75,365
Flexible spending account benefits	73,023
<hr/>	
Total deductions	148,711
<hr/>	
Change in net position	27,435
Net position - beginning	247,551
<hr/>	
Net position - ending	274,986
<hr/> <hr/>	

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

Government-wide and Fund Financial Statements

Management's Discussion and Analysis - The financial statements are accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A).

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

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

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

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the original budget and a comparison of final budget and actual results.

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 Clarke (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is both legally and substantively separate from the government.

Individual Component Unit Disclosures

Blended Component Unit: The Conservation Easement Authority is reported as a blended component unit.

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Individual Component Unit Disclosures (Continued)

Discretely Presented Component Units:

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

The Clarke County Sanitary Authority consists of five members appointed by the Board of Supervisors. The Board of Supervisors has the ability to impose its will on the Sanitary Authority and therefore it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2025. The Sanitary Authority does not issue a separate financial report.

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

Other Related Organizations

Included in the County's Financial Report

None

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as does the proprietary fund. The fiduciary fund financial statements have no measurement focus but utilize the accrual basis of accounting for reporting its assets, liabilities, and net position. 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 (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

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 financial statements.

Fund Financial Statements:

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements (Continued):

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for 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 either recognized when earned, at the time other specific expenditures are recognized or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

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.

Governmental Funds

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

A. General Fund

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental Funds (Continued):

B. Special Revenue Funds

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Virginia Public Assistance Fund is considered a major fund. The CSA Fund, Drug Enforcement Fund, and Conservation Easement Fund are considered nonmajor funds.

C. Capital Projects Fund

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

D. Debt Service Funds

The Debt Service Funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service. The School Debt Service Fund is considered a major fund. The Primary Government Debt Service Fund is considered a nonmajor fund.

E. Internal Service Funds

The Internal Service Fund accounts for and reports the County's self-insured health insurance program. The fund is used to accumulate and allocate costs of providing health insurance coverage to County departments on a cost-reimbursement basis.

F. Fiduciary Funds (Trust and Custodial Funds)

Fiduciary Funds (Trust and Custodial 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. These funds include Custodial Funds consisting of the Special Welfare Fund, Town of Berryville, and Cafeteria Plan Withholding. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. These funds utilize the accrual basis of accounting.

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Component Unit:

The Clarke County School Board has the following funds:

Governmental Funds:

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

School Food Service Fund – This fund accounts for the operations of the School Board’s food service program. Financing is provided primarily by food and beverage sales and state and federal grants. This fund is considered a major fund.

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

School Capital Projects Proffers Fund: Capital projects funds account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. This fund is considered a nonmajor fund.

School Capital Projects Fund – This fund accounts for all financial resources used for the acquisition or construction of major capital needs. This fund is considered a major fund.

The Sanitation Authority has the following funds:

Governmental Funds:

Water Fund - This fund accounts for and reports the operations of the County’s water utility system. It is a proprietary enterprise fund established to capture all revenues, expenses, assets, liabilities, and capital activity associated with providing potable water services. Financing is derived primarily from user fees, service charges, and connection fees, and the fund carries significant long-term debt issued to finance system infrastructure. The Water Fund is considered a major enterprise fund for financial reporting purposes.

Sewer Fund – This fund accounts for and reports the operations of the County’s sewer utility system. Revenues are derived primarily from user charges, connection fees, and other related service charges. The Sewer Fund is considered an enterprise fund and a major fund for financial reporting purposes.

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Component Unit (Continued):

The Industrial Development Authority has the following funds:

Governmental Funds:

Industrial Development Authority Fund - This fund accounts for and reports the activities of the County's Industrial Development Authority, including the financing and development of economic and industrial projects intended to promote business growth within the County. Revenues are generally derived from lease income, fees, and other project-related sources. This fund is considered a nonmajor governmental fund for financial reporting purposes.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

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

Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

Interfund Activity

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$386,377 at June 30, 2025, and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	June 5 / December 5 (50% each date)	June 5 / December 5 (50% each date)
Lien Date	January 1	January 1

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County and Component Unit School Board as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The Component Unit, Clarke County Sanitary Authority, a proprietary fund type, is required to capitalize its capital assets including the infrastructure constructed.

The Component Unit, Industrial Development Authority of Clarke County, does not have any capital assets to report.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Property, plant and equipment, and leased assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 40
Plant, equipment and system	20 - 45
Motor vehicles	5 - 10
Equipment	5 - 15
Lease equipment	5 - 15
Subscription assets	3 - 5
Infrastructure	25 - 50

The county bills and collects its own property taxes.

Compensated Absences

The Board recognizes a liability for compensated absences that meets the criteria outlined in GASB Statement No. 101. A liability is recognized when leave is attributable to services already rendered, accumulates and carries forward, and it is more likely than not that the leave will be used or paid in the future. The measurement of the liability is based on the employees’ pay rates at the end of the reporting period.

The County and School Board recognized a total compensated absence liability of \$559,316 and \$468,949, respectively, at June 30, 2025. The compensated absence liability is classified as a long term liability in the government-wide statements. Key factors influencing the assessment of the “more likely than not’ criteria include the government’s established leave policies, historical data regarding employee usage and forfeiture of leave, and retirement benefits.

Use of Estimates

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

Net Position

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position (Continued)

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

Net Position Flow Assumption

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.

Long-term Obligations

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

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Items

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

Fund Balance

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

- Nonspendable fund balance – amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet.

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

Leases and Subscription-Based IT Arrangements

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases and Subscription-Based IT Arrangements (Continued)

Lessee

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

Lessor

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

Subscriptions

The County recognizes intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities with an initial value of \$5,000, individually or in the aggregate, in the government-wide financial statements. At the commencement of the subscription, the subscription liability is measured at the present value of payments expected to be made during the subscription liability term (less any contract incentives). 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.

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases and Subscription-Based IT Arrangements (Continued)

Key Estimates and Judgments

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

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

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's and School Board's Retirement Plan and the additions to/deductions from the County's and School Board's Retirement Plan's 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.

Other Postemployment Benefits (OPEB)

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTING

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

1. Prior to March 15th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget include 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 department or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the Component Unit School Board is authorized to transfer budgeted amounts within the school system’s categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds of the Primary Government and Component Unit – School Board.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. Several Supplemental Appropriations were necessary during the fiscal year.

NOTE 3 - DEPOSITS AND INVESTMENTS

As of June 30, 2025, the County’s deposits and investments consisted of the follow:

Local Government Investment Pool	\$	137,113
Certificates of Deposits		2,044,783
Total	\$	2,181,896

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

Statutes 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, certificates of deposits and time deposits placed in financial institutions approved by the Commonwealth, and the State Treasurer's Local Government Investment Pool (LGIP).

As of June 30, 2025, the County does not have a formal investment policy addressing the various types of risks related to investments.

Credit Risk of Debt Securities

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

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 137,113

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

External Investment Pools

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

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment.

Investment Maturities (in years)		
Investment Type	Fair Value	Less Than 1 Year
Local Government Investment Pool	\$ 137,113	\$ 137,113

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 4 - DUE FROM OTHER GOVERNMENTS:

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Amounts due from other governments are as follows:		
Commonwealth of Virginia:		
Virginia Public Assistance funds	24,253	-
Local sales tax	358,935	-
State sales tax	-	520,005
Constitutional officer reimbursements	177,161	-
PPTRA	1,212,896	-
Children's services act	20,244	-
Opioid Grant	192,300	-
Other general grants	192,422	-
Other school grants	-	10,101
Federal Government:		
Virginia Public Assistance funds	43,698	-
Other general grants	35,579	-
School fund grants	-	386,182
Total due from other governments	2,257,488	\$ 916,288

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 5 - INTERFUND OBLIGATIONS:

Details of the Primary Government's interfund receivables and payables as of June 30, 2025 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Primary Government:		
General	\$ -	\$ 2,602,330
Children's services act	13,525	-
County Capital Projects Fund	594,979	-
Virginia Public Assistance	-	40,551
<u>Total Primary Government</u>	<u>\$ 608,504</u>	<u>\$ 2,642,881</u>
Component Unit - School Board:		
School Operating Fund	1,890,534	-
School Capital Projects Fund	143,843	-
<u>Total Component Unit</u>	<u>\$ 2,034,377</u>	<u>\$ -</u>
Grand Total	<u>\$ 2,642,881</u>	<u>\$ 2,642,881</u>

The above interfund obligations represent temporary advances between funds or amounts allocable to one fund and not yet transferred between the funds.

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 6 - CAPITAL ASSETS

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

Governmental Activities	Restated Balance July 1, 2024	Increases	Decreases	Transfers (Net)	Balance June 30 2025
Capital assets, not depreciated:					
Land	\$ 857,713	\$ 24,636	\$ -	\$ -	\$ 882,349
Construction in progress	717,821	126,732	90,187	-	754,366
Total capital assets, not depreciated	1,575,534	151,368	90,187	-	1,636,715
Capital assets being depreciated:					
Buildings and improvements	52,448,682	-	-	-	52,448,682
Improvements other than buildings	3,172,817	35,953	-	-	3,208,770
Equipment	7,326,971	666,998	218,822	(13,995)	7,761,152
Subscription assets	563,101	9,682	-	-	572,783
Leased equipment	26,777	33,596	-	-	60,373
Total capital assets, depreciated	63,538,348	746,229	218,822	(13,995)	64,051,760
Less accumulated depreciation for:					
Buildings	(18,552,157)	(288,697)	-	(828,413)	(19,669,267)
Improvements other than buildings	(1,626,833)	(96,817)	-	-	(1,723,650)
Equipment	(4,854,325)	(582,390)	218,822	-	(5,217,893)
Subscription assets	(112,620)	(113,158)	-	-	(225,778)
Leased equipment	(7,020)	(5,355)	-	-	(12,375)
Total accumulated depreciation	(25,152,955)	(1,086,417)	218,822	(828,413)	(26,848,963)
Net capital assets being depreciated	38,385,393	(340,188)	-	(842,408)	37,202,797
Governmental capital assets, net	\$ 39,960,927	\$ (188,820)	\$ (90,187)	\$ (842,408)	\$ 38,839,512

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 6 - CAPITAL ASSETS (Continued)

Component Unit-School Board

A summary of the component unit School Board property, plant, and equipment at June 30, 2025 follows:

Component Unit-School Board:	Restated Balance July 1, 2024	Increases	Decreases	Transfers (Net)	Balance June 30 2025
Capital assets, not depreciated:					
Land	\$ 3,054,699	\$ -	\$ -	\$ -	\$ 3,054,699
Construction in progress	414,675	21,825	436,500	-	-
Total capital assets, not depreciated	3,469,374	21,825	436,500	-	3,054,699
Capital assets being depreciated:					
Buildings	28,904,156	87,840	-	-	28,991,996
Improvements other than buildings	1,257,505	63,179	-	-	1,320,684
Equipment	8,989,681	1,359,882	130,230	13,995	10,233,328
Subscription assets	99,732	-	-	-	99,732
Leased equipment	155,451	74,656	45,050	-	185,057
Total capital assets, depreciated	39,406,525	1,585,557	175,280	13,995	40,830,797
Less accumulated depreciation for:					
Buildings	(16,203,039)	(1,620,768)	-	828,413	(16,995,394)
Improvements other than buildings	(365,542)	(50,988)	-	-	(416,530)
Equipment	(5,476,049)	(630,401)	98,647	-	(6,007,803)
Subscription assets	(30,128)	(19,778)	-	-	(49,906)
Leased equipment	(80,722)	(38,118)	45,050	-	(73,790)
Total accumulated depreciation	(22,155,480)	(2,360,053)	143,697	828,413	(23,543,423)
Net capital assets being depreciated	17,251,045	(774,496)	31,583	842,408	17,287,374
Component unit school board					
capital assets, net	\$ 20,720,419	\$ (752,671)	\$ (468,083)	\$ 842,408	\$ 20,342,073

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 6 - CAPITAL ASSETS (Continued)

Component Unit-Sanitary Authority

A summary of the component unit Sanitary Authority property, plant, and equipment at June 30, 2025 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated:				
Land	\$ 13,200	\$ -	\$ -	\$ 13,200
Total capital assets, not depreciated	13,200	-	-	13,200
Capital assets being depreciated:				
Utility plant and equipment	13,917,741	237,534	-	14,155,275
Accumulated depreciation	(6,496,209)	(373,217)	-	(6,869,426)
Total capital assets, depreciated, net	7,421,532	(135,683)	-	7,285,849
Capital Assets, net	\$ 7,434,732	\$ (135,683)	\$ -	\$ 7,299,049

Depreciation expense was charged to functions/programs as follows:

Primary Government:	
Governmental activities:	
General government administration	\$ 413,356
Judicial administration	52,770
Public safety	457,954
Public works	72,499
Health and welfare	897
Parks, recreation, and cultural	88,941
Total Governmental activities	\$ 1,086,417
Total Component Unit-School Board	\$ 2,360,053
Sanitary Authority:	
Water Fund	196,098
Sewer Fund	177,118
Total Sanitary Authority	\$ 373,216

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 6 - CAPITAL ASSETS (Continued)

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments “on-behalf” of school boards was reported in the school board’s discrete column along with the related capital assets. Under the new law, local governments have a “tenancy in common” with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Clarke, Virginia for the year ended June 30, 2025, is that school financed assets in the amount of \$35,542,393 are reported in the Primary Government for financial reporting purposes. Unspent bond proceeds reported as restricted cash and proceeds from the issuance of long-term debt are reported in the School Capital Projects Fund of the Component Unit School Board in the fund financial statements and are reported within the Primary Government in the government-wide financial statements.

NOTE 7 - INTERFUND TRANSFERS

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 6,051,307
School Debt Service	2,111,116	-
County Capital Improvements	2,847,136	-
Virginia Public Assistance	418,216	-
Children's Services Act	423,139	-
General Debt Service	251,700	-
<u>Total Primary Government</u>	<u>\$ 6,051,307</u>	<u>\$ 6,051,307</u>

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 8 - LONG-TERM OBLIGATIONS

Primary Government

A summary of long-term obligations is as follows:

	Restated Balance at June 30, 2024	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2025	Amounts Due Within One Year
Governmental Activities Obligations:					
Incurred by County:					
Compensated absences	\$ 652,494	\$ 497,426	\$ 590,604	\$ 559,316	\$ 55,932
Net pension liability	1,131,794	4,860,798	3,795,010	2,197,582	-
Net OPEB liabilities	953,779	298,798	184,343	1,068,234	-
Lease liabilities	20,354	33,596	10,197	43,753	11,751
Subscription Liabilities	346,317	9,682	79,390	276,609	85,885
Publicly Offered Debt:					
Lease revenue bonds	3,412,471	-	113,054	3,299,417	117,807
Total incurred by County	\$ 6,517,209	\$ 5,700,300	\$ 4,772,598	\$ 7,444,911	271,375
Incurred by School Board:					
Publicly Offered Debt:					
General obligation bonds	14,370,000	-	1,640,000	12,730,000	1,685,000
Total incurred by School Board	\$ 14,370,000	\$ -	\$ 1,640,000	\$ 12,730,000	1,685,000
Premiums and discounts					
on bonds issued					
Premiums on bonds issued	70,693	-	15,879	54,814	14,016
Discount on bonds issued	(5,358)	-	(1,362)	(3,996)	1,184
Total premiums and discounts	\$ 65,335	\$ -	\$ 14,517	\$ 50,818	\$ 15,200
Total Governmental Activities					
Obligations, Primary Government	20,952,544	5,700,300	6,427,115	20,225,729	1,971,575

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

Primary Government (Continued)

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

Year Ending June 30	County Obligations		School Board Obligations	
	RDA Lease Revenue Bond		Bonds and Literary Loans	
	Principal	Interest	Principal	Interest
2026	\$ 117,807	\$ 133,857	\$ 1,685,000	\$ 564,269
2027	122,760	128,904	1,755,000	480,887
2028	127,920	123,744	1,830,000	394,456
2029	133,298	118,366	1,910,000	305,870
2030	138,902	112,762	1,990,000	213,530
2031 - 2035	787,164	471,156	3,560,000	149,669
2036 - 2040	967,129	324,365	-	-
2041 - 2044	904,437	76,048	-	-
Total	\$ 3,299,417	\$ 1,489,202	\$ 12,730,000	\$ 2,108,681

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

Ending June 30	Lease Liabilities		Subscription Liabilities	
	Principal	Interest	Principal	Interest
2026	\$ 11,751	\$ 1,921	\$ 85,885	\$ 9,818
2027	12,352	1,320	93,212	4,920
2028	10,483	739	97,512	-
2029	7,906	267	-	-
2030	1,261	8	-	-
Total	\$ 43,753	\$ 4,255	\$ 276,609	\$ 14,738

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

Primary Government (Continued)

Lease liabilities outstanding as of June 30, 2025 are as follows:

Description	Fiscal Year		Balance
	Lease Ends	Discount Rate	
DDL10240F-02	2029	5.00%	\$ 9,914
DBB Lease #129-1726144	2028	5.00%	5,277
CareFusion Solutions LLC	2030	5.00%	28,562

SBITA liabilities outstanding as of June 30, 2025 are as follows:

Description	Fiscal Year		Balance
	Lease Ends	Discount Rate	
Avenity	2029	5.00%	\$ 270,232
IamResponding	2028	5.00%	6,377

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

Primary Government (Continued)

Details of long-term indebtedness:

<u>Publicly Offered Debt:</u>	<u>Amount Outstanding</u>
<u>Lease Revenue Bond:</u>	
\$4,822,000 lease revenue bond for capital projects issued May 16, 2007 due in monthly installments of \$20,975 commencing May 16, 2009 payable through May 16, 2044 including interest at 4.125%	\$ 3,299,417
<u>Virginia Public School Authority (VPSA) Bonds:</u>	
\$29,200,000 plus a premium of \$635,208 Series 2006B issued November 9, 2006 due in annual principal installments varying from \$800,000 to \$1,565,000 through January 26, 2026; interest payable at rates between 4.225% to 5.1% due January 15 and July 15 each year through January 26, 2026	9,140,000
\$7,395,000 less a discount of \$35,137 Series 2010 B Build America Bonds issued under the American Recovery and Reinvestment Act of 2009 on May 13, 2010. Interest only payments due semi-annually through January 15, 2017; principal and interest payments due semi-annually beginning July 15, 2017 through July 15, 2030. Interest rate varies between 3.854% to 5.562% and is offset by a 35% federal interest subsidy received semi-annually.	3,590,000
Total Virginia Public School Authority Bonds	<u>16,029,417</u>
Compensated absences	559,316
Net pension liability	2,197,582
Net OPEB liabilities	1,068,234
Lease liabilities	43,753
Subscription Liabilities	276,609
Premium on bonds issued	54,814
Discount on bonds issued	(3,996)
Total Primary Government	<u>20,225,729</u>

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

Component Unit—School Board

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

	Restated Balance at June 30, 2024	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2025	Amounts Due Within One Year
Component Unit-School Board					
Compensated absences	\$ 979,525	\$ 743,520	\$ 1,254,096	\$ 468,949	\$ 46,895
Lease liabilities	77,785	74,656	37,742	114,699	36,693
Subscription Liabilities	70,495	-	21,285	49,210	19,831
Net OPEB liabilities	3,814,967	928,335	995,718	3,747,584	-
Net pension liabilities	14,507,882	6,094,461	7,204,371	13,397,972	-
Total Component Unit-School Board	\$ 19,450,654	\$ 7,840,972	\$ 9,513,212	\$ 17,778,414	\$ 103,419

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

Year Ending June 30	Component Unit - School Board			
	Lease Liabilities		Subscription Liabilities	
	Principal	Interest	Principal	Interest
2026	\$ 36,693	\$ 4,006	\$ 19,831	\$ 803
2027	32,124	2,797	20,231	403
2028	21,652	1,686	9,148	76
2029	16,060	847	-	-
2030	8,170	140	-	-
Total	\$ 114,699	\$ 9,476	\$ 49,210	\$ 1,282

Lease liabilities outstanding as of June 30, 2025 are as follows:

Description	Fiscal Year		Balance
	Lease Ends	Discount Rate	
DBB; Lease # 129-1734726-000	2027	1.00%	17,197
DBB; Lease # 3157250	2030	5.00%	22,934
Ricoh; Lease 1814775-3839824	2028	5.00%	15,147
DBB 129-3086568-000	2030	5.00%	44,935
DBB 129-1798976-000	2028	5.00%	14,486
Total			\$ 114,699

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

Component Unit—School Board (Continued)

SBITA liabilities outstanding as of June 30, 2025 are as follows:

Description	Fiscal Year Lease Ends	Discount Rate	Balance
Malwarebytes	2027	2.00%	\$ 16,325
CDW - SonicWall	2028	2.00%	32,885
Total			\$ 49,210

Component Unit—Sanitary Authority

The following is a summary of long-term debt transactions of the Component Unit—Sanitary Authority for the year ended June 30, 2025:

	Balance at June 30, 2024	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2025	Amounts Due Within One Year
Publicly Offered Debt:					
General Obligation Bond	\$ 265,120	\$ -	\$ 33,140	\$ 231,980	\$ 33,140
Direct borrowings and direct placements:					
Notes payable	1,648,553	-	307,480	1,341,073	306,810
Total	\$ 1,913,673	\$ -	\$ 340,620	\$ 1,573,053	\$ 339,950

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

Component Unit—Sanitary Authority (Continued)

Details of long-term indebtedness:

Water Operating Fund:	<u>Amount Outstanding</u>
<u>Direct Borrowings and Direct Placements:</u>	
<u>General Obligation Bond:</u>	
\$997,000 water system revenue bonds issued August 21, 2001 due in semi-annual installments of \$16,570 beginning September 1, 2002 through August 1, 2031. No interest.	\$ 231,980
<u>Publicly Offered Debt:</u>	
<u>Notes Payable:</u>	
Note payable to VRA for the grouting project. Due June 2032. \$940 payable semiannually. No interest.	14,100
Note payable to VRA for new Boyce to Millwood line. Due June 2032. \$3,125 payable semiannually. No interest.	50,000
\$600,000 note payable to Bank of Clarke County issued February 27, 2015, due in semiannual installments of \$27,647 - \$20,259 payable through February 27, 2030, including 2.57% interest	200,000
\$787,546 note payable to VRA issued September 2, 2005 due in semiannual installments of \$26,792 payable through July 1, 2026, including 3.00% interest	78,025
Total Water Fund	<u>\$ 574,105</u>

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

Component Unit— Sanitary Authority (Continued)

Details of long-term indebtedness: (Continued)

	<u>Amount Outstanding</u>
Boyce Wastewater Facility	
<u>Publicly Offered Debt:</u>	
<u>Notes Payable:</u>	
Note payable to VRA for the Millwood Sewer project. Due June 2032. \$9,602 payable semiannually. No interest.	\$ 153,636
\$3,761,429 note payable to VRA issued October 1, 2008 due in semi-annual installments of \$93,924 payable through November 1, 2029. No interest.	\$ 845,312
Total Boyce Wastewater Facility	<u>\$ 998,948</u>
Total Clarke County Sanitary Authority	<u>\$ 1,573,053</u>

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

Year Ending June 30	Publicly Offered Debt:		Direct borrowings and direct placements:	
	General Obligation Bond		Notes Payable	
	Principal	Interest	Principal	Interest
2026	\$ 33,140	\$ -	\$ 306,810	\$ 7,485
2027	33,140	-	281,578	4,760
2028	33,140	-	255,182	3,200
2029	33,140	-	255,182	2,037
2030	33,140	-	161,258	873
2031 - 2033	66,280	-	81,063	-
Total	\$ 231,980	\$ -	\$ 1,341,073	\$ 18,355

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 9 - UNEARNED/DEFERRED/UNAVAILABLE REVENUE

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

The following is a summary of unearned/deferred/unavailable revenue for the year ended June 30, 2025:

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Unavailable property tax revenue representing uncollected property tax billings that are not available for funding of current expenditures	\$ -	\$ 1,688,741
2nd half assessments due in December 2025	13,921,550	13,921,550
Prepaid property taxes due in December 2025 but paid in advance by June 30, 2025	422,029	422,029
Total deferred/unavailable revenue - property taxes	\$ 14,343,579	\$ 16,032,320
Unavailable opioid settlement revenue representing settlement proceeds that have been earned but are not available to finance current expenditures	-	194,169
Unavailable lease revenue representing lease payments that have been earned but are not available to finance current expenditures	454,439	454,439
Total deferred/unavailable revenue	\$ 14,798,018	\$ 16,680,928

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Federal programs in which the County and all discretely presented component units participate were audited in accordance with the provisions of U.S. Office of Management and Budget Uniform Guidance. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 11 - PENSION PLAN

Primary Government and Component Unit School Board (nonprofessional):

Plan Description

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

Benefit Structures

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010, to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010, and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 11 - PENSION PLAN

Primary Government and Component Unit School Board (nonprofessional): (Continued)

Benefit Structures (Continued)

- c. Non-hazardous duty employees with a membership date on or after January 1, 2014, are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 –April 30, 2014, with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

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

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

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 11 - PENSION PLAN (Continued)

Primary Government and Component Unit School Board (nonprofessional): (Continued)

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board (Nonprofessional)
Inactive members or their beneficiaries currently receiving benefits	94	46
Inactive members:		
Vested inactive members	23	10
Non-vested inactive members	60	17
Inactive members active elsewhere in VRS	61	9
<hr/>		
Total inactive members	144	36
<hr/>		
Active members	109	44
<hr/>		
Total covered employees	347	126

Contributions

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

The County’s contractually required employer contribution rate for the year ended June 30, 2025 was 12.31% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$878,750 and \$754,507 for the years ended June 30, 2025 and June 30, 2024, respectively.

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2025 was 3.46% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 11 - PENSION PLAN (Continued)

Primary Government and Component Unit School Board (nonprofessional): (Continued)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$41,381 and \$36,020 for the years ended June 30, 2025 and June 30, 2024, respectively.

Net Pension Liability

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

Actuarial Assumptions – General Employees

The total pension liability (asset) for General Employees in the County's, Component Unit Clarke County Sanitary Authority's, and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions.

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 11 - PENSION PLAN (Continued)

Primary Government and Component Unit School Board (nonprofessional): (Continued)

Actuarial Assumptions – General Employees (Continued)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 11 - PENSION PLAN (Continued)

Primary Government and Component Unit School Board (nonprofessional): (Continued)

Actuarial Assumptions – General Employees (Continued)

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

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

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 11 - PENSION PLAN (Continued)

Primary Government and Component Unit School Board (nonprofessional): (Continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 11 - PENSION PLAN (Continued)

Primary Government and Component Unit School Board (nonprofessional): (Continued)

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

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, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) – Hazardous Duty:

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 11 - PENSION PLAN (Continued)

Primary Government and Component Unit School Board (nonprofessional): (Continued)

Long-Term Expected Rate of Return

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

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

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

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 11 - PENSION PLAN (Continued)

Primary Government and Component Unit School Board (nonprofessional): (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) were also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2024, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2024, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 112% of the actuarially determined contribution rate. From July 1, 2023, 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.

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 11 - PENSION PLAN (Continued)

Primary Government and Component Unit School Board (nonprofessional): (Continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Primary Government			
Balances at June 30, 2024	\$ 28,869,436	\$ 27,737,642	\$ 1,131,794
Changes for the year:			
Service cost	843,596	-	843,596
Interest	1,941,617	-	1,941,617
Changes of assumptions	-	-	-
Differences between expected and actual experience	2,057,790	-	2,057,790
Contributions - employer	-	794,040	(794,040)
Contributions - employee	-	342,910	(342,910)
Net investment income	-	2,657,510	(2,657,510)
Benefit payments, including refunds of employee contributions	(1,896,664)	(1,896,664)	-
Administrative expenses	-	(17,795)	17,795
Other changes	-	550	(550)
Net changes	2,946,339	1,880,551	1,065,788
Balances at June 30, 2025	\$ 31,815,775	\$ 29,618,193	\$ 2,197,582

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 11 - PENSION PLAN (Continued)

Primary Government and Component Unit School Board (nonprofessional): (Continued)

Changes in Net Pension Liability (Continued)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Component Unit-School Board (Nonprofessional)			
Balances at June 30, 2024	\$ 3,831,567	\$ 4,319,047	\$ (487,480)
Changes for the year:			
Service cost	93,931	-	93,931
Interest	255,509	-	255,509
Changes of assumptions	-	-	-
Differences between expected and actual experience	167,619	-	167,619
Contributions - employer	-	35,468	(35,468)
Contributions - employee	-	48,795	(48,795)
Net investment income	-	411,266	(411,266)
Benefit payments, including refunds of employee contributions	(280,363)	(280,363)	-
Administrative expenses	-	(2,870)	2,870
Other changes	-	81	(81)
Net changes	236,696	212,377	24,319
Balances at June 30, 2025	\$ 4,068,263	\$ 4,531,424	\$ (463,161)

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

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

	Rate		
	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
County of Clarke - Primary Government			
Net Pension Liability (Asset)	\$ 5,905,229	\$ 2,197,582	\$ (881,083)
Component Unit School Board's (Nonprofessional)			
Net Pension Liability (Asset)	\$ (85,691)	\$ (463,161)	\$ (787,303)

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 11 - PENSION PLAN (Continued)

Primary Government and Component Unit School Board (nonprofessional): (Continued)

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

For the year ended June 30, 2025, the County and Component Unit School Board (nonprofessional) recognized pension expense/gain of \$807,939 and \$(8,024), respectively. At June 30, 2025, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,282,093	\$ -	\$ 85,048	\$ -
Net difference between projected and actual earnings on plan investments	-	765,961	-	123,179
Employer contributions subsequent to the measurement date	878,750	-	41,381	-
Total	\$ 2,160,843	\$ 765,961	\$ 126,429	\$ 123,179

\$878,750 and \$41,381 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (Nonprofessional)
2026	\$ 149,004	\$ (29,103)
2027	677,659	38,988
2028	(148,242)	(22,729)
2029	(162,289)	(25,287)

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 11 - PENSION PLAN (Continued)

Primary Government and Component Unit School Board (nonprofessional): (Continued)

Pension Plan Data

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

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2024 was 16.62% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$2,287,139 and \$2,407,323 for the years ended June 30, 2025 and June 30, 2024, respectively.

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 11 - PENSION PLAN (Continued)

Component Unit School Board (professional): (Continued)

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

At June 30, 2025, the school division reported a liability of \$13,397,972 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2024 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division's proportion was .14273% as compared to .14354% at June 30, 2023.

For the year ended June 30, 2024, the school division recognized pension expense of \$1,131,387. 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, 2024, measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 11 - PENSION PLAN (Continued)

Component Unit School Board (professional): (Continued)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,324,359	\$ 275,874
Change in assumptions	243,191	-
Net difference between projected and actual earnings on plan investments	-	1,844,239
Changes in proportion and differences between employer contributions and proportionate share of contributions	273,633	362,210
Employer contributions subsequent to the measurement date	2,287,139	-
<u>Total</u>	<u>\$ 5,128,322</u>	<u>\$ 2,482,323</u>

\$2,287,139 reported as deferred outflows of resources related to pensions resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the subsequent fiscal year. 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		
2026	\$	(982,312)
2027		1,256,062
2028		260,883
2029		(175,773)
<u>Total</u>	<u>\$</u>	<u>358,860</u>

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 11 - PENSION PLAN (Continued)

Component Unit School Board (professional): (Continued)

Actuarial Assumptions

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

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

Mortality rates:

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

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

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

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

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 11 - PENSION PLAN (Continued)

Component Unit School Board (professional): (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Pension Liability

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

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 11 - PENSION PLAN (Continued)

Component Unit School Board (professional): (Continued)

Net Pension Liability (Continued)

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

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

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

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

	Rate		
	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
School Board's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 24,890,805	\$ 13,397,972	\$ 3,985,707

Pension Plan Data

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 11 - PENSION PLAN (Continued)

Primary Government and Component Unit School Board

Aggregate Pension Information

	Deferred Outflow s	Deferred Inflow s	Net Pension Liability/ Asset	Pension Gain/ Expense
VRS Pension Plans:				
Primary Government	\$ 2,160,843	\$ 765,961	\$ 2,197,582	\$ 807,939
Component Unit School Board:				
School Board (Nonprofessional)	126,429	123,179	(463,161)	(8,024)
School Board (Professional)	5,128,322	2,482,323	13,397,972	1,131,387
Totals:	\$ 7,415,594	\$ 3,371,463	\$ 15,132,393	\$ 1,931,302

NOTE 12 - LITIGATION

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

Note 13 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries a broad range of insurance coverages, which management considers prudent for the protection of the County's assets and operations. Coverages currently include \$2,000,000 commercial general liability, \$2,000,000 automobile liability, and \$1,000,000 public official's liability. The property policy provides insurance coverage for all of the County's real and personal property up to the replacement cost value of the asset.

Note 14 – DEBT AGREEMENT WITH TOWN

The County has issued economic development revenue bonds through the Clarke County Industrial Development Authority. All responsibility for the payment of this debt rests with the Borrower. The County and the Authority have no responsibility for the payment of this debt. Outstanding debt obligations under this arrangement are as follows at June 30, 2025:

Description	Original Issue	Outstanding June 30, 2025
R-1 Berryville Town bond	\$ 2,327,000	\$ 1,747,042
R-2 Clarke County bond	4,822,000	3,299,417
Total	\$ 7,149,000	\$ 5,046,459

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 15 - ASSIGNED FUND BALANCE

Fund balances have been assigned for the following purposes:

Liquidity Designation	\$ 4,510,539
Stabilization Designation	1,879,391
Continuing Appropriations for Capital Projects	2,336,418
Conservation Easements from Government Savings	150,000
School Operating Savings	534,003
Children's Services Act Shortfall	500,000
Parks Master Plan Implementation	330,000
Fire & Rescue	50,000
Government Savings	150,000
Data and Communications Technology	50,000
Leave Liability	30,000
Community Facilities	150,000
County Courthouse Green Project	950,000
Human Services Space	1,500,000
School Construction	100,000
Real Estate Assessment Software	50,000
Berryville Clarke County Joint Government Center - Reserved	147,527
Berryville Clarke County Joint Government Center - Unreserved	50,000
Government Capital Projects	1,609,520
School Capital Projects	100,000
FY26 Original Budget Surplus (Deficit)	338,148
Total	\$ 15,515,546

NOTE 16 - SURETY BONDS

	Amount
Travelers Casualty and Surety Company of America	
April Wilkerson, Clerk of the Circuit Court	\$ 135,000
Sharon Keeler, Treasurer	400,000
Donna Peake, Commissioner of the Revenue	3,000
Travis Sumption, Sheriff	30,000
Total	\$ 568,000

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Health Insurance (Single-employer Defined Benefit Plan)

Plan Description

The County and School Board provide postemployment medical coverage for retired employees through a single-employer defined benefit plan. The County and School Board may change, add or delete coverage as they deem appropriate and with the approval of the Board of Supervisors. The plan does not grant retirees vested health benefits. The Plan does not issue separate financial statements.

Benefits Provided

Employees who retire from the County or School Board with service eligible for VRS benefits (Plan 1 – Age 50 and 10 years of service or Age 55 and 5 years of service; Plan 2 – age 60 and 5 years of service; Hazardous duty – age 50 and 5 years of service) and who are participating in the medical coverage are eligible to elect post-retirement coverage. Retirees are eligible to remain on the medical plan with 100% of the premium paid by the retiree. The retiree’s spouse can receive benefits under the plan with the premium to be paid by the retiree. Retirees’ coverage ceases at eligibility for Medicare.

Plan Membership

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

	<u>County</u>	<u>School Board</u>
Total active employees with coverage	110	264
Total inactive employees or retirees with coverage	<u>6</u>	<u>4</u>
Total	<u>116</u>	<u>268</u>

Contributions

The County and School Board do not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County and School Board. The amount paid by the County and School Board for OPEB as the benefits came due during the year ended June 30, 2025 was \$53,714 and \$33,285, respectively.

Total OPEB Liability

The County and School Board’s total OPEB liabilities were measured as of June 30, 2025. The total OPEB liabilities were determined by an actuarial valuation as of July 1, 2024.

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Health Insurance (Single-employer Defined Benefit Plan) (Continued)

Actuarial Assumptions

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

Actuarial Cost Method	Entry age normal
Discount Rate	5.20 % as of June 30, 2025; 3.93% as of June 30, 2024
Inflation	2.50%
Healthcare Trend Rate	5.70% to 4.00% over 52 years
Salary Increase Rates	County: Ranges of increases of 3.5% for 20+ years of service to 5.35% for 1-2 years of service; School Board: Ranges of increases of 3.5% for 20+ years of service to 5.95% for 1 year of service.
Retirement Age	Reduced: Age 50 and 10 years of service or Age 55 and 5 years of service; Unreduced: Age 65 and 5 years of service or Age 50 with 30 years of service
Mortality Rates	Pre-Retirement: Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years. Post-Retirement: Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females.

Discount Rate

The discount rate represents the Municipal GO AA 20-year yield curve rate as of June 30, 2025. The final equivalent single discount rate used for this year's valuation is 5.20% as of the end of the fiscal year with the expectation that the County and School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost from the OPEB Trust.

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Health Insurance (Single-employer Defined Benefit Plan) (Continued)

Changes in Total OPEB Liability

	County Total OPEB Liability	Component Unit- School Board Total OPEB Liability
Balances at June 30, 2024	\$ 635,001	\$ 1,250,777
Changes for the year:		
Service cost	46,960	71,083
Interest	25,757	51,302
Effect of economic/demographic gains or losses	84,677	(122,891)
Effect of assumptions	32,271	108,874
Benefits payments	(53,714)	(33,285)
Net changes	135,951	75,083
Balances at June 30, 2025	\$ 770,952	\$ 1,325,860

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.20%) or one percentage point higher (5.20%) than the current discount rate:

	Rate		
	1% Decrease (4.20%)	Current Discount Rate Rate (5.20%)	1% Increase (6.20%)
County's Total OPEB Liability	\$ 832,959	\$ 770,952	\$ 714,892
School Board's Total OPEB Liability	\$ 1,421,095	\$ 1,325,860	\$ 1,235,737

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Health Insurance (Single-employer Defined Benefit Plan) (Continued)

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

The following presents the total OPEB liabilities of the County and School Board, as well as what the total OPEB liabilities would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rate used of 5.70%:

	Rates		
	1% Decrease (4.70%)	Healthcare Cost Trend (5.70%)	1% Increase (6.70%)
County's Total OPEB Liability	\$ 692,420	\$ 770,952	\$ 862,167
School Board's Total OPEB Liability	\$ 1,181,470	\$ 1,325,860	\$ 1,492,466

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

For the year ended June 30, 2025, the County and School Board recognized OPEB expense in the amount of \$99,797 and \$98,053, respectively. At June 30, 2025, the County and School Board reported deferred outflows of resources and deferred inflows of resources related to the health insurance OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
County:		
Differences between expected and actual experience	\$ 82,118	\$ 3,058
Change in assumptions	61,044	21,949
Total	\$ 143,162	\$ 25,007
School Board:		
Differences between expected and actual experience	\$ -	\$ 191,697
Change in assumptions	177,160	88,552
Total	\$ 177,160	\$ 280,249

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Health Insurance (Single-employer Defined Benefit Plan) (Continued)

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

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

Year Ended June 30	County	School Board
2026	\$ 27,082	\$ (24,328)
2027	31,280	(38,769)
2028	23,497	(35,043)
2029	20,163	(1,882)
2030	16,133	(2,190)
Thereafter	-	(877)
Total	\$ 118,155	\$ (103,089)

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

Group Life Insurance

Plan Description

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

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Group Life Insurance (Continued)

Plan Description (Continued)

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

Eligible Employees

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

Benefit Amounts

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Group Life Insurance (Continued)

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. Contributions to the Group Life Insurance Program from the entity were \$33,903 and \$36,934 from the County, \$5,621 and \$5,930 from School Board Nonprofessional, and \$75,648 and \$83,298 from School Board Professional for the years ended June 30, 2025 and June 30, 2024, respectively.

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

At June 30, 2025, the entity reported a liability of \$297,282 for the County, \$47,761 for School Board Nonprofessional, and \$670,446 School Board Professional for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024, and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion for the County, School Board Nonprofessional, and School Board Professional was .02658%, .00223%, and .06126% as compared to .02664%, .00428%, and .06008% at June 30, 2023.

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Group Life Insurance (Continued)

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

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

County	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 46,888	\$ 7,262
Net difference between projected and actual earnings on GLI OPEB plan investments	-	25,058
Changes in assumptions	1,695	14,733
Changes in proportion	4,795	482
Employer contributions subsequent to the measurement date	33,903	-
Total	\$ 87,281	\$ 47,535
School Board Nonprofessional		
Differences between expected and actual experience	\$ 7,533	\$ 1,167
Net difference between projected and actual earnings on GLI OPEB plan investments	-	4,026
Changes in assumptions	272	2,367
Changes in proportion	20,778	6,847
Employer contributions subsequent to the measurement date	5,621	-
Total	\$ 34,204	\$ 14,407
School Board Professional		
Differences between expected and actual experience	\$ 105,745	\$ 16,377
Net difference between projected and actual earnings on GLI OPEB plan investments	-	56,512
Changes in assumptions	3,822	33,226
Changes in proportion	16,552	39,162
Employer contributions subsequent to the measurement date	75,648	-
Total	\$ 201,767	\$ 145,277

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Group Life Insurance (Continued)

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

\$33,903 for the County, \$5,621 for School Board Nonprofessional, and \$75,648 for School Board Professional 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 in the subsequent fiscal year. 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	County	School Board Nonprofessional	School Board Professional
2026	\$ (10,661)	\$ (455)	\$ (39,624)
2027	7,222	2,871	4,446
2028	1,199	2,573	3,773
2029	3,361	4,733	3,967
2030	4,722	4,454	8,280
Total	\$ 5,843	\$ 14,176	\$ (19,158)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2024, 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, 2023. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Group Life Insurance (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Group Life Insurance (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Group Life Insurance (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Group Life Insurance (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Group Life Insurance (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65-70
Withdrawal Rates	Decreased rates and changed 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 CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Group Life Insurance (Continued)

NET GLI OPEB Liability

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

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

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Group Life Insurance (Continued)

Long-Term Expected Rate of Return

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

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

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

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Group Life Insurance (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024 the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023, on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 462,312	\$ 297,282	\$ 163,959
Component Unit School Board (Nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 74,275	\$ 47,761	\$ 26,342
Component Unit School Board (Professional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 1,042,631	\$ 670,446	\$ 369,770

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Group Life Insurance (Continued)

GLI Plan Data

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

Health Insurance Credit Plan

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Health Insurance Credit Plan (Continued)

HIC Plan Notes

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

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	6
Inactive members:	
Vested inactive members	-
Inactive members active elsewhere in VRS	7
<hr/> <u>Total inactive members</u>	<u>7</u>
<hr/> <u>Active members</u>	<u>44</u>
<hr/> <u>Total covered employees</u>	<u>57</u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Component Unit School Board’s (nonprofessional) contractually required employer contribution rate for the year ended June 30, 2025 was 1.02% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate 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 Component Unit School Board (nonprofessional) to the HIC Plan were \$12,199 and \$11,201 for the years ended June 30, 2025 and June 30, 2024.

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Health Insurance Credit Plan (Continued)

Net HIC OPEB Liability

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

Actuarial Assumptions

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

Inflation	2.50%
Salary increases, including inflation:	3.50% - 5.35%
Investment rate of return	6.75%, net of 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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Health Insurance Credit Plan (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience 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

Discount Rate

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Health Insurance Credit Plan (Continued)

Long-Term Expected Rate of Return

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

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

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

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Health Insurance Credit Plan (Continued)

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC - OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2024	\$ 60,939	\$ 10,024	\$ 50,915
Changes for the year:			
Service cost	1,143	-	1,143
Interest	4,110	-	4,110
Differences between expected and actual experience	(3,912)	-	(3,912)
Contributions - employer	-	11,200	(11,200)
Net investment income	-	1,464	(1,464)
Benefit payments	(2,376)	(2,376)	-
Administrative expenses	-	(23)	23
Net changes	(1,035)	10,265	(11,300)
Balances at June 30, 2025	\$ 59,904	\$ 20,289	\$ 39,615

Sensitivity of the Component Unit School Board (nonprofessional)'s HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the Component Unit School Board (nonprofessional)'s HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the Component Unit School Board (nonprofessional)'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:

	Rates		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Component Unit School Board (nonprofessional) Net HIC OPEB Liability	\$ 45,758	\$ 39,615	\$ 34,350

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Health Insurance Credit Plan (Continued)

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

For the year ended June 30, 2025, the Component Unit School Board (nonprofessional) recognized HIC Plan OPEB expense of \$697. At June 30, 2025, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the Component Unit School Board (nonprofessional)'s HIC Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 914	\$ 10,593
Net difference between projected and actual earnings on HIC OPEB plan investments	-	281
Changes in assumptions	1,789	-
Employer contributions subsequent to the measurement date	12,199	-
Total	\$ 14,902	\$ 10,874

\$12,199 reported as deferred outflows of resources related to the HIC OPEB resulting from the Component Unit School Board (nonprofessional)'s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>		
2026	\$	(3,606)
2027		(3,204)
2028		(1,007)
2029		(354)
Total	\$	(8,171)

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Health Insurance Credit Plan (Continued)

HIC Plan Data

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

Teacher Employee Health Insurance Credit Plan

Plan Description

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

Eligible Employees

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Health Insurance Credit Plan (Continued)

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2025 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$196,753 and \$186,649 for the years ended June 30, 2025 and June 30, 2024, respectively.

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Health Insurance Credit Plan (Continued)

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

At June 30, 2025, the school division reported a liability of \$1,663,902 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2024 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division's proportion of the VRS Teacher Employee HIC was .14398% as compared to .14460% at June 30, 2023.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 78,832
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	5,919
Changes in assumptions	28,664	-
Change in proportion	46,500	77,877
Employer contributions subsequent to the measurement date	194,753	-
Total	\$ 269,917	\$ 162,628

\$194,753 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 subsequent fiscal year.

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Teacher Employee Health Insurance Credit Plan (Continued)

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30,		
2026	\$	(27,551)
2027		(20,656)
2028		(22,590)
2029		(7,223)
2030		(5,624)
Thereafter		(3,820)
Total	\$	(87,464)

Actuarial Assumptions

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

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Teacher Employee Health Insurance Credit Plan (Continued)

Actuarial Assumptions (Continued)

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Teacher Employee Health Insurance Credit Plan (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Teacher Employee Health Insurance Credit Plan (Continued)

Net Teacher Employee HIC OPEB Liability

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

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

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Teacher Employee Health Insurance Credit Plan (Continued)

Long-Term Expected Rate of Return

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

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

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

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Teacher Employee Health Insurance Credit Plan (Continued)

Discount Rate

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

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

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

	Rates		
	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	\$ 1,892,272	\$ 1,663,902	\$ 1,470,338

Teacher Employee HIC Plan Notes

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 17 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Primary Government and Component Unit School Board

OPEB Plans:	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense
Primary Government:				
Group Life Insurance Plan:				
County	\$ 87,281	\$ 47,535	\$ 297,282	\$ 10,772
County Stand-Alone Plan	143,162	25,007	770,952	99,797
Totals	\$ 230,443	\$ 72,542	\$ 1,068,234	\$ 110,569
Component Unit School Board:				
Group Life Insurance Plan:				
School Board Nonprofessional	\$ 34,204	\$ 14,407	\$ 47,761	\$ 2,327
School Board Professional	201,767	145,277	670,446	4,944
School Nonprofessional Health Insurance Credit Plan	14,902	10,874	39,615	697
Teacher Health Insurance Credit Plan	269,917	162,628	1,663,902	111,439
School Stand-Alone Plan	177,160	280,249	1,325,860	98,053
Totals:	\$ 697,950	\$ 613,435	\$ 3,747,584	\$ 217,460

NOTE 18 - UPCOMING PRONOUNCEMENTS

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

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 19 – RESTATEMENT OF BEGINNING BALANCES:

Restatement of Beginning Balances– Error Corrections

Several errors were identified in the previously issued financial statements. Each of these errors resulted from transactions that were either recorded incorrectly or omitted in prior periods. In accordance with GASB Statement No. 100, the County corrected these errors by restating beginning net position for the Governmental Activities, School Board Component Unit, and General Fund, as applicable. The nature of each error, the periods affected, the financial statement line items impacted, and the amounts of the corrections are described below.

Capital Outlays not recorded into Construction in Progress

Nature of the error: Certain capital expenditures incurred during fiscal year 2024 were omitted from the prior-year financial statements, resulting in an understatement of the School Board’s construction in progress balance and total capital assets.
Period(s) affected: Fiscal year 2024.

Amount of correction: School Board Component Unit Activities: Increase of \$406,410.

Leases Not Recorded Under GASB 87

Nature of the error: Lease assets and lease liabilities meeting the capitalization criteria under GASB 87 were not recorded in prior periods. This resulted in understated right-to-use lease assets and related lease liabilities.

Amount of correction: Net effect to Governmental Activities and School Board net position was a decrease of \$597 and \$2,752, respectively.

Subscription-Based Information Technology Arrangements (SBITAs) Not Capitalized Under GASB 96

Nature of the error: Subscription-based IT arrangements that met capitalization criteria under GASB 96 in prior periods were not recorded.

Amount of correction: Net effect to Governmental Activities net position was an increase of \$104,164.

Lease Receivable and Deferred Inflow of Resources Not Recorded for Third-Party Leases (GASB 87)

Nature of the error: The County did not record lease receivables and related deferred inflows of resources arising from leases with third-party lessees as required by GASB 87.

Amount of correction: Net effect to Governmental Activities and General Fund net position was an increase of \$87,436.

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE 19 – RESTATEMENT OF BEGINNING BALANCES (CONTINUED)

Change in Reporting Entity – Capital Projects Fund Becoming a Major Fund

During fiscal year 2025, the County evaluated the financial reporting presentation of its governmental funds in accordance with GASB Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments. Based on this evaluation, the Governmental Capital Projects Fund, previously reported as a nonmajor governmental fund, met the quantitative and qualitative criteria to be reported as a major fund in the current year. As a result, the fund’s beginning balance of \$87,486 was reclassified out of non-major governmental funds and into the Governmental Capital Projects Fund presented on Exhibit 1.

The County restated beginning balances in fiscal year 2025 as follows:

	Governmental Financial Statements		Fund Financial Statements		
	Governmental Activities	School Board	General Fund	Non-Major Governmental Funds	Governmental Capital Projects
Net Position at June 30, 2024, as previously reported	\$ 38,987,223	\$ 5,000,289	\$ 17,020,804	\$ 760,792	\$ -
Error corrections:					
Equipment under construction not capitalized	-	406,410	-	-	-
Unrecorded leases under GASB 87	(597)	(2,752)	-	-	-
Unrecorded SBITAs under GASB 96	104,164	-	-	-	-
Unrecorded lease receivable and deferred inflow under GASB 87	85,030	-	85,030	-	-
Total error corrections	188,597	403,658	85,030	-	-
Change from nonmajor to major fund	-	-	-	(87,486)	87,486
Net Position at June 30, 2024, as restated	\$ 39,175,820	\$ 5,403,947	\$ 17,105,834	\$ 673,306	\$ 87,486

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended June 30, 2025

Exhibit 12

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Property taxes	\$ 24,970,155	\$ 24,970,155	\$ 26,513,635	\$ 1,543,480
Other local taxes	3,606,269	3,606,269	3,502,025	(104,244)
Permits, privilege fees, and regulatory licenses	286,113	286,113	242,019	(44,094)
Fines and forfeitures	212,130	212,130	203,389	(8,741)
Revenue from the use of money and property	283,400	283,400	286,957	3,557
Charges for services	1,178,342	1,178,342	1,442,325	263,983
Miscellaneous	282,900	282,900	120,488	(162,412)
Recovered costs	7,800	15,887	18,870	2,983
Intergovernmental:				
Commonwealth	4,783,144	4,883,386	4,839,730	(43,656)
Federal	126,965	132,165	137,923	5,758
Total revenues	35,737,218	35,850,747	37,307,361	1,456,614
EXPENDITURES				
General government administration	3,221,524	3,271,866	3,163,680	108,186
Judicial administration	1,000,171	981,331	974,261	7,070
Public safety	7,558,515	7,682,993	7,603,028	79,965
Public works	1,524,162	1,577,395	1,522,414	54,981
Health and welfare	673,658	694,772	673,195	21,577
Education	16,389,999	17,155,357	16,188,551	966,806
Parks, recreation, and cultural	1,663,117	1,599,004	1,558,197	40,807
Community development	932,823	1,025,734	924,063	101,671
Nondepartmental	45,000	45,576	40,519	5,057
Capital Outlay	-	-	43,278	(43,278)
Total expenditures	33,008,969	34,034,028	32,691,186	1,342,842
Excess (deficiency) of revenues over (under) expenditures	2,728,249	1,816,719	4,616,175	2,799,456
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(8,002,644)	(6,051,307)	1,951,337
SBITA	-	-	9,682	9,682
Leases - Lessee	-	-	33,596	33,596
Insurance proceeds	-	-	106,522	106,522
Total other financing sources (uses)	-	(8,002,644)	(5,901,507)	2,101,137
Net change in fund balances	2,728,249	(6,185,925)	(1,285,332)	4,900,593
Fund Balance, Beginning	(2,728,249)	6,185,925	17,105,834	10,919,909
Fund Balance, Ending	\$ -	\$ -	\$ 15,820,502	\$ 15,820,502

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
VIRGINIA PUBLIC ASSISTANCE FUND - SPECIAL REVENUE FUND
For The Year Ended June 30, 2025

Exhibit 13

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Recovered costs	\$ -	\$ -	\$ 2,229	\$ 2,229
Intergovernmental:				
Commonwealth	585,800	632,800	346,167	(286,633)
Federal	585,800	634,270	733,682	99,412
Total revenues	1,171,600	1,267,070	1,082,078	(184,992)
EXPENDITURES				
Health and welfare	1,915,391	1,936,625	1,500,294	436,331
Total expenditures	1,915,391	1,936,625	1,500,294	436,331
Excess (deficiency) of revenues over (under) expenditures	(743,791)	(669,555)	(418,216)	251,339
OTHER FINANCING SOURCES				
Transfers in	-	606,690	418,216	188,474
Total other financing sources	-	606,690	418,216	188,474
Net change in fund balances	(743,791)	(62,865)	-	62,865
Fund Balance, Beginning	743,791	62,865	-	(62,865)
Fund Balance, Ending	\$ -	\$ -	\$ -	\$ -

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND - GENERAL GOVERNMENT CAPITAL PROJECTS FUND
For The Year Ended June 30, 2025

Exhibit 14

	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>REVENUES</u>				
Miscellaneous	\$ -	\$ -	\$ 1	\$ 1
Intergovernmental:				
Commonwealth	29,840	1,050,465	156,016	(894,449)
Federal	-	99,933	11,979	(87,954)
Total revenues	29,840	1,150,398	167,996	(982,402)
<u>EXPENDITURES</u>				
Capital projects	3,989,560	5,216,436	3,015,131	2,201,305
Total expenditures	3,989,560	5,216,436	3,015,131	2,201,305
Excess (deficiency) of revenues over (under) expenditures	(3,959,720)	(4,066,038)	(2,847,135)	1,218,903
<u>OTHER FINANCING SOURCES</u>				
Transfers in	-	4,642,556	2,847,136	(1,795,420)
Total other financing sources	-	4,642,556	2,847,136	(1,795,420)
Net change in fund balances	(3,959,720)	576,518	1	(576,517)
Fund Balance, Beginning	3,959,720	(576,518)	-	576,518
Fund Balance, Ending	\$ -	\$ -	\$ 1	\$ 1

COUNTY OF CLARKE, VIRGINIA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
PRIMARY GOVERNMENT AND CLARKE COUNTY SANITARY AUTHORITY
For The Measurement Dates Of June 30, 2015 Through June 30, 2024

Exhibit 15
Page 1 of 2

	2024	2023	2022	2021	2020	2019	Clarke County Sanitary Authority
	Primary Government	Primary Government	Primary Government	Primary Government	Primary Government	Primary Government	
TOTAL PENSION LIABILITY							
Service cost	\$ 843,596	\$ 731,681	\$ 586,359	\$ 544,441	\$ 531,657	\$ 528,990	\$ -
Interest	1,941,617	1,868,969	1,806,672	1,621,406	1,533,312	1,496,565	-
Changes in benefit terms	-	-	482,165	-	-	-	-
Differences between expected and actual experience	2,057,790	100,757	(600,823)	369,260	390,076	(379,336)	-
Changes of assumptions	-	-	-	965,227	-	631,784	-
Impact in change of proportion	-	-	-	-	-	174,442	(174,442)
Benefit payments	(1,896,664)	(1,577,435)	(1,416,121)	(1,267,900)	(1,031,991)	(851,559)	-
Net change in total pension liability	2,946,339	1,123,972	858,252	2,232,434	1,423,054	1,600,886	(174,442)
Total pension liability - beginning	28,869,436	27,745,464	26,887,212	24,654,778	23,231,724	21,630,838	174,442
Total pension liability - ending (a)	\$ 31,815,775	\$ 28,869,436	\$ 27,745,464	\$ 26,887,212	\$ 24,654,778	\$ 23,231,724	\$ -
PLAN FIDUCIARY NET POSITION							
Contributions - employer	\$ 794,040	\$ 678,035	\$ 559,026	\$ 489,429	\$ 417,934	\$ 404,706	\$ -
Contributions - employee	342,910	291,930	270,077	256,393	250,579	240,158	-
Impact in change of proportion	-	-	-	-	-	165,370	(165,370)
Net investment income	2,657,510	1,707,847	(26,261)	5,948,004	417,018	1,382,955	-
Benefit payments	(1,896,664)	(1,577,435)	(1,416,121)	(1,267,900)	(1,031,991)	(851,559)	-
Administrator charges	(17,795)	(17,135)	(17,038)	(14,912)	(14,211)	(13,551)	-
Other	550	687	626	560	(493)	(873)	-
Net change in total plan fiduciary net position	1,880,551	1,083,929	(629,691)	5,411,574	38,836	1,327,206	(165,370)
Plan fiduciary net position - beginning	27,737,642	26,653,713	27,283,404	21,871,830	21,832,994	20,505,788	165,370
Plan fiduciary net position - ending (b)	\$ 29,618,193	\$ 27,737,642	\$ 26,653,713	\$ 27,283,404	\$ 21,871,830	\$ 21,832,994	\$ -
County's net pension liability (asset) - ending (a) - (b)	\$ 2,197,582	\$ 1,131,794	\$ 1,091,751	\$ (396,192)	\$ 2,782,948	\$ 1,398,730	\$ -
Plan fiduciary net position as a percentage of the total pension liability	93.09%	96.08%	96.07%	101.47%	88.71%	93.98%	0.00%
Covered payroll	\$ 7,138,504	\$ 6,261,624	\$ 5,787,429	\$ 5,465,563	\$ 5,343,717	\$ 5,072,104	\$ -
County's net pension liability as a percentage of covered payroll	30.78%	18.08%	18.86%	-7.25%	52.08%	27.58%	0.00%

During fiscal year 2020, it was determined that pension items should no longer be allocated to the Sanitary Authority.

COUNTY OF CLARKE, VIRGINIA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
PRIMARY GOVERNMENT AND CLARKE COUNTY SANITARY AUTHORITY
For The Measurement Dates Of June 30, 2015 Through June 30, 2024

	2018		2017		2016		2015	
	Primary Government	Clarke County Sanitary Authority						
TOTAL PENSION LIABILITY								
Service cost	\$ 492,799	\$ 3,974	\$ 476,066	\$ 4,614	\$ 452,697	\$ 4,388	\$ 441,992	\$ 4,284
Interest	1,432,214	11,552	1,367,228	12,953	1,298,718	12,588	1,241,436	12,034
Changes in benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(389,274)	(3,140)	(162,685)	(1,576)	(60,723)	(290)	(174,129)	(1,688)
Changes of assumptions	-	-	(63,330)	(614)	-	-	-	-
Impact in change of proportion	33,590	(33,590)	-	-	-	-	-	-
Benefit payments	(730,187)	(5,888)	(714,864)	(6,930)	(709,058)	(6,872)	(672,885)	(6,522)
Net change in total pension liability	839,142	(27,092)	902,415	8,447	981,634	9,814	836,414	8,108
Total pension liability - beginning	20,791,696	201,534	19,889,281	193,087	18,907,647	183,273	18,071,233	175,165
Total pension liability - ending (a)	\$ 21,630,838	\$ 174,442	\$ 20,791,696	\$ 201,534	\$ 19,889,281	\$ 193,087	\$ 18,907,647	\$ 183,273
PLAN FIDUCIARY NET POSITION								
Contributions - employer	\$ 393,336	\$ 3,172	\$ 379,396	\$ 3,678	\$ 466,664	\$ 4,524	\$ 455,266	\$ 4,412
Contributions - employee	231,775	1,870	223,948	2,170	213,350	2,068	208,804	2,024
Impact in change of proportion	30,972	(30,972)	-	-	-	-	-	-
Net investment income	1,421,787	11,466	2,099,165	20,349	298,818	2,896	744,209	7,214
Benefit payments	(730,187)	(5,888)	(714,864)	(6,930)	(709,058)	(6,872)	(672,885)	(6,522)
Administrator charges	(12,124)	(98)	(11,988)	(116)	(10,410)	(100)	(10,047)	(98)
Other	(1,273)	(10)	(1,874)	(18)	(126)	(2)	(157)	(3)
Net change in total plan fiduciary net position	1,334,286	(20,460)	1,973,783	19,133	259,238	2,514	725,190	7,027
Plan fiduciary net position - beginning	19,171,502	185,830	17,197,719	166,697	16,938,481	164,183	16,213,291	157,156
Plan fiduciary net position - ending (b)	\$ 20,505,788	\$ 165,370	\$ 19,171,502	\$ 185,830	\$ 17,197,719	\$ 166,697	\$ 16,938,481	\$ 164,183
County's net pension liability (asset) - ending (a) - (b)	\$ 1,125,050	\$ 9,072	\$ 1,620,194	\$ 15,704	\$ 2,691,562	\$ 26,390	\$ 1,969,166	\$ 19,090
Plan fiduciary net position as a percentage of the total pension liability	94.80%	94.80%	92.21%	92.21%	86.47%	86.33%	89.59%	89.58%
Covered payroll	\$ 4,781,444	\$ 38,560	\$ 4,580,226	\$ 44,397	\$ 4,332,013	\$ 41,990	\$ 4,210,911	\$ 40,817
County's net pension liability as a percentage of covered payroll	23.53%	23.53%	35.37%	35.37%	62.13%	62.85%	46.76%	46.77%

During fiscal year 2020, it was determined that pension items should no longer be allocated to the Sanitary Authority.

COUNTY OF CLARKE, VIRGINIA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
COMPONENT UNIT SCHOOL BOARD (NONPROFESSIONAL)
For The Measurement Dates Of June 30, 2015 Through June 30, 2024

Exhibit 16
Page 1 of 2

	2024	2023	2022	2021	2020
TOTAL PENSION LIABILITY					
Service cost	\$ 93,931	\$ 53,840	\$ 61,826	\$ 67,656	\$ 72,910
Interest	255,509	256,826	254,878	237,835	230,953
Differences between expected and actual experience	167,619	(103,961)	(25,523)	22,178	8,618
Changes of assumptions	-	-	-	99,743	-
Benefit payments	(280,363)	(252,270)	(256,384)	(217,130)	(203,908)
Net change in total pension liability	236,696	(45,565)	34,797	210,282	108,573
Total pension liability - beginning	3,831,567	3,877,132	3,842,335	3,632,053	3,523,480
Total pension liability - ending (a)	\$ 4,068,263	\$ 3,831,567	\$ 3,877,132	\$ 3,842,335	\$ 3,632,053
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 35,468	\$ 18,980	\$ 23,980	\$ 30,410	\$ 25,358
Contributions - employee	48,795	25,314	23,853	30,080	31,738
Net investment income	411,266	267,778	(1,315)	982,038	70,640
Benefit payments	(280,363)	(252,270)	(256,384)	(217,130)	(203,908)
Administrator charges	(2,870)	(2,783)	(2,838)	(2,529)	(2,478)
Other	81	107	100	92	(82)
Net change in total plan fiduciary net position	212,377	57,126	(212,604)	822,961	(78,732)
Plan fiduciary net position - beginning	4,319,047	4,261,921	4,474,525	3,651,564	3,730,296
Plan fiduciary net position - ending (b)	\$ 4,531,424	\$ 4,319,047	\$ 4,261,921	\$ 4,474,525	\$ 3,651,564
School Board's net pension liability (asset) - ending (a) - (b)	\$ (463,161)	\$ (487,480)	\$ (384,789)	\$ (632,190)	\$ (19,511)
Plan fiduciary net position as a percentage of the total pension liability	111.38%	112.72%	109.92%	116.45%	100.54%
Covered payroll	\$ 1,098,104	\$ 525,881	\$ 492,527	\$ 623,186	\$ 653,811
School Board's net pension liability (asset) as a percentage of covered payroll	-42.18%	-92.70%	-78.13%	-101.44%	-2.98%

COUNTY OF CLARKE, VIRGINIA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
COMPONENT UNIT SCHOOL BOARD (NONPROFESSIONAL)
For The Measurement Dates Of June 30, 2015 Through June 30, 2024

Exhibit 16
Page 2 of 2

	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY					
Service cost	\$ 73,772	\$ 76,013	\$ 64,599	\$ 75,698	\$ 119,013
Interest	224,572	220,360	220,480	218,560	213,846
Differences between expected and actual experience	37,322	(39,142)	(57,419)	(87,838)	(96,657)
Changes of assumptions	80,351	-	(45,195)	-	-
Benefit payments	(201,418)	(192,699)	(175,672)	(182,286)	(155,448)
Net change in total pension liability	214,599	64,532	6,793	24,134	80,754
Total pension liability - beginning	3,308,881	3,244,349	3,237,556	3,213,422	3,132,668
Total pension liability - ending (a)	\$ 3,523,480	\$ 3,308,881	\$ 3,244,349	\$ 3,237,556	\$ 3,213,422
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 24,368	\$ 33,471	\$ 33,848	\$ 55,293	\$ 56,916
Contributions - employee	30,621	32,409	32,641	31,776	32,933
Net investment income	237,527	256,887	388,498	55,073	144,974
Benefit payments	(201,418)	(192,699)	(175,672)	(182,286)	(155,448)
Administrator charges	(2,451)	(2,278)	(2,302)	(2,061)	(2,023)
Other	(149)	(226)	(343)	(24)	(33)
Net change in total plan fiduciary net position	88,498	127,564	276,670	(42,229)	77,319
Plan fiduciary net position - beginning	3,641,798	3,514,234	3,237,564	3,279,793	3,202,474
Plan fiduciary net position - ending (b)	\$ 3,730,296	\$ 3,641,798	\$ 3,514,234	\$ 3,237,564	\$ 3,279,793
School Board's net pension liability (asset) - ending (a) - (b)	\$ (206,816)	\$ (332,917)	\$ (269,885)	\$ (8)	\$ (66,371)
Plan fiduciary net position as a percentage of the total pension liability	105.87%	110.06%	108.32%	100.00%	102.07%
Covered payroll	\$ 634,547	\$ 671,806	\$ 673,225	\$ 652,740	\$ 664,350
School Board's net pension liability (asset) as a percentage of covered payroll	-32.59%	-49.56%	-40.09%	0.00%	-9.99%

COUNTY OF CLARKE, VIRGINIA
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
VRS TEACHER RETIREMENT PLAN
For The Measurement Dates Of June 30, 2015 Through June 30, 2024

Exhibit 17

Entity Fiscal Year	Employer's Proportion of the Net Pension Liability (a)	Employer's Proportionate Share of the Net Pension Liability (b)	Employer's Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (b) / (c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (d)
2024	0.14273%	\$ 13,397,972	\$ 15,425,531	86.86%	84.52%
2023	0.14354%	14,507,882	14,419,170	100.62%	82.45%
2022	0.14287%	13,602,079	13,429,742	101.28%	82.61%
2021	0.13788%	10,703,759	12,261,289	87.30%	85.46%
2020	0.14810%	21,556,805	13,021,678	165.55%	71.47%
2019	0.14945%	19,668,469	12,582,277	156.32%	73.51%
2018	0.15187%	17,860,000	12,337,938	144.76%	74.81%
2017	0.15127%	18,603,000	11,986,432	155.20%	72.92%
2016	0.15296%	21,436,000	11,656,844	183.89%	68.28%
2015	0.15349%	19,319,000	11,292,534	171.08%	70.68%

COUNTY OF CLARKE, VIRGINIA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PENSION PLANS

Exhibit 18

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

Entity Fiscal Year	Contractually Required Contribution (a)*	Contributions in Relation to Contractually Required Contribution (b)*	Contribution Deficiency (Excess) (a) - (b)	Employer's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b) / (c)
PRIMARY GOVERNMENT					
2025	\$ 878,750	\$ 878,750	\$ -	\$ 7,138,504	12.31%
2024	754,507	754,507	-	6,892,470	10.95%
2023	678,906	678,906	-	6,261,624	10.84%
2022	560,922	560,922	-	5,787,429	9.69%
2021	445,184	445,184	-	5,465,563	8.15%
2020	421,269	421,269	-	5,343,717	7.88%
2019	408,108	408,108	-	5,072,104	8.05%
2018	397,195	397,195	-	4,820,004	8.24%
2017	392,632	392,632	-	4,624,623	8.49%
2016	471,292	471,292	-	4,374,003	10.77%
COMPONENT UNIT SCHOOL BOARD (NONPROFESSIONAL)					
2025	\$ 41,381	\$ 41,381	\$ -	\$ 1,195,987	3.46%
2024	36,020	36,020	-	1,098,104	3.28%
2023	18,986	18,986	-	525,881	3.61%
2022	23,979	23,979	-	492,527	4.87%
2021	30,410	30,410	-	623,186	4.88%
2020	25,565	25,565	-	653,811	3.91%
2019	24,582	24,582	-	634,547	3.87%
2018	33,468	33,468	-	671,806	4.98%
2017	35,810	35,810	-	673,225	5.32%
2016	55,293	55,293	-	652,740	8.47%
COMPONENT UNIT SCHOOL BOARD (PROFESSIONAL)					
2025	\$ 2,287,139	\$ 2,287,139	\$ -	\$ 16,095,275	14.21%
2024	2,407,323	2,407,323	-	15,425,531	15.61%
2023	2,265,908	2,265,908	-	14,419,170	15.71%
2022	2,122,390	2,122,390	-	13,429,742	15.80%
2021	1,950,641	1,950,641	-	12,261,289	15.91%
2020	1,968,435	1,968,435	-	13,021,678	15.12%
2019	1,915,267	1,915,267	-	12,582,277	15.22%
2018	1,741,611	1,741,611	-	12,337,938	14.12%
2017	1,679,087	1,679,087	-	11,986,432	14.01%
2016	1,679,413	1,679,413	-	11,656,844	14.41%

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

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLANS
For The Year Ended June 30, 2025

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

Component Unit School Board – Professional Employees:

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

**SCHEDULE OF EMPLOYER'S SHARE OF NET GLI OPEB LIABILITY
GROUP LIFE INSURANCE (GLI) PLAN**

For The Measurement Dates Of June 30, 2017 Through June 30, 2024

Entity Fiscal Year	Employer's Proportion of the Net GLI OPEB Liability (a)	Employer's Proportionate Share of the Net GLI OPEB Liability (b)	Employer's Covered Payroll (c)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll (b) / (c)	Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability (d)
PRIMARY GOVERNMENT					
2024	0.02664%	297,282	6,839,624	4.35%	73.41%
2023	0.02658%	318,778	6,261,624	5.09%	69.30%
2022	0.02660%	320,410	5,787,429	5.54%	67.21%
2021	0.02650%	308,182	5,465,563	5.64%	67.45%
2020	0.02596%	433,230	5,343,717	8.11%	52.64%
2019	0.02587%	420,974	5,072,104	8.30%	52.00%
2018	0.02535%	385,000	4,820,004	7.99%	51.22%
2017	0.02507%	378,000	4,624,623	8.17%	48.86%
COMPONENT UNIT SCHOOL BOARD (NONPROFESSIONAL)					
2024	0.00428%	47,761	1,098,104	0	73.41%
2023	0.00223%	26,745	525,881	5.09%	69.30%
2022	0.00230%	27,213	492,527	5.53%	67.21%
2021	0.00300%	35,161	623,186	5.64%	67.45%
2020	0.00318%	53,069	653,811	8.12%	52.64%
2019	0.00324%	52,754	634,547	8.31%	52.00%
2018	0.00353%	54,000	671,806	8.04%	51.22%
2017	0.00369%	56,000	673,225	8.32%	48.86%
COMPONENT UNIT SCHOOL BOARD (PROFESSIONAL)					
2024	0.06008%	670,446	15,425,531	4.35%	73.41%
2023	0.06126%	734,699	14,429,207	5.09%	69.30%
2022	0.06170%	743,409	13,429,742	5.54%	67.21%
2021	0.05940%	691,460	12,261,289	5.64%	67.45%
2020	0.06332%	1,056,707	13,031,868	8.11%	52.64%
2019	0.06418%	1,044,379	12,582,277	8.30%	52.00%
2018	0.06497%	987,000	12,337,938	8.00%	51.22%
2017	0.06497%	978,000	11,986,432	8.16%	48.86%

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

COUNTY OF CLARKE, VIRGINIA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
GROUP LIFE INSURANCE (GLI) PLAN
For The Years Ended June 30, 2016 through June 30, 2025

Exhibit 21

Entity Fiscal Year	Contractually Required Contribution (a)	Contributions in Relation to Contractually Required Contribution (b)	Contribution Deficiency (Excess) (a) - (b)	Employer's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b) / (c)
PRIMARY GOVERNMENT					
2025	33,903	33,903	-	7,213,328	0.47%
2024	36,934	36,934	-	6,839,624	0.54%
2023	33,813	33,813	-	6,261,624	0.54%
2022	31,252	31,252	-	5,787,429	0.54%
2021	29,514	29,514	-	5,465,563	0.54%
2020	27,787	27,787	-	5,343,717	0.52%
2019	26,375	26,375	-	5,072,104	0.52%
2018	25,064	25,064	-	4,820,004	0.52%
2017	24,048	24,048	-	4,624,623	0.52%
2016	21,010	21,010	-	4,374,003	0.48%
COMPONENT UNIT SCHOOL BOARD (NONPROFESSIONAL)					
2025	5,621	5,621	-	1,195,987	0.47%
2024	5,930	5,930	-	1,098,104	0.54%
2023	2,840	2,840	-	525,881	0.54%
2022	2,660	2,660	-	492,527	0.54%
2021	3,365	3,365	-	623,186	0.54%
2020	3,400	3,400	-	653,811	0.52%
2019	3,300	3,300	-	634,547	0.52%
2018	3,493	3,493	-	671,806	0.52%
2017	3,535	3,535	-	673,225	0.53%
2016	3,133	3,133	-	652,740	0.48%
COMPONENT UNIT SCHOOL BOARD (PROFESSIONAL)					
2025	75,648	75,648	-	16,095,275	0.47%
2024	83,298	83,298	-	15,425,531	0.54%
2023	77,918	77,918	-	14,429,207	0.54%
2022	72,521	72,521	-	13,429,742	0.54%
2021	66,211	66,211	-	12,261,289	0.54%
2020	67,766	67,766	-	13,031,868	0.52%
2019	65,428	65,428	-	12,582,277	0.52%
2018	64,238	64,238	-	12,337,938	0.52%
2017	62,315	62,315	-	11,986,432	0.52%
2016	56,000	56,000	-	11,656,844	0.48%

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
GROUP LIFE INSURANCE (GLI) PLAN
For The Year Ended June 30, 2025

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers:

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

Non-Largest Ten Locality Employers – General Employees:

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

Non-Largest Ten Locality Employers – Hazardous Duty Employees:

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

COUNTY OF CLARKE, VIRGINIA
SCHEDULE OF CHANGES IN NET HIC OPEB LIABILITY AND RELATED RATIOS
HEALTH INSURANCE CREDIT (HIC) PLAN
For The Measurement Dates Of June 30, 2020 Through June 30, 2024

Exhibit 23

	2024	2023	2022	2021	2020
TOTAL HIC OPEB LIABILITY					
Service cost	\$ 1,143	\$ 907	\$ 1,044	\$ 1,202	\$ -
Interest	4,110	4,928	4,307	3,871	-
Changes in benefit terms		-	-	-	57,351
Differences between expected and actual experience	(3,912)	(15,850)	2,372	(1)	-
Changes of assumptions	-	-	3,795	1,360	-
Benefit payments	(2,376)	(2,295)	(2,052)	-	-
Net change in total HIC OPEB liability	(1,035)	(12,310)	9,466	6,432	57,351
Total HIC OPEB liability - beginning	60,939	73,249	63,783	57,351	-
Total HIC OPEB liability - ending (a)	\$ 59,904	\$ 60,939	\$ 73,249	\$ 63,783	\$ 57,351
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 11,200	\$ 5,364	\$ 3,546	\$ 4,487	\$ -
Net investment income	1,464	514	(63)	567	-
Benefit payments	(2,376)	(2,295)	(2,052)	-	-
Administrator charges	(23)	(14)	(10)	(20)	-
Net change in total plan fiduciary net position	10,265	3,569	1,421	5,034	-
Plan fiduciary net position - beginning	10,024	6,455	5,034	-	-
Plan fiduciary net position - ending (b)	\$ 20,289	\$ 10,024	\$ 6,455	\$ 5,034	\$ -
School Board's net HIC OPEB liability - ending (a) - (b)	\$ 39,615	\$ 50,915	\$ 66,794	\$ 58,749	\$ 57,351
Plan fiduciary net position as a percentage of the total HIC OPEB liability	33.87%	16.45%	8.81%	7.89%	0.00%
Covered payroll	\$ 1,098,104	\$ 525,881	\$ 492,527	\$ 623,186	\$ -
School Board's net HIC OPEB liability as a percentage of covered payroll	3.61%	9.68%	13.56%	9.43%	0.00%

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

COUNTY OF CLARKE, VIRGINIA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
HEALTH INSURANCE CREDIT (HIC) PLAN
For The Years Ended June 30, 2021 through June 30, 2025

Exhibit 24

Entity Fiscal Year	Contractually Required Contribution (a)	Contributions in Relation to Contractually Required Contribution (b)	Contribution Deficiency (Excess) (a) - (b)	Employer's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b) / (c)
COMPONENT UNIT SCHOOL BOARD (NONPROFESSIONAL)					
2025	12,199	12,199	-	1,195,987	1.02%
2024	11,201	11,201	-	1,098,104	1.02%
2023	5,364	5,364	-	525,881	1.02%
2022	3,546	3,546	-	492,527	0.72%
2021	4,487	4,487	-	623,186	0.72%

Schedule is intended to show information for 10 years. Information prior to the 2021 valuation for the component unit school board is not available. However, additional years will be included as they become available.

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
HEALTH INSURANCE CREDIT (HIC) PLAN
For The Year Ended June 30, 2025

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers – General Employees:

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

**SCHEDULE OF SCHOOL BOARD'S SHARE OF NET HIC OPEB LIABILITY
TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN
For The Measurement Dates Of June 30, 2017 Through June 30, 2024**

Entity Fiscal Year	Employer's Proportion of the Net HIC OPEB Liability (a)	Employer's Proportionate Share of the Net HIC OPEB Liability (b)	Employer's Covered Payroll (c)	Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of its Covered Payroll (b) / (c)	Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability (d)
2024	0.14398%	1,663,902	15,425,531	10.79%	21.82%
2023	0.14460%	1,751,831	14,419,170	12.15%	17.90%
2022	0.14409%	1,799,751	13,429,742	13.40%	15.08%
2021	0.13864%	1,779,541	12,261,289	14.51%	13.15%
2020	0.14855%	1,937,598	13,021,678	14.88%	9.95%
2019	0.15001%	1,963,777	12,582,277	15.61%	8.97%
2018	0.15275%	1,939,000	12,337,938	15.72%	8.08%
2017	0.15182%	1,926,000	11,986,432	16.07%	7.04%

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

COUNTY OF CLARKE, VIRGINIA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN
For The Years Ended June 30, 2016 through June 30, 2025

Exhibit 27

Entity Fiscal Year	Contractually Required Contribution (a)	Contributions in Relation to Contractually Required Contribution (b)	Contribution Deficiency (Excess) (a) - (b)	Employer's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b) / (c)
2025	194,753	194,753	-	16,095,275	1.21%
2024	186,649	186,649	-	15,425,531	1.21%
2023	174,472	174,472	-	14,419,170	1.21%
2022	162,500	162,500	-	13,429,742	1.21%
2021	148,362	148,362	-	12,261,289	1.21%
2020	156,260	156,260	-	13,021,678	1.20%
2019	150,987	150,987	-	12,582,277	1.20%
2018	151,947	151,947	-	12,337,938	1.23%
2017	132,997	132,997	-	11,986,432	1.11%
2016	123,625	123,625	-	11,656,844	1.06%

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN
For The Year Ended June 30, 2025

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF CLARKE, VIRGINIA
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OPEB - HEALTH INSURANCE PLAN
For The Measurement Dates Of June 30, 2018 Through June 30, 2025

Exhibit 29

	2025	2024	2023	2022	2021	2020	2019	2018
COUNTY:								
TOTAL OPEB LIABILITY:								
Service cost	\$ 46,960	\$ 50,401	\$ 48,567	\$ 56,261	\$ 57,300	\$ 24,579	\$ 22,416	\$ 22,728
Interest	25,757	23,829	19,964	12,771	11,351	14,983	15,125	13,349
Economic/demographic gains or losses	84,677	-	(7,045)	-	72,235	-	-	-
Changes of assumptions	32,271	(10,677)	79,124	(53,482)	(33,255)	38,349	11,370	(8,547)
Benefit payments	(53,714)	(61,479)	(45,774)	(24,792)	(33,098)	(17,068)	(10,637)	(7,922)
Net change in total OPEB liability	135,951	2,074	94,836	(9,242)	74,533	60,843	38,274	19,608
Total OPEB liability - beginning	635,001	632,927	538,091	547,333	472,800	411,957	373,683	354,075
Total OPEB liability - ending	\$ 770,952	\$ 635,001	\$ 632,927	\$ 538,091	\$ 547,333	\$ 472,800	\$ 411,957	\$ 373,683
Covered employee payroll	\$ 7,059,540	\$ 5,946,551	\$ 5,946,551	\$ 5,294,743	\$ 5,294,743	\$ 5,014,231	\$ 5,014,231	\$ 5,014,231
County's total OPEB liability as a percentage of covered employee payroll	10.92%	10.68%	10.64%	10.16%	10.34%	9.43%	8.22%	7.45%

SCHOOL BOARD:

TOTAL OPEB LIABILITY:								
Service cost	\$ 71,083	\$ 82,539	\$ 81,228	\$ 85,023	\$ 86,625	\$ 69,721	\$ 63,833	\$ 64,527
Interest	51,302	46,317	42,203	27,028	29,975	42,034	43,708	39,995
Economic/demographic gains or losses	(122,891)	-	(97,805)	-	(96,284)	-	-	-
Changes of assumptions	108,874	(21,122)	126,825	(109,886)	(71,810)	92,424	30,431	(23,128)
Benefit payments	(33,285)	(85,988)	(68,208)	(46,933)	(56,985)	(74,156)	(70,423)	(66,561)
Net change in total OPEB liability	75,083	21,746	84,243	(44,768)	(108,479)	130,023	67,549	14,833
Total OPEB liability - beginning	1,250,777	1,229,031	1,144,788	1,189,556	1,298,035	1,168,012	1,100,463	1,085,630
Total OPEB liability - ending	\$ 1,325,860	\$ 1,250,777	\$ 1,229,031	\$ 1,144,788	\$ 1,189,556	\$ 1,298,035	\$ 1,168,012	\$ 1,100,463
Covered employee payroll	\$ 15,512,565	\$ 14,955,745	\$ 14,955,745	\$ 11,583,694	\$ 11,583,694	\$ 12,818,270	\$ 12,818,270	\$ 12,818,270
School Board's total OPEB liability as a percentage of covered employee payroll	8.55%	8.36%	8.22%	9.88%	10.27%	10.13%	9.11%	8.59%

Schedule is intended to show information for 10 years. Information prior to the 2018 valuation is not available. However, additional years will be included as they become available.

COUNTY OF CLARKE, VIRGINIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN
For The Year Ended June 30, 2025

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

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

Methods and assumptions used to determine OPEB liability – County and School Board:

Actuarial Cost Method	Entry age normal, level % of pay
Discount Rate	3.93% as of June 30, 2025 and June 30, 2024
Inflation	2.50%
Healthcare Trend Rate	5.70% to 3.90% over 55 years
Salary Increases Rates	County: Ranges of increases of 3.5% for 20+ years of service to 5.35% for 1-2 years of service; School Board: Ranges of increases of 3.5% for 20+ years of service to 5.95% for 1 year of service.
Retirement Age	Reduced: Age 50 and 10 years of service or Age 55 and 5 years of service; Unreduced: Age 65 and 5 years of service or Age 50 with 30 years of service
Mortality Rates	Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 25% of deaths are assumed to be service-related.

OTHER SUPPLEMENTARY INFORMATION

COUNTY OF CLARKE, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2025

Exhibit 31

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 829,317	\$ 3,120	\$ 832,437
Due from other funds	13,525	-	13,525
Due from other governmental units	21,577	-	21,577
Total assets	864,419	3,120	867,539
<u>LIABILITIES</u>			
Accounts payable	41,331	-	41,331
Total liabilities	41,331	-	41,331
<u>FUND BALANCES</u>			
Restricted:			
Swim team	-	195	195
Pool	-	2,925	2,925
Committed:			
Community development	719,375	-	719,375
Public safety expenditures	103,713	-	103,713
Total fund balance	823,088	3,120	826,208
Total liabilities and fund balance	\$ 864,419	\$ 3,120	\$ 867,539

COUNTY OF CLARKE, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2025

Exhibit 32

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Property taxes	\$ 93,957	\$ -	\$ -	\$ 93,957
Revenue from the use of money and property	14,608	-	67	14,675
Miscellaneous	121,846	-	756	122,602
Intergovernmental: Commonwealth	324,923	-	-	324,923
Total revenues	555,334	-	823	556,157
EXPENDITURES				
Current:				
Public safety	56,056	-	-	56,056
Health and welfare	682,784	-	-	682,784
Community development	87,554	-	-	87,554
Debt service:				
Principal	-	113,054	-	113,054
Interest	-	138,646	-	138,646
Total expenditures	826,394	251,700	-	1,078,094
Excess (deficiency) of revenues over (under) expenditures	(271,060)	(251,700)	823	(521,937)
OTHER FINANCING SOURCES (USES)				
Transfers in	423,139	251,700	-	674,839
Total other financing sources (uses)	423,139	251,700	-	674,839
Net change in fund balance	152,079	-	823	152,902
Fund balance - beginning, as previously presented	671,009	-	89,783	760,792
Reclassification of Governmental Capital Projects Fund to Major Fund	-	-	(87,486)	(87,486)
Fund balance - beginning, as adjusted	671,009	-	2,297	673,306
Fund balance - ending	\$ 823,088	\$ -	\$ 3,120	\$ 826,208

COUNTY OF CLARKE, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2025

Exhibit 33

	CSA Fund	Drug Enforcement Fund	Conservation Easement Fund	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ 106,248	\$ 723,069	\$ 829,317
Due from other funds	13,525	-	-	13,525
Due from other governmental units	20,244	-	1,333	21,577
Total assets	33,769	106,248	724,402	864,419
LIABILITIES				
Accounts payable	33,769	2,535	5,027	41,331
Total liabilities	33,769	2,535	5,027	41,331
FUND BALANCES				
Committed:				
Community development	-	-	719,375	719,375
Public safety expenditures	-	103,713	-	103,713
Total fund balance	-	103,713	719,375	823,088
Total liabilities and fund balance	\$ 33,769	\$ 106,248	\$ 724,402	\$ 864,419

COUNTY OF CLARKE, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
For The Year Ended June 30, 2025

Exhibit 34

	CSA Fund	Drug Enforcement Fund	Conservation Easement Fund	Total
REVENUES				
Property taxes	\$ -	\$ -	\$ 93,957	\$ 93,957
Revenue from the use of money and property	-	2,218	12,390	14,608
Miscellaneous	9,092	50,130	62,624	121,846
Intergovernmental: Commonwealth	250,553	17,621	56,749	324,923
Total revenues	259,645	69,969	225,720	555,334
EXPENDITURES				
Current:				
Public safety	-	56,056	-	56,056
Health and welfare	682,784	-	-	682,784
Community development	-	-	87,554	87,554
Total expenditures	682,784	56,056	87,554	826,394
Excess (deficiency) of revenues over (under) expenditures	(423,139)	13,913	138,166	(271,060)
OTHER FINANCING SOURCES				
Transfers in	423,139	-	-	423,139
Total other financing sources	423,139	-	-	423,139
Net change in fund balance	-	13,913	138,166	152,079
Fund balance - beginning	-	89,800	581,209	671,009
Fund balance - ending	\$ -	\$ 103,713	\$ 719,375	\$ 823,088

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUND - CSA FUND
For The Year Ended June 30, 2025

Exhibit 35

	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>REVENUES</u>				
Miscellaneous	\$ -	\$ -	\$ 9,092	\$ 9,092
Intergovernmental: Commonwealth	264,610	481,329	250,553	(230,776)
Total revenues	264,610	481,329	259,645	(221,684)
<u>EXPENDITURES</u>				
Health and welfare	508,573	904,469	682,784	221,685
Total expenditures	508,573	904,469	682,784	221,685
Excess (deficiency) of revenues over (under) expenditures	(243,963)	(423,140)	(423,139)	1
<u>OTHER FINANCING SOURCES</u>				
Transfers in	-	394,307	423,139	28,832
Total other financing sources	-	394,307	423,139	28,832
Net change in fund balances	(243,963)	(28,833)	-	28,833
Fund Balance, Beginning	243,963	28,833	-	(28,833)
Fund Balance, Ending	\$ -	\$ -	\$ -	\$ -

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUND - DRUG ENFORCEMENT FUND
For The Year Ended June 30, 2025

Exhibit 36

	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>REVENUES</u>				
Revenue from the use of money and property	\$ -	\$ -	\$ 2,218	\$ 2,218
Miscellaneous	-	-	50,130	50,130
Intergovernmental: Commonwealth	-	-	17,621	17,621
Total revenues	-	-	69,969	69,969
<u>EXPENDITURES</u>				
Public safety	-	-	56,056	(56,056)
Total expenditures	-	-	56,056	(56,056)
Excess (deficiency) of revenues over (under) expenditures	-	-	13,913	13,913
Net change in fund balances	-	-	13,913	13,913
Fund Balance, Beginning	-	-	89,800	89,800
Fund Balance, Ending	\$ -	\$ -	\$ 103,713	\$ 103,713

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR SPECIAL REVENUE FUND - CONSERVATION EASEMENT FUND
For The Year Ended June 30, 2025

Exhibit 37

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Property taxes	\$ -	\$ -	\$ 93,957	\$ 93,957
Revenue from the use of money and property	-	-	12,390	12,390
Miscellaneous	30,000	30,000	62,624	32,624
Intergovernmental: Commonwealth	15,000	35,500	56,749	21,249
Total revenues	45,000	65,500	225,720	160,220
EXPENDITURES				
Community development	45,000	86,000	87,554	(1,554)
Total expenditures	45,000	86,000	87,554	(1,554)
Excess (deficiency) of revenues over (under) expenditures	-	(20,500)	138,166	158,666
Net change in fund balances	-	(20,500)	138,166	158,666
Fund Balance, Beginning	-	20,500	581,209	560,709
Fund Balance, Ending	\$ -	\$ -	\$ 719,375	\$ 719,375

COUNTY OF CLARKE, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR DEBT SERVICE FUNDS
For The Year Ended June 30, 2025

Exhibit 38

	Primary Government Debt Service Fund
EXPENDITURES	
Debt Service:	
Principal Retirement	\$ 113,054
Interest and other fiscal charges	138,646
<u>Total expenditures</u>	251,700
Excess (deficiency) of revenues over (under) expenditures	(251,700)
OTHER FINANCING SOURCES (USES)	
Transfers in	251,700
Transfers out	-
<u>Total other financing sources (uses)</u>	<u>\$ 251,700</u>
Net change in fund balance	-
Fund balance - beginning	-
<u>Fund balance - ending</u>	<u>\$ -</u>

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR DEBT SERVICE FUNDS
For The Year Ended June 30, 2025

Exhibit 39

	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>EXPENDITURES</u>				
Debt service:				
Principal retirement	\$ 113,011	\$ 113,011	\$ 113,049	\$ 38
Interest and other fiscal charges	138,689	138,689	138,651	(38)
Total expenditures	251,700	251,700	251,700	-
Excess (deficiency) of revenues over (under) expenditures	(251,700)	(251,700)	(251,700)	-
<u>OTHER FINANCING SOURCES</u>				
Transfers in	-	251,700	\$ 251,700	-
Total other financing sources	-	251,700	251,700	-
Net change in fund balances	(251,700)	-	-	-
Fund Balance, Beginning	251,700	-	-	-
Fund Balance, Ending	\$ -	\$ -	\$ -	\$ -

COUNTY OF CLARKE, VIRGINIA
BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2025

Exhibit 40

	<u>Parks Construction Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 3,120
Total assets	<u>3,120</u>
<u>LIABILITIES</u>	
Total liabilities	<u>-</u>
<u>FUND BALANCES</u>	
Restricted:	
Swim team	195
Pool	2,925
Total fund balance	<u>3,120</u>
Total liabilities and fund balance	<u>\$ 3,120</u>

COUNTY OF CLARKE, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECTS FUNDS
For The Year Ended June 30, 2025

Exhibit 41

	Parks Construction Fund	Government Capital Projects Fund	Total
<u>REVENUES</u>			
Revenue from the use of money and property	\$ 67	\$ -	\$ 67
Miscellaneous	756	-	756
Total revenues	823	-	823
<u>EXPENDITURES</u>			
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	823	-	823
Net change in fund balance	823	-	823
Fund balance - beginning, as previously presented	2,297	87,486	89,783
Reclassification of Governmental Capital Projects Fund to Major Fund	-	(87,486)	(87,486)
Fund balance - beginning, as adjusted	2,297	-	2,297
Fund balance - ending	\$ 3,120	\$ -	\$ 3,120

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR CAPITAL PROJECTS FUND - PARKS CONSTRUCTION FUND
For The Year Ended June 30, 2025

Exhibit 42

	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>REVENUES</u>				
Revenue from the use of money and property	\$ -	\$ -	\$ 67	\$ 67
Miscellaneous	-	-	756	756
Total revenues	-	-	823	823
<u>EXPENDITURES</u>				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	823	823
Net change in fund balances	-	-	823	823
Fund Balance, Beginning	-	-	2,297	2,297
Fund Balance, Ending	\$ -	\$ -	\$ 3,120	\$ 3,120

COUNTY OF CLARKE, VIRGINIA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
June 30, 2025

Exhibit 43

	Custodial Funds			Total
	Special Welfare Fund	Town of Berryville	Cafeteria Plan Withholding Fund	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 13,865	\$ 184,019	\$ 81,319	\$ 279,203
Accounts receivable	-	1,296	-	1,296
Total assets	13,865	185,315	81,319	280,499
<u>LIABILITIES</u>				
Accounts payable	-	5,513	-	5,513
Total liabilities	-	5,513	-	5,513
<u>NET POSITION</u>				
Restricted for:				
Special welfare	13,865	-	-	13,865
Town of Berryville	-	179,802	-	179,802
Employee benefits	-	-	81,319	81,319
Total net position	\$ 13,865	\$ 179,802	\$ 81,319	\$ 274,986

COUNTY OF CLARKE, VIRGINIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
For The Year Ended June 30, 2025

Exhibit 44

	Custodial Funds			Totals
	Special Welfare Fund	Town of Berryville	Cafeteria Plan Withholding Fund	
<u>ADDITIONS</u>				
Special welfare collections	\$ 1,150	\$ -	\$ -	\$ 1,150
Interest	29	3,415	-	3,444
Collection of shared costs	-	102,005	-	102,005
Employee deferrals	-	-	69,547	69,547
Total additions	1,179	105,420	69,547	176,146
<u>DEDUCTIONS</u>				
Welfare costs	323	-	-	323
Town share of maintenance costs	-	75,365	-	75,365
Flexible spending account benefits	-	-	73,023	73,023
Total deductions	323	75,365	73,023	148,711
Change in net position	856	30,055	(3,476)	27,435
Net position - beginning	13,009	149,747	84,795	247,551
Net position - end of year	\$ 13,865	\$ 179,802	\$ 81,319	\$ 274,986

Discretely Presented Component Unit – School Board

COUNTY OF CLARKE, VIRGINIA
COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
June 30, 2025

Exhibit 45

	School Operating Fund	School Cafeteria Fund	School Activity Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 500	\$ 432,957	\$ 379,386	\$ -	\$ 6,354	\$ 819,197
Accounts receivable	9,299	2,361	-	60,656	-	72,316
Due from primary government	1,890,534	-	-	143,843	-	2,034,377
Due from governmental units	832,267	60,697	-	23,324	-	916,288
Prepaid items	120,434	-	-	26,675	-	147,109
Total assets	2,853,034	496,015	379,386	254,498	6,354	3,989,287
LIABILITIES						
Accounts payable	236,880	30,113	-	254,499	-	521,492
Accrued liabilities	2,567,736	22,753	-	-	-	2,590,489
Unearned revenue	47,917	-	-	-	-	47,917
Total liabilities	2,852,533	52,866	-	254,499	-	3,159,898
FUND BALANCES						
Nonspendable:						
Prepaid items	120,434	-	-	26,675	-	147,109
Assigned:						
School operating	500	443,149	-	-	-	443,649
School activities	-	-	379,386	-	-	379,386
Capital projects	-	-	-	-	6,354	6,354
Unassigned	(120,433)	-	-	(26,676)	-	(147,109)
Total fund balance	501	443,149	379,386	(1)	6,354	829,389
Total liabilities and fund balance	\$ 2,853,034	\$ 496,015	\$ 379,386	\$ 254,498	\$ 6,354	\$ 3,989,287

COUNTY OF CLARKE, VIRGINIA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
June 30, 2025

Exhibit 46

Total fund balances per above		\$ 829,389
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		20,342,073
The net pension asset is not an available resource and, therefore, is not reported in the funds.		463,161
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds		
Pension related items	\$ 5,254,751	
OPEB related items	<u>697,950</u>	5,952,701
Deferred inflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds		
Pension related items	(2,605,502)	
OPEB related items	<u>(613,435)</u>	(3,218,937)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(17,778,414)
Net position of governmental activities		\$ 6,589,973

COUNTY OF CLARKE, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
For The Year Ended June 30, 2025

Exhibit 47

	School Operating Fund	School Cafeteria Fund	School Activity Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Revenue from the use of money and property	\$ 53,770	\$ 11,045	\$ -	\$ -	\$ 137	\$ 64,952
Charges for services	230,985	518,705	-	-	-	749,690
Miscellaneous	58,099	-	464,871	-	-	522,970
Recovered costs	17,128	4,866	-	87,099	-	109,093
Intergovernmental:						
Local government	15,315,701	-	-	855,284	-	16,170,985
Commonwealth	11,861,890	21,474	-	145,928	-	12,029,292
Federal	750,516	501,395	-	51,806	-	1,303,717
Total revenues	28,288,089	1,057,485	464,871	1,140,117	137	30,950,699
EXPENDITURES						
Education	28,365,803	1,200,144	460,553	-	-	30,026,500
Capital projects	-	-	-	1,280,531	-	1,280,531
Total expenditures	28,365,803	1,200,144	460,553	1,280,531	-	31,307,031
Excess (deficiency) of revenues over (under) expenditures	(77,714)	(142,659)	4,318	(140,414)	137	(356,332)
OTHER FINANCING SOURCES (USES)						
Leases	74,656	-	-	-	-	74,656
Insurance proceeds	3,059	-	-	39,394	-	42,453
Total other financing sources (uses)	77,715	-	-	39,394	-	117,109
Net change in fund balance	1	(142,659)	4,318	(101,020)	137	(239,223)
Fund balances - beginning	500	585,808	375,068	101,019	6,217	1,068,612
Fund balance - ending	\$ 501	\$ 443,149	\$ 379,386	\$ (1)	\$ 6,354	\$ 829,389

COUNTY OF CLARKE, VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
For The Year Ended June 30, 2025

Exhibit 48

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

Net change in fund balances - total governmental funds - per above \$ (239,223)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period. (378,346)

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. This amount reflects the changes in compensated absences, net OPEB liabilities, and accrued interest payable, etc.

Pension expense	\$	1,204,605	
OPEB expense		104,043	
Net effect of lease payments and new contracts		(36,914)	
Principal payment on subscription liabilities		21,285	
(Increase) decrease in compensated absences		<u>510,576</u>	1,803,595
Change in net position of governmental activities	\$		<u>1,186,026</u>

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
SCHOOL OPERATING FUND
For The Year Ended June 30, 2025

Exhibit 49

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Revenue from the use of money and property	\$ 40,000	\$ 40,000	\$ 53,770	\$ 13,770
Charges for services	188,330	188,330	230,985	42,655
Miscellaneous	11,000	53,871	58,099	4,228
Recovered costs	10,425	10,425	17,128	6,703
Intergovernmental:				
Local government	-	15,968,665	15,315,701	(652,964)
Commonwealth	11,597,367	11,997,913	11,861,890	(136,023)
Federal	703,006	837,933	750,516	(87,417)
Total revenues	12,550,128	29,097,137	28,288,089	(809,048)
EXPENDITURES				
Education	28,678,326	29,219,429	28,365,803	853,626
Total expenditures	28,678,326	29,219,429	28,365,803	853,626
Excess (deficiency) of revenues over (under) expenditures	(16,128,198)	(122,292)	(77,714)	44,578
OTHER FINANCING SOURCES				
Insurance proceeds	3,500	5,553	3,059	(2,494)
Total other financing sources	3,500	5,553	3,059	(2,494)
Net change in fund balances	(16,124,698)	(116,739)	(74,655)	42,084
Fund Balance, Beginning	16,124,698	116,739	500	(116,239)
Fund Balance, Ending	\$ -	\$ -	\$ (74,155)	\$ (74,155)

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
SCHOOL FOOD SERVICE FUND
For The Year Ended June 30, 2025

Exhibit 50

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 11,045	\$ 11,045
Charges for services	633,877	633,877	518,705	(115,172)
Recovered costs	5,000	5,000	4,866	(134)
Intergovernmental:				
Commonwealth	30,000	30,000	21,474	(8,526)
Federal	422,739	869,928	501,395	(368,533)
Total revenues	1,091,616	1,538,805	1,057,485	(481,320)
EXPENDITURES				
Education	1,091,616	1,538,805	1,200,144	338,661
Total expenditures	1,091,616	1,538,805	1,200,144	338,661
Excess (deficiency) of revenues over (under) expenditures	-	-	(142,659)	(142,659)
Net change in fund balances	-	-	(142,659)	(142,659)
Fund Balance, Beginning	-	-	585,808	585,808
Fund Balance, Ending	\$ -	\$ -	\$ 443,149	\$ 443,149

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
SCHOOL ACTIVITY FUND
For The Year Ended June 30, 2025

Exhibit 51

	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>REVENUES</u>				
Miscellaneous	\$ -	\$ -	\$ 464,871	\$ 464,871
Total revenues	-	-	464,871	464,871
<u>EXPENDITURES</u>				
Education	-	-	460,553	(460,553)
Total expenditures	-	-	460,553	(460,553)
Excess (deficiency) of revenues over (under) expenditures	-	-	4,318	4,318
Net change in fund balances	-	-	4,318	4,318
Fund Balance, Beginning	-	-	375,068	375,068
Fund Balance, Ending	\$ -	\$ -	\$ 379,386	\$ 379,386

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
SCHOOL CAPITAL PROJECTS FUND
For The Year Ended June 30, 2025

Exhibit 52

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Recovered costs	\$ 84,000	\$ 125,443	\$ 87,099	\$ (38,344)
Intergovernmental:				
Local government	-	1,169,126	855,284	(313,842)
Commonwealth	154,000	554,729	145,928	(408,801)
Federal	-	51,806	51,806	-
Total revenues	238,000	1,901,104	1,140,117	(760,987)
EXPENDITURES				
Capital projects	638,000	1,901,103	1,280,531	(620,572)
Total expenditures	638,000	1,901,103	1,280,531	(620,572)
Excess (deficiency) of revenues over (under) expenditures	(400,000)	1	(140,414)	(140,415)
OTHER FINANCING SOURCES				
Insurance proceeds	-	15,000	39,394	24,394
Total other financing sources	-	15,000	39,394	24,394
Net change in fund balances	(400,000)	15,001	(101,020)	(116,021)
Fund Balance, Beginning	400,000	(15,001)	101,019	116,020
Fund Balance, Ending	\$ -	\$ -	\$ (1)	\$ (1)

COUNTY OF CLARKE, VIRGINIA
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
NONMAJOR CAPITAL PROJECTS FUND
June 30, 2025

Exhibit 53

	School Capital Project Proffers Fund
<u>ASSETS</u>	
Cash and cash equivalents	\$ 6,354
<hr/>	
Total assets	6,354
<hr/>	
<u>FUND BALANCES</u>	
Assigned:	
Capital projects	6,354
<hr/>	
Total fund balance	\$ 6,354
<hr/> <hr/>	

COUNTY OF CLARKE, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
NONMAJOR CAPITAL PROJECTS FUND
For The Year Ended June 30, 2025

Exhibit 54

	School Capital Project Proffers Fund
<u>REVENUES</u>	
Revenue from the use of money and property	\$ 137
<hr/>	
Total revenues	137
<hr/>	
Excess (deficiency) of revenues over (under) expenditures	137
<hr/>	
Net change in fund balance	137
<hr/>	
Fund balances - beginning	6,217
<hr/>	
Fund balance - ending	6,354
<hr/> <hr/>	

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
SCHOOL CAPITAL PROJECTS PROFFERS FUND
For The Year Ended June 30, 2025

Exhibit 55

	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>REVENUES</u>				
Revenue from the use of money and property	\$ -	\$ -	\$ 137	\$ 137
Total revenues	-	-	137	137
Excess (deficiency) of revenues over (under) expenditures	-	-	137	137
Net change in fund balances	-	-	137	137
Fund Balance, Beginning	-	-	6,217	6,217
Fund Balance, Ending	\$ -	\$ -	\$ 6,354	\$ 6,354

Discretely Presented Component Unit – Sanitary Authority

COUNTY OF CLARKE, VIRGINIA
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT - SANITARY AUTHORITY
June 30, 2025

Exhibit 56

	Enterprise Funds		Total
	Water Fund	Sewer Fund	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 718,273	\$ 667,464	\$ 1,385,737
Investments	10,000	-	10,000
Accounts receivable, net	77,580	94,518	172,098
Prepaid items	34,696	7,904	42,600
Total current assets	840,549	769,886	1,610,435
Noncurrent assets:			
Capital assets			
Land	13,200	-	13,200
Utility Plant in Service	6,900,535	7,254,741	14,155,276
Accumulated Depreciation	(3,981,369)	(2,888,058)	(6,869,427)
Total noncurrent assets	2,932,366	4,366,683	7,299,049
Total assets	3,772,915	5,136,569	8,909,484
LIABILITIES			
Current liabilities:			
Accounts payable	36,644	75,439	112,083
Accrued interest payable	3,408	-	3,408
Customers' deposits	10,562	600	11,162
Bonds payable - non-current portion	132,898	207,052	339,950
Total current liabilities	183,512	283,091	466,603
Noncurrent liabilities:			
Bonds payable - current portion	441,207	791,896	1,233,103
Total noncurrent liabilities	441,207	791,896	1,233,103
Total liabilities	624,719	1,074,987	1,699,706
NET POSITION			
Net investment in capital assets	2,358,261	3,367,735	5,725,996
Unrestricted	789,935	693,847	1,483,782
Total net position	\$ 3,148,196	\$ 4,061,582	\$ 7,209,778

COUNTY OF CLARKE, VIRGINIA

Exhibit 57

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT - SANITARY AUTHORITY
For The Year Ended June 30, 2025**

	Enterprise Funds		Total
	Water Fund	Sewer Fund	
<u>OPERATING REVENUES</u>			
Charges for services:			
Customer service charges	\$ 327,575	\$ 419,736	\$ 747,311
Connection fees	4,414	125	4,539
Availability fees	13,800	16,200	30,000
Miscellaneous	18,337	9,462	27,799
Total operating revenues	364,126	445,523	809,649
<u>OPERATING EXPENSES</u>			
Office supplies and expenses	10,532	11,718	22,250
Plant maintenance	2,971	53,443	56,414
Pipeline/road repairs	23,222	-	23,222
Pump station maintenance	-	5,665	5,665
Operating supplies / small equipment	24,995	51,555	76,550
Professional services	220,802	192,557	413,359
Salaries and wages	20,488	20,488	40,976
Benefits	5,986	5,986	11,972
Testing services	2,074	13,566	15,640
Utilities	27,750	96,212	123,962
Depreciation	177,118	196,098	373,216
Total operating expenses	515,938	647,288	1,163,226
Operating income (loss)	(151,812)	(201,765)	(353,577)
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Investment income	16,247	14,186	30,433
Tower rental	158,033	-	158,033
County operating subsidy	-	457,000	457,000
Interest expense	(10,163)	-	(10,163)
Total nonoperating revenues (expenses)	164,117	471,186	635,303
Change in net position	12,305	269,421	281,726
Net position - beginning	3,135,891	3,792,161	6,928,052
Net position - ending	\$ 3,148,196	\$ 4,061,582	\$ 7,209,778

COUNTY OF CLARKE, VIRGINIA
STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT - SANITARY AUTHORITY
For The Year Ended June 30, 2025

Exhibit 58

	Enterprise Funds		Total
	Water Fund	Sewer Fund	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers and uses	\$ 354,491	\$ 433,129	\$ 787,620
Payments to suppliers	(300,423)	(370,297)	(670,720)
Payments to and on behalf of employees	(26,474)	(26,474)	(52,948)
Net cash provided by operating activities	27,594	36,358	63,952
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Tower rental	158,033	-	158,033
Operating subsidy from Clarke County	-	457,000	457,000
Net cash provided by noncapital financing activities	158,033	457,000	615,033
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Purchase of property, plant, and equipment	(37,050)	(200,483)	(237,533)
Retirements of long-term indebtedness	(133,568)	(207,052)	(340,620)
Interest paid on debt	(10,163)	-	(10,163)
Net cash used for capital and related financing activities	(180,781)	(407,535)	(588,316)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest income	16,247	14,186	30,433
Net cash provided by investing activities	16,247	14,186	30,433
Net increase in cash and cash equivalents	21,093	100,009	121,102
Cash and cash equivalents, beginning of year	697,180	567,455	1,264,635
Cash and cash equivalents, end of year	\$ 718,273	\$ 667,464	\$ 1,385,737
<u>Reconciliation of operating income to net cash provided by operating activities</u>			
Operating income	\$ (151,812)	\$ (201,765)	\$ (353,577)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	177,118	196,098	373,216
(Increase) decrease in accounts receivable	(11,885)	(12,094)	(23,979)
(Increase) decrease in prepaid items	(10)	(111)	(121)
Increase (decrease) in accounts payable	11,933	54,530	66,463
Increase (decrease) in customers' deposits	2,250	(300)	1,950
Net cash provided by operating activities	\$ 27,594	\$ 36,358	\$ 63,952

Discretely Presented Component Unit –
Industrial Development Authority

COUNTY OF CLARKE, VIRGINIA

Exhibit 59

STATEMENT OF NET POSITION

DISCRETELY PRESENTED COMPONENT UNIT - INDUSTRIAL DEVELOPMENT AUTHORITY

June 30, 2025

	<u>Industrial Development Authority</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 19,547
Investments	145,527
<hr/>	
Total assets	165,074
<hr/>	
<u>NET POSITION</u>	
Unrestricted	165,074
<hr/>	
Total net position	\$ 165,074
<hr/> <hr/>	

COUNTY OF CLARKE, VIRGINIA

Exhibit 60

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**DISCRETELY PRESENTED COMPONENT UNIT - INDUSTRIAL DEVELOPMENT AUTHORITY**

For The Year Ended June 30, 2025

	Industrial Development Authority
<u>OPERATING REVENUES</u>	
Charges for services:	
Bond issue fees	\$ 2,470
<hr/>	
Total operating revenues	2,470
<u>OPERATING EXPENSES</u>	
Contribution to Lord Fairfax Small Business Park	6,000
Professional services	2,100
Board members' fee	1,050
Insurance	1,824
Supplies	34
<hr/>	
Total operating expenses	11,008
Operating income	(8,538)
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Unrealized gain (loss) on investments	4,779
Interest/dividend income	7,966
<hr/>	
Total nonoperating revenues (expenses)	12,745
Change in net position	4,207
<hr/>	
Net position - beginning	160,867
<hr/>	
Net position - ending	\$ 165,074

COUNTY OF CLARKE, VIRGINIA

Exhibit 61

STATEMENT OF CASH FLOWS

DISCRETELY PRESENTED COMPONENT UNIT - INDUSTRIAL DEVELOPMENT AUTHORITY

For The Year Ended June 30, 2025

	Industrial Development Authority
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts from customers and users	\$ 2,470
Payments to board	(1,050)
Payments to suppliers	(9,958)
<hr/>	
Net cash used by operating activities	(8,538)
<hr/>	
Net decrease in cash and cash equivalents	(8,538)
<hr/>	
Cash and cash equivalents, beginning of year	28,085
<hr/>	
Cash and cash equivalents, end of year	19,547
<hr/>	
<u>Reconciliation of operating income to net cash used for operating activities</u>	
Operating loss	(8,538)
<hr/>	
Net cash used for operating activities	\$ (8,538)
<hr/>	

Supporting Schedules

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND REVENUES
For The Year Ended June 30, 2025

Exhibit 62

	Original Budget	Final Budget	Actual	Variance With Final Budget
GENERAL FUND				
Revenue from local sources:				
Property taxes:				
Real property taxes	\$ 15,383,760	\$ 15,383,760	\$ 16,090,395	\$ 706,635
Real and personal public service corporation taxes	457,375	457,375	433,576	(23,799)
Personal property taxes	8,483,220	8,483,220	8,984,846	501,626
Mobile home taxes	800	800	1,711	911
Machinery and tools taxes	255,000	255,000	453,511	198,511
Penalties	240,000	240,000	278,174	38,174
Interest	150,000	150,000	271,422	121,422
Total property taxes	24,970,155	24,970,155	26,513,635	1,543,480
Other local taxes:				
Local sales and use taxes	1,700,000	1,700,000	1,683,412	(16,588)
Consumers' utility taxes	335,000	335,000	336,112	1,112
Consumption taxes	34,000	34,000	36,856	2,856
Cigarette taxes	350,000	350,000	228,000	(122,000)
Motor vehicle licenses	387,069	387,069	411,637	24,568
Meals taxes	390,000	390,000	374,522	(15,478)
Taxes on recordation and wills	247,200	247,200	244,685	(2,515)
Transient occupancy taxes	140,000	140,000	164,658	24,658
Business license taxes	23,000	23,000	22,143	(857)
Total other taxes	3,606,269	3,606,269	3,502,025	(104,244)
Permits, privilege fees, and regulatory licenses:				
Animal licenses	5,063	5,063	4,121	(942)
Land use application fees	6,100	6,100	3,000	(3,100)
Animal shelter fees	15,000	15,000	8,775	(6,225)
Building and related permits	150,000	150,000	140,814	(9,186)
Zoning and subdivision	100,000	100,000	75,714	(24,286)
Transfer fees	500	500	526	26
Sign permits and inspection fees	1,950	1,950	2,470	520
Weapons permits	7,500	7,500	6,384	(1,116)
Other permits and fees	-	-	215	215
Total permits, privilege fees, and regulatory licenses:	286,113	286,113	242,019	(44,094)
Fines and forfeitures:				
Court fines and forfeitures	212,130	212,130	203,389	(8,741)
Total fines and forfeitures	212,130	212,130	203,389	(8,741)

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND REVENUES
For The Year Ended June 30, 2025

Exhibit 62

(Continued)

	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>GENERAL FUND (Continued)</u>				
Revenue from local sources (continued):				
Revenue from use of money and property:				
Revenue from use of money	\$ 250,000	\$ 250,000	\$ 248,752	\$ (1,248)
Revenue from use of property	33,400	33,400	38,205	4,805
Total revenue from use of money and property	283,400	283,400	286,957	3,557
Charges for services:				
Sheriffs fees	800	800	1,282	482
Charges for ambulance and rescue	550,000	550,000	644,952	94,952
Charges for courthouse security	60,000	60,000	80,413	20,413
Charges for jail processing	850	850	1,138	288
Court appointed attorney	100	100	-	(100)
Charges for other localities	5,000	5,000	10,000	5,000
Charges for Commonwealth's Attorney	800	800	708	(92)
Charges for parks and recreation	430,000	430,000	523,277	93,277
Charges for engineer's fees & biosolids applications	10,000	10,000	19,025	9,025
E-tickets	11,000	11,000	13,469	2,469
Other charges for services	109,792	109,792	148,061	38,269
Total charges for services	1,178,342	1,178,342	1,442,325	263,983
Miscellaneous:				
Miscellaneous	282,900	282,900	120,488	(162,412)
Total miscellaneous	282,900	282,900	120,488	(162,412)
Recovered costs:				
Rebates and refunds	6,800	14,887	19,202	4,315
Gifts and donations in lieu of taxes	1,000	1,000	-	(1,000)
Sale of salvage	-	-	(332)	(332)
Recycling and other rebates and refunds	-	-	-	-
Total recovered costs:	7,800	15,887	18,870	2,983
Total revenue from local sources	30,827,109	30,835,196	32,329,708	1,494,512
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	24,000	24,000	26,014	2,014
Taxes on deeds	82,000	82,000	81,907	(93)
Quarterly rental tax	400	400	1,679	1,279
Communications tax	270,000	270,000	278,640	8,640
Personal property tax relief funds	2,483,842	2,483,842	2,483,842	-
Total noncategorical aid	2,860,242	2,860,242	2,872,082	11,840

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND REVENUES
For The Year Ended June 30, 2025

Exhibit 62

(Continued)

	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>GENERAL FUND (Continued)</u>				
Intergovernmental (Continued):				
Revenue from the Commonwealth (Continued):				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 246,069	\$ 249,447	\$ 239,784	\$ (9,663)
Sheriff	1,016,469	1,031,157	1,040,170	9,013
Commissioner of revenue	125,088	126,918	126,966	48
Treasurer	163,167	165,531	165,887	356
Registrar / electoral board	65,159	66,261	73,881	7,620
Clerk of the circuit court	220,250	223,977	204,486	(19,491)
Total shared expenses	1,836,202	1,863,291	1,851,174	(12,117)
Other categorical aid:				
Fire programs fund	62,000	62,000	67,899	5,899
Litter control grant	15,000	15,000	14,185	(815)
Virginia Commission of the Arts	4,500	4,500	4,500	-
Other categorical aid	5,200	78,353	29,890	(48,463)
Total categorical aid	86,700	159,853	116,474	(43,379)
Total revenue from the Commonwealth	4,783,144	4,883,386	4,839,730	(43,656)
Revenue from the federal government:				
Payments in lieu of taxes	-	-	-	-
Categorical aid:				
Crime victim assistance	67,138	67,138	72,191	5,053
Local assistance and tribal consistency fund	7,670	10,870	14,051	3,181
SCAAP grant	16,604	18,604	15,479	(3,125)
Emergency management performance grant	7,500	7,500	7,500	-
Violence against women formula grants	28,053	28,053	28,702	649
Total categorical aid	126,965	132,165	137,923	5,758
Total revenue from the federal government	126,965	132,165	137,923	5,758
Total General Fund	\$ 35,737,218	\$ 35,850,747	\$ 37,307,361	\$ 1,456,614

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND REVENUES
For The Year Ended June 30, 2025

Exhibit 62

(Continued)

	Original Budget	Final Budget	Actual	Variance With Final Budget
SPECIAL REVENUE FUND (VIRGINIA PUBLIC ASSISTANCE FUND)				
Revenue from local sources:				
Recovered costs:				
Expenditure refunds	\$ -	\$ -	\$ 2,229	\$ 2,229
Total recovered costs	-	-	2,229	2,229
Total revenue from local sources	-	-	2,229	2,229
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	410,146	410,146	346,167	(63,979)
Total categorical aid	410,146	410,146	346,167	(63,979)
Total revenue from the Commonwealth	410,146	410,146	346,167	(63,979)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	843,317	864,551	733,682	(130,869)
Total categorical aid	843,317	864,551	733,682	(130,869)
Total revenue from the federal government	843,317	864,551	733,682	(130,869)
Total Virginia Public Assistance Fund	\$ 1,253,463	\$ 1,274,697	\$ 1,082,078	\$ (192,619)
SPECIAL REVENUE FUND (CHILDREN'S SERVICES ACT FUND)				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 9,092	\$ 9,092
Total miscellaneous	-	-	9,092	9,092
Total revenue from local sources	-	-	9,092	9,092
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Children's services	264,610	481,329	250,553	(230,776)
Total categorical aid	264,610	481,329	250,553	(230,776)
Total revenue from the Commonwealth	264,610	481,329	250,553	(230,776)
Total Children's Services Act Fund	\$ 264,610	\$ 481,329	\$ 259,645	\$ (221,684)

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND REVENUES
For The Year Ended June 30, 2025

Exhibit 62

(Continued)

	Original Budget	Final Budget	Actual	Variance With Final Budget
SPECIAL REVENUE FUND (DRUG ENFORCEMENT FUND)				
Revenue from local sources:				
Revenue from use of money and property				
Revenue from the use of money	\$ -	\$ -	\$ 2,218	\$ 2,218
Total revenue from use of money and property	-	-	2,218	2,218
Miscellaneous:				
Gifts and donations	-	-	50,130	50,130
Total miscellaneous	-	-	50,130	50,130
Total revenue from local sources	-	-	52,348	52,348
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture	-	-	17,621	17,621
Total categorical aid	-	-	17,621	17,621
Total revenue from the Commonwealth	-	-	17,621	17,621
Total Drug Enforcement Fund	\$ -	\$ -	\$ 69,969	\$ 69,969
SPECIAL REVENUE FUND (CONSERVATION EASEMENT FUND)				
Revenue from local sources:				
Property taxes:				
Real property taxes:	\$ -	\$ -	\$ 93,957	\$ 93,957
Total property taxes	-	-	93,957	93,957
Revenue from use of money and property				
Revenue from the use of money	-	-	12,390	12,390
Total revenue from use of money and property	-	-	12,390	12,390
Miscellaneous:				
Gifts and donations	30,000	30,000	62,624	32,624
Total miscellaneous	30,000	30,000	62,624	32,624
Total revenue from local sources	30,000	30,000	168,971	138,971

**COUNTY OF CLARKE, VIRGINIA
 BUDGETARY COMPARISON SCHEDULE
 GOVERNMENTAL FUND REVENUES
 For The Year Ended June 30, 2025**

Exhibit 62

(Continued)

	Original Budget	Final Budget	Actual	Variance With Final Budget
SPECIAL REVENUE FUND (CONSERVATION EASEMENT FUND) (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Other categorical aid:				
Conservation easement grants	15,000	35,500	56,749	21,249
Total other categorical aid	15,000	35,500	56,749	21,249
Total revenue from the Commonwealth	15,000	35,500	56,749	21,249
Total Conservation Easement Fund	\$ 45,000	\$ 65,500	\$ 225,720	\$ 160,220
DEBT SERVICE FUND				
Revenue from local sources:				
Miscellaneous:				
Expenditure refunds	\$ 107,059	\$ 107,059	\$ 108,162	\$ 1,103
Total miscellaneous	107,059	107,059	108,162	1,103
Total revenue from local sources	107,059	107,059	108,162	1,103
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Other categorical aid	68,960	68,960	65,192	(3,768)
Total other categorical aid	68,960	68,960	65,192	(3,768)
Total revenue from the federal government	68,960	68,960	65,192	(3,768)
Total Debt Service Fund	\$ 176,019	\$ 176,019	\$ 173,354	\$ (2,665)
CAPITAL PROJECTS FUND (GENERAL GOVERNMENT CAPITAL PROJECTS FUND)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Other categorical aid	\$ 29,840	\$ 274,477	\$ 156,016	\$ (118,461)
Total categorical aid	29,840	274,477	156,016	(118,461)
Total revenue from the Commonwealth	29,840	274,477	156,016	(118,461)

**COUNTY OF CLARKE, VIRGINIA
 BUDGETARY COMPARISON SCHEDULE
 GOVERNMENTAL FUND REVENUES
 For The Year Ended June 30, 2025**

Exhibit 62

(Continued)

	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>CAPITAL PROJECTS FUND (GENERAL GOVERNMENT CAPITAL PROJECTS FUND)</u>				
<u>(Continued)</u>				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Other categorical aid	-	25,921	11,979	(13,942)
<u>Total other categorical aid</u>	<u>-</u>	<u>25,921</u>	<u>11,979</u>	<u>(13,942)</u>
<u>Total revenue from the federal government</u>	<u>-</u>	<u>25,921</u>	<u>11,979</u>	<u>(13,942)</u>
<u>Total General Governmental Capital Projects Fund</u>	<u>\$ 29,840</u>	<u>\$ 300,398</u>	<u>\$ 167,995</u>	<u>\$ (132,403)</u>
<u>CAPITAL PROJECTS FUND (PARKS CONSTRUCTION FUND)</u>				
Revenue from local sources:				
Revenue from use of money and property				
Revenue from the use of money	\$ -	\$ -	\$ 67	\$ 67
<u>Total revenue from use of money and property</u>	<u>-</u>	<u>-</u>	<u>67</u>	<u>67</u>
Miscellaneous:				
Gifts and donations	-	-	756	756
<u>Total miscellaneous</u>	<u>-</u>	<u>-</u>	<u>756</u>	<u>756</u>
<u>Total revenue from local sources</u>	<u>-</u>	<u>-</u>	<u>823</u>	<u>823</u>
<u>Total Parks Construction Fund</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 823</u>	<u>\$ 823</u>
<u>Total Primary Government</u>	<u>\$ 37,506,150</u>	<u>\$ 38,148,690</u>	<u>\$ 39,286,945</u>	<u>\$ 1,138,255</u>

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND REVENUES
For The Year Ended June 30, 2025

Exhibit 62

(Continued)

	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>DISCRETELY PRESENTED COMPONENT UNIT -</u>				
<u>SCHOOL BOARD (SCHOOL OPERATING FUND)</u>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 40,000	\$ 40,000	\$ 53,770	\$ 13,770
Total revenue from use of money and property	40,000	40,000	53,770	13,770
Charges for services:				
Tuition	92,000	92,000	105,150	13,150
Dual enrollment	77,330	77,330	109,740	32,410
Registration fees	18,000	18,000	13,658	(4,342)
Parking fees	1,000	1,000	2,437	1,437
Total charges for services	188,330	188,330	230,985	42,655
Miscellaneous:				
Other miscellaneous	10,000	10,000	4,791	(5,209)
Insurance recovery	3,500	5,553	3,059	(2,494)
Private gifts and donations	1,000	43,871	53,308	9,437
Total miscellaneous	14,500	59,424	61,158	1,734
Recovered costs:				
Rebates and refunds	10,425	10,425	17,128	6,703
Total recovered costs	10,425	10,425	17,128	6,703
Total revenue from local sources	253,255	298,179	363,041	64,862
Intergovernmental:				
Revenue from local governments:				
Contribution from County of Clarke, Virginia	-	15,968,665	15,315,701	(652,964)
Total revenue from local governments	-	15,968,665	15,315,701	(652,964)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	3,007,765	3,007,765	2,947,038	(60,727)
Basic school aid	5,112,542	5,112,542	4,995,727	(116,815)
Remedial summer education	-	-	-	-
Regular foster care	21,688	21,688	-	(21,688)
Gifted and talented	48,334	48,334	47,177	(1,157)
Remedial education	-	-	-	-
Special education	577,036	577,036	563,220	(13,816)
Textbook payments	119,081	119,081	116,229	(2,852)
Vocational education - soq	127,900	127,900	124,837	(3,063)
Social security - fringe benefits	278,851	278,851	272,175	(6,676)
Retirement - fringe benefits	598,601	598,601	584,268	(14,333)
Group life insurance - fringe benefits	17,103	17,103	16,693	(410)

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND REVENUES
For The Year Ended June 30, 2025

Exhibit 62

(Continued)

	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>DISCRETELY PRESENTED COMPONENT UNIT -</u>				
<u>SCHOOL BOARD (SCHOOL OPERATING FUND)</u>				
<u>(Continued)</u>				
Intergovernmental (Continued):				
Revenue from the Commonwealth (Continued):				
Categorical aid (Continued):				
State lottery payments	302,503	302,503	323,916	21,413
Early reading intervention	39,804	39,804	29,420	(10,384)
GED/ISAEP	8,203	8,203	8,027	(176)
Vocational education - equipment	-	-	-	-
Vocational occupational preparedness	-	-	3,679	3,679
Compensation supplement	199,126	408,172	404,632	(3,540)
Special education - foster children	-	-	2,705	2,705
Community development	450,958	450,958	450,958	-
At risk payments	391,369	391,369	382,861	(8,508)
Mentor teacher program	857	857	339	(518)
English as a second language	99,036	99,036	131,700	32,664
Special education - regional program	49,175	49,175	59,984	10,809
Other categorical aid	147,435	338,935	396,305	57,370
Total categorical aid	11,597,367	11,997,913	11,861,890	(136,023)
Total revenue from the Commonwealth	11,597,367	11,997,913	11,861,890	(136,023)
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Title I (Part A): Grants to local educational agencies	182,595	251,031	204,051	(46,980)
Title II (Part A): Improving teacher quality	34,600	44,934	20,934	(24,000)
Title III (Part A): English language acquisition grants	11,502	14,059	9,688	(4,371)
Title IV (Part A): Student support and academic enrichment grants	13,450	14,156	1,600	(12,556)
Title VI-B: Special education grants to states	419,003	465,031	465,031	-
Special education preschool handicapped grant	17,256	14,687	14,687	-
Vocational education basic grants to states	24,600	26,744	27,235	491
Education Stabilization Fund	-	7,290	7,290	-
Public health crisis response	-	-	-	-
Total categorical aid	703,006	837,932	750,516	(87,416)
Total revenue from the federal government	703,006	837,932	750,516	(87,416)
Total School Operating Fund	\$ 12,553,628	\$ 29,102,688	\$ 28,291,148	\$ (811,540)

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND REVENUES
For The Year Ended June 30, 2025

Exhibit 62

(Continued)

	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>DISCRETELY PRESENTED COMPONENT UNIT -</u>				
<u>SCHOOL BOARD (SCHOOL FOOD SERVICE FUND)</u>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 11,045	\$ 11,045
Total revenue from use of money and property	-	-	11,045	11,045
Charges for services:				
Cafeteria sales	616,877	616,877	481,938	(134,939)
Other charges for services	17,000	17,000	36,767	19,767
Total charges for services	633,877	633,877	518,705	(115,172)
Recovered costs:				
Rebates and refunds	5,000	5,000	4,866	(134)
Total recovered costs	5,000	5,000	4,866	(134)
Total revenue from local sources	638,877	638,877	534,616	(104,261)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	30,000	30,000	21,474	(8,526)
Total categorical aid	30,000	30,000	21,474	(8,526)
Total revenue from the Commonwealth	30,000	30,000	21,474	(8,526)
Revenue from the federal government:				
Categorical aid:				
School food program grant	422,739	869,928	501,395	(368,533)
Total categorical aid	422,739	869,928	501,395	(368,533)
Total revenue from the federal government	422,739	869,928	501,395	(368,533)
Total School Food Service Fund	\$ 1,091,616	\$ 1,538,805	\$ 1,057,485	\$ (481,320)

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND REVENUES
For The Year Ended June 30, 2025

Exhibit 62

(Continued)

	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>DISCRETELY PRESENTED COMPONENT UNIT -</u>				
<u>SCHOOL BOARD (SCHOOL ACTIVITY FUND)</u>				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 464,871	\$ 464,871
Total miscellaneous	-	-	464,871	464,871
Total revenue from local sources	-	-	464,871	464,871
Total School Activity Fund	\$ -	\$ -	\$ 464,871	\$ 464,871
<u>DISCRETELY PRESENTED COMPONENT UNIT -</u>				
<u>SCHOOL BOARD (SCHOOL CAPITAL PROJECTS FUND)</u>				
Revenue from local sources:				
Recovered costs:				
E-rate benefits	84,000	110,443	87,099	(23,344)
Total recovered costs	84,000	110,443	87,099	(23,344)
Miscellaneous:				
Insurance proceeds	-	15,000	39,394	24,394
Total miscellaneous	-	15,000	39,394	24,394
Total revenue from local sources	84,000	125,443	126,493	1,050
Intergovernmental:				
Revenue from local governments:				
Contribution from County of Clarke, Virginia	-	1,169,126	855,284	(313,842)
Total revenue from local governments	-	1,169,126	855,284	(313,842)
Revenue from the Commonwealth:				
Categorical aid:				
Technology grant	154,000	465,173	131,956	(333,217)
School construction grant	-	89,556	13,972	(75,584)
Other categorical aid	-	-	-	-
Total categorical aid	154,000	554,729	145,928	(408,801)
Total revenue from the Commonwealth	154,000	554,729	145,928	(408,801)

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND REVENUES
For The Year Ended June 30, 2025

Exhibit 62

(Continued)

	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>DISCRETELY PRESENTED COMPONENT UNIT -</u>				
<u>SCHOOL BOARD (SCHOOL CAPITAL PROJECTS FUND)</u>				
<u>(Continued)</u>				
Revenue from the federal government:				
Categorical aid:				
School construction grant	-	51,805	51,806	1
Total categorical aid	-	51,805	51,806	1
Total revenue from the federal government	-	51,805	51,806	1
Total School Capital Projects Fund	\$ 238,000	\$ 1,901,103	\$ 1,179,511	\$ (721,592)
<u>DISCRETELY PRESENTED COMPONENT UNIT -</u>				
<u>SCHOOL BOARD (SCHOOL CAPITAL PROJECTS</u>				
<u>PROFFERS FUND)</u>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 137	\$ 137
Total revenue from use of money and property	-	-	137	137
Total revenue from local sources	-	-	137	137
Total School Capital Projects Proffers Fund	-	-	137	137
Total Discretely Presented Component Unit - School Board	\$ 13,883,244	\$ 32,542,597	\$ 30,993,152	\$ (1,549,445)

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND EXPENDITURES
For The Year Ended June 30, 2025

Exhibit 63

	Original Budget	Final Budget	Actual	Variance With Final Budget
GENERAL FUND				
General government administration:				
Legislative:				
Board of supervisors	\$ 59,297	\$ 59,297	\$ 58,572	\$ 725
Total legislative	59,297	59,297	58,572	725
General and financial administration:				
County administrator	443,352	507,049	493,124	13,925
Independent auditor	62,575	62,575	59,552	3,023
Legal services	35,000	14,215	5,545	8,670
Commissioner of revenue	312,778	316,045	301,658	14,387
Data processing	734,334	737,283	683,329	53,954
	79,642	-	(17)	17
Finance and purchasing	721,946	740,328	749,503	(9,175)
Equalization Board	-	5,050	5,050	-
Treasurer	486,486	541,328	537,140	4,188
Total general and financial administration	2,876,113	2,923,873	2,834,884	88,989
Board of elections:				
Registrar	209,235	211,696	197,896	13,800
Electoral board and officials	76,879	77,000	72,328	4,672
Total board of elections	286,114	288,696	270,224	18,472
Total general government administration	3,221,524	3,271,866	3,163,680	108,186
Judicial administration:				
Courts:				
Circuit court	17,300	18,981	18,981	-
General district court	8,820	13,802	13,803	(1)
Juvenile and domestic relations court	7,000	7,000	6,682	318
Clerk of the circuit court	328,828	328,828	325,633	3,195
Victim Witness Program	85,867	100,418	100,418	-
Regional court services	8,000	8,000	8,000	-
Blue Ridge legal services	1,500	1,500	1,500	-
Total courts	457,315	478,529	475,017	3,512
Commonwealth's attorney:				
Commonwealth's attorney	542,856	502,802	499,244	3,558
Total Commonwealth's attorney	542,856	502,802	499,244	3,558
Total judicial administration	1,000,171	981,331	974,261	3,558

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND EXPENDITURES
For The Year Ended June 30, 2025

Exhibit 63

(Continued)

	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>GENERAL FUND (Continued)</u>				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,628,616	\$ 3,716,661	\$ 3,685,228	\$ 31,433
Criminal justice training	22,581	22,581	22,581	-
Drug task force	13,400	13,400	12,305	1,095
Total law enforcement and traffic control	3,664,597	3,752,642	3,720,114	32,528
Fire and rescue services:				
Emergency medical services	6,904	6,904	6,904	-
Fire department	645,926	645,926	641,102	4,824
Ambulance and rescue services	2,254,550	2,230,808	2,211,066	19,742
Forestry service	2,773	2,773	2,773	-
Total fire and rescue services	2,910,153	2,886,411	2,861,845	24,566
Correction and detention:				
Regional jail	480,518	480,518	462,795	17,723
Juvenile detention home	15,348	15,348	15,098	250
Probation office	400	400	48	352
Total correction and detention	496,266	496,266	477,941	18,325
Inspections:				
Building	272,814	291,915	289,503	2,412
Total inspections	272,814	291,915	289,503	2,412
Other protection:				
Animal control	200	220	220	-
Medical examiner	214,485	255,539	253,405	2,134
Total other protection:	214,685	255,759	253,625	2,134
Total public safety:	7,558,515	7,682,993	7,603,028	79,965
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	194,400	194,400	184,431	9,969
Sanitation	244,000	240,802	238,978	1,824
Convenience center services	98,561	88,008	87,009	999
Litter control program	15,000	15,000	15,040	(40)
Total sanitation and waste removal	551,961	538,210	525,458	12,752

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND EXPENDITURES
For The Year Ended June 30, 2025

Exhibit 63

(Continued)

	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>GENERAL FUND (Continued)</u>				
Maintenance of general buildings and grounds:				
General properties	\$ 972,201	\$ 1,039,185	\$ 996,956	\$ 42,229
Total maintenance of general buildings and grounds:	972,201	1,039,185	996,956	42,229
Total public works	1,524,162	1,577,395	1,522,414	54,981
Health and welfare:				
Health:				
Supplement of local health department	235,000	179,374	157,797	21,577
Our Health	6,500	6,500	6,500	-
Total health	241,500	185,874	164,297	21,577
Mental health:				
Northwestern Community Services	116,848	116,848	116,848	-
Concern Hotline	2,000	2,000	2,000	-
Northern Shenandoah Valley Substance Abuse Coalition	15,000	15,000	15,000	-
NW Works	5,250	5,250	5,250	-
Total mental health	139,098	139,098	139,098	-
Welfare:				
Shenandoah area on aging	42,000	42,000	42,000	-
Virginia Regional Transit	24,960	24,960	24,960	-
FISH human services	2,000	2,000	2,000	-
Abused women's shelter	6,600	6,600	6,600	-
Tax relief for the elderly	215,000	291,740	291,740	-
Independent living center	2,500	2,500	2,500	-
Total welfare	293,060	369,800	369,800	-
Total health and welfare	673,658	694,772	673,195	21,577
Education:				
Other instructional costs:				
Contribution to Clarke County Public Schools	16,372,433	17,137,791	16,170,985	966,806
Lord Fairfax Community College	17,566	17,566	17,566	-
Total other instructional costs	16,389,999	17,155,357	16,188,551	966,806
Total education	16,389,999	17,155,357	16,188,551	966,806

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND EXPENDITURES
For The Year Ended June 30, 2025

Exhibit 63

(Continued)

	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>GENERAL FUND (Continued)</u>				
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 550,121	\$ 555,647	\$ 552,686	\$ 2,961
Recreation center	180,819	181,764	174,779	6,985
Swimming pool	107,155	111,129	111,130	(1)
Concession stand	23,276	23,276	23,090	186
Programs	416,246	336,688	306,012	30,676
Total parks and recreation	1,277,617	1,208,504	1,167,697	40,807
Cultural enrichment:				
Barns of Rose Hill	7,000	18,000	18,000	-
Virginia commission for the arts	9,000	3,000	3,000	-
Total cultural enrichment	16,000	21,000	21,000	-
Library:				
Contribution to Handley library	369,500	369,500	369,500	-
Total library	369,500	369,500	369,500	-
Total parks, recreation, and cultural	1,663,117	1,599,004	1,558,197	40,807
Community development:				
Planning and community development:				
Planning and zoning	564,879	566,404	542,972	23,432
Help with housing	10,000	10,000	10,000	-
Board of zoning appeals	3,520	24,164	24,164	-
Office of Economic Development	178,526	209,268	188,125	21,143
Berryville Development Authority	900	900	582	318
Small business development center	2,200	2,200	2,200	-
Blandy Experimental Farm	3,500	3,500	3,500	-
Planning commission	14,396	14,396	11,754	2,642
Board of septic appeals	1,569	1,569	740	829
Historic preservation	11,150	51,150	25,628	25,522
Northern Shenandoah Valley Regional Commission	12,465	12,465	12,465	-
Berryville Main St.	3,500	3,500	3,500	-
Regional airport	5,000	5,000	5,000	-
Total planning and community development	811,605	904,516	830,630	73,886

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND EXPENDITURES
For The Year Ended June 30, 2025

Exhibit 63

(Continued)

	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>GENERAL FUND (Continued)</u>				
Community development (continued):				
Environmental management:				
Friends of Shenandoah	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Water quality monitoring	30,760	30,760	27,495	3,265
Lord Fairfax Solid and Water Conservation	10,450	10,450	10,450	-
Biosolids application	1,091	1,091	11	1,080
Total environmental management	52,301	52,301	47,956	4,345
Cooperative extension program:				
Cooperative extension office	67,167	67,167	43,727	23,440
Northern Virginia 4-H Center	1,750	1,750	1,750	-
Total cooperative extension program	68,917	68,917	45,477	23,440
Total community development	932,823	1,025,734	924,063	101,671
Nondepartmental:				
Miscellaneous	-	35,576	37,591	(2,015)
Unemployment compensation	10,000	10,000	2,928	7,072
Legal/professional services contingency	35,000	-	-	-
Total nondepartmental	45,000	45,576	40,519	5,057
Capital Outlays				
Capital Outlays	-	-	43,278	(43,278)
Total nondepartmental	-	-	43,278	(43,278)
Total General Fund	\$ 33,008,969	\$ 34,034,028	\$ 32,691,186	\$ 1,342,842
<u>SPECIAL REVENUE FUND (VIRGINIA PUBLIC ASSISTANCE FUND)</u>				
Health and welfare:				
Welfare and social services:				
Public assistance and welfare administration	\$ 1,915,391	\$ 1,936,625	\$ 1,500,294	\$ 436,331
Total welfare and social services	1,915,391	1,936,625	1,500,294	436,331
Total health and welfare	1,915,391	1,936,625	1,500,294	436,331
Total Virginia Public Assistance Fund	\$ 1,915,391	\$ 1,936,625	\$ 1,500,294	\$ 436,331

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND EXPENDITURES
For The Year Ended June 30, 2025

Exhibit 63

(Continued)

	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>SPECIAL REVENUE FUND (CHILDREN'S SERVICES ACT FUND)</u>				
Health and welfare:				
Welfare and social services:				
Program expenditures	\$ 508,573	\$ 904,469	\$ 682,784	\$ 221,685
Total welfare and social services	508,573	904,469	682,784	221,685
Total health and welfare	508,573	904,469	682,784	221,685
Total Children's Services Act Fund	\$ 508,573	\$ 904,469	\$ 682,784	\$ 221,685
<u>SPECIAL REVENUE FUND (DRUG ENFORCEMENT FUND)</u>				
Public safety:				
Other protection:				
Operations	\$ -	\$ -	\$ 56,056	\$ (56,056)
Total other protection	-	-	56,056	(56,056)
Total public safety	-	-	56,056	(56,056)
Total Drug Enforcement Fund	\$ -	\$ -	\$ 56,056	\$ (56,056)
<u>SPECIAL REVENUE FUND (CONSERVATION EASEMENT FUND)</u>				
Community development:				
Development rights:				
Development rights:	\$ 45,000	\$ 86,000	\$ 87,554	\$ (1,554)
Total development rights	45,000	86,000	87,554	(1,554)
Total community development	45,000	86,000	87,554	(1,554)
Total Conservation Easement Fund	\$ 45,000	\$ 86,000	\$ 87,554	\$ (1,554)
<u>DEBT SERVICE FUND (SCHOOL DEBT SERVICE FUND)</u>				
Debt service:				
Principal retirement	\$ 1,640,000	\$ 1,640,000	\$ 1,640,000	\$ -
Interest and other fiscal charges	644,871	644,871	644,470	401
Total debt service	2,284,871	2,284,871	2,284,470	401
Total School Debt Service Fund	\$ 2,284,871	\$ 2,284,871	\$ 2,284,470	\$ 401

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND EXPENDITURES
For The Year Ended June 30, 2025

Exhibit 63

(Continued)

	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>DEBT SERVICE FUND (PRIMARY GOVERNMENT DEBT SERVICE FUND)</u>				
Debt service:				
Principal retirement	\$ 113,011	\$ 113,011	\$ 113,049	\$ (38)
Interest and other fiscal charges	138,689	138,689	138,651	38
Total debt service	251,700	251,700	251,700	-
Total Primary Government Debt Service Fund	\$ 251,700	\$ 251,700	\$ 251,700	\$ -
<u>CAPITAL PROJECTS FUND</u>				
Capital projects:				
HVAC	\$ -	\$ 46,718	\$ 18,876	\$ 27,842
Communications	300,000	304,923	288,745	16,178
Parks & recreation	75,000	167,894	87,843	80,051
Reassessment	-	163,942	163,942	-
IT improvements	-	5,349	-	5,349
Public safety	194,720	349,895	338,496	11,399
Community development	2,500,000	2,841,716	1,118,670	1,723,046
Broadband	540,000	540,000	540,000	-
General properties & outlay	379,840	795,999	458,559	337,440
Total capital projects	3,989,560	5,216,436	3,015,131	2,201,305
Total Capital Projects Fund	\$ 3,989,560	\$ 5,216,436	\$ 3,015,131	\$ 2,201,305
Total Primary Government	\$ 42,004,064	\$ 44,714,129	\$ 40,569,175	\$ 4,144,954
<u>DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD (SCHOOL OPERATING FUND)</u>				
Education:				
Instruction	\$ 23,016,737	\$ 23,488,471	\$ 22,792,209	\$ 696,262
Administration, health, and attendance	1,455,427	1,458,970	1,274,277	184,693
Pupil transportation	1,386,044	1,408,666	1,447,588	(38,922)
Operation and maintenance of school plant	2,820,118	2,863,322	2,777,073	86,249
Capital Outlays	-	-	74,656	(74,656)
Total education	28,678,326	29,219,429	28,365,803	853,626
Total School Operating Fund	\$ 28,678,326	\$ 29,219,429	\$ 28,365,803	\$ 853,626

COUNTY OF CLARKE, VIRGINIA
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND EXPENDITURES
For The Year Ended June 30, 2025

Exhibit 63

(Continued)

	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>DISCRETELY PRESENTED COMPONENT UNIT -</u>				
<u>SCHOOL BOARD (SCHOOL FOOD SERVICE FUND)</u>				
Education:				
School food services:				
Administration of school food program	1,091,616	1,538,805	1,200,144	338,661
Total school food services	1,091,616	1,538,805	1,200,144	338,661
Total education	1,091,616	1,538,805	1,200,144	338,661
Total School Food Service Fund	\$ 1,091,616	\$ 1,538,805	\$ 1,200,144	\$ 338,661
<u>DISCRETELY PRESENTED COMPONENT UNIT -</u>				
<u>SCHOOL BOARD (STUDENT ACTIVITY FUND)</u>				
Education:				
Miscellaneous:				
Other miscellaneous	-	-	460,553	460,553
Total miscellaneous:	-	-	460,553	(460,553)
Total education	-	-	460,553	460,553
Total School Food Service Fund	\$ -	\$ -	\$ 460,553	\$ 460,553
<u>DISCRETELY PRESENTED COMPONENT UNIT -</u>				
<u>SCHOOL BOARD (SCHOOL CAPITAL</u>				
<u>PROJECTS FUND)</u>				
Capital projects				
Band equipment	\$ 14,000	\$ 24,480	\$ 20,939	\$ 3,541
Athletic equipment and uniforms	14,000	21,870	21,870	-
Furniture replacement	29,000	19,296	19,296	-
Bus purchases	100,200	261,589	253,530	8,059
School vehicles	15,000	55,728	55,728	-
HVAC	110,000	537,491	294,912	242,579
Roof replacements	-	23,000	22,000	1,000
Flooring replacements	6,500	20,000	10,198	9,802
Security improvements	70,000	193,384	192,044	1,340
Surfacing	18,000	26,769	26,029	740
Technology	252,500	649,038	325,003	324,035
School repairs	-	65,526	37,150	28,376
Signs	1,800	932	932	-
Painting	7,000	2,000	900	1,100
Total capital projects	638,000	1,901,103	1,280,531	620,572
Total School Capital Projects Fund	\$ 638,000	\$ 1,901,103	\$ 1,280,531	\$ 620,572
Total Discretely Presented Component Unit				
- School Board	\$ 30,407,942	\$ 32,659,337	\$ 31,307,031	\$ 1,352,306

Other Statistical Information

County of Clarke, Virginia
Government-wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works (1)	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Interest on Long-term Debt	Sanitary Authority	IDA	Total
2016	\$ 2,236,563	\$ 602,451	\$ 4,094,648	\$ 943,504	\$ 2,646,112	\$ 23,362,861	\$ 1,046,407	\$ 866,154	-	\$ 1,453,276	\$ 928,141	\$ 10,090	\$ 38,190,207
2017	1,756,158	691,496	4,312,322	942,657	2,859,737	24,942,640	1,740,882	1,786,425	-	1,333,403	864,755	9,484	\$ 41,239,959
2018	2,183,992	756,574	4,390,173	1,040,596	2,553,964	24,113,225	1,184,765	751,064	-	1,262,545	991,414	10,405	\$ 39,238,717
2019	2,432,025	815,472	5,018,338	1,149,634	2,177,021	24,743,660	1,221,501	1,114,874	-	1,165,960	1,101,563	14,863	\$ 40,954,911
2020	2,819,934	809,978	5,789,312	1,262,313	2,139,568	26,436,334	1,153,029	676,267	-	1,101,459	945,879	19,753	\$ 43,153,826
2021	2,738,732	754,244	6,438,791	1,239,069	2,198,510	26,498,821	1,262,208	1,221,469	-	1,033,933	896,996	8,427	\$ 44,291,200
2022	2,762,829	810,794	6,418,045	1,317,424	2,473,655	25,166,853	1,314,480	1,602,219	-	962,475	911,210	8,377	\$ 43,748,361
2023	5,566,495	900,550	7,556,150	1,311,011	2,666,097	27,404,189	1,484,725	1,047,245	-	889,176	1,031,826	20,705	\$ 49,878,169
2024	5,643,353	1,019,286	7,593,824	1,376,089	2,848,697	30,154,422	1,505,948	971,827	-	813,947	997,509	11,573	\$ 52,936,475
2025	5,547,600	1,027,031	8,117,038	1,137,913	2,857,170	40,741,756	1,647,138	1,011,617	40,519	751,254	1,173,389	11,008	\$ 64,063,433

(1) Public works total is reduced by the contribution to the component unit Clarke County Sanitary Authority.

(2) Education total includes both general government and component unit school board and is reduced by the contribution to the component unit school board.

County of Clarke, Virginia
Government-wide Revenues
Last Ten Fiscal Years (1)

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes (2)	Unrestricted Revenues From Money or Property	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs		
2016	\$ 2,852,037	\$ 12,760,998	\$ 405,142	\$ 19,814,919	\$ 1,921,422	\$ 159,519	\$ 530,887	\$ 3,018,096	\$ 41,463,020	
2017	2,974,503	12,776,552	1,111,713	19,862,341	1,969,108	187,956	493,989	3,002,922	\$ 42,379,084	
2018	2,954,132	12,775,540	241,152	20,679,221	1,949,217	161,134	427,413	3,026,459	\$ 42,214,268	
2019	3,439,395	12,836,899	529,937	21,340,980	2,005,268	225,643	463,009	2,965,641	\$ 43,806,772	
2020	3,127,521	13,262,749	385,747	21,658,983	2,345,551	241,313	619,409	3,687,357	\$ 45,328,630	
2021	2,105,809	14,346,051	147,110	21,109,717	2,675,145	204,108	936,646	5,060,600	\$ 46,585,186	
2022	2,665,978	16,106,236	791,587	23,351,800	29,956,745	169,839	1,405,354	2,922,861	\$ 77,370,400	
2023	3,088,297	18,531,340	2,997,607	24,479,464	3,283,617	403,345	1,044,035	2,895,621	\$ 56,723,326	
2024	3,148,484	17,370,294	509,700	24,830,745	3,277,906	452,822	1,197,308	2,874,207	\$ 53,661,466	
2025	3,421,528	16,841,343	1,017,995	26,186,190	3,502,025	409,762	1,340,063	2,744,616	\$ 55,463,522	

(1) Includes discretely presented component units.

(2) In fiscal year 2010, communications tax reporting was moved from Other Local Taxes to Grants and Contributions Not Restricted to Specific Programs.

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-Departmental	Debt Service	Capital Projects	Total
2016	\$ 1,822,898	\$ 629,270	\$ 4,073,933	\$ 1,087,367	\$ 2,662,444	\$ 21,651,173	\$ 962,519	\$ 849,873	\$ 12,956	\$ 4,192,646	\$ 1,950,746	\$ 39,895,825
2017	1,903,602	698,294	4,265,587	1,169,117	2,892,366	22,299,561	973,326	1,273,491	5,144	4,066,811	5,332,860	\$ 44,880,159
2018	1,995,469	723,002	4,505,954	1,112,695	2,558,960	22,658,730	1,021,052	661,213	29,623	3,223,790	3,650,407	\$ 42,140,895
2019	2,255,423	733,782	4,843,017	1,244,354	2,224,237	23,292,323	1,071,994	1,130,526	12,460	3,194,090	3,011,845	\$ 43,014,051
2020	2,347,142	711,005	5,231,723	1,261,127	2,125,558	23,651,598	1,052,845	680,416	23,720	2,770,805	2,217,975	\$ 42,073,914
2021	2,551,965	724,000	5,953,016	1,331,431	2,148,467	23,481,602	1,142,514	1,208,495	20,393	2,626,128	1,784,506	\$ 42,972,517
2022	2,466,499	782,352	6,050,319	1,370,328	2,449,797	25,426,409	1,217,932	1,582,481	17,823	2,616,830	1,569,150	\$ 45,549,920
2023	2,694,179	894,375	7,197,540	1,420,793	2,660,178	27,673,437	1,428,680	1,059,244	8,414	2,580,663	6,360,505	\$ 53,978,008
2024	2,781,360	924,543	7,398,482	1,474,452	2,860,082	29,200,366	1,445,947	984,274	26,995	2,541,468	6,252,596	\$ 55,890,565
2025	3,163,680	974,261	7,659,084	2,205,198	2,173,489	29,956,745	1,558,197	1,026,616	40,519	2,536,170	5,145,662	\$ 56,439,621

(1) Includes General, Special Revenue, Debt Service and Capital Project funds of the Primary Government and its Discretely Presented Component Unit - School Board.

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

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, & Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Subtotal	Insurance Proceeds	Total
2016	\$ 19,734,792	\$ 1,921,422	\$ 280,881	\$ 304,861	\$ 157,216	\$ 1,677,127	\$ 382,181	\$ 307,618	\$ 15,854,309	\$ 40,620,407	\$ -	\$ 40,620,407
2017	19,981,515	1,969,108	393,891	352,279	186,147	1,656,398	361,299	186,469	16,867,526	\$ 41,954,632	-	\$ 41,954,632
2018	20,774,033	1,949,217	328,391	357,254	158,930	1,654,201	293,108	226,368	16,043,151	\$ 41,784,653	-	\$ 41,784,653
2019	20,795,449	2,005,268	385,048	320,568	215,622	1,724,593	318,702	173,447	16,332,477	\$ 42,271,174	-	\$ 42,271,174
2020	21,188,556	2,345,551	323,687	233,648	237,696	1,419,963	468,046	105,397	17,335,343	\$ 43,657,887	-	\$ 43,657,887
2021	21,622,061	2,675,145	347,117	167,779	174,958	892,431	774,718	109,648	19,534,511	\$ 46,298,368	-	\$ 46,298,368
2022	23,098,901	3,204,659	485,972	188,427	174,621	1,329,751	1,099,385	60,095	19,777,256	\$ 49,419,067	-	\$ 49,419,067
2023	24,574,254	3,283,617	390,501	197,171	370,912	1,765,300	827,143	82,914	24,424,568	\$ 55,916,380	26,332	\$ 55,942,712
2024	24,767,892	3,277,906	251,264	151,328	416,262	1,977,436	916,055	66,720	20,754,201	\$ 52,579,064	28,751	\$ 52,607,815
2025	26,607,592	3,502,025	242,019	203,389	366,584	2,192,015	875,064	130,192	20,814,621	\$ 54,933,501	106,522	\$ 55,040,023

(1) Includes General, Special Revenue, Debt Service and Capital Project funds of the Primary Government and its Discretely Presented Component Unit - School Board.

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

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1, 2)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2016	\$ 21,383,904	\$ 21,672,649	101.35%	\$ 19,419	\$ 21,692,068	101.44%	\$ 2,095,157	9.80%
2017	21,641,717	21,511,699	99.40%	321,933	21,833,632	100.89%	2,036,380	9.41%
2018	21,841,583	22,374,271	102.44%	224,500	22,598,771	103.47%	2,071,734	9.49%
2019	21,295,315	22,607,804	106.16%	100,981	22,708,785	106.64%	2,373,029	11.14%
2020	22,947,025	22,927,936	99.92%	182,993	23,110,929	100.71%	3,235,671	14.10%
2021	23,606,602	23,309,677	98.74%	175,777	23,485,454	99.49%	2,619,567	11.10%
2022	25,784,966	23,604,480	91.54%	1,546,583	25,151,063	97.54%	2,942,848	11.41%
2023	26,724,057	24,706,596	92.45%	1,700,153	26,406,749	98.81%	2,889,737	10.81%
2024	26,270,616	26,421,453	100.57%	324,402	26,745,855	101.81%	3,151,889	12.00%
2025	27,688,567	26,887,725	97.11%	1,506,137	28,393,861	102.55%	2,540,749	9.18%

(1) Exclusive of penalties and interest.

(2) Delinquent tax collections are exclusive of land redemptions.

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Public Utility (2)		Total
				Real Estate	Personal Property	
2016	\$ 2,125,953,962	\$ 146,341,321	\$ 15,926,677	\$ 67,026,398	\$ -	\$ 2,355,248,358
2017	2,040,151,212	151,716,784	15,961,187	67,718,041	-	2,275,547,224
2018	2,054,072,530	158,886,595	13,701,728	69,909,256	-	2,296,570,109
2019	2,074,702,400	166,582,252	13,309,929	69,434,398	-	2,324,028,979
2020	2,245,740,742	172,695,652	13,640,472	67,952,261	-	2,500,029,127
2021	2,425,880,816	185,956,975	14,261,477	72,675,052	-	2,698,774,320
2022	2,473,158,044	229,688,382	15,359,558	74,167,438	-	2,792,373,422
2023	2,508,156,200	252,571,301	17,902,110	77,930,141	-	2,856,559,752
2024	2,533,943,675	245,536,890	15,689,173	72,599,101	-	2,867,768,839
2025	3,108,739,843	255,608,003	25,599,959	72,201,000	-	3,462,148,805

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

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

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

Fiscal Year	Real Estate (2)	Mobile Homes	Personal Property	Rescue Vehicles	Machinery and Tools	Public Utility	
						Real Estate (2)	Personal Property
2016	.655/.72	.655/.72	4.496/4.496	2.248/2.248	\$ 1.25	0.655	n/a
2017	.72/.71	.72/.71	4.496/4.496	2.248/2.248	1.25	0.72	n/a
2018	.71/.71	.71/.71	4.496/4.496	2.248/2.248	1.25	0.71	n/a
2019	.71/.71	.71/.71	4.496/4.496	2.248/2.248	1.25	0.71	n/a
2020	.71/.615	.71/.615	4.496/4.496	2.248/2.248	1.25	0.71	n/a
2021	.615/.61	.615/.61	4.496/4.496	2.248/2.248	1.25	0.61	n/a
2022	.61/.61	.61/.61	4.496/4.496	2.248/2.248	1.25	0.61	n/a
2023	.61/.60	.61/.60	4.496/4.271	2.248/2.136	1.25	0.61	n/a
2024	.60/.60	.60/.60	4.271/4.496	2.136/2.248	1.25	0.60	n/a
2025	.60/.451	.60/.451	4.496/4.496	2.248/2.248	2.00	0.451	n/a

(1) Per \$100 of assessed value.

(2) The County collects property taxes based on installments. Calendar year 2010 was a reassessment year for real property. The tax neutral rate for calendar year 2010 was computed to be \$.60/100. Calendar year 2016 was a reassessment year. The tax neutral rate for calendar year 2016 was computed to be \$.7165/100. Calendar year 2020 was a reassessment year. The tax neutral rate for calendar year 2020 was computed to be \$.615/100. Calendar year 2025 was a reassessment year. The tax neutral rate for calendar year 2025 was computed to be \$.426/100 and a \$.025 tax increase was approved to increase it to \$.451/100.

County of Clarke, Virginia

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross & Net Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2016	14,423	\$ 2,355,248	\$ 27,400,000	1.16%	\$ 1,900
2017	14,374	227,547	24,995,000	10.98%	\$ 1,739
2018	14,508	2,296,570	23,340,000	1.02%	\$ 1,609
2019	14,523	2,324,029	21,640,000	0.93%	\$ 1,490
2020	14,619	2,500,029	20,295,000	0.81%	\$ 1,388
2021	14,783	2,698,774	18,900,000	0.70%	\$ 1,278
2022	14,881	2,792,373	17,450,000	0.62%	\$ 1,173
2023	15,266	2,856,560	15,940,000	0.56%	\$ 1,044
2024	15,466	2,867,769	14,370,000	0.50%	\$ 929
2025	15,598	3,462,149	12,730,000	0.37%	\$ 816

(1) <https://www.census.gov/quickfacts>

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

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

County of Clarke, Virginia
 General Government Capital Projects Carryover Budget Allocations

	FY24 Carryover	FY 25 Original Budget	FY 25 Project Transfers	FY 25 Supplemental Budget	Final Budget
Expenditures:					
HVAC System Replacement	\$ 48,513	\$ -	\$ (1,795)	\$ -	\$ 46,718
Roofing	-	250,000	(250,000)	-	-
Painting and Flooring	21,250	-	-	32,482	53,732
Landscaping	7,336	-	(7,336)	-	-
Courthouse Green Project	25,069	-	-	133,000	158,069
Courthouse Complex Repairs	-	100,000	(100,000)	-	-
Circuit Courthouse Renovation	5,387	-	100,000	-	105,387
Sheriff's Equipment	39,289	72,720	1,795	8,000	121,804
Fire/EMS Vehicle	50,000	-	-	-	50,000
Sheriff's Vehicles	32,079	122,000	-	-	154,079
Byrne/Justice Assistance	-	-	-	74,012	74,012
Voting Equipment	-	-	25,250	-	25,250
Health & Human Svcs Space	100,126	-	(2,326)	-	97,800
Double TollGate	71,091	2,500,000	-	-	2,571,091
Camp 7	-	-	-	270,625	270,625
Technology Improvements	5,349	-	-	-	5,349
Mobile Radio System	19,343	-	-	-	19,343
Broadband	-	540,000	-	-	540,000
Mobile Radios EMS	-	300,000	(14,420)	-	285,580
Park Repairs	110,144	75,000	(25,250)	-	159,894
Baseball Fields	8,000	-	-	-	8,000
Reassessment	139,860	-	24,082	-	163,942
Deed Book Restoration	-	29,840	-	-	29,840
SHSP Ensuring Election Security	25,921	-	-	-	25,921
CCSA Capital Projects	-	-	250,000	-	250,000
Total expenditures	\$ 708,757	\$ 3,989,560	\$ -	\$ 518,119	5,216,436

County of Clarke, Virginia
School Board Capital Projects Carryover Budget Allocations

	FY 24 Carryover	FY 25 Original Budget	FY 25 Project Transfers	FY 25 Supplemental Budget	Final Budget
Expenditures:					
School Furniture Replacement	\$ 11,000	\$ 29,000	\$ (20,704)	\$ -	\$ 19,296
Uniform Repl & Band Instrument	10,480	14,000	-	-	24,480
Athletics Equipment & Uniforms	6,000	14,000	1,870	-	21,870
School Bus Purchases	26,117	100,200	135,272	-	261,589
Other Veh & Equip Purchases	47,000	15,000	(6,272)	-	55,728
School Signage	700	1,800	(1,568)	-	932
Fields and Playgrounds	-	-	-	-	-
Asphalt/Sidewalk/Track/Court Painting	17,367 3,000	18,000 7,000	(8,598) (8,000)	- -	26,769 2,000
Heating, Ventilation & AC Repl	442,641	110,000	(15,150)	-	537,491
Roof Replacements	15,000	-	8,000	-	23,000
School Security System Grant	75,579	-	3,688	65,782	145,049
Flooring	3,500	6,500	10,000	-	20,000
Security Improvements	72,023	70,000	(93,688)	-	48,335
Cooley School Repairs	30,000	-	7,150	-	37,150
Clarke County High Sch Repairs	65,470	-	(37,094)	-	28,376
Technology Classroom Inst	6,300	118,500	26,436	-	151,236
Technology Inst Support	8,400	-	8,000	-	16,400
Technology Administration	356,744	134,000	(9,342)	-	481,402
Total expenditures	\$ 1,197,321	\$ 638,000	\$ -	\$ 65,782	\$ 1,901,103

Compliance



**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 Honorable Members of
The Board of Supervisors
Clarke County, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Clarke County, Virginia (the "County"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, 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 the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

The County's Response to Findings

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

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.

UHY LLP

Columbia, Maryland
December 15, 2025

Section I—Financial Statement Findings

Finding: 2025-001 (Material Weakness):

Financial Reporting

Criteria: Accounting policies and procedures should be properly designed and implemented to ensure that amounts reported in the Annual Comprehensive Financial Report (ACFR) are accurate, complete, and supported by the underlying accounting records.

Condition: During our audit of the County's fiscal year 2025 ACFR, we identified both prior-period and current-year financial reporting errors. The County did not properly report certain lease and subscription based IT arrangement assets and liabilities required under GASB 87 and GASB 96 and misstated construction in progress (CIP) in the prior fiscal year, resulting in prior-period adjustments. Additionally, in the current year, the County improperly recorded revenue and expenditures for a grant in which the County serves as a conduit fiscal agent under GASB 84.

Effect: To correct the prior-period errors related to fiscal year 2024 reporting, fund balance adjustments were required totaling approximately \$3,349 for previously unreported lessee contracts, \$85,030 for unreported lessor contracts, \$104,164 for unreported subscription based IT Arrangement (SBITAs), and \$406,100 for misstated CIP. For fiscal year 2025, an adjustment of \$850,000 was required to remove improperly recorded revenue and expenditures for a conduit fiscal agent grant.

Cause: These errors occurred due to inadequate internal controls over financial reporting, including insufficient procedures to review ending balances for completeness and accuracy and inadequate evaluation of current-year grant arrangements for GASB 84 reporting requirements.

Recommendation: We recommend that the County strengthen its financial reporting controls by implementing enhanced review and reconciliation procedures. These should include reconciling all lease activity to ensure complete GASB 87/96 reporting; performing a detailed review of capital asset and CIP activity against supporting documentation and prior-year balances; and formally assessing grant agreements to determine whether the County is acting as a conduit fiscal agent under GASB 84. Strengthening these procedures will help detect errors and prevent reporting misstatements.

Management's

Response: The County concurs with the recommendation and is considering corrective action.