

COUNTY OF RAPPAHANNOCK, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

COUNTY OF RAPPAHANNOCK, VIRGINIA

Board of Supervisors

Debbie P. Donehey, Chair

Van C. Carney
Donna D. Comer

Christine Smith
Keir A. Whitson, Vice-Chair

County School Board

John Wesley Mills, Chair

Larry Grove, Vice-Chair
Melissa (Missy) McCool

Rachel Bynum
Chris Ubben

County Social Services Board

Harold Beebout, Chair

Jessica Burlison, Vice-Chair
Katherine Dutilh

Debbie Donehey
Scott Wells

County Library Board of Trustees

Victoria Fortuna, President

John Beardsley, Vice-President
Liz Conley
Bonnie Jewell
Maureen Harris

Patti Peterson
Jen Cable
Randi Shumate
Kathleen Johnston

Other Officials

Chief Judge of the Circuit Court..... Douglas L. Flemming, Jr.
Clerk of the Circuit Court Kaitlin Struckmann
Judge of the General District Court Jessica H. Foster
Judge of Juvenile & Domestic Relations District Court..... Melissa Cupp
County Attorney Arthur L. Goff
Commonwealth’s Attorney Arthur L. Goff
Commissioner of the Revenue..... Mary Graham
Treasurer..... Debra Knick
Sheriff..... Connie S. Compton
Superintendent of Schools Shannon Grimsley
Director of Department of Social Services..... Gail A. Crooks
Librarian Amanda Weakley
County Administrator Garrey W. Curry, Jr.

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Financial Report
Year Ended June 30, 2025

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Independent Auditors' Report

**To the Honorable Members of
the Board of Supervisors
County of Rappahannock, 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 Rappahannock, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County of Rappahannock's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Change in Accounting Principle

As described in Note 27 to the financial statements, in 2025, the County adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Restatement and Adjustment of Beginning Balances

As described in Note 27 to the financial statements, in 2025, the County restated beginning balances to reflect the requirements of GASB Statement No. 101. Our opinions are not modified with respect to this matter.

Emphasis of Matter

During 2025, the County and the Department of Environmental Quality change the use of the landfill, reducing the accrued landfill costs by \$2,913,925. Further information is disclosed in Note 21 to the financial statements.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Rappahannock, Virginia's basic financial statements. The accompanying other supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2025 on our consideration of County of Rappahannock, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Rappahannock, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Rappahannock, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox, Associates

Charlottesville, Virginia
December 1, 2025

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position
At June 30, 2025

	Primary Government		Component Units		
	Governmental Activities	School Board	Broadband Authority	Recreational Facilities Authority	Water and Sewer Authority
Assets:					
Cash and cash equivalents	\$ 10,907,336	\$ 851,570	\$ 93,881	\$ 143,571	\$ 1,610,988
Investments	1,994,683	-	-	-	-
Receivables, net					
Due within one year	1,480,874	252,169	-	-	71,623
Prepaid items	58,189	-	-	-	-
Inventory	-	5,459	-	-	-
Due from component units	753,408	-	-	-	-
Due from other governments	626,026	516,898	-	-	-
Net pension asset	-	248,908	-	-	-
Net OPEB asset	-	16,189	-	-	-
Capital assets:					
Land and construction in progress	2,281,258	-	-	20,000	158,935
Other capital assets, net of accumulated depreciation	4,491,104	7,844,999	-	115,194	43,446
Capital assets, net	\$ 6,772,362	\$ 7,844,999	\$ -	\$ 135,194	\$ 202,381
Total assets	\$ 22,592,878	\$ 9,736,192	\$ 93,881	\$ 278,765	\$ 1,884,992
Deferred Outflows of Resources:					
Pension related items	\$ 462,795	\$ 2,400,892	\$ -	\$ -	\$ 6,928
OPEB related items	170,017	281,473	-	-	3,351
Total deferred outflows of resources	\$ 632,812	\$ 2,682,365	\$ -	\$ -	\$ 10,279
Liabilities:					
Accounts payable and accrued liabilities	\$ 710,785	\$ 599,876	\$ -	\$ 8	\$ 29,590
Accrued interest	-	-	-	-	16,325
Due to primary government	-	741,892	-	-	11,516
Unearned revenue	4,210	-	-	-	-
Long-term liabilities:					
Due within one year	110,850	94,236	-	-	22,545
Due in more than one year	2,733,978	8,578,552	-	-	1,451,079
Total liabilities	\$ 3,559,823	\$ 10,014,556	\$ -	\$ 8	\$ 1,531,055
Deferred Inflows of Resources:					
Deferred revenue-property taxes	\$ 180,989	\$ -	\$ -	\$ -	\$ -
Pension related items	570,785	1,593,000	-	-	8,822
OPEB related items	176,341	648,939	-	-	2,720
Total deferred inflows of resources	\$ 928,115	\$ 2,241,939	\$ -	\$ -	\$ 11,542
Net Position:					
Net investment in capital assets	\$ 6,092,234	\$ 7,822,931	\$ -	\$ 135,194	\$ 92,973
Restricted for net pension asset	-	248,908	-	-	-
Restricted for net OPEB asset	-	16,189	-	-	-
Unrestricted (deficit)	12,645,518	(7,925,966)	93,881	143,563	259,701
Total net position (deficit)	\$ 18,737,752	\$ 162,062	\$ 93,881	\$ 278,757	\$ 352,674

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

Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government administration	\$ 2,009,401	\$ 87,970	\$ 324,537	\$ -
Judicial administration	890,041	82,931	512,916	-
Public safety	6,266,915	135,270	1,124,635	-
Public works	770,442	164,763	668	-
Health and welfare	2,686,815	-	1,723,178	-
Education	9,894,960	-	-	-
Parks, recreation and cultural	559,633	-	110,209	-
Community development	410,755	1,695	-	-
Interest on long-term debt	2,906	-	-	-
Total Primary Government	\$ 23,491,868	\$ 472,629	\$ 3,796,143	\$ -
Component Units				
Rappahannock County School Board	\$ 16,452,605	\$ 87,555	\$ 4,861,425	\$ -
Rappahannock County Broadband Authority	590,803	-	590,000	-
Rappahannock County Recreational Facilities Authority	55,099	42,867	10,076	-
Rappahannock County Water and Sewer Authority	387,549	283,078	24,160	16,875
Total Component Units	\$ 17,486,056	\$ 413,500	\$ 5,485,661	\$ 16,875

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

Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Total Primary Government	Component Units			Water and Sewer Authority
		School Board	Broadband Authority	Recreational Facilities Authority	
Primary Government					
Governmental activities					
General government administration	\$ (1,596,894)	\$ -	\$ -	\$ -	\$ -
Judicial administration	(294,194)	-	-	-	-
Public safety	(5,007,010)	-	-	-	-
Public works	(605,011)	-	-	-	-
Health and welfare	(963,637)	-	-	-	-
Education	(9,894,960)	-	-	-	-
Parks, recreation and cultural	(449,424)	-	-	-	-
Community development	(409,060)	-	-	-	-
Interest on long-term debt	(2,906)	-	-	-	-
Total Primary Government	\$ (19,223,096)	\$ -	\$ -	\$ -	\$ -
Component Units					
Rappahannock County School Board	\$ -	\$ (11,503,625)	\$ -	\$ -	\$ -
Rappahannock County Broadband Authority	-	-	(803)	-	-
Rappahannock County Recreational Facilities Authority	-	-	-	(2,156)	-
Rappahannock County Water and Sewer Authority	-	-	-	-	(63,436)
Total Component Units	\$ -	\$ (11,503,625)	\$ (803)	\$ (2,156)	\$ (63,436)
General Revenues					
Taxes:					
General property taxes, real and personal	\$ 15,023,981	\$ -	\$ -	\$ -	\$ -
Local sales and use taxes	1,092,991	-	-	-	-
Consumers' utility taxes	182,681	-	-	-	-
Taxes on recordation of wills	156,008	-	-	-	-
Meals and lodging taxes	563,839	-	-	-	-
Motor vehicle license	212,275	-	-	-	-
Other	224,817	-	-	-	-
Payment from County of Rappahannock	-	9,888,122	-	74,641	-
Grants and contributions not restricted to specific programs	1,340,682	-	-	-	-
Unrestricted revenues from use of money	689,189	-	887	2,853	32,763
Miscellaneous	676,798	2,405,103	-	825	-
Special item - change of use in landfill facilities	2,913,925	-	-	-	-
Total general revenues	\$ 23,077,186	\$ 12,293,225	\$ 887	\$ 78,319	\$ 32,763
Change in net position	\$ 3,854,090	\$ 789,600	\$ 84	\$ 76,163	\$ (30,673)
Net position (deficit), beginning of year	\$ 14,883,662	\$ (204,482)	\$ 93,797	\$ 202,594	\$ 383,347
Adjustments and Restatements	-	(423,056)	-	-	-
Net position (deficit), beginning of year, as adjusted	\$ 14,883,662	\$ (627,538)	\$ 93,797	\$ 202,594	\$ 383,347
Net position (deficit), end of year	\$ 18,737,752	\$ 162,062	\$ 93,881	\$ 278,757	\$ 352,674

Fund Financial Statements

Balance Sheet
 Governmental Funds
 At June 30, 2025

	Nonmajor					
				Emergency		
	General	Library	Capital	ARPA	Medical	Total
	Fund	Fund	Projects	Fund	Transport	Governmental
	Fund	Fund	Fund	Fund	Fund	Funds
Assets:						
Cash and cash equivalents	\$ 10,789,704	\$ 338	\$ 51,827	\$ 30,000	\$ 35,467	\$ 10,907,336
Investments	-	1,994,683	-	-	-	1,994,683
Property taxes receivable, net	1,115,934	-	-	-	-	1,115,934
Accounts receivable	339,349	25,000	591	-	-	364,940
Prepaid items	52,211	5,978	-	-	-	58,189
Due from other funds	30,000	-	-	-	6,971	36,971
Due from component unit	753,408	-	-	-	-	753,408
Due from other governments	626,026	-	-	-	-	626,026
Total assets	\$ 13,706,632	\$ 2,025,999	\$ 52,418	\$ 30,000	\$ 42,438	\$ 15,857,487
Liabilities:						
Accounts payable and accrued liabilities	\$ 613,404	\$ 6,919	\$ 52,418	\$ -	\$ 38,044	\$ 710,785
Due to other funds	2,634	4,337	-	30,000	-	36,971
Unearned revenue	-	4,210	-	-	-	4,210
Total liabilities	\$ 616,038	\$ 15,466	\$ 52,418	\$ 30,000	\$ 38,044	\$ 751,966
Deferred Inflows of Resources:						
Unavailable revenues-property taxes	\$ 1,153,196	-	-	-	-	\$ 1,153,196
Fund Balances:						
Nonspendable:						
Prepaid items	\$ 52,211	\$ 5,978	-	-	-	\$ 58,189
Corpus of permanent fund	-	425,513	-	-	-	425,513
Restricted:						
Tourism	16,039	-	-	-	-	16,039
Fire levy	294,979	-	-	-	-	294,979
Unspent grants and contributions	373,365	-	-	-	-	373,365
Committed:						
Capital projects	1,533,263	-	-	-	-	1,533,263
Emergency medical transport	-	-	-	-	4,394	4,394
Library operations	-	1,579,042	-	-	-	1,579,042
Assigned:						
Future expenditures	1,084,434	-	-	-	-	1,084,434
Unassigned	8,583,107	-	-	-	-	8,583,107
Total fund balances	\$ 11,937,398	\$ 2,010,533	\$ -	\$ -	\$ 4,394	\$ 13,952,325
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,706,632	\$ 2,025,999	\$ 52,418	\$ 30,000	\$ 42,438	\$ 15,857,487

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

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
At June 30, 2025

Total fund balances for governmental funds (Exhibit 3)	\$	13,952,325	
Total net position reported for governmental activities in the statement of net position is different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:			
Land	\$	1,705,907	
Construction in progress		575,352	
Buildings and improvements, net of depreciation		1,144,739	
Lease assets, net of depreciation		689,091	
Furniture, equipment, and vehicles net of depreciation		<u>2,657,273</u>	6,772,362
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
Unavailable revenues - property taxes			972,207
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.			
Deferred outflows - pension related items	\$	462,795	
Deferred outflows - OPEB related items		<u>170,017</u>	632,812
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Compensated absences	\$	(299,221)	
Lease liabilities		(680,128)	
Net pension liability		(20,359)	
Net OPEB liabilities		(1,019,898)	
Accrued landfill remediation costs		<u>(825,222)</u>	(2,844,828)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Deferred inflows - pension related items	\$	(570,785)	
Deferred inflows - OPEB related items		<u>(176,341)</u>	<u>(747,126)</u>
Total net position of governmental activities (Exhibits 1 and 2)	\$		<u><u>18,737,752</u></u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2025

	General Fund	Library Fund	Capital Projects Fund	Nonmajor			Total Governmental Funds
				ARPA Fund	Emergency Medical Transport Fund	Debt Service Fund	
Revenues:							
Property taxes	\$ 15,084,245	\$ -	\$ -	\$ -	\$ -	\$ -	15,084,245
Other local taxes	2,432,611	-	-	-	-	-	2,432,611
Permits, privilege fees and regulatory licenses	188,354	-	-	-	-	-	188,354
Fines and forfeitures	114,283	1,695	-	-	-	-	115,978
Use of money and property	593,585	95,604	-	-	-	-	689,189
Charges for services	168,297	-	-	-	-	-	168,297
Miscellaneous	358,243	38,427	100,487	-	179,641	-	676,798
Recovered costs	190,504	-	-	-	-	-	190,504
Intergovernmental:							
Revenue from the Commonwealth	3,832,491	110,209	3,875	-	-	-	3,946,575
Revenue from the Federal Government	1,190,250	-	-	24,160	-	-	1,214,410
Total revenues	\$ 24,152,863	\$ 245,935	\$ 104,362	\$ 24,160	\$ 179,641	\$ -	\$ 24,706,961
Expenditures:							
Current:							
General government administration	\$ 1,962,101	\$ -	\$ -	\$ -	\$ -	\$ -	1,962,101
Judicial administration	910,290	-	-	-	-	-	910,290
Public safety	5,807,695	-	-	-	187,296	-	5,994,991
Public works	915,403	-	-	24,160	-	-	939,563
Health and welfare	3,411,625	-	-	-	-	-	3,411,625
Education - local community college	6,838	-	-	-	-	-	6,838
Education - public school system	9,888,122	-	-	-	-	-	9,888,122
Parks, recreation and cultural	89,641	446,664	-	-	-	-	536,305
Community development	425,548	-	-	-	-	-	425,548
Capital projects	-	-	927,758	-	-	-	927,758
Nondepartmental	720	-	-	-	-	-	720
Debt service:							
Principal payments	16,310	-	-	-	-	185,000	201,310
Interest and fiscal charges	2,551	-	-	-	-	4,255	6,806
Total expenditures	\$ 23,436,844	\$ 446,664	\$ 927,758	\$ 24,160	\$ 187,296	\$ 189,255	\$ 25,211,977
Excess (deficiency) of revenues over expenditures	\$ 716,019	\$ (200,729)	\$ (823,396)	\$ -	\$ (7,655)	\$ (189,255)	\$ (505,016)
Other financing sources (uses):							
Transfers in	\$ -	\$ 295,709	\$ 827,222	\$ -	\$ -	\$ 189,255	\$ 1,312,186
Transfers out	(1,312,186)	-	-	-	-	-	(1,312,186)
Leases	624,213	-	-	-	-	-	624,213
Total other financing sources (uses)	\$ (687,973)	\$ 295,709	\$ 827,222	\$ -	\$ -	\$ 189,255	\$ 624,213
Net change in fund balance	\$ 28,046	\$ 94,980	\$ 3,826	\$ -	\$ (7,655)	\$ -	\$ 119,197
Fund balance (deficit), beginning of year	\$ 11,909,352	\$ 1,915,553	\$ (3,826)	\$ -	\$ 12,049	\$ -	\$ 13,833,128
Fund balance (deficit), end of year	\$ 11,937,398	\$ 2,010,533	\$ -	\$ -	\$ 4,394	\$ -	\$ 13,952,325

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

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

Net change in fund balances - total governmental funds (Exhibit 5) \$ 119,197

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.

Capital outlays	\$ 1,599,326	
Depreciation	<u>(797,078)</u>	802,248

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

Property taxes		(60,264)
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The issuance of long-term debt 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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is net effect of these differences in the treatment of long-term debt and related items.

Debt incurred:

Accrued Landfill remediation costs	\$ (17,764)	
Lease liabilities	(624,213)	

Repayments:

General obligation school bonds	185,000	
Lease liabilities	<u>84,664</u>	(372,313)

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 adjustment combines the net changes of the following:

Compensated absences	\$ (24,042)	
Pension expense	519,644	
OPEB expense	(48,205)	
Change of use in landfill facilities	2,913,925	
Accrued interest on bonds and leases	<u>3,900</u>	<u>3,365,222</u>

Change in net position of governmental activities (Exhibit 2)	\$	<u><u>3,854,090</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

Statement of Fiduciary Net Position - Fiduciary Funds
 At June 30, 2025

	<u>Custodial Funds</u>	
	<u>Special Welfare Fund</u>	<u>Sheriff Funds</u>
Assets:		
Cash and cash equivalents	\$ <u>25,813</u>	\$ <u>12,660</u>
Total assets	\$ <u><u>25,813</u></u>	\$ <u><u>12,660</u></u>
Net Position:		
Restricted:		
Amounts held for others	\$ <u>25,813</u>	\$ <u>12,660</u>
Total net position	\$ <u><u>25,813</u></u>	\$ <u><u>12,660</u></u>

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

Statement of Changes in Fiduciary Net Position - Fiduciary Funds
 Year Ended June 30, 2025

	Custodial Funds	
	Special Welfare Fund	Sheriff Funds
Additions:		
Charges for services	\$ 2,750	\$ -
Miscellaneous	-	500
Total additions	<u>\$ 2,750</u>	<u>\$ 500</u>
Deductions:		
Special welfare	\$ 3,270	\$ -
Sheriff	-	96
Total deductions	<u>\$ 3,270</u>	<u>\$ 96</u>
Net increase (decrease) in fiduciary net position	\$ (520)	\$ 404
Net Position:		
Net position, beginning of year	26,333	12,256
Net position, end of year	<u><u>\$ 25,813</u></u>	<u><u>\$ 12,660</u></u>

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Narrative Profile

The County of Rappahannock (the County), located in northwest Virginia and bordered by the counties of Fauquier, Culpeper, Madison, Page and Warren, was founded in 1833. The County has a population of 7,252 and land area of 267 square miles.

The County is governed under the County Administrator – Board of Supervisors form of government. Rappahannock County engages in a comprehensive range of municipal services, including general government administration, public safety and administration of justice, education, health, welfare, human service programs, planning, community development and recreation, and cultural activities.

The financial statements of the County 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.

A. Financial Reporting Entity

The accompanying financial statements present the primary government and its discretely presented component units, entities for which the government is considered to be financially accountable. The discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize they are legally separate from the primary government.

Discretely Presented Component Units

The Rappahannock County School Board is responsible for elementary and secondary education within the County. School Board members are elected by the County voters. The School Board is fiscally dependent upon the County because the County’s Board of Supervisors approves the School Board budget, provides substantial funding for operations and must approve any debt issuance. The Rappahannock County School Board does not prepare separate financial statements.

Rappahannock County Recreational Facilities Authority administers and maintains the Rappahannock County Recreation Center. The County’s Board of Supervisors appoints the members of the Recreational Facilities Authority, and the County Administrator manages its operations. Because the County effectively controls the Authority, it has been presented as a component unit of the County. The Recreational Facilities Authority does not prepare separate financial statements. The Recreational Facilities Authority operates as an enterprise fund and its accounts are maintained on the accrual basis of accounting.

Rappahannock Broadband Authority operates as an enterprise fund and its accounts are maintained on the accrual basis of accounting. The Authority does not issue separate financial statements. The Board members are appointed by the Rappahannock County Board of Supervisors.

Rappahannock Water and Sewer Authority operates as an enterprise fund and its accounts are maintained on the accrual basis of accounting. The Authority does not issue separate financial statements. The Board members are appointed by the Rappahannock County Board of Supervisors.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

B. Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, effects of interfund activity have 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 activities) and its discretely presented component units. Governments will report all capital assets in the government-wide statement of net position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental 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. Governments provide budgetary comparison information in their annual reports, including the original budget and a comparison of final budget and actual results.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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 revenue 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 utility and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

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

The County's fiduciary funds are presented in the fund financial statements by type (private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the County, these funds are not incorporated into the government-wide financial statements. The County does not report any private purpose trust funds.

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

The following is a brief description of the specific funds used by the County in fiscal year 2024.

1. Governmental Funds: The County has the following funds for financial reporting purposes.
 - a. General Fund: The General Fund is the general operating fund for the County. This fund accounts for and reports all revenues and expenditures of the County which are not accounted for and reported in the other funds. The General Fund also includes the activities for E-911, the law library and landfill operations. The General Fund is considered a major fund for reporting purposes.
 - b. Special Revenue Funds: Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service. Special revenue funds consist of the Library Fund, which is a major fund, and the ARPA and Emergency Medical Transport Funds, which 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. The Capital Projects Fund is considered a major fund for reporting purposes.
 - d. Debt Service Fund: The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The debt service fund is also used to report financial resources that are being accumulated for future debt service. The Debt Service Fund is considered a nonmajor fund for reporting purposes.

2. Fiduciary Funds (Custodial Funds):

Fiduciary Funds (Custodial Funds) – account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other government units, or other funds. The Custodial Funds consist of the Special Welfare Fund and the Sheriff Fund.

3. Component Units:

- a. Rappahannock County School Board: Rappahannock County School Board has the following funds for financial reporting purposes:

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 Rappahannock and State and Federal grants.

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

3. Component Units: (Continued)

a. Rappahannock County School Board: (Continued)

Governmental Funds: (Continued)

School Cafeteria 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.

School Activity Funds – This fund accounts for the operations of the School Activity Fund for Rappahannock Elementary School and Rappahannock High School.

b. Rappahannock County Recreational Facilities Authority: Rappahannock Recreational Facilities Authority consists of only one fund, which is an enterprise fund.

c. Rappahannock County Broadband Authority: Rappahannock Broadband Authority consists of only one fund, which is an enterprise fund.

d. Rappahannock County Water and Sewer Authority: The Authority consists of two funds, which are combined on the financial statements as an enterprise fund.

D. Budgets and Budgetary Accounting

The Board of Supervisors annually adopts budgets for the various funds of the primary government and component unit School Board. All appropriations are legally controlled at the department level for the primary government funds. The School Board appropriation is determined by the Board of Supervisors and controlled in total by the primary government.

The budgets are integrated into the accounting system and the budgetary data, as presented in the financial statements for all major funds with annual budgets, comparing the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedule for the major funds presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain citizen comments. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Budgets and Budgetary Accounting: (Continued)

2. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each fund can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories. Public hearings are required to amend the budget if amendments exceed 1% of the original adopted budget.
3. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. The Component Unit School Board funds are integrated only at the level of legal adoption.
4. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. Appropriations lapse on June 30, for all County units.
6. All budgetary data presented in the accompanying financial statements is the original budget as of June 30, 2025, as adopted, appropriated and legally amended.
7. The expenditures budget is enacted through an annual appropriations ordinance. Appropriations are made at the departmental level for the primary government and at the function level for the School Board. If budget amendments exceed 1% of the original adopted budget, the Board of Supervisors may legally amend the budget only by following procedures used in the adoption of the original budget. The Board of Supervisors must approve all appropriations and transfers of appropriated amounts.

E. Cash and Cash Equivalents:

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

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

F. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$159,155 at June 30, 2025 and is comprised solely of property taxes.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

G. Inventory and Prepaid Items

Inventory is stated at cost (first-in, first-out) which is not in excess of market value. It consists of expendable items held for consumption and is recorded as an expenditure when used (consumption method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

H. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the County and Component Unit School Board as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. For the Rappahannock County Water and Sewer Authority, capital assets are defined by the Authority as land, wastewater treatment plant, and equipment with an initial individual cost of more than \$1,500 and an estimated useful life in excess of two years. For infrastructure asset the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than \$50,000 are reported as capital assets.

As the County and Component Unit School Board constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

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

Buildings and improvements	20 to 40 years
Furniture, equipment and vehicles	5 to 10 years
Lease buildings and improvements	2 to 10 years
Lease furniture, equipment and vehicles	2 to 5 years

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has 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 two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and amounts prepaid on 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, amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension and OPEB are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

J. Compensated Absences

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

Vacation

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

Sick Leave

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

L. Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. 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, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld, from the actual debt proceeds received, are reported as debt service expenditures.

M. Fund Balance

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

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

M. Fund Balance: (Continued)

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.

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 Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 10% of the actual GAAP basis expenditures and other financing sources and uses.

N. Net Position

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation 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.

O. 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.

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

P. Pensions

For purposes of measuring the net pension asset and 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. The amounts for the Primary Government and Component Unit Water and Sewer Authority were combined for purposes of the footnotes and required supplementary information schedules.

Q. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB asset and liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, HIC, and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The amounts for the Primary Government and Component Unit Water and Sewer Authority were combined for purposes of the footnotes and required supplementary information schedules.

NOTE 2—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

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

The County has no formal investment policy addressing the various risks related to investments.

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

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 Standard & Poor’s rating scale.

County's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Virginia Investment Pool - Stable NAV Liquidity Pool	\$ <u><u>7,556,113</u></u>
Component Unit - Recreational Facilities Authority's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Virginia Investment Pool - Stable NAV Liquidity Pool	\$ <u><u>137,172</u></u>

Redemption Restrictions

The County and Component Unit Recreational Facilities Authority have the option to have access to withdrawal funds twice a month, with a five-day period notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources, one-time outlays (disasters, immediate capital needs, state budget cuts, and etc.).

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County and Component Unit Recreational Facilities Authority have measured fair value of the above VML/VACO Investment Pool investment at the net asset value (NAV).

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government’s investment in a single issuer. If certain investments in any one issuer represent 5% of total investments, there must be a disclosure for the amount and issuer. At June 30, 2025, there is no portion of the County’s portfolio, that exceeds 5% of the total portfolio. At present the County does not have a policy related to custodial credit risk.

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

Interest Rate Risk

The County does not have a policy related to interest rate risk.

Investment Maturities		
Investment Type	Balance June 30, 2025	1 Year
County:		
Virginia Investment Pool - Stable NAV Liquidity Pool	\$ 7,556,113	\$ 7,556,113
Component Unit - Recreational Facilities Authority:		
Virginia Investment Pool - Stable NAV Liquidity Pool	\$ 137,172	\$ 137,172

NOTE 3—PROPERTY TAXES:

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable on December 5th. The County bills and collects its own property taxes.

NOTE 4—RECEIVABLES:

Receivables at June 30, 2025 consist of the following:

	Primary Government Governmental Activities	Component Unit School Board	Component Unit Water and Sewer Authority
Property taxes	\$ 1,252,720	\$ -	\$ -
Utility taxes	15,312	-	-
Clerk of the circuit court	11,905	-	-
Refuse charges	59,280	-	-
Meals taxes	146,005	-	-
Other	154,807	252,169	71,623
Subtotal	\$ 1,640,029	\$ 252,169	\$ 71,623
Allowance for uncollectibles	(159,155)	-	-
Total receivables	\$ 1,480,874	\$ 252,169	\$ 71,623
Reconciliation to Exhibit 1:			
Receivables, net due within one year	\$ 1,480,874	\$ 252,169	\$ 71,623

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 5—DUE FROM OTHER GOVERNMENTAL UNITS:

	<u>Governmental Activities</u>	<u>Component Unit</u>
	<u>General Fund</u>	<u>School Board</u>
Commonwealth of Virginia:		
Local sales tax	\$ 194,148	\$ 207,735
Communications sales and use tax	35,916	-
Comprehensive services act	94,826	-
Public assistance	47,678	-
Shared expenses and grants	125,317	-
E-911 wireless grant	9,304	-
Federal government:		
Public assistance	82,644	-
Federal pass-through school funds	-	309,163
Other	36,193	-
	<u>\$ 626,026</u>	<u>\$ 516,898</u>

NOTE 6—INTERFUND ACTIVITY:

Primary Government:

Transfers To/From Other Funds:

Transfer from the General Fund to support operations of the Library Fund	\$ 295,709
Transfer from the General Fund to support operations of the Capital Projects Fund	827,222
Transfer from the General Fund to support operations of the Debt Service Fund	<u>189,255</u>
Total primary government transfers to/from other funds	<u>\$ 1,312,186</u>

Component Unit - School Board:

Transfers To/From Other Funds:

Transfer from the School Operating Fund for food service of the School Cafeteria Fund	<u>\$ 82,628</u>
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COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 7—CAPITAL ASSETS:

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

Governmental Activities

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Capital assets not being depreciated:				
Land	\$ 1,705,907	\$ -	\$ -	\$ 1,705,907
Construction in progress	217,891	452,868	(95,408)	575,351
Total capital assets not being depreciated	<u>\$ 1,923,798</u>	<u>\$ 452,868</u>	<u>\$ (95,408)</u>	<u>\$ 2,281,258</u>
Other capital assets:				
Buildings and improvements	\$ 3,434,863	\$ 104,936	\$ -	\$ 3,539,799
Lease buildings and improvements	193,275	591,977	(119,220)	666,032
Lease furniture, equipment and vehicles	131,283	46,787	(16,653)	161,417
Furniture, equipment and vehicles	5,332,650	498,166	(78,285)	5,752,531
Total other capital assets	<u>\$ 9,092,071</u>	<u>\$ 1,241,866</u>	<u>\$ (214,158)</u>	<u>\$ 10,119,779</u>
Accumulated depreciation/amortization:				
Buildings and improvements	\$ 2,292,158	\$ 102,899	\$ -	\$ 2,395,057
Lease buildings and improvements	111,015	58,717	(119,220)	50,512
Lease furniture, equipment and vehicles	76,334	28,165	(16,653)	87,846
Furniture, equipment and vehicles	2,566,248	607,297	(78,285)	3,095,260
Total accumulated depreciation/amortization	<u>\$ 5,045,755</u>	<u>\$ 797,078</u>	<u>\$ (214,158)</u>	<u>\$ 5,628,675</u>
Other capital assets, net	<u>\$ 4,046,316</u>	<u>\$ 444,788</u>	<u>\$ -</u>	<u>\$ 4,491,104</u>
Net capital assets	<u>\$ 5,970,114</u>	<u>\$ 897,656</u>	<u>\$ (95,408)</u>	<u>\$ 6,772,362</u>
Depreciation/amortization expense was allocated as follows:				
General government administration		\$ 145,923		
Judicial administration		11,398		
Public safety		463,271		
Public works		64,978		
Health and welfare		69,535		
Parks, recreation and cultural		41,973		
Total depreciation/amortization expense		<u>\$ 797,078</u>		

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 7—CAPITAL ASSETS: (CONTINUED)

Component Unit School Board

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Other capital assets:				
Buildings and improvements	\$ 15,533,654	\$ 90,610	\$ -	\$ 15,624,264
Lease equipment	21,754	26,334	(21,754)	26,334
Furniture, equipment and vehicles	4,064,578	762,382	(69,118)	4,757,842
Total other capital assets	<u>\$ 19,619,986</u>	<u>\$ 879,326</u>	<u>\$ (90,872)</u>	<u>\$ 20,408,440</u>
Accumulated depreciation:				
Buildings and improvements	\$ 9,067,987	\$ 399,873	\$ -	\$ 9,467,860
Lease equipment	19,101	6,591	(21,754)	3,938
Furniture, equipment and vehicles	2,759,014	401,747	(69,118)	3,091,643
Total accumulated depreciation	<u>\$ 11,846,102</u>	<u>\$ 808,211</u>	<u>\$ (90,872)</u>	<u>\$ 12,563,441</u>
Other capital assets, net	<u>\$ 7,773,884</u>	<u>\$ 71,115</u>	<u>\$ -</u>	<u>\$ 7,844,999</u>
Net capital assets	<u>\$ 7,773,884</u>	<u>\$ 71,115</u>	<u>\$ -</u>	<u>\$ 7,844,999</u>
Depreciation expense allocated to education		<u>\$ 808,211</u>		

*School Board capital assets are jointly owned by the County (primary government) and the Component Unit School Board. The County share of the School Board capital assets is in proportion to the debt owed on such assets by the County. The County reports depreciation on these assets as an element of its share of the costs of the public school system.

Reconciliation of primary government net investment in capital assets:

Net capital assets	\$ 6,772,362
Long-term debt applicable to capital assets at June 30, 2025	<u>(680,128)</u>
Net investment in capital assets	<u>\$ 6,092,234</u>

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 7—CAPITAL ASSETS: (CONTINUED)

Component Unit Recreational Services Authority

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Capital assets not being depreciated:				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Total capital assets not being depreciated	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,000</u>
Other capital assets:				
Building and improvements	\$ 296,541	\$ -	\$ -	\$ 296,541
Equipment	<u>20,638</u>	<u>-</u>	<u>-</u>	<u>20,638</u>
Total other capital assets	<u>\$ 317,179</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 317,179</u>
Accumulated depreciation:				
Building and improvements	\$ 176,416	\$ 7,662	\$ -	\$ 184,078
Equipment	<u>16,997</u>	<u>910</u>	<u>-</u>	<u>17,907</u>
Total accumulated depreciation	<u>\$ 193,413</u>	<u>\$ 8,572</u>	<u>\$ -</u>	<u>\$ 201,985</u>
Other capital assets, net	<u>\$ 123,766</u>	<u>\$ (8,572)</u>	<u>\$ -</u>	<u>\$ 115,194</u>
Net capital assets	<u><u>\$ 143,766</u></u>	<u><u>\$ (8,572)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 135,194</u></u>

Component Unit Water and Sewer Authority

Capital assets not being depreciated:				
Land	\$ 10,550	\$ -	\$ -	\$ 10,550
Construction in progress	<u>26,523</u>	<u>121,862</u>	<u>-</u>	<u>148,385</u>
Total capital assets not being depreciated	<u>\$ 37,073</u>	<u>\$ 121,862</u>	<u>\$ -</u>	<u>\$ 158,935</u>
Other capital assets:				
Wastewater treatment facility and system improvements	\$ 1,864,813	\$ -	\$ -	\$ 1,864,813
Equipment and vehicles	<u>68,091</u>	<u>-</u>	<u>-</u>	<u>68,091</u>
Total other capital assets	<u>\$ 1,932,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,932,904</u>
Accumulated depreciation:				
Wastewater treatment facility and system improvements	\$ 1,841,381	\$ 2,329	\$ -	\$ 1,843,710
Equipment	<u>34,361</u>	<u>11,387</u>	<u>-</u>	<u>45,748</u>
Total accumulated depreciation	<u>\$ 1,875,742</u>	<u>\$ 13,716</u>	<u>\$ -</u>	<u>\$ 1,889,458</u>
Other capital assets, net	<u>\$ 57,162</u>	<u>\$ (13,716)</u>	<u>\$ -</u>	<u>\$ 43,446</u>
Net capital assets	<u><u>\$ 94,235</u></u>	<u><u>\$ 108,146</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 202,381</u></u>

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS:

General Fund revenues are used to pay all long-term general obligation debt and compensated absences. School Operating Fund revenues and appropriations from the General Fund are used to pay its compensated absences.

Primary Government

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

	<u>Balance July 1, 2024</u>	<u>Issuances/ Additions</u>	<u>Retirements/ Reductions</u>	<u>Balance June 30, 2025</u>	<u>Amount Due One Year</u>
Direct Borrowings and Placements:					
General obligation bonds	\$ 185,000	\$ -	\$ (185,000)	\$ -	\$ -
Compensated absences	275,179	24,042	-	299,221	29,922
Lease liabilities	140,579	624,213	(84,664)	680,128	80,928
Net pension liability	721,637	1,762,493	(2,463,771)	20,359	-
Net OPEB liabilities	975,767	174,872	(130,741)	1,019,898	-
Accrued landfill remediation costs	3,721,383	17,764	(2,913,925)	825,222	-
Total	<u>\$ 6,019,545</u>	<u>\$ 2,603,384</u>	<u>\$ (5,778,101)</u>	<u>\$ 2,844,828</u>	<u>\$ 110,850</u>

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

Details of Long-term Indebtedness

	<u>Amount Outstanding</u>	<u>Amount Due in One Year</u>
Net pension liability	\$ 20,359	\$ -
Net OPEB liabilities	\$ 1,019,898	\$ -
Accrued landfill remediation costs	\$ 825,222	\$ -
Lease liabilities	\$ 680,128	\$ 80,928
Compensated Absences	\$ 299,221	\$ 29,922
Total long-term obligations	<u>\$ 2,844,828</u>	<u>\$ 110,850</u>

Federal Arbitrage Regulations

The County is in compliance with federal arbitrage regulations. Any arbitrage amounts that may be required to be paid are not material to the financial statements.

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Component Unit School Board

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

	Restated Balance July 1, 2024	Issuances/ Additions	Retirements/ Reductions	Balance June 30, 2025	Amount Due One Year
Compensated absences	\$ 848,555	\$ 29,375	\$ -	\$ 877,930	\$ 87,793
Lease liabilities	2,690	26,334	(6,956)	22,068	6,443
Net pension liability	7,203,405	2,570,484	(3,714,623)	6,059,266	-
Net OPEB liabilities	1,922,078	266,788	(475,342)	1,713,524	-
Total	<u>\$ 9,976,728</u>	<u>\$ 2,892,981</u>	<u>\$ (4,196,921)</u>	<u>\$ 8,672,788</u>	<u>\$ 94,236</u>

Component Unit Water and Sewer Authority

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

	Balance July 1, 2024	Issuances/ Additions	Retirements/ Reductions	Balance June 30, 2025	Amount Due One Year
Direct Borrowings and Placements:					
General obligation bonds	\$ -	\$ 1,410,000	\$ -	\$ 1,410,000	\$ 20,000
Unamortized bond premiums	-	46,939	(1,155)	45,784	2,545
Net pension liability	12,655	62,293	(74,643)	305	-
Net OPEB liabilities	16,665	2,421	(1,551)	17,535	-
Total	<u>\$ 29,320</u>	<u>\$ 1,521,653</u>	<u>\$ (77,349)</u>	<u>\$ 1,473,624</u>	<u>\$ 22,545</u>

Year Ending June 30,	Direct Borrowings and Placements	
	General Obligation Bonds	
	Principal	Interest
2026	\$ 20,000	\$ 64,788
2027	25,000	63,634
2028	25,000	62,353
2029	25,000	61,072
2030	25,000	59,791
2031-2035	150,000	277,556
2036-2040	195,000	233,609
2041-2045	250,000	179,413
2046-2050	310,000	119,656
2051-2055	385,000	43,641
Total	<u>\$ 1,410,000</u>	<u>\$ 1,165,513</u>

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 9—COMPENSATED ABSENCES:

The County and its Component Unit School Board have accrued the liability arising from all outstanding claims, judgments and compensated absences. The liability for future vacation and sick leave benefits is accrued when such benefits meet the following conditions:

The County’s policy is to pay accrued vacation and compensatory time upon termination. In general, any compensatory and vacation time earned is limited to a maximum of 30 days. School Board and Social Services employees are also paid accrued vacation upon termination, although the amount able to be earned is not capped. Social Services employees are also paid unused sick leave upon termination; such pay is limited to the lesser of 25% of the unused balance or \$2,500.

Because the timing of the settlement of the liability for compensated absences is not estimable, the amount of vacation and sick pay not currently payable by the governmental funds is recorded as a current liability in the government-wide financial statements.

The balances at June 30, 2025 are:

	<u>Beginning Balance, as restated</u>	<u>Increase (Decrease)</u>	<u>Ending Balance</u>
Primary Government:			
Governmental Activities	\$ 275,179	\$ 24,042	\$ 299,221
Component Unit School Board	\$ 848,555	\$ 29,375	\$ 877,930

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

NOTE 10—PENSION PLAN:

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.

The County’s plan has been allocated to the Rappahannock Water & Sewer Authority on the financial statements. However, note disclosures are consolidated for fiscal year June 30, 2024. Separate allocations will be reported going forward.

NOTE 10—PENSION PLAN: (CONTINUED)

Benefit Structures

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

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

Average Final Compensation and Service Retirement Multiplier

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

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

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

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
	<u> </u>	<u> </u>
Inactive members or their beneficiaries currently receiving benefits	58	29
Inactive members:		
Vested inactive members	8	6
Non-vested inactive members	21	17
Inactive members active elsewhere in VRS	<u>57</u>	<u>7</u>
Total inactive members	86	30
Active members	<u>61</u>	<u>28</u>
Total covered employees	<u><u>205</u></u>	<u><u>87</u></u>

Contributions

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

The County’s contractually required employer contribution rate for the year ended June 30, 2025 was 10.43% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$469,723 and \$490,302 for the years ended June 30, 2025 and June 30, 2024, respectively.

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

Contributions (Continued)

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2025 was 3.88% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board’s nonprofessional employees were \$37,007 and \$23,832 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$45,036 and \$9,538 for the County and School Board, respectively, for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$38,389 and \$1,346 for the County and School Board, respectively, for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$1,535,560 and \$53,840 for the County and School Board, respectively, for the year ended June 30, 2025.

Net Pension Liability/Asset

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

Actuarial Assumptions – General Employees

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

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

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

Pre-Retirement:

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

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

Actuarial Assumptions – Public Safety Employee with Hazardous Duty Benefits

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

Inflation	2.5%
Salary increases, including inflation	3.5% – 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	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 RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 10—PENSION PLAN: (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 Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		**Expected arithmetic nominal return	7.07%

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

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

Discount Rate

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

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 19,087,775	\$ 18,353,483	\$ 734,292
Changes for the year:			
Service cost	\$ 493,228	\$ -	\$ 493,228
Interest	1,281,913	-	1,281,913
Differences between expected and actual experience	(52,610)	-	(52,610)
Contributions - employer	-	490,302	(490,302)
Contributions - employee	-	193,639	(193,639)
Net investment income	-	1,763,893	(1,763,893)
Benefit payments, including refunds of employee contributions	(1,179,393)	(1,179,393)	-
Administrative expenses	-	(12,027)	12,027
Other changes	-	352	(352)
Net changes	\$ 543,138	\$ 1,256,766	\$ (713,628)
Balances at June 30, 2024	\$ 19,630,913	\$ 19,610,249	\$ 20,664

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability (Asset): (Continued)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 3,005,529	\$ 3,285,271	\$ (279,742)
Changes for the year:			
Service cost	\$ 68,684	\$ -	\$ 68,684
Interest	199,344	-	199,344
Differences between expected and actual experience	137,543	-	137,543
Contributions - employer	-	23,845	(23,845)
Contributions - employee	-	42,384	(42,384)
Net investment income	-	310,636	(310,636)
Benefit payments, including refunds of employee contributions	(241,947)	(241,947)	-
Administrative expenses	-	(2,189)	2,189
Other changes	-	61	(61)
Net changes	\$ 163,624	\$ 132,790	\$ 30,834
Balances at June 30, 2024	\$ 3,169,153	\$ 3,418,061	\$ (248,908)

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% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County			
Net Pension Liability (Asset)	\$ 2,360,338	\$ 20,664	\$ (1,908,734)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 79,909	\$ (248,908)	\$ (526,331)

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2025, the County and Component Unit School Board (nonprofessional) recognized pension expense of (\$59,683) and (\$55,299), 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	\$ -	\$ 65,615	\$ 76,140	\$ 12,590
Net difference between projected and actual earnings on pension plan investments	-	513,992	-	89,028
Employer contributions subsequent to the measurement date	469,723	-	37,007	-
Total	\$ 469,723	\$ 579,607	\$ 113,147	\$ 101,618

\$469,723 and \$37,007 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 fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2026	\$ (508,741)	\$ (30,691)
2027	137,949	41,433
2028	(100,386)	(17,242)
2029	(108,429)	(18,978)
2030	-	-
Thereafter	-	-

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 10—PENSION PLAN: (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 <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.

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division’s contractually required employer contribution rate for the year ended June 30, 2025 was 14.21% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,008,643 and \$1,088,696 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$70,981 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$60,477 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$2,419,080 for the year ended June 30, 2025.

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

At June 30, 2025, the school division reported a liability of \$6,059,266 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 .06455% as compared to .07127% at June 30, 2023.

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 10—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)

For the year ended June 30, 2025, the school division recognized pension expense of \$509,049. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,051,197	\$ 124,765
Net difference between projected and actual earnings on pension plan investments	-	834,062
Change of assumptions	109,984	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	117,921	532,555
Employer contributions subsequent to the measurement date	<u>1,008,643</u>	<u>-</u>
Total	<u>\$ 2,287,745</u>	<u>\$ 1,491,382</u>

\$1,008,643 was reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2026	\$ (449,732)
2027	402,564
2028	(2,954)
2029	(162,158)
2030	-
Thereafter	-

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 10—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, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

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

Net Pension Liability

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

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 10—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% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 11,256,929	\$ 6,059,266	\$ 1,802,546

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <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 RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 10—PENSION PLAN: (CONTINUED)

Primary Government and Component Unit School Board

Aggregate Pension Information

	VRS Pension Plans			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
<u>Primary Government</u>				
Primary Government	\$ 462,795	\$ 570,785	\$ 20,359	\$ (58,489)
<u>Component Unit Water and Sewer Authority</u>				
Water and Sewer Authority	\$ 6,928	\$ 8,822	\$ 305	\$ (1,194)
<u>Component Unit School Board</u>				
School Board Nonprofessional	\$ 113,147	\$ 101,618	\$ (248,908)	\$ (55,299)
School Board Professional	2,287,745	1,491,382	6,059,266	509,049
Totals	<u>\$ 2,400,892</u>	<u>\$ 1,593,000</u>	<u>\$ 5,810,358</u>	<u>\$ 453,750</u>

NOTE 11—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):

Plan Description

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

The County’s plan has been allocated to the Rappahannock Water & Sewer Authority on the financial statements. However, note disclosures are consolidated for fiscal year June 30, 2024. Separate allocations will be reported going forward.

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 11—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Employees Covered by Benefit Terms

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

	Primary Government Number	Component Unit School Board (nonprofessional) Number
Inactive members or their beneficiaries currently receiving benefits	12	7
Vested inactive members	-	2
Active members	19	35
Total covered employees	<u>31</u>	<u>44</u>

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 11—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County’s contractually required employer contribution rate for the year ended June 30, 2024 was .17% of covered employee compensation. The Component Unit School Board (nonprofessional)’s contractually required employer contribution rate for the year ended June 30, 2025 was 0% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the HIC Plan were \$1,967 and \$1,805 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions from the Component Unit School Board (nonprofessional) to the HIC Plan were \$0 and \$289 for the years ended June 30, 2025 and June 30, 2024, respectively.

Net HIC OPEB Liability

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

Actuarial Assumptions

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

Inflation	2.5%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 11—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 11—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 11—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 11—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Discount Rate

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

Changes in Net HIC OPEB Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 46,451	\$ 29,923	\$ 16,528
Changes for the year:			
Service cost	\$ 734	\$ -	\$ 734
Interest	3,061	-	3,061
Differences between expected and actual experience	(5,542)	-	(5,542)
Contributions - employer	-	1,805	(1,805)
Net investment income	-	2,719	(2,719)
Benefit payments	(3,666)	(3,666)	-
Administrative expenses	-	(36)	36
Net changes	\$ (5,413)	\$ 822	\$ (6,235)
Balances at June 30, 2024	\$ 41,038	\$ 30,745	\$ 10,293

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 11—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Changes in Net HIC OPEB Liability (Asset) (Continued)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 50,545	\$ 61,461	\$ (10,916)
Changes for the year:			
Service cost	\$ 762	\$ -	\$ 762
Interest	3,389	-	3,389
Differences between expected and actual experience	(3,543)	-	(3,543)
Contributions - employer	-	289	(289)
Net investment income	-	5,670	(5,670)
Benefit payments	(2,212)	(2,212)	-
Administrative expenses	-	(77)	77
Other changes	-	(1)	1
Net changes	\$ (1,604)	\$ 3,669	\$ (5,273)
Balances at June 30, 2024	\$ 48,941	\$ 65,130	\$ (16,189)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's			
Net HIC OPEB Liability (Asset)	\$ 14,184	\$ 10,293	\$ 6,959
Component Unit School Board's (nonprofessional)			
Net HIC OPEB Liability (Asset)	\$ (11,491)	\$ (16,189)	\$ (20,217)

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 11—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

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

For the year ended June 30, 2025, the County recognized HIC Plan OPEB expense of \$4,740. The Component Unit School Board (nonprofessional) recognized HIC Plan OPEB expense of (\$4,734). At June 30, 2025, reported deferred outflows of resources and deferred inflows of resources related to the County and Component Unit School Board (nonprofessional)'s HIC Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Primary Government		
Differences between expected and actual experience	\$ 4,479	\$ 4,600
Net difference between projected and actual earnings on HIC OPEB plan investments	-	623
Change in assumptions	4,992	-
Employer contributions subsequent to the measurement date	<u>1,967</u>	<u>-</u>
Total	<u>\$ 11,438</u>	<u>\$ 5,223</u>
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Component Unit School Board (nonprofessional)		
Differences between expected and actual experience	\$ 148	\$ 10,289
Net difference between projected and actual earnings on HIC OPEB plan investments	-	1,303
Change in assumptions	<u>1,032</u>	<u>-</u>
Total	<u>\$ 1,180</u>	<u>\$ 11,592</u>

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 11—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

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

\$1,967 was reported as deferred outflows of resources related to the HIC OPEB resulting from the County’s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2026. \$0 was 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 fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2026	\$ 1,920	\$ (4,890)
2027	2,359	(3,214)
2028	120	(1,692)
2029	(151)	(616)
2030	-	-
Thereafter	-	-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <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.

NOTE 12—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):

Plan Description

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 12—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):

Plan Description (Continued)

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.

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2025 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were \$85,887 and \$83,983 for the years ended June 30, 2025 and June 30, 2024, respectively.

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 12—TEACHER EMPLOYEE-HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

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

At June 30, 2025, the school division reported a liability of \$748,629 for its proportionate share of the VRS Teacher Employee HIC Plan 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 .06478% as compared to .07135% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized VRS Teacher Employee HIC OPEB expense of \$42,147. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 35,468
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	2,663
Change in assumptions	12,897	-
Change in proportionate share	21,646	78,338
Employer contributions subsequent to the measurement date	<u>85,887</u>	<u>-</u>
Total	<u>\$ 120,430</u>	<u>\$ 116,469</u>

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 12—TEACHER EMPLOYEE-HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

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

\$85,887 was reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2026	\$	(17,249)
2027		(11,723)
2028		(13,026)
2029		(15,590)
2030		(13,173)
Thereafter		(11,165)

Actuarial Assumptions

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

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

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 12—TEACHER EMPLOYEE-HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers (Continued)

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2024, NOL amounts for the VRS Teacher Employee 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)	\$	<u>1,155,648</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		21.82%

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 12—TEACHER EMPLOYEE-HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Net Teacher Employee HIC OPEB Liability (Continued)

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

Long-Term Expected Rate of Return

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

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

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

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 12—TEACHER EMPLOYEE-HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Discount Rate

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

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 851,378	\$ 748,629	\$ 661,540

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <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 RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

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

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

The County's plan has been allocated to the Rappahannock Water & Sewer Authority on the financial statements. However, note disclosures are consolidated for fiscal year June 30, 2024. Separate allocations will be reported going forward.

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 RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$21,184 and \$22,508 for the years ended June 30, 2025 and June 30, 2024, respectively, for the County; \$4,483 and \$5,204 for the years ended June 30, 2025 and June 30, 2024, respectively, for the School Board (nonprofessional); \$33,361 and \$37,480 for the years ended June 30, 2025 and June 30, 2024, respectively, for the School Board (professional).

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 \$181,114 for the County; \$41,487 for the School Board (nonprofessional); and \$301,634 for the 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, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was .01623% as compared to .01638% at June 30, 2023 for the County. At June 30, 2024, the participating employer's proportion was .00375% as compared to .00370% at June 30, 2023 for the School Board (nonprofessional). At June 30, 2024, the participating employer's proportion was .02703% as compared to .03020% at June 30, 2023 for the School Board (professional).

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$7,601 (County), \$1,548 (School Board – nonprofessional), and \$844 (School Board – professional). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Primary Government		
Differences between expected and actual experience	\$ 28,566	\$ 4,424
Net difference between projected and actual earnings on GLI OPEB program investments	-	15,266
Change in assumptions	1,032	8,976
Changes in proportionate share	4,668	4,910
Employer contributions subsequent to the measurement date	<u>21,184</u>	<u>-</u>
Total	<u>\$ 55,450</u>	<u>\$ 33,576</u>
Component Unit School Board (nonprofessional)		
Differences between expected and actual experience	\$ 6,600	\$ 1,022
Net difference between projected and actual earnings on GLI OPEB program investments	-	3,527
Change in assumptions	239	2,074
Changes in proportionate share	2,092	144
Employer contributions subsequent to the measurement date	<u>4,483</u>	<u>-</u>
Total	<u>\$ 13,414</u>	<u>\$ 6,767</u>
Component Unit School Board (professional)		
Differences between expected and actual experience	\$ 47,575	\$ 7,368
Net difference between projected and actual earnings on GLI OPEB program investments	-	25,425
Change in assumptions	1,719	14,948
Changes in proportionate share	5,389	33,772
Employer contributions subsequent to the measurement date	<u>33,361</u>	<u>-</u>
Total	<u>\$ 88,044</u>	<u>\$ 81,513</u>

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

\$21,184 (County), \$4,483 (School Board nonprofessional), and \$33,361 (School Board professional) were reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>	<u>Component Unit School Board (professional)</u>
2026	\$ (7,043)	\$ (1,365)	\$ (18,330)
2027	3,366	1,288	1,102
2028	754	620	(5,582)
2029	1,070	879	(2,966)
2030	2,543	742	(1,054)
Thereafter	-	-	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers (Continued)

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

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

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

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

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

NET GLI OPEB Liability

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

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

NET GLI OPEB Liability (Continued)

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

Long-Term Expected Rate of Return

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

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

*The above allocation provides a one-year expected return of 7.07% (including 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 RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 13—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Discount Rate

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

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 281,656	\$ 181,114	\$ 99,890
School Board (nonprofessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 65,078	\$ 41,847	\$ 23,080
School Board (professional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 469,080	\$ 301,634	\$ 166,359

GLI Plan Fiduciary Net Position

Detailed information about the GLI Program’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <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 RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (OPEB):

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan):

County and Rappahannock Water and Sewer Authority

Plan Description

In addition to the pension benefits described in Note 10, the County administers a single-employer defined benefit healthcare plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County’s pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits that are provided to eligible retirees include Medical, Dental, and Life insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. In addition, the County provides a fixed basic death benefit for all retirees.

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County Board. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2025 was \$10,632.

Total OPEB Liability

The County’s total OPEB liability was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

Inflation	2.60% per year as of June 30, 2024
Salary Increases	The salary increase rate used the VRS Teacher's salary increase assumption
Discount Rate	3.97% for accounting and funding disclosures as of June 30, 2024

The mortality rates for post-retirement retirees was calculated using the RP2014 Blue Collar Fully Generational Combined Healthy Table projected with Scale MP2014.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

County and Rappahannock Water and Sewer Authority (Continued)

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The final equivalent single discount rate used for this year’s valuation is 3.97%.

Changes in Total OPEB Liability

		Primary Government Total OPEB Liability
Balances at June 30, 2023	\$	779,456
Changes for the year:		
Service cost		61,775
Interest		29,860
Experience losses		(1,143)
Changes in assumptions		(13,290)
Benefit payments		(10,632)
Net changes		<u>66,570</u>
Balances at June 30, 2024	\$	<u><u>846,026</u></u>

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.97%) or one percentage point higher (4.97%) than the current discount rate:

	Rate		
	1% Decrease (2.97%)	Current Discount Rate (3.97%)	1% Increase (4.97%)
\$	978,421	\$ 846,026	\$ 737,407

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

County and Rappahannock Water and Sewer Authority (Continued)

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

The following presents the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (3.04%) or one percentage point higher (5.04%) than the current healthcare cost trend rates:

Rates		
Healthcare Cost		
1% Decrease to (3.04%)	Trend (4.04%)	1% Increase to (5.04%)
\$ 705,497	\$ 846,026	\$ 1,027,660

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

For the year ended June 30, 2025, the County recognized OPEB expense in the amount of \$70,471. At June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 92,477	\$ 24,404
Changes in assumptions	14,003	115,858
Total	<u>\$ 106,480</u>	<u>\$ 140,262</u>

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

Year Ended June 30	
2026	\$ (36,426)
2027	(26,974)
2028	16,010
2029	16,011
2030	(2,403)
Thereafter	-

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

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

School Board

Plan Description

In addition to the pension benefits described in Note 10, the School Board administers a single-employer defined benefit healthcare plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board’s pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees include Medical, Dental, and Life insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. In addition, the School Board provides a fixed basic death benefit for all retirees.

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2025 was \$0.

Total OPEB Liability

The School Board’s total OPEB liability was measured as of June 30, 2025. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of March 1, 2024, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2025.

Actuarial Assumptions

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

Inflation	2.60% per year as of July 1, 2024
Salary Increases	The salary increase rate used the VRS Teacher's salary increase assumption
Discount Rate	4.81% for accounting and funding disclosures as of June 30, 2025

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

School Board (Continued)

Actuarial Assumptions (Continued)

The VRS demographic assumptions for teachers; and assumed no disability and no preretirement mortality.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the 20-year GO bond index as of June 30, 2025. The final equivalent single discount rate used for this year’s valuation is 4.81%.

Changes in Total OPEB Liability

		Component Unit School Board Total OPEB Liability
Balances at June 30, 2024	\$	651,164
Changes for the year:		
Service cost		21,495
Interest		25,972
Changes in experience		8,161
Changes in assumptions		(40,330)
Benefit payments		(45,048)
Net changes		(29,750)
Balances at June 30, 2025	\$	621,414

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.81%) or one percentage point higher (5.81%) than the current discount rate:

	Rate		
	1% Decrease (3.81%)	Current Discount Rate (4.81%)	1% Increase (5.81%)
\$	669,681	\$ 621,414	\$ 576,533

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

School Board (Continued)

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

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (3.04%) or one percentage point higher (5.04%) than the current healthcare cost trend rates:

		Rates		
		1% Decrease to (3.04%)	Healthcare Cost Trend (4.04%)	1% Increase to (5.04%)
\$	556,899	\$	621,414	\$ 697,726

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

For the year ended June 30, 2025, the School Board recognized OPEB expense in the amount of (\$47,990). At June 30, 2025, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 29,285	\$ 219,460
Changes in assumptions	29,120	213,138
Total	\$ 58,405	\$ 432,598

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

Year Ended June 30	
2026	\$ (94,585)
2027	(98,887)
2028	(110,172)
2029	(24,329)
2030	(21,100)
Thereafter	(25,120)

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

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 14—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

Primary Government and Component Unit School Board

Aggregate OPEB Information

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liability (Asset)</u>	<u>OPEB Expense</u>
Primary Government				
VRS OPEB Plans:				
Group Life Insurance Program (Note 13):				
County	\$ 53,670	\$ 33,082	\$ 177,993	\$ 7,489
County Health Insurance Credit Program (Note 11)	11,438	5,223	10,293	4,740
County Stand-Alone Plan (Note 14)	104,909	138,036	831,612	69,259
Totals	<u>\$ 170,017</u>	<u>\$ 176,341</u>	<u>\$ 1,019,898</u>	<u>\$ 81,488</u>
Component Unit Water and Sewer Authority				
VRS OPEB Plans:				
Group Life Insurance Program (Note 13):				
County	\$ 1,780	\$ 494	\$ 3,121	\$ 112
County Stand-Alone Plan (Note 14)	1,571	2,226	14,414	1,212
Totals	<u>\$ 3,351</u>	<u>\$ 2,720</u>	<u>\$ 17,535</u>	<u>\$ 1,324</u>
Component Unit School Board				
VRS OPEB Plans:				
Group Life Insurance Program (Note 13):				
School Board Nonprofessional	\$ 13,414	\$ 6,767	\$ 41,847	\$ 844
School Board Professional	88,044	81,513	301,634	1,548
School Board Health Insurance Credit Program (Note 11)	1,180	11,592	(16,189)	(4,734)
Teacher Health Insurance Credit Program (Note 12)	120,430	116,469	748,629	42,147
School Stand-Alone Plan (Note 14)	58,405	432,598	621,414	(47,990)
Totals	<u>\$ 281,473</u>	<u>\$ 648,939</u>	<u>\$ 1,697,335</u>	<u>\$ (8,185)</u>

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 15—LEASES:

The County has obtained various assets through long-term leases. The terms and conditions for these leases vary. The leases have fixed, periodic payments over the lease term. Individual lease information for long-term leases held as of June 30, 2025 is presented below:

<u>Lease Description</u>	<u>Initial Term</u>	<u>Installments</u>	<u>Discount Rate</u>
Copiers - Xerox	60 Months	\$103 per month	6.00%
Copiers - Xerox	60 Months	\$146 per month	6.00%
Copiers - Xerox	60 Months	\$206 per month	6.00%
Copiers - Ricoh USA	60 Months	\$1,632 annually	6.00%
Copiers - Xerox	60 Months	\$124 per month	6.00%
Copiers - Xerox	60 Months	\$91 per month	6.00%
Copiers - Xerox	60 Months	\$91 per month	6.00%
Toyota Camry	36 Months	\$479 per month	6.00%
DSS Office Space	16 Months	\$2,926 - \$3,072 per month	6.00%
Tower Site	60 Months	\$361 per month	6.00%
Toyota Rav4	36 Months	\$652 per month	6.00%
Toyota Highlander	36 Months	\$609 per month	6.00%
Copiers - Canon	60 Months	\$143 per month	6.00%
Copiers - Xerox	60 Months	\$153 per month	6.00%
Copiers - Xerox	60 Months	\$80 per month	6.00%

The future principal and interest payments as of June 30, 2025 were as follows:

Primary Government - Lease Liabilities									
	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>	<u>FY31-35</u>	<u>FY36-40</u>	<u>FY41-44</u>	<u>Total</u>
<u>Buildings</u>									
Principal	\$ 51,494	\$ 53,309	\$ 55,185	\$ 57,125	\$ 59,131	\$ 281,051	\$ -	\$ -	\$ 557,295
Interest	8,740	13,934	12,568	11,154	9,691	16,592	-	-	72,679
Total	<u>\$ 60,234</u>	<u>\$ 67,243</u>	<u>\$ 67,753</u>	<u>\$ 68,279</u>	<u>\$ 68,822</u>	<u>\$ 297,643</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 629,974</u>
<u>Vehicles</u>									
Principal	\$ 15,297	\$ 10,743	\$ 10,107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,147
Interest	1,964	699	138	-	-	-	-	-	2,801
Total	<u>\$ 17,261</u>	<u>\$ 11,442</u>	<u>\$ 10,245</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,948</u>
<u>Land Improvements</u>									
Principal	\$ 2,480	\$ 2,552	\$ 2,626	\$ 2,702	\$ 2,780	\$ 15,149	\$ 17,466	\$ 20,137	\$ 65,892
Interest	1,846	1,774	1,700	1,625	1,546	6,481	4,164	1,493	20,629
Total	<u>\$ 4,326</u>	<u>\$ 4,326</u>	<u>\$ 4,326</u>	<u>\$ 4,327</u>	<u>\$ 4,326</u>	<u>\$ 21,630</u>	<u>\$ 21,630</u>	<u>\$ 21,630</u>	<u>\$ 86,521</u>
<u>Copiers</u>									
Principal	\$ 11,657	\$ 5,133	\$ 3,686	\$ 318	\$ -	\$ -	\$ -	\$ -	\$ 20,794
Interest	380	226	125	25	-	-	-	-	756
Total	<u>\$ 12,037</u>	<u>\$ 5,359</u>	<u>\$ 3,811</u>	<u>\$ 343</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,550</u>
<u>Total Lease Liabilities</u>									
Principal	\$ 80,928	\$ 71,737	\$ 71,604	\$ 60,145	\$ 61,911	\$ 296,200	\$ 17,466	\$ 20,137	\$ 680,128
Interest	<u>\$ 12,930</u>	<u>\$ 16,633</u>	<u>\$ 14,531</u>	<u>\$ 12,804</u>	<u>\$ 11,237</u>	<u>\$ 23,073</u>	<u>\$ 4,164</u>	<u>\$ 1,493</u>	<u>\$ 96,865</u>

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 15—LEASES: (CONTINUED)

The School Board has obtained copiers through long-term leases. The terms and conditions for these leases vary. The leases have fixed, periodic payments over the lease term. Individual lease information for long-term leases held as of June 30, 2025 is presented below:

<u>Lease Description</u>	<u>Initial Term</u>	<u>Installments</u>	<u>Discount Rate</u>
Copiers - Ricoh USA	48 Months	\$539 per month	2.33%

The future principal and interest payments as of June 30, 2025 were as follows:

<u>Fiscal Year</u>	<u>Component Unit School Board - Lease Liabilities</u>		
	<u>Copiers</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 6,443	\$ 444	\$ 6,887
2027	6,594	293	6,887
2028	6,748	138	6,886
2029	2,283	11	2,294
Total	\$ 22,068	\$ 886	\$ 22,954

NOTE 16—UNAVAILABLE/DEFERRED/UNEARNED 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.

	<u>Government-wide Statements Governmental Activities</u>	<u>Balance Sheet Governmental Funds</u>
Primary Government:		
Unavailable/deferred revenue:		
Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	\$ -	\$ 972,207
Prepaid property taxes representing collections received for property taxes that are applicable to the subsequent budget year.	180,989	180,989
Total unavailable/deferred revenue	\$ 180,989	\$ 1,153,196

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 17—COMMITMENTS AND CONTINGENCIES:

Primary Government and Component Unit School Board:

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

NOTE 18—LITIGATION:

At June 30, 2025, there are matters of litigation pending against the County. Counsel is of the opinion that no claim for damages will be awarded.

NOTE 19—SURETY BONDS:

Virginia Department of Risk Management & Surety:		
Kaitlin R. Struckmann, Clerk of the Circuit Court	\$	365,000
Debra Knick, Treasurer		300,000
Mary Graham, Commissioner of the Revenue		3,000
Connie S. Compton, Sheriff		30,000
Above constitutional officers' employees - blanket bond		50,000
Gail E. Czekaj, Clerk of the School Board		10,000
Shannon Grimsley, Superintendent		10,000
United States Fidelity and Guaranty Company - Surety:		
All Department of Social Services Employees - blanket bond		100,000
Art Goff - Surety:		
Garrey W. Curry, Jr., County Administrator		1,000
Robert L. Whitson - Surety:		
Keir A. Whitson, Supervisor		1,000
James Donehey - Surety:		
Debbie P. Donehey, Supervisor		1,000
Kenneth A. Comer - Surety:		
Donna D. Comer, Supervisor		1,000
Ryan B. Allred - Surety:		
Christine Smith, Supervisor		1,000
Julia Carney - Surety:		
Van C. Carney, Supervisor		1,000

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 20—RISK MANAGEMENT:

The primary government and its component units are exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; workers' compensation claims and natural disasters.

The County contracts with the Virginia Association of Counties Municipal Liability Pool to provide for insurance coverages for these risks of loss. In the event of a loss deficit and depletion of all assets and available insurance of the Pool, the Pool may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The property coverage is for specific amounts based on values assigned to the insured properties. Liability coverage is for \$3,000,000.

The School Board contracts with private insurers for property and liability coverages. Property coverages are for specific property values and liability coverages are \$20,000,000 and \$2,000,000, respectively.

Unemployment Insurance:

The County and School Board are responsible for unemployment claims. The Virginia Employment Commission bills the County for all unemployment claims.

Employee Health Insurance:

The County and School Board have contracted with a private carrier for health insurance coverages.

Other:

The County and its component units have had no reductions in insurance coverages from the prior year. There have been no settlements in excess of insurance coverages for the past three years.

NOTE 21—ACCRUED LANDFILL REMEDIATION COST:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$825,222 reported as landfill closure and postclosure care liability at June 30, 2025, represents the cumulative amount reported based on the use of 100% of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2025. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The landfill was closed in December 2007.

The County has demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code. During 2025, the County and Department of Environmental Quality changed the use of the landfill, reducing the accrued landfill costs by \$2,913,925. This decrease in liability was reported as a special item on the Statement of Activities.

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 22—INTERGOVERNMENTAL AGREEMENTS:

In March 2020, the County entered into a Landfill Use Agreement with the County of Page (“Page”) that permits the County to use Page’s Battle Creek landfill for waste disposal, provides for recyclables receipt and processing, and provides services for waste and recyclables hauling all at rates defined by the agreement. The term of the agreement is ten-years with two five-year extension options. In fiscal year 2025, the County paid Page \$263,717 in connection with the agreement.

In September 2016, the County entered into a Public Safety Radio System Upgrade Project together with Fauquier County and Culpeper County. The contract and associated Board actions share the overall cost of the regional project on a 50/40/10 basis among Fauquier/Culpeper/Rappahannock respectively. Rappahannock County’s financial obligation for the project (10% of the total) is \$760,000. Following the warranty period, the County is responsible for 10% of the regional system maintenance cost. In FY 2025, the County paid L3Harris \$42,063, which equates to a 10% share of the annual maintenance service contract cost for the regional system.

NOTE 23—RELATED PARTY TRANSACTIONS:

The County pays the payroll for the Water and Sewer Authority, which then reimburses the County for the costs. The County recorded \$150,874 of such reimbursements in fiscal year 2025.

NOTE 24—DEFERRED COMPENSATION PLAN:

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan assets are not subject to claims from the County’s general creditors.

NOTE 25—EXPENDITURES AND APPROPRIATIONS:

Expenditures exceeded appropriations in the following functions of the General Fund: Nondepartmental (\$720), and Debt service (\$18,861). The expenditures were less than appropriations within these functions until year end adjustments related to GASB were recognized.

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 26—FUND BALANCE:

The following table provides additional information regarding the County’s governmental fund balances as of June 30, 2025:

	<u>General Fund</u>	<u>Library Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable fund balance:				
Prepaid items	\$ 52,211	\$ 5,978	\$ -	\$ 58,189
Corpus of permanent fund	-	425,513	-	425,513
Total nonspendable fund balance	<u>\$ 52,211</u>	<u>\$ 431,491</u>	<u>\$ -</u>	<u>\$ 483,702</u>
Restricted fund balance:				
Tourism	\$ 16,039	\$ -	\$ -	\$ 16,039
Fire levy	280,202	-	-	280,202
Unspent grants and contributions	373,365	-	-	373,365
Total restricted fund balance	<u>\$ 669,606</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 669,606</u>
Committed fund balance:				
Capital projects	\$ 1,533,263	\$ -	\$ -	\$ 1,533,263
Emergency medical transport	-	-	4,394	4,394
Library operations	-	1,579,042	-	1,579,042
Total committed fund balance	<u>\$ 1,533,263</u>	<u>\$ 1,579,042</u>	<u>\$ 4,394</u>	<u>\$ 3,116,699</u>
Assigned fund balance:				
Future expenditures:				
General government administration	\$ 446,145	\$ -	\$ -	\$ 446,145
Judicial administration	15,800	-	-	15,800
Public safety	10,000	-	-	10,000
Education	553,139	-	-	553,139
Parks, recreation and cultural	4,350	-	-	4,350
Community development	55,000	-	-	55,000
Capital projects	108,799	-	-	108,799
Total assigned fund balance	<u>\$ 1,193,233</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,193,233</u>
Unassigned fund balance:				
Liquidity reserve	\$ 3,380,002	\$ -	\$ -	3,380,002
Budget stabilization reserve	2,000,000	-	-	2,000,000
Unassigned	3,109,083	-	-	3,109,083
Total unassigned fund balance	<u>\$ 8,489,085</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,489,085</u>
Total fund balance	<u><u>\$ 11,937,398</u></u>	<u><u>\$ 2,010,533</u></u>	<u><u>\$ 4,394</u></u>	<u><u>\$ 13,952,325</u></u>

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 27—ADOPTION OF ACCOUNTING PRINCIPLES AND RESTATEMENT OF BEGINNING BALANCES:

During fiscal year 2025, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. GASB 101 establishes recognition and measurement guidance for compensated absences, such as vacation and sick leave, to enhance the consistency and comparability of financial reporting. The implementation of this standard resulted in a restatement of beginning balances.

	<u>Net Position</u> <u>Component Unit</u> <u>Water and Sewer</u> <u>Authority</u>
Net position, July 1, 2024, as previously stated	\$ (204,482)
Compensated absences in accordance with GASB Statement No. 101	<u>(423,056)</u>
Net position as of July 1, 2024, as restated	<u><u>\$ (627,538)</u></u>

NOTE 28—INTERFUND OBLIGATIONS:

Details of interfund receivables and payables as of June 30, 2025 are as follows

<u>Fund</u>	<u>Interfund</u> <u>Receivable</u>	<u>Interfund</u> <u>Payable</u>
General Fund	\$ 30,000	\$ 2,634
Emergency Medical Transport Fund	6,971	-
Library Fund	-	4,337
ARPA Fund	-	30,000
Total	<u>\$ 36,971</u>	<u>\$ 36,971</u>

Details of obligations between the primary government and component units as of June 30, 2025 are as follows:

<u>Fund</u>	<u>Due from</u> <u>Component Unit</u>	<u>Due to</u> <u>Primary Government</u>
Primary government - general fund	\$ 753,408	\$ -
Component unit - school board	-	741,892
Component unit - water and sewer authority	-	11,516
Total	<u>\$ 753,408</u>	<u>\$ 753,408</u>

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Financial Statements
June 30, 2025 (Continued)

NOTE 29—UPCOMING PRONOUNCEMENTS:

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

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

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

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

Required Supplementary Information

Budgetary Comparison Schedule
 General Fund
 Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Revenue from local sources:				
Property taxes:				
Real property taxes	\$ 10,822,918	\$ 10,832,779	\$ 10,916,813	\$ 84,034
Real and personal public service corporation property taxes	319,872	319,872	327,899	8,027
Personal property taxes	2,229,565	2,229,565	2,252,462	22,897
Mobile home taxes	500	500	322	(178)
Fire real property taxes	1,169,773	1,169,773	1,177,876	8,103
Fire personal property taxes	169,364	169,364	176,405	7,041
Penalties	120,000	120,000	116,932	(3,068)
Interest	107,000	107,000	115,536	8,536
Total property taxes	<u>\$ 14,938,992</u>	<u>\$ 14,948,853</u>	<u>\$ 15,084,245</u>	<u>\$ 135,392</u>
Other local taxes:				
Local sales and use taxes	\$ 1,037,000	\$ 1,037,000	\$ 1,092,991	\$ 55,991
Consumers' utility taxes	180,000	180,000	182,681	2,681
Gross receipts tax	28,000	28,000	31,092	3,092
Motor vehicle licenses	210,000	210,000	212,275	2,275
Bank franchise taxes	122,000	122,000	94,119	(27,881)
Taxes on recordation of wills	135,000	135,000	156,008	21,008
Additional tax on deeds	45,000	45,000	46,576	1,576
Meals and lodging taxes	580,380	580,380	563,839	(16,541)
E-911 telephone tax	50,000	50,000	53,030	3,030
Total other local taxes	<u>\$ 2,387,380</u>	<u>\$ 2,387,380</u>	<u>\$ 2,432,611</u>	<u>\$ 45,231</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 7,500	\$ 7,500	\$ 6,018	\$ (1,482)
Zoning fees	25,000	25,000	27,265	2,265
Land use application fees	3,500	3,500	4,582	1,082
Building and related permits	150,000	150,000	148,720	(1,280)
Transfer fees	400	400	344	(56)
Other permits and fees	1,200	1,200	1,425	225
Total permits, privilege fees and regulatory licenses	<u>\$ 187,600</u>	<u>\$ 187,600</u>	<u>\$ 188,354</u>	<u>\$ 754</u>
Fines and forfeitures:				
Law library	\$ 750	\$ 977	\$ 1,165	\$ 188
Court fines and forfeitures	130,000	115,000	113,118	(1,882)
Total fines and forfeitures	<u>\$ 130,750</u>	<u>\$ 115,977</u>	<u>\$ 114,283</u>	<u>\$ (1,694)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 568,000	\$ 568,000	\$ 587,933	\$ 19,933
Revenue from use of property	4,000	4,000	5,652	1,652
Total revenue from use of money and property	<u>\$ 572,000</u>	<u>\$ 572,000</u>	<u>\$ 593,585</u>	<u>\$ 21,585</u>

Budgetary Comparison Schedule
 General Fund (Continued)
 Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues (Continued):				
Revenue from local sources (continued):				
Charges for services:				
Sheriff fees	\$ 500	\$ 500	\$ 50	\$ (450)
Charges for Commonwealth's Attorney	500	500	573	73
Charges for concealed weapons fees	5,000	5,000	6,351	1,351
Charges for courthouse security fees	58,000	58,000	73,379	15,379
Charges for courthouse maintenance fees	6,000	6,000	7,814	1,814
Other sheriff charges	8,900	8,900	9,733	833
Refuse disposal charges	63,840	63,840	59,280	(4,560)
Charges for landfill fees	6,500	6,500	11,117	4,617
	<u>\$ 149,240</u>	<u>\$ 149,240</u>	<u>\$ 168,297</u>	<u>\$ 19,057</u>
Total charges for services				
Miscellaneous:				
VPA refunds	\$ -	\$ -	\$ 2,987	\$ 2,987
Opioid settlements	-	14,852	17,505	2,653
Proceeds from tax sale	-	-	241,348	241,348
Miscellaneous	68,907	105,140	96,403	(8,737)
	<u>\$ 68,907</u>	<u>\$ 119,992</u>	<u>\$ 358,243</u>	<u>\$ 238,251</u>
Total miscellaneous				
Recovered costs:				
Commonwealth jail costs	\$ -	\$ -	\$ 20	\$ 20
Sperryville staffing	25,655	25,655	39,418	13,763
Water and sewer authority	182,500	182,500	151,066	(31,434)
	<u>\$ 208,155</u>	<u>\$ 208,155</u>	<u>\$ 190,504</u>	<u>\$ (17,651)</u>
Total recovered costs				
Total revenue from local sources				
	<u>\$ 18,643,024</u>	<u>\$ 18,689,197</u>	<u>\$ 19,130,122</u>	<u>\$ 440,925</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications sales and use tax	\$ 228,000	\$ 228,000	\$ 225,067	\$ (2,933)
Forestry sustainability fund	-	56,641	56,641	-
Motor vehicle carrier's tax	70	70	43	(27)
Auto rental DMV	200	200	3	(197)
Personal property tax relief	945,168	945,168	945,168	-
	<u>\$ 1,173,438</u>	<u>\$ 1,230,079</u>	<u>\$ 1,226,922</u>	<u>\$ (3,157)</u>
Total noncategorical aid				

Budgetary Comparison Schedule
 General Fund (Continued)
 Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues (Continued):				
Intergovernmental (continued):				
Revenue from the Commonwealth (continued):				
Categorical aid:				
Shared Expenses:				
Commonwealth's attorney	\$ 215,025	\$ 215,025	\$ 213,473	\$ (1,552)
Sheriff	848,857	848,857	845,020	(3,837)
Commissioner of the Revenue	109,135	109,135	108,754	(381)
Treasurer	121,785	121,785	121,792	7
Registrar/electoral board	63,000	63,000	63,991	991
Clerk of the Circuit Court	<u>263,848</u>	<u>263,848</u>	<u>249,075</u>	<u>(14,773)</u>
Total shared expenses	<u>\$ 1,621,650</u>	<u>\$ 1,621,650</u>	<u>\$ 1,602,105</u>	<u>\$ (19,545)</u>
Welfare:				
Welfare administration and assistance	<u>\$ 495,870</u>	<u>\$ 495,870</u>	<u>\$ 410,699</u>	<u>\$ (85,171)</u>
Other categorical aid:				
Wireless grant	\$ 22,799	\$ 28,799	\$ 28,799	-
Litter control	2,000	668	668	-
Asset forfeiture	-	-	13,028	13,028
VJCCA grant	9,673	9,673	9,673	-
Comprehensive services	495,398	495,398	418,775	(76,623)
Records preservation grant	-	36,124	21,996	(14,128)
Emergency services grant	-	3,500	3,500	-
Four-for-life EMS	9,443	9,443	9,469	26
Fire programs	30,000	37,217	37,217	-
Commission for the Arts	-	4,500	4,500	-
Victim witness assistance	-	30,090	28,372	(1,718)
Law enforcement	<u>4,000</u>	<u>17,500</u>	<u>16,768</u>	<u>(732)</u>
Total other categorical aid	<u>\$ 573,313</u>	<u>\$ 672,912</u>	<u>\$ 592,765</u>	<u>\$ (80,147)</u>
Total categorical aid	<u>\$ 2,690,833</u>	<u>\$ 2,790,432</u>	<u>\$ 2,605,569</u>	<u>\$ (184,863)</u>
Total revenue from the Commonwealth	<u>\$ 3,864,271</u>	<u>\$ 4,020,511</u>	<u>\$ 3,832,491</u>	<u>\$ (188,020)</u>
Revenue from the Federal Government:				
Payments in lieu of taxes	<u>\$ 104,000</u>	<u>\$ 104,000</u>	<u>\$ 109,885</u>	<u>\$ 5,885</u>
Categorical aid:				
Welfare:				
Administration and public assistance	<u>\$ 870,658</u>	<u>\$ 905,858</u>	<u>\$ 893,704</u>	<u>\$ (12,154)</u>

Budgetary Comparison Schedule
 General Fund (Continued)
 Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues (Continued):				
Intergovernmental (continued):				
Revenue from the Federal Government (continued):				
Other categorical aid:				
ARPA Act funds	\$ -	\$ -	\$ 30,000	\$ 30,000
Law enforcement grants	214,968	214,960	147,087	(67,873)
Asset forfeiture	-	-	9,574	9,574
	<u>214,968</u>	<u>214,960</u>	<u>186,661</u>	<u>(28,299)</u>
Total other categorical aid	\$ 214,968	\$ 214,960	\$ 186,661	\$ (28,299)
Total categorical aid	\$ 1,085,626	\$ 1,120,818	\$ 1,080,365	\$ (40,453)
Total revenue from the Federal Government	\$ 1,189,626	\$ 1,224,818	\$ 1,190,250	\$ (34,568)
Total revenues	\$ 23,696,921	\$ 23,934,526	\$ 24,152,863	\$ 218,337
Expenditures:				
Current:				
General government administration:				
Board of supervisors	\$ 297,341	\$ 260,315	\$ 191,181	\$ 69,134
County administrator	621,217	661,175	637,496	23,679
Legal services	69,177	69,177	56,522	12,655
Other professional services	89,000	89,000	84,558	4,442
Commissioner of the Revenue	347,748	349,060	320,076	28,984
Treasurer	424,110	422,797	401,106	21,691
Land use administration	2,828	2,828	1,261	1,567
Electoral board and officials	70,548	70,548	59,846	10,702
Registrar	214,741	214,741	210,055	4,686
	<u>2,136,710</u>	<u>2,139,641</u>	<u>1,962,101</u>	<u>177,540</u>
Total general government administration	\$ 2,136,710	\$ 2,139,641	\$ 1,962,101	\$ 177,540
Judicial administration:				
Circuit court	\$ 19,500	\$ 35,050	\$ 26,991	\$ 8,059
General district court	19,747	19,747	6,553	13,194
Commissioner of accounts	6,270	6,270	5,799	471
Law library	750	1,090	938	152
Juvenile probation service unit	33,973	36,433	36,033	400
Victim and witness assistance	88,112	88,112	82,288	5,824
Clerk of the circuit court	366,669	402,794	373,543	29,251
Commonwealth attorney	411,624	412,871	378,145	34,726
	<u>946,645</u>	<u>1,002,367</u>	<u>910,290</u>	<u>92,077</u>
Total judicial administration	\$ 946,645	\$ 1,002,367	\$ 910,290	\$ 92,077

Budgetary Comparison Schedule
 General Fund (Continued)
 Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Expenditures (Continued):				
Public safety:				
Sheriff	\$ 2,589,970	\$ 2,882,715	\$ 2,542,428	\$ 340,287
Contributions to fire departments and rescue squads	1,341,096	1,398,250	1,376,536	21,714
Forest fire extinction	8,544	8,606	8,605	1
Jail	531,000	531,000	500,275	30,725
Building inspector	259,391	259,232	258,251	981
Animal control	93,256	93,256	93,953	(697)
Medical examiner	500	500	40	460
Asset forfeiture	18,000	18,000	-	18,000
Emergency services	754,222	822,793	772,469	50,324
Radio communications	143,769	143,769	103,566	40,203
E-911	218,475	180,310	151,572	28,738
Total public safety	<u>\$ 5,958,223</u>	<u>\$ 6,338,431</u>	<u>\$ 5,807,695</u>	<u>\$ 530,736</u>
Public works:				
Landfill	\$ 568,624	\$ 578,525	\$ 593,199	\$ (14,674)
General properties	346,705	355,230	314,315	40,915
Other property maintenance	7,000	8,000	7,889	111
Total public works	<u>\$ 922,329</u>	<u>\$ 941,755</u>	<u>\$ 915,403</u>	<u>\$ 26,352</u>
Health and welfare:				
Health department	\$ 198,277	\$ 198,277	\$ 182,630	\$ 15,647
Rappahannock-Rapidan Community Services Board	130,944	130,944	130,944	-
Public assistance and administration	1,895,373	2,005,373	2,365,235	(359,862)
Comprehensive Services Act	986,838	886,838	732,816	154,022
Total health and welfare	<u>\$ 3,211,432</u>	<u>\$ 3,221,432</u>	<u>\$ 3,411,625</u>	<u>\$ (190,193)</u>
Education:				
Community college	\$ 6,838	\$ 6,838	\$ 6,838	\$ -
Appropriation to public school system	9,950,551	9,899,551	9,888,122	11,429
Total education	<u>\$ 9,957,389</u>	<u>\$ 9,906,389</u>	<u>\$ 9,894,960</u>	<u>\$ 11,429</u>
Parks, recreation and cultural:				
Park authority and others	\$ 33,000	\$ 89,641	\$ 89,641	\$ -
Total parks, recreation and cultural	<u>\$ 33,000</u>	<u>\$ 89,641</u>	<u>\$ 89,641</u>	<u>\$ -</u>

Budgetary Comparison Schedule
 General Fund (Continued)
 Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Expenditures (Continued):				
Community development:				
Planning commission	\$ 92,400	\$ 92,400	\$ 20,836	\$ 71,564
Zoning	114,513	114,513	114,753	(240)
Board of zoning appeals	9,800	9,800	1,197	8,603
Soil and water conservation district	26,318	26,318	22,023	4,295
VPI Extension Service	123,968	123,968	70,862	53,106
Public utility services	175,000	175,000	150,874	24,126
Tourism promotion	57,411	61,911	45,003	16,908
Total community development	<u>\$ 599,410</u>	<u>\$ 603,910</u>	<u>\$ 425,548</u>	<u>\$ 178,362</u>
Nondepartmental:				
Refunds and other	\$ -	\$ -	\$ 720	\$ (720)
Debt service:				
Principal	\$ -	\$ -	\$ 16,310	\$ (16,310)
Interest and fiscal charges	-	-	2,551	(2,551)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,861</u>	<u>\$ (18,861)</u>
Total expenditures	<u>\$ 23,765,138</u>	<u>\$ 24,243,566</u>	<u>\$ 23,436,844</u>	<u>\$ 806,722</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (68,217)</u>	<u>\$ (309,040)</u>	<u>\$ 716,019</u>	<u>\$ 1,025,059</u>
Other financing sources (uses):				
Transfers in	\$ 1,118,780	\$ 1,193,580	\$ -	\$ (1,193,580)
Transfers out	(1,769,273)	(3,961,575)	(1,312,186)	2,649,389
Leases	-	-	624,213	624,213
Total other financing sources (uses)	<u>\$ (650,493)</u>	<u>\$ (2,767,995)</u>	<u>\$ (687,973)</u>	<u>\$ 2,080,022</u>
Net change in fund balance	<u>\$ (718,710)</u>	<u>\$ (3,077,035)</u>	<u>\$ 28,046</u>	<u>\$ 3,105,081</u>
Fund balance, beginning of year	<u>\$ 718,710</u>	<u>\$ 3,077,035</u>	<u>\$ 11,909,352</u>	<u>\$ 8,832,317</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,937,398</u>	<u>\$ 11,937,398</u>

The budgetary data presented above is on the modified accrual basis of accounting which is in accordance with generally accepted accounting principles.

Budgetary Comparison Schedule
 Library Fund
 Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Fines and forfeitures	\$ 1,000	\$ 1,000	\$ 1,695	\$ 695
Use of money and property	600	600	95,604	95,004
Miscellaneous	7,500	7,500	38,427	30,927
Intergovernmental:				
Revenue from the Commonwealth	<u>100,181</u>	<u>100,181</u>	<u>110,209</u>	<u>10,028</u>
Total revenues	<u>\$ 109,281</u>	<u>\$ 109,281</u>	<u>\$ 245,935</u>	<u>\$ 136,654</u>
Expenditures:				
Parks, Recreation and Cultural:				
Library administration	<u>\$ 536,277</u>	<u>\$ 536,277</u>	<u>\$ 446,664</u>	<u>\$ 89,613</u>
Total expenditures	<u>\$ 536,277</u>	<u>\$ 536,277</u>	<u>\$ 446,664</u>	<u>\$ 89,613</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (426,996)</u>	<u>\$ (426,996)</u>	<u>\$ (200,729)</u>	<u>\$ 226,267</u>
Other financing sources (uses):				
Transfers in	<u>\$ 314,196</u>	<u>\$ 314,196</u>	<u>\$ 295,709</u>	<u>\$ (18,487)</u>
Net change in fund balance	\$ (112,800)	\$ (112,800)	\$ 94,980	\$ 207,780
Fund balance, beginning of year	<u>112,800</u>	<u>112,800</u>	<u>1,915,553</u>	<u>1,802,753</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,010,533</u></u>	<u><u>\$ 2,010,533</u></u>

The budgetary data presented above is on the modified accrual basis of accounting which is in accordance with generally accepted accounting principles.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability					
Service cost	\$ 493,228	\$ 463,189	\$ 427,060	\$ 383,161	\$ 385,776
Interest	1,281,913	1,255,317	1,221,407	1,177,460	1,090,614
Changes of assumptions	-	-	-	600,221	-
Differences between expected and actual experience	(52,610)	(178,898)	(150,126)	(1,088,807)	616,698
Benefit payments, including refunds of employee contributions	(1,179,393)	(1,171,864)	(892,323)	(803,733)	(809,230)
Net change in total pension liability	<u>\$ 543,138</u>	<u>\$ 367,744</u>	<u>\$ 606,018</u>	<u>\$ 268,302</u>	<u>\$ 1,283,858</u>
Total pension liability - beginning	<u>19,087,775</u>	<u>18,720,031</u>	<u>18,114,013</u>	<u>17,845,711</u>	<u>16,561,853</u>
Total pension liability - ending (a)	<u><u>\$ 19,630,913</u></u>	<u><u>\$ 19,087,775</u></u>	<u><u>\$ 18,720,031</u></u>	<u><u>\$ 18,114,013</u></u>	<u><u>\$ 17,845,711</u></u>
Plan fiduciary net position					
Contributions - employer	\$ 490,302	\$ 456,906	\$ 473,814	\$ 434,773	\$ 488,977
Contributions - employee	193,639	199,824	171,846	157,434	158,929
Net investment income	1,763,893	1,139,491	(15,989)	3,940,885	270,360
Benefit payments, including refunds of employee contributions	(1,179,393)	(1,171,864)	(892,323)	(803,733)	(809,230)
Administrative expense	(12,027)	(11,487)	(11,322)	(9,749)	(9,246)
Other	352	454	(111,181)	372	(325)
Net change in plan fiduciary net position	<u>\$ 1,256,766</u>	<u>\$ 613,324</u>	<u>\$ (385,155)</u>	<u>\$ 3,719,982</u>	<u>\$ 99,465</u>
Plan fiduciary net position - beginning	<u>18,353,483</u>	<u>17,740,159</u>	<u>18,125,314</u>	<u>14,405,332</u>	<u>14,305,867</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 19,610,249</u></u>	<u><u>\$ 18,353,483</u></u>	<u><u>\$ 17,740,159</u></u>	<u><u>\$ 18,125,314</u></u>	<u><u>\$ 14,405,332</u></u>
County's net pension liability (asset) - ending (a) - (b)	\$ 20,664	\$ 734,292	\$ 979,872	\$ (11,301)	\$ 3,440,379
Plan fiduciary net position as a percentage of the total pension liability	99.89%	96.15%	94.77%	100.06%	80.72%
Covered payroll	\$ 4,168,175	\$ 3,859,401	\$ 3,627,374	\$ 3,334,273	\$ 3,341,739
County's net pension liability (asset) as a percentage of covered payroll	0.50%	19.03%	27.01%	-0.34%	102.95%

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability					
Service cost	\$ 383,417	\$ 338,030	\$ 354,156	\$ 342,047	\$ 369,206
Interest	1,068,345	1,012,216	976,714	944,521	897,349
Changes of assumptions	462,468	-	(229,279)	-	-
Differences between expected and actual experience	(144,370)	277,262	150,402	(137,274)	(64,310)
Benefit payments, including refunds of employee contributions	(940,152)	(711,183)	(778,449)	(600,361)	(456,350)
Net change in total pension liability	<u>\$ 829,708</u>	<u>\$ 916,325</u>	<u>\$ 473,544</u>	<u>\$ 548,933</u>	<u>\$ 745,895</u>
Total pension liability - beginning	<u>15,732,145</u>	<u>14,815,820</u>	<u>14,342,276</u>	<u>13,793,343</u>	<u>13,047,448</u>
Total pension liability - ending (a)	<u><u>\$ 16,561,853</u></u>	<u><u>\$ 15,732,145</u></u>	<u><u>\$ 14,815,820</u></u>	<u><u>\$ 14,342,276</u></u>	<u><u>\$ 13,793,343</u></u>
Plan fiduciary net position					
Contributions - employer	\$ 470,051	\$ 326,784	\$ 310,711	\$ 348,637	\$ 347,257
Contributions - employee	153,207	139,271	132,741	139,934	139,498
Net investment income	912,067	956,902	1,445,911	208,058	521,580
Benefit payments, including refunds of employee contributions	(940,152)	(711,183)	(778,449)	(600,361)	(456,350)
Administrative expense	(9,137)	(8,285)	(8,537)	(7,347)	(7,005)
Other	(571)	(852)	(1,272)	(87)	(112)
Net change in plan fiduciary net position	<u>\$ 585,465</u>	<u>\$ 702,637</u>	<u>\$ 1,101,105</u>	<u>\$ 88,834</u>	<u>\$ 544,868</u>
Plan fiduciary net position - beginning	<u>13,720,402</u>	<u>13,017,765</u>	<u>11,916,660</u>	<u>11,827,826</u>	<u>11,282,958</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 14,305,867</u></u>	<u><u>\$ 13,720,402</u></u>	<u><u>\$ 13,017,765</u></u>	<u><u>\$ 11,916,660</u></u>	<u><u>\$ 11,827,826</u></u>
County's net pension liability (asset) - ending (a) - (b)	<u>\$ 2,255,986</u>	<u>\$ 2,011,743</u>	<u>\$ 1,798,055</u>	<u>\$ 2,425,616</u>	<u>\$ 1,965,517</u>
Plan fiduciary net position as a percentage of the total pension liability	86.38%	87.21%	87.86%	83.09%	85.75%
Covered payroll	<u>\$ 3,194,805</u>	<u>\$ 2,883,532</u>	<u>\$ 2,736,390</u>	<u>\$ 2,858,674</u>	<u>\$ 2,810,867</u>
County's net pension liability (asset) as a percentage of covered payroll	70.61%	69.77%	65.71%	84.85%	69.93%

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability					
Service cost	\$ 68,684	\$ 79,021	\$ 57,929	\$ 58,471	\$ 57,041
Interest	199,344	199,608	204,216	187,978	190,858
Changes of assumptions	-	-	-	80,709	-
Differences between expected and actual experience	137,543	(77,148)	(210,536)	(5,268)	(140,280)
Benefit payments, including refunds of employee contributions	(241,947)	(148,184)	(133,733)	(144,773)	(155,812)
Net change in total pension liability	<u>\$ 163,624</u>	<u>\$ 53,297</u>	<u>\$ (82,124)</u>	<u>\$ 177,117</u>	<u>\$ (48,193)</u>
Total pension liability - beginning	3,005,529	2,952,232	3,034,356	2,857,239	2,905,432
Total pension liability - ending (a)	<u><u>\$ 3,169,153</u></u>	<u><u>\$ 3,005,529</u></u>	<u><u>\$ 2,952,232</u></u>	<u><u>\$ 3,034,356</u></u>	<u><u>\$ 2,857,239</u></u>
Plan fiduciary net position					
Contributions - employer	\$ 23,845	\$ 23,624	\$ 39,980	\$ 38,085	\$ 51,833
Contributions - employee	42,384	39,611	34,787	33,266	33,178
Net investment income	310,636	202,356	(3,442)	704,311	49,123
Benefit payments, including refunds of employee contributions	(241,947)	(148,184)	(133,733)	(144,773)	(155,812)
Administrative expense	(2,189)	(2,039)	(2,011)	(1,774)	(1,720)
Other	61	81	74	66	(59)
Net change in plan fiduciary net position	<u>\$ 132,790</u>	<u>\$ 115,449</u>	<u>\$ (64,345)</u>	<u>\$ 629,181</u>	<u>\$ (23,457)</u>
Plan fiduciary net position - beginning	3,285,271	3,169,822	3,234,167	2,604,986	2,628,443
Plan fiduciary net position - ending (b)	<u><u>\$ 3,418,061</u></u>	<u><u>\$ 3,285,271</u></u>	<u><u>\$ 3,169,822</u></u>	<u><u>\$ 3,234,167</u></u>	<u><u>\$ 2,604,986</u></u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (248,908)	\$ (279,742)	\$ (217,590)	\$ (199,811)	\$ 252,253
Plan fiduciary net position as a percentage of the total pension liability	107.85%	109.31%	107.37%	106.58%	91.17%
Covered payroll	\$ 963,724	\$ 871,708	\$ 772,701	\$ 726,420	\$ 722,142
School Division's net pension liability (asset) as a percentage of covered payroll	-25.83%	-32.09%	-28.16%	-27.51%	34.93%

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability					
Service cost	\$ 53,925	\$ 57,404	\$ 60,047	\$ 65,338	\$ 68,699
Interest	185,625	175,556	178,386	180,558	176,371
Changes of assumptions	64,475	-	(27,742)	-	-
Differences between expected and actual experience	36,521	86,307	(82,570)	(129,033)	(11,422)
Benefit payments, including refunds of employee contributions	(173,787)	(177,060)	(160,067)	(135,693)	(211,984)
Net change in total pension liability	<u>\$ 166,759</u>	<u>\$ 142,207</u>	<u>\$ (31,946)</u>	<u>\$ (18,830)</u>	<u>\$ 21,664</u>
Total pension liability - beginning	2,738,673	2,596,466	2,628,412	2,647,242	2,625,578
Total pension liability - ending (a)	<u><u>\$ 2,905,432</u></u>	<u><u>\$ 2,738,673</u></u>	<u><u>\$ 2,596,466</u></u>	<u><u>\$ 2,628,412</u></u>	<u><u>\$ 2,647,242</u></u>
Plan fiduciary net position					
Contributions - employer	\$ 50,171	\$ 50,225	\$ 51,623	\$ 68,526	\$ 60,727
Contributions - employee	31,820	30,736	31,684	32,238	31,235
Net investment income	166,907	180,134	273,195	38,857	100,673
Benefit payments, including refunds of employee contributions	(173,787)	(177,060)	(160,067)	(135,693)	(211,984)
Administrative expense	(1,703)	(1,600)	(1,618)	(1,409)	(1,479)
Other	(105)	(159)	(242)	(17)	(21)
Net change in plan fiduciary net position	<u>\$ 73,303</u>	<u>\$ 82,276</u>	<u>\$ 194,575</u>	<u>\$ 2,502</u>	<u>\$ (20,849)</u>
Plan fiduciary net position - beginning	2,555,140	2,472,864	2,278,289	2,275,787	2,296,636
Plan fiduciary net position - ending (b)	<u><u>\$ 2,628,443</u></u>	<u><u>\$ 2,555,140</u></u>	<u><u>\$ 2,472,864</u></u>	<u><u>\$ 2,278,289</u></u>	<u><u>\$ 2,275,787</u></u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ 276,989	\$ 183,533	\$ 123,602	\$ 350,123	\$ 371,455
Plan fiduciary net position as a percentage of the total pension liability	90.47%	93.30%	95.24%	86.68%	85.97%
Covered payroll	\$ 696,950	\$ 668,930	\$ 672,593	\$ 666,184	\$ 636,899
School Division's net pension liability (asset) as a percentage of covered payroll	39.74%	27.44%	18.38%	52.56%	58.32%

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.07%	0.07%	0.07%	0.07%	0.07%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,059,266	\$ 7,203,405	\$ 6,672,988	\$ 5,446,589	\$ 9,964,183
Employer's Covered Payroll	6,940,715	7,113,929	6,538,634	6,217,610	5,995,676
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	87.30%	101.26%	102.05%	87.60%	166.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.52%	82.45%	82.61%	85.46%	71.47%

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.06%	0.07%	0.07%	0.07%	0.07%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 9,104,481	\$ 8,208,000	\$ 8,958,000	\$ 10,348,000	\$ 9,377,000
Employer's Covered Payroll	6,063,155	5,760,851	6,032,425	5,750,245	4,956,344
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	150.16%	142.48%	148.50%	179.96%	189.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.52%	74.81%	72.92%	68.28%	70.68%

Schedule of Employer Contributions - Pension Plans
 Years Ended June 30, 2016 through June 30, 2025

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2025	\$ 469,723	\$ 469,723	\$ -	\$ 4,503,576	10.43%
2024	490,302	490,302	-	4,168,175	11.76%
2023	458,165	458,165	-	3,859,401	11.87%
2022	474,814	474,814	-	3,627,374	13.09%
2021	434,773	434,773	-	3,334,273	13.04%
2020	488,977	488,977	-	3,341,739	14.63%
2019	470,051	470,051	-	3,194,805	14.71%
2018	332,438	332,438	-	2,883,532	11.53%
2017	310,480	310,480	-	2,736,390	11.35%
2016	354,761	354,761	-	2,858,674	12.41%
Component Unit School Board (nonprofessional)					
2025	\$ 37,007	\$ 37,007	\$ -	\$ 953,786	3.88%
2024	23,832	23,832	-	963,724	2.47%
2023	22,923	22,923	-	871,708	2.63%
2022	40,523	40,523	-	772,701	5.24%
2021	38,085	38,085	-	726,420	5.24%
2020	51,948	51,948	-	722,142	7.19%
2019	50,171	50,171	-	696,950	7.20%
2018	50,266	50,266	-	668,930	7.51%
2017	53,039	53,039	-	672,593	7.89%
2016	69,749	69,749	-	666,184	10.47%
Component Unit School Board (professional)					
2025	\$ 1,008,643	\$ 1,008,643	\$ -	\$ 7,098,120	14.21%
2024	1,088,696	1,088,696	-	6,940,715	15.69%
2023	1,125,031	1,125,031	-	7,113,929	15.81%
2022	1,041,212	1,041,212	-	6,538,634	15.92%
2021	992,623	992,623	-	6,217,610	15.96%
2020	909,878	909,878	-	5,995,676	15.18%
2019	880,877	880,877	-	6,063,155	14.53%
2018	891,929	891,929	-	5,760,851	15.48%
2017	820,730	820,730	-	6,032,425	13.61%
2016	793,976	793,976	-	5,750,245	13.81%

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

Notes to Required Supplementary Information - Pension Plans
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 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

Schedule of Changes in the County's Net OPEB Liability (Asset) and Related Ratios
 Health Insurance Credit (HIC) Plan
 Primary Government
 For the Measurement Dates of June 30, 2018 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018
Total HIC OPEB Liability							
Service cost	\$ 734	\$ 613	\$ 1,075	\$ 722	\$ 795	\$ 764	\$ 449
Interest	3,061	2,631	1,895	2,016	2,078	1,918	1,357
Differences between expected and actual experience	(5,542)	6,797	2,603	(1,817)	670	3,350	-
Changes in assumptions	-	-	10,143	903	-	824	8,964
Benefit payments	(3,666)	(3,912)	(4,779)	(4,636)	(4,269)	(2,657)	(2,873)
Net change in total HIC OPEB liability	\$ (5,413)	\$ 6,129	\$ 10,937	\$ (2,812)	\$ (726)	\$ 4,199	\$ 7,897
Total HIC OPEB Liability - beginning	46,451	40,322	29,385	32,197	32,923	28,724	20,827
Total HIC OPEB Liability - ending (a)	\$ <u>41,038</u>	\$ <u>46,451</u>	\$ <u>40,322</u>	\$ <u>29,385</u>	\$ <u>32,197</u>	\$ <u>32,923</u>	\$ <u>28,724</u>
Plan fiduciary net position							
Contributions - employer	\$ 1,805	\$ 1,609	\$ 1,259	\$ 1,080	\$ 553	\$ 535	\$ 116
Net investment income	2,719	1,617	113	6,895	599	1,939	2,223
Benefit payments	(3,666)	(3,912)	(4,779)	(4,636)	(4,269)	(2,657)	(2,873)
Administrative expense	(36)	(34)	(50)	(72)	(53)	(41)	(50)
Other	-	137	2,565	-	-	(2)	(173)
Net change in plan fiduciary net position	\$ 822	\$ (583)	\$ (892)	\$ 3,267	\$ (3,170)	\$ (226)	\$ (757)
Plan fiduciary net position - beginning	29,923	30,506	31,398	28,131	31,301	31,527	32,284
Plan fiduciary net position - ending (b)	\$ <u>30,745</u>	\$ <u>29,923</u>	\$ <u>30,506</u>	\$ <u>31,398</u>	\$ <u>28,131</u>	\$ <u>31,301</u>	\$ <u>31,527</u>
County's net HIC OPEB liability (asset) - ending (a) - (b)	\$ 10,293	\$ 16,528	\$ 9,816	\$ (2,013)	\$ 4,066	\$ 1,622	\$ (2,803)
Plan fiduciary net position as a percentage of the total HIC OPEB liability	74.92%	64.42%	75.66%	106.85%	87.37%	95.07%	109.76%
Covered payroll	\$ 1,061,594	\$ 951,229	\$ 899,419	\$ 771,511	\$ 789,634	\$ 763,482	\$ 616,169
County's net HIC OPEB liability as a percentage of covered payroll	0.97%	1.74%	1.09%	-0.26%	0.51%	0.21%	-0.45%

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.

Schedule of Changes in the County's Net OPEB Liability and Related Ratios
 Health Insurance Credit (HIC) Plan
 Component Unit School Board (nonprofessional)
 For the Measurement Dates of June 30, 2018 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018
Total HIC OPEB Liability							
Service cost	\$ 762	\$ 936	\$ 954	\$ 1,263	\$ 1,182	\$ 1,125	\$ 1,528
Interest	3,389	3,519	4,076	3,803	3,932	4,134	4,523
Changes of benefit terms	-	-	-	-	959	-	-
Differences between expected and actual experience	(3,543)	(3,890)	(12,997)	928	(4,286)	(3,267)	(6,976)
Changes in assumptions	-	-	2,323	325	-	1,190	-
Benefit payments	(2,212)	(2,444)	(2,730)	(3,715)	(3,703)	(4,261)	(4,989)
Net change in total HIC OPEB liability	\$ (1,604)	\$ (1,879)	\$ (8,374)	\$ 2,604	\$ (1,916)	\$ (1,079)	\$ (5,914)
Total HIC OPEB Liability - beginning	50,545	52,424	60,798	58,194	60,110	61,189	67,103
Total HIC OPEB Liability - ending (a)	\$ 48,941	\$ 50,545	\$ 52,424	\$ 60,798	\$ 58,194	\$ 60,110	\$ 61,189
Plan fiduciary net position							
Contributions - employer	\$ 289	\$ 296	\$ 2,214	\$ 2,106	\$ 3,321	\$ 3,205	\$ 4,683
Net investment income	5,670	3,562	71	12,641	944	2,973	3,662
Benefit payments	(2,212)	(2,444)	(2,730)	(3,715)	(3,703)	(4,261)	(4,989)
Administrative expense	(77)	(86)	(104)	(146)	(93)	(64)	(74)
Other	(1)	35	645	-	-	(551)	(222)
Net change in plan fiduciary net position	\$ 3,669	\$ 1,363	\$ 96	\$ 10,886	\$ 469	\$ 1,302	\$ 3,060
Plan fiduciary net position - beginning	61,461	60,098	60,002	49,116	48,647	47,345	44,285
Plan fiduciary net position - ending (b)	\$ 65,130	\$ 61,461	\$ 60,098	\$ 60,002	\$ 49,116	\$ 48,647	\$ 47,345
School Division's net HIC OPEB liability (asset) - ending (a) - (b)	\$ (16,189)	\$ (10,916)	\$ (7,674)	\$ 796	\$ 9,078	\$ 11,463	\$ 13,844
Plan fiduciary net position as a percentage of the total HIC OPEB liability	133.08%	121.60%	114.64%	98.69%	84.40%	80.93%	77.38%
Covered payroll	\$ 963,724	\$ 871,708	\$ 772,701	\$ 726,420	\$ 722,142	\$ 696,950	\$ 668,930
School Division's net HIC OPEB liability (asset) as a percentage of covered payroll	-1.68%	-1.25%	-0.99%	0.11%	1.26%	1.64%	2.07%

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.

Schedule of Employer Contributions
 Health Insurance Credit (HIC) Plan
 Years Ended June 30, 2018 through June 30, 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2025	\$ 1,967	\$ 1,967	\$ -	\$ 1,156,829	0.17%
2024	1,805	1,805	-	1,061,594	0.17%
2023	1,617	1,617	-	951,229	0.17%
2022	1,259	1,259	-	899,419	0.14%
2021	1,080	1,080	-	771,511	0.14%
2020	553	553	-	789,634	0.07%
2019	534	534	-	763,482	0.07%
2018	142	142	-	616,169	0.02%
Component Unit School Board (nonprofessional)					
2025	\$ -	\$ -	\$ -	\$ 953,786	0.00%
2024	289	289	-	963,724	0.03%
2023	262	262	-	871,708	0.03%
2022	2,241	2,241	-	772,701	0.29%
2021	2,107	2,107	-	726,420	0.29%
2020	3,322	3,322	-	722,142	0.46%
2019	3,206	3,206	-	696,950	0.46%
2018	4,678	4,678	-	668,930	0.70%

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.

Notes to Required Supplementary Information
 Health Insurance Credit (HIC) Plan
 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

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

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2024	0.06478%	\$ 748,629	\$ 6,940,715	10.79%	21.82%
2023	0.07135%	864,346	7,113,929	12.15%	17.90%
2022	0.07016%	876,331	6,538,634	13.40%	15.08%
2021	0.07030%	902,349	6,217,610	14.51%	13.15%
2020	0.06839%	892,159	5,995,676	14.88%	9.95%
2019	0.06916%	905,372	5,800,973	15.61%	8.97%
2018	0.06977%	886,000	5,642,823	15.70%	8.08%
2017	0.07255%	920,000	5,725,695	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.

Schedule of Employer Contributions
 Teacher Employee Health Insurance Credit (HIC) Plan
 Years Ended June 30, 2016 through June 30, 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	\$ 85,887	85,887	\$ -	\$ 7,098,120	1.21%
2024	83,983	83,983	-	6,940,715	1.21%
2023	86,079	86,079	-	7,113,929	1.21%
2022	79,117	79,117	-	6,538,634	1.21%
2021	75,233	75,233	-	6,217,610	1.21%
2020	71,948	71,948	-	5,995,676	1.20%
2019	69,612	69,612	-	5,800,973	1.20%
2018	69,407	69,407	-	5,642,823	1.23%
2017	63,555	63,555	-	5,725,695	1.11%
2016	59,678	59,678	-	5,630,041	1.06%

Notes to Required Supplementary Information
 Teacher Employee Health Insurance Credit (HIC) Plan
 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

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2024	0.01623%	\$ 181,114	\$ 4,168,175	4.35%	73.41%
2023	0.01638%	196,448	3,859,401	5.09%	69.30%
2022	0.01670%	200,843	3,627,374	5.54%	67.21%
2021	0.01620%	188,030	3,334,273	5.64%	67.45%
2020	0.01630%	271,352	3,346,889	8.11%	52.64%
2019	0.01630%	265,245	3,194,805	8.30%	52.00%
2018	0.01517%	230,000	2,883,532	7.98%	51.22%
2017	0.01483%	223,000	2,736,390	8.15%	48.86%
Component Unit School Board (nonprofessional)					
2024	0.00375%	\$ 41,847	\$ 963,724	4.34%	73.41%
2023	0.00370%	44,375	871,708	5.09%	69.30%
2022	0.00360%	42,745	772,701	5.53%	67.21%
2021	0.00350%	40,983	726,420	5.64%	67.45%
2020	0.00350%	58,576	722,142	8.11%	52.64%
2019	0.00360%	57,767	696,950	8.29%	52.00%
2018	0.00352%	54,000	668,930	8.07%	51.22%
2017	0.00365%	55,000	672,593	8.18%	48.86%
Component Unit School Board (professional)					
2024	0.02703%	\$ 301,634	\$ 6,940,715	4.35%	73.41%
2023	0.03202%	362,193	7,113,929	5.09%	69.30%
2022	0.03010%	361,951	6,538,634	5.54%	67.21%
2021	0.03010%	350,562	6,217,610	5.64%	67.45%
2020	0.02930%	488,301	6,021,347	8.11%	52.64%
2019	0.02959%	481,509	5,800,973	8.30%	52.00%
2018	0.02967%	451,000	5,642,823	7.99%	51.22%
2017	0.03104%	467,000	5,725,695	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.

Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 Years Ended June 30, 2016 through June 30, 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2025	\$ 21,184	\$ 21,184	\$ -	\$ 4,507,253	0.47%
2024	22,508	22,508	-	4,168,175	0.54%
2023	20,841	20,841	-	3,859,401	0.54%
2022	19,588	19,588	-	3,627,374	0.54%
2021	18,005	18,005	-	3,334,273	0.54%
2020	17,404	17,404	-	3,346,889	0.52%
2019	16,613	16,613	-	3,194,805	0.52%
2018	15,113	15,113	-	2,883,532	0.52%
2017	14,229	14,229	-	2,736,390	0.52%
2016	13,722	13,722	-	2,858,674	0.48%
Component Unit School Board (nonprofessional)					
2025	\$ 4,483	\$ 4,483	\$ -	\$ 953,786	0.47%
2024	5,204	5,204	-	963,724	0.54%
2023	4,707	4,707	-	871,708	0.54%
2022	4,173	4,173	-	772,701	0.54%
2021	3,923	3,923	-	726,420	0.54%
2020	3,755	3,755	-	722,142	0.52%
2019	3,624	3,624	-	696,950	0.52%
2018	3,501	3,501	-	668,930	0.52%
2017	3,497	3,497	-	672,593	0.52%
2016	3,198	3,198	-	666,184	0.48%
Component Unit School Board (professional)					
2025	\$ 33,361	\$ 33,361	\$ -	\$ 7,098,120	0.47%
2024	37,480	37,480	-	6,940,715	0.54%
2023	38,415	38,415	-	7,113,929	0.54%
2022	35,309	35,309	-	6,538,634	0.54%
2021	33,575	33,575	-	6,217,610	0.54%
2020	31,311	31,311	-	6,021,347	0.52%
2019	30,165	30,165	-	5,800,973	0.52%
2018	29,573	29,573	-	5,642,823	0.52%
2017	29,774	29,774	-	5,725,695	0.52%
2016	27,181	27,181	-	5,662,753	0.48%

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 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. 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

Schedule of Changes in Total OPEB Liability and Related Ratios
 Primary Government
 For the Measurement Dates of June 30, 2017 through June 30, 2024

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total OPEB liability								
Service cost	\$ 41,607	\$ 35,981	\$ 37,016	\$ 44,823	\$ 55,131	\$ 65,380	\$ 42,657	\$ 61,775
Interest	19,197	22,499	24,135	20,333	18,762	14,654	22,356	29,860
Changes in assumptions	(83,487)	(4,409)	(3,118)	79,290	70,007	(219,928)	(25,221)	(13,290)
Differences between expected and actual experience	-	2,981	(38,691)	(2,984)	(117,252)	4,996	135,718	(1,143)
Benefit payments	(31,000)	(16,848)	(30,690)	(26,316)	(33,378)	(23,946)	(9,890)	(10,632)
Net change in total OPEB liability	<u>\$ (53,683)</u>	<u>\$ 40,204</u>	<u>\$ (11,348)</u>	<u>\$ 115,146</u>	<u>\$ (6,730)</u>	<u>\$ (158,844)</u>	<u>\$ 165,620</u>	<u>\$ 66,570</u>
Total OPEB liability - beginning	<u>689,091</u>	<u>635,408</u>	<u>675,612</u>	<u>664,264</u>	<u>779,410</u>	<u>772,680</u>	<u>613,836</u>	<u>779,456</u>
Total OPEB liability - ending	<u><u>\$ 635,408</u></u>	<u><u>\$ 675,612</u></u>	<u><u>\$ 664,264</u></u>	<u><u>\$ 779,410</u></u>	<u><u>\$ 772,680</u></u>	<u><u>\$ 613,836</u></u>	<u><u>\$ 779,456</u></u>	<u><u>\$ 846,026</u></u>
Covered-employee payroll	N/A							
County's total OPEB liability as a percentage of covered-employee payroll	N/A							

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

Notes to Required Supplementary Information - Primary Government OPEB
 Year Ended June 30, 2025

Valuation Date: 7/1/2023
 Measurement Date: 6/30/2024

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.97% as of June 30, 2024
Inflation	2.60% per year as of June 30, 2024
Healthcare Trend Rate	The healthcare trend rate assumption starts at 4.04% in 2025 and gradually increases to 5.29% by the year 2030; and decreases to 4.54% by 2050
Salary Increase Rates	The salary increase rate used the VRS Teacher's salary increase assumption
Retirement Age	The average age at retirement is 62
Mortality Rates	The VRS demographic assumptions for teachers; and assumed no disability and no preretirement mortality.

Schedule of Changes in Total OPEB Liability and Related Ratios
 Component Unit - School Board
 For the Measurement Dates of June 30, 2018 through June 30, 2025

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total OPEB liability								
Service cost	\$ 46,431	\$ 47,929	\$ 55,269	\$ 75,377	\$ 86,852	\$ 29,603	\$ 29,713	\$ 21,495
Interest	29,848	31,840	30,629	27,583	24,191	26,590	28,554	25,972
Changes in assumptions	(3,547)	46,708	1,715	60,949	(389,891)	(10,617)	(6,252)	(40,330)
Differences between expected and actual experience	(3,395)	(12,277)	88,582	(16,900)	(249,578)	(11,980)	(130,378)	8,161
Benefit payments	(23,000)	(15,200)	(27,912)	(12,531)	(12,216)	(15,640)	(22,837)	(45,048)
Net change in total OPEB liability	\$ 46,337	\$ 99,000	\$ 148,283	\$ 134,478	\$ (540,642)	\$ 17,956	\$ (101,200)	\$ (29,750)
Total OPEB liability - beginning	846,952	893,289	992,289	1,140,572	1,275,050	734,408	752,364	651,164
Total OPEB liability - ending	\$ 893,289	\$ 992,289	\$ 1,140,572	\$ 1,275,050	\$ 734,408	\$ 752,364	\$ 651,164	\$ 621,414
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
School Board's total OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Notes to Required Supplementary Information - School Board OPEB
 Year Ended June 30, 2025

Valuation Date: 3/1/2024
 Measurement Date: 6/30/2025

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	4.81% as of June 30, 2025
Inflation	2.60% per year as of June 30, 2025
Healthcare Trend Rate	The healthcare trend rate assumption starts at 4.04% in 2025 and gradually decreases to 4.54% by the year 2050; and decreases to 4.04% by 2075
Salary Increase Rates	The salary increase rate used the VRS Teacher's salary increase assumption
Retirement Age	The average age at retirement is 62
Mortality Rates	The VRS demographic assumptions for teachers; and assumed no disability and no preretirement mortality.

Other Supplementary Information

Budgetary Comparison Schedule
 Capital Projects Fund
 Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Miscellaneous	\$ -	\$ -	\$ 100,487	\$ 100,487
Intergovernmental:				
Revenue from the Commonwealth	-	-	3,875	3,875
Total revenues	\$ -	\$ -	\$ 104,362	\$ 104,362
Expenditures:				
General government administration				
Space needs project	\$ -	\$ 246,785	\$ 245,795	\$ 990
Leachate collection upgrade	-	30,409	30,409	-
Building envelope repairs	-	988,700	46,027	942,673
County PayGo project	47,000	151,657	3,863	147,794
Generator project	-	570,500	89,560	480,940
Garage and processing building	-	150,000	-	150,000
HVAC equipment	-	12,500	11,250	1,250
Public safety				
EMS transition	-	9,470	4,068	5,402
Sheriff PayGo vehicle	90,000	93,706	93,706	-
Sheriff radio upgrade	-	50,000	-	50,000
Lifepack	-	347,887	347,886	1
Rescue ventilator	-	12,500	-	12,500
CAD server replacement	-	44,165	37,214	6,951
EMS training mannequin	-	17,980	17,980	-
Turnout gear	13,000	13,000	-	13,000
Standby generator	-	15,000	-	15,000
Total expenditures	\$ 150,000	\$ 2,754,259	\$ 927,758	\$ 1,826,501
Excess (deficiency) of revenues over (under) expenditures	\$ (150,000)	\$ (2,754,259)	\$ (823,396)	\$ 1,930,863
Other financing sources (uses):				
Transfers in	\$ 150,000	\$ 2,367,502	\$ 827,222	\$ (1,540,280)
Net change in fund balance	\$ -	\$ (386,757)	\$ 3,826	\$ 390,583
Fund balance (deficit), beginning of year	<u>-</u>	<u>386,757</u>	<u>(3,826)</u>	<u>(390,583)</u>
Fund balance (deficit), end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The budgetary data presented above is on the modified accrual basis of accounting which is in accordance with generally accepted accounting principles.

Discretely Presented Component Unit School Board
 Combining Balance Sheet
 At June 30, 2025

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>School Activity Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 541,985	\$ 32,675	\$ 276,910	\$ 851,570
Accounts receivable	244,064	-	8,105	252,169
Inventory	-	5,459	-	5,459
Due from other funds	-	11,735	-	11,735
Due from other governments	516,898	-	-	516,898
	<u>1,302,947</u>	<u>49,869</u>	<u>285,015</u>	<u>1,637,831</u>
Total assets	<u>\$ 1,302,947</u>	<u>\$ 49,869</u>	<u>\$ 285,015</u>	<u>\$ 1,637,831</u>
Liabilities:				
Accounts payable	\$ 7,385	\$ -	\$ 15,110	\$ 22,495
Accrued liabilities	541,935	35,446	-	577,381
Due to other funds	11,735	-	-	11,735
Due to primary government	741,892	-	-	741,892
	<u>1,302,947</u>	<u>35,446</u>	<u>15,110</u>	<u>1,353,503</u>
Total liabilities	<u>\$ 1,302,947</u>	<u>\$ 35,446</u>	<u>\$ 15,110</u>	<u>\$ 1,353,503</u>
Fund Balances:				
Nonspendable:				
Inventory	\$ -	\$ 5,459	\$ -	\$ 5,459
Assigned:				
School food operations	-	8,964	-	8,964
School activity funds	-	-	269,905	269,905
	<u>-</u>	<u>14,423</u>	<u>269,905</u>	<u>284,328</u>
Total fund balances	<u>\$ -</u>	<u>\$ 14,423</u>	<u>\$ 269,905</u>	<u>\$ 284,328</u>
Total liabilities and fund balances	<u>\$ 1,302,947</u>	<u>\$ 49,869</u>	<u>\$ 285,015</u>	<u>\$ 1,637,831</u>

Discretely Presented Component Unit School Board
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 At June 30, 2025

Total fund balances for governmental funds (Exhibit 29)	\$	284,328
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Buildings and improvements, net of depreciation	\$ 6,156,404	
Furniture, equipment and vehicles, net of depreciation	1,666,199	
Right of use assets, net of amortization	<u>22,396</u>	7,844,999
The net pension asset is not an available resource and, therefore, is not reported in the funds.		248,908
The net OPEB asset is not an available resource and, therefore, is not reported in the funds.		16,189
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 2,400,892	
OPEB related items	<u>281,473</u>	2,682,365
Liabilities applicable to the School Board's governmental activities which are not due and/or payable in the current period are not reported as fund liabilities. Balances of such liabilities affecting net position are as follows:		
Compensated absences	\$ (877,930)	
Lease liabilities	(22,068)	
Net pension liability	(6,059,266)	
Net OPEB liability	<u>(1,713,524)</u>	(8,672,788)
Deferred inflows are not due and payable in the current period and therefore are reported in the funds.		
Pension related items	\$ (1,593,000)	
OPEB related items	<u>(648,939)</u>	(2,241,939)
Total net position (deficit) of governmental activities (Exhibit 1)	\$	<u><u>162,062</u></u>

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

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>School Activity Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Charges for services	\$ -	\$ 87,555	\$ -	\$ 87,555
Miscellaneous	1,918,811	40,305	445,987	2,405,103
Intergovernmental:				
Contribution from primary government	9,888,122	-	-	9,888,122
Revenue from the Commonwealth	3,757,354	56,083	-	3,813,437
Revenue from the Federal Government	560,261	487,727	-	1,047,988
Total revenues	\$ 16,124,548	\$ 671,670	\$ 445,987	\$ 17,242,205
Expenditures:				
Current:				
Education:				
Instruction	\$ 10,530,975	\$ -	\$ 448,501	\$ 10,979,476
Administration, attendance and health	2,198,326	-	-	2,198,326
Transportation	1,109,042	-	-	1,109,042
Operation and maintenance	1,435,773	-	-	1,435,773
Facilities	489,153	-	-	489,153
School food services	-	753,422	-	753,422
Technology	278,651	-	-	278,651
Total expenditures	\$ 16,041,920	\$ 753,422	\$ 448,501	\$ 17,243,843
Excess (deficiency) of revenues over (under) expenditures	\$ 82,628	\$ (81,752)	\$ (2,514)	\$ (1,638)
Other financing sources (uses):				
Transfers in	\$ -	\$ 82,628	\$ -	\$ 82,628
Transfers out	(82,628)	-	-	(82,628)
Total other financing sources (uses)	\$ (82,628)	\$ 82,628	\$ -	\$ -
Net change in fund balance	\$ -	\$ 876	\$ (2,514)	\$ (1,638)
Fund balance, beginning of year	-	13,547	272,419	285,966
Fund balance, end of year	\$ -	\$ 14,423	\$ 269,905	\$ 284,328

Discretely Presented Component Unit School Board
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds to the Statement of Activities
 Year Ended June 30, 2025

Net change in fund balances - total governmental funds (Exhibit 31) \$ (1,638)

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 depreciation exceeded capital outlays in the current period.

Capital outlays	\$ 879,326	
Depreciation	<u>(808,211)</u>	71,115

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

Issuance of lease liability	\$ (26,334)	
Lease principal payments	<u>6,956</u>	(19,378)

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.
 Details supporting these changes are as follows:

Compensated absences	\$ (29,375)	
Pension expense	591,913	
OPEB expense	<u>176,963</u>	<u>739,501</u>

Change in net position of governmental activities (Exhibit 2)	\$	<u><u>789,600</u></u>
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Discretely Presented Component Unit School Board
 School Operating Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Miscellaneous	\$ 659,962	\$ 1,899,038	\$ 1,918,811	\$ 19,773
Intergovernmental:				
Appropriation from primary government	9,950,551	9,899,755	9,888,122	(11,633)
Revenue from the Commonwealth	3,457,244	3,819,816	3,757,354	(62,462)
Revenue from the Federal Government	793,947	900,699	560,261	(340,438)
Total revenues	<u>\$ 14,861,704</u>	<u>\$ 16,519,308</u>	<u>\$ 16,124,548</u>	<u>\$ (394,760)</u>
Expenditures:				
Current:				
Education:				
Instruction	\$ 9,114,784	\$ 10,650,283	\$ 10,530,975	\$ 119,308
Administration, attendance and health	2,111,158	2,111,158	2,198,326	(87,168)
Transportation	1,103,841	1,103,841	1,109,042	(5,201)
Operation and maintenance	1,457,288	1,457,288	1,435,773	21,515
Facilities	489,153	489,153	489,153	-
Technology	287,789	287,789	278,651	9,138
Total expenditures	<u>\$ 14,564,013</u>	<u>\$ 16,099,512</u>	<u>\$ 16,041,920</u>	<u>\$ 57,592</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 297,691</u>	<u>\$ 419,796</u>	<u>\$ 82,628</u>	<u>\$ (337,168)</u>
Other financing sources (uses):				
Transfers out	<u>\$ (297,691)</u>	<u>\$ (419,796)</u>	<u>\$ (82,628)</u>	<u>\$ 337,168</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Discretely Presented Component Unit -- Rappahannock County Recreational Facilities Authority
 Proprietary Fund
 Statement of Net Position
 June 30, 2025

	<u>Proprietary Fund</u>
	<u>Enterprise Fund</u>
Assets:	
Current Assets:	
Cash and cash equivalents	\$ 143,571
Total current assets	<u>\$ 143,571</u>
Capital Assets:	
Land	\$ 20,000
Other capital assets, net of accumulated depreciation	<u>115,194</u>
Total capital assets, net	<u>\$ 135,194</u>
Total assets	<u>\$ 278,765</u>
Liabilities:	
Accounts payable	\$ 8
Total liabilities	<u>\$ 8</u>
Net Position:	
Investment in capital assets	\$ 135,194
Unrestricted	<u>143,563</u>
Total net position	<u>\$ 278,757</u>
Total liabilities and net position	<u>\$ 278,765</u>

Discretely Presented Component Unit -- Rappahannock County Recreational Facilities Authority
 Proprietary Fund
 Statement of Revenues, Expenses and Changes in Net Position
 Year Ended June 30, 2025

	<u>Proprietary Fund</u>
	<u>Enterprise Fund</u>
Operating Revenues:	
Fodderstack race fees	\$ 12,656
Donations	825
Sponsorship	27,150
Pavilion fees	3,000
Other income	61
	<u>43,692</u>
Total operating revenues	\$ 43,692
Operating Expenses:	
Advertising	\$ 168
Maintenance	11,321
Office	6,419
Race expense	11,432
Park operations	3,639
Invasive plant management	10,998
Free fishing day	1,802
Utilities	748
Depreciation	8,572
	<u>55,099</u>
Total operating expenses	\$ 55,099
Operating income (loss)	\$ (11,407)
Nonoperating Revenues:	
Interest income	\$ 2,853
Grants	10,076
Contributions from the County	74,641
	<u>87,570</u>
Total nonoperating revenues	\$ 87,570
Change in net position	\$ 76,163
Net position, beginning of year	<u>202,594</u>
Net position, end of year	<u><u>278,757</u></u>

Discretely Presented Component Unit -- Rappahannock County Recreational Facilities Authority
 Proprietary Fund
 Statement of Cash Flows
 Year Ended June 30, 2025

	<u>Proprietary Fund</u>
	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 50,448
Payments for services	(46,999)
	<u>3,449</u>
Net cash provided by (used for) operating activities	\$ <u>3,449</u>
Cash flows from noncapital and related financing activities:	
Government contributions and grants	\$ 18,000
Other grants	66,717
	<u>84,717</u>
Net cash provided by (used for) noncapital and related financing activities	\$ <u>84,717</u>
Cash flows from investing activities:	
Interest income	\$ 2,853
	<u>2,853</u>
Net cash provided by (used for) investing activities	\$ <u>2,853</u>
Net Increase (decrease) in cash and cash equivalents	\$ 91,019
Cash and cash equivalents at beginning of year	<u>52,552</u>
Cash and cash equivalents at end of year	<u><u>\$ 143,571</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (11,407)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 8,573
Change in due from other governments	6,756
Change in accounts payable	(473)
	<u>3,449</u>
Net cash provided by (used for) operating activities	\$ <u><u>3,449</u></u>

Discretely Presented Component Unit -- Rappahannock County Broadband Authority
 Proprietary Fund
 Statement of Net Position
 June 30, 2025

	<u>Proprietary Fund</u>
	<u>Enterprise Fund</u>
Assets:	
Current Assets:	
Cash and cash equivalents	\$ <u>93,881</u>
Total current assets	\$ <u>93,881</u>
Total assets	\$ <u>93,881</u>
Net Position:	
Unrestricted	\$ <u>93,881</u>
Total net position	\$ <u><u>93,881</u></u>

Discretely Presented Component Unit -- Rappahannock County Broadband Authority
 Proprietary Fund
 Statement of Revenues, Expenses and Changes in Net Position
 Year Ended June 30, 2025

	<u>Proprietary Fund</u>
	<u>Enterprise Fund</u>
Operating Revenues:	
Donations	\$ <u>590,000</u>
Total operating revenues	\$ <u>590,000</u>
Operating Expenses:	
Bank fees	\$ 14
Website	789
Broadband project	<u>590,000</u>
Total operating expenses	\$ <u>590,803</u>
Operating income (loss)	\$ <u>(803)</u>
Nonoperating Revenues:	
Interest income	\$ <u>887</u>
Change in net position	\$ 84
Net position, beginning of year	<u>93,797</u>
Net position, end of year	<u><u>\$ 93,881</u></u>

Discretely Presented Component Unit -- Rappahannock County Broadband Authority
 Proprietary Fund
 Statement of Cash Flows
 Year Ended June 30, 2025

	Proprietary Fund
	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 590,000
Payments for services	<u>(590,803)</u>
Net cash provided by (used for) operating activities	<u>\$ (803)</u>
Cash flows from investing activities:	
Interest income	<u>\$ 887</u>
Net cash provided by (used for) investing activities	<u>\$ 887</u>
Net Increase (decrease) in cash and cash equivalents	<u>\$ 84</u>
Cash and cash equivalents at beginning of year	<u>93,797</u>
Cash and cash equivalents at end of year	<u><u>\$ 93,881</u></u>

Discretely Presented Component Unit -- Rappahannock County Water and Sewer Authority
 Proprietary Fund
 Statement of Net Position
 June 30, 2025

	<u>Proprietary Fund</u>
	<u>Enterprise Fund</u>
Assets:	
Current Assets:	
Cash and cash equivalents	\$ 1,610,988
Accounts receivable	71,623
Total current assets	<u>\$ 1,682,611</u>
Noncurrent Assets:	
Capital assets, net of accumulated depreciation	\$ 202,381
Total noncurrent assets	<u>\$ 202,381</u>
Total assets	<u>\$ 1,884,992</u>
Deferred Outflows of Resources:	
Pension related	\$ 6,928
OPEB related	3,351
Total deferred outflows of resources	<u>\$ 10,279</u>
Liabilities:	
Current Liabilities:	
Accounts payable and accrued expenses	\$ 19,833
Accrued liabilities	9,757
Due to primary government	11,516
Accrued interest payable	16,325
Current portion of long-term debt	22,545
Total current liabilities	<u>\$ 79,976</u>
Noncurrent Liabilities:	
Net pension liability	\$ 305
Net OPEB liabilities	17,535
Long-term debt, net of current portion	1,433,239
Total noncurrent liabilities	<u>\$ 1,451,079</u>
Total liabilities	<u>\$ 1,531,055</u>
Deferred Inflows of Resources:	
Pension related	\$ 8,822
OPEB related	2,720
Total deferred inflows of resources	<u>\$ 11,542</u>
Net Position:	
Net investment in capital assets	\$ 92,973
Unrestricted	259,701
Total net position	<u>\$ 352,674</u>

Discretely Presented Component Unit -- Rappahannock County Water and Sewer Authority
 Proprietary Fund
 Statement of Revenues, Expenses and Changes in Net Position
 Year Ended June 30, 2025

	<u>Proprietary Fund</u>
	<u>Enterprise Fund</u>
Operating Revenues:	
Sewer service charges	\$ 276,117
Other charges	6,961
Total operating revenues	<u>\$ 283,078</u>
Operating Expenses:	
Salaries and related benefits	\$ 141,935
Bookkeeping/accounting	15,430
Legal	1,068
Outside contracted services	1,185
Telephone	2,076
Electric power	9,969
Laboratory and management support	8,630
Plant operations	17,233
System maintenance	29,879
Insurance	9,925
Miscellaneous	11,239
Other capital expenses	25,280
Depreciation	13,716
Total operating expenses	<u>\$ 287,565</u>
Operating income (loss)	<u>\$ (4,487)</u>
Nonoperating Revenues:	
Interest income	\$ 32,763
Federal grants	24,160
Interest expense	(44,556)
Issuance costs	(55,428)
Connection charges	16,875
Total nonoperating revenues	<u>\$ (26,186)</u>
Change in net position	<u>\$ (30,673)</u>
Net position, beginning of year	<u>\$ 383,347</u>
Net position, end of year	<u><u>\$ 352,674</u></u>

Discretely Presented Component Unit -- Rappahannock County Water and Sewer Authority
 Proprietary Fund
 Statement of Cash Flows
 Year Ended June 30, 2025

	Proprietary Fund
	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 310,123
Payments to suppliers	(123,949)
Payments to and for employees	(150,874)
Net cash provided by (used for) operating activities	<u>\$ 35,300</u>
Cash flows from capital and related financing activities:	
Purchase and construction of capital assets	\$ (121,862)
Issuance of long-term debt	1,455,784
Bond issuance costs	(55,428)
Interest expense	(28,231)
Connection fees	16,875
Net cash provided by (used for) capital and related financing activities	<u>\$ 1,267,138</u>
Cash flows from investing activities:	
Interest income	\$ 32,763
Net cash provided by (used for) investing activities	<u>\$ 32,763</u>
Net Increase (decrease) in cash and cash equivalents	<u>\$ 1,335,201</u>
Cash and cash equivalents at beginning of year	<u>275,787</u>
Cash and cash equivalents at end of year	<u>\$ 1,610,988</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (4,487)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	13,716
Federal grants	24,160
(Increase)/decrease in accounts receivable	2,885
(Increase)/decrease in prepaid expenses	9,817
(Increase)/decrease in deferred outflows of resources - pension	1,087
(Increase)/decrease in deferred outflows of resources - OPEB	1,237
Increase/(decrease) in accounts payable and accrued expenses	(9,871)
Increase/(decrease) in accrued liabilities	9,757
Increase/(decrease) in due to primary government	(1,738)
Increase/(decrease) in net pension liability	(12,350)
Increase/(decrease) in net OPEB liability	870
Increase/(decrease) in deferred inflows of resources - pension	1,501
Increase/(decrease) in deferred inflows of resources - OPEB	(1,284)
Net cash provided by (used for) operating activities	<u>\$ 35,300</u>

Statistical Information

Government-Wide Expenses by Function
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Government Administration</u>	<u>Judicial Administration</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health and Welfare</u>	<u>Education</u>	<u>Parks, Recreation, and Culture</u>	<u>Community Development</u>	<u>Interest on Debt</u>	<u>Total</u>
2016 \$	1,547,808 \$	586,007 \$	3,387,732 \$	915,508 \$	2,652,016 \$	9,167,980 \$	310,419 \$	303,058 \$	107,623 \$	18,978,151
2017	1,433,621	618,077	3,398,518	1,651,603	2,786,542	8,937,902	305,993	304,866	89,161	19,526,283
2018	1,431,541	624,859	3,703,645	992,812	2,756,189	9,097,245	335,211	305,337	70,645	19,317,484
2019	1,452,127	593,426	3,798,238	1,084,769	3,156,724	9,478,700	370,777	422,387	51,542	20,408,690
2020	1,835,490	680,498	4,005,709	963,338	3,584,842	9,216,704	356,186	404,535	40,133	21,087,435
2021	2,058,131	732,652	4,407,853	819,838	3,309,664	9,204,922	440,238	396,167	30,387	21,399,852
2022	1,832,616	687,892	4,948,614	605,008	2,549,844	9,113,523	412,333	369,282	74,737	20,593,849
2023	1,568,223	721,739	4,551,461	1,128,307	2,848,925	8,998,202	453,797	411,275	18,221	20,700,150
2024	2,071,172	777,702	4,879,461	1,319,852	2,241,714	9,790,456	476,987	422,302	8,858	21,988,504
2025	2,099,558	890,041	6,266,915	834,548	2,686,815	9,894,960	559,633	410,755	2,906	23,646,131

Government-Wide Revenues
Last Ten Fiscal Years

Fiscal Year	Program Revenues				General Revenues				Total
	Charges for Services	Operating Grants and Contributions	General Property Taxes	Other Local Taxes	Non-Categorical Aid	Revenues from the Use of Money & Property	Miscellaneous		
2016	\$ 408,221	\$ 2,664,419	\$ 13,586,234	\$ 1,308,666	\$ 1,369,662	\$ 307,860	\$ 13,054	\$ 19,658,116	
2017	245,506	2,897,075	13,643,034	1,419,400	1,358,022	95,163	228,984	19,887,184	
2018	254,415	2,760,679	13,634,230	1,437,601	1,349,431	192,816	1,262,464	20,891,636	
2019	360,505	3,229,928	14,269,005	1,556,406	1,331,370	156,727	244,970	21,148,911	
2020	284,274	3,555,907	14,525,242	1,634,905	1,606,511	126,201	354,448	22,087,488	
2021	353,352	3,319,403	14,485,383	2,091,645	2,346,699	30,130	358,194	22,984,806	
2022	489,658	3,472,820	14,863,123	2,409,669	1,317,874	28,830	311,347	22,893,321	
2023	381,593	3,557,441	14,515,940	2,325,562	1,285,941	468,735	540,635	23,075,847	
2024	468,308	3,288,246	14,934,396	2,329,266	1,277,734	789,771	317,595	23,405,316	
2025	472,629	3,712,275	15,023,981	2,432,611	1,424,550	689,189	676,798	24,432,033	

General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permit Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property	Charges for Services	Miscellaneous	Recovered Costs	Intergovernmental	Total
2016	\$ 13,482,799	\$ 1,308,666	\$ 272,759	\$ 70,448	\$ 307,860	\$ 270,471	\$ 439,155	\$ 120,586	\$ 7,572,068	\$ 23,844,812
2017	13,664,079	1,419,400	103,425	82,175	97,853	247,890	444,599	120,605	7,964,157	24,144,183
2018	13,641,994	1,437,601	116,410	83,771	192,816	235,120	1,702,976	166,438	7,670,484	25,247,610
2019	14,396,358	1,556,406	160,579	124,900	156,727	336,369	572,986	121,779	8,038,329	25,464,433
2020	14,375,564	1,634,905	139,945	94,900	126,201	181,940	1,018,547	162,529	8,688,604	26,423,135
2021	14,696,952	2,091,645	177,109	104,324	30,130	99,471	1,460,476	141,420	10,173,487	28,975,014
2022	14,675,781	2,409,672	301,450	107,167	28,830	108,372	1,350,881	133,406	9,961,886	29,077,445
2023	14,672,580	2,325,565	166,836	125,952	468,735	237,780	1,106,735	154,850	11,995,911	31,254,944
2024	14,819,320	2,329,266	192,581	132,338	789,771	229,874	2,090,885	221,687	9,386,450	30,192,172
2025	15,084,245	2,432,611	188,354	115,978	689,189	255,852	3,081,901	190,504	10,220,410	32,259,044

(1) Includes General, School Construction, and Special Revenue Funds and Component Unit School Board

General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	(2)(3) Education	Recreation and Cultural	Community Development	Capital Projects	Nondepartmental	Debt Service	Total
2016	\$ 1,527,735	\$ 602,513	\$ 3,387,465	\$ 998,299	\$ 2,674,751	\$ 12,676,152	\$ 265,019	\$ 295,316	\$ 9,277	-	\$ 599,844	\$ 23,036,371
2017	1,387,114	616,822	3,707,220	928,363	2,811,941	12,550,172	247,740	299,262	5,954	-	664,336	23,218,924
2018	1,436,785	643,327	3,819,313	1,072,549	2,789,119	12,748,883	291,388	308,481	-	33,917	646,065	23,789,827
2019	1,425,918	619,452	4,329,927	1,183,188	3,228,907	13,036,998	333,781	430,558	-	10,372	549,681	25,148,782
2020	1,571,325	669,086	4,028,524	1,129,708	3,549,081	13,295,629	310,381	401,333	642,495	17,666	384,730	25,999,958
2021	1,976,111	696,711	4,271,011	874,996	3,187,413	14,586,580	381,808	379,882	298,096	5,742	379,150	27,037,500
2022	1,603,946	717,951	4,663,631	841,811	2,699,790	15,010,829	388,187	385,833	573,972	18,189	368,226	27,272,365
2023	1,649,678	739,205	4,348,798	1,011,926	2,965,991	16,768,688	416,400	424,724	471,282	8,620	206,275	29,011,587
2024	1,834,505	809,287	5,584,073	999,219	2,319,563	15,975,728	455,735	458,635	526,591	10,521	215,235	29,189,092
2025	1,962,101	910,290	5,994,991	939,563	2,787,412	17,250,681	536,305	425,548	927,758	720	208,116	31,943,485

(1) Includes General, and Special Revenue Funds and Component Unit School Board

(2) Includes capital projects

(3) Excludes appropriation to School Board from General Fund

Assessed Value of Taxable Property (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Public Utility	
				Real Estate	Total
2016	\$ 1,564,616,400	\$ 61,911,080	\$ 112,620	\$ 54,113,898	\$ 1,680,753,998
2017	1,556,589,600	65,129,847	107,736	53,894,064	1,675,721,247
2018	1,569,222,700	66,425,294	111,236	54,458,837	1,690,218,067
2019	1,581,639,100	67,520,450	107,536	53,095,126	1,702,362,212
2020	1,591,454,200	68,603,060	107,536	56,829,491	1,716,994,287
2021	1,741,579,000	67,978,600	107,536	58,581,558	1,868,246,694
2022	1,750,522,100	76,252,865	107,336	56,711,431	1,883,593,732
2023	1,967,624,300	100,648,340	63,000	59,515,945	2,127,851,585
2024	2,098,868,700	90,267,669	63,000	52,438,056	2,241,637,425
2025	2,125,160,900	89,957,545	63,000	52,245,800	2,267,427,245

(1) 100% fair market value

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	(1) Total Tax Levy	(1) (2) Current Tax Collections	Percent of Levy Collected	(1) Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	(1) Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2016	\$ 13,064,300	\$ 12,708,790	97%	535,745	\$ 13,244,535	94%	\$ 1,162,174	9%
2017	13,157,364	12,890,598	98%	478,951	13,369,549	93%	1,128,080	9%
2018	13,311,194	12,977,555	97%	664,439	13,641,994	94%	1,145,881	9%
2019	13,929,418	13,639,972	98%	492,064	14,132,036	94%	943,263	7%
2020	14,671,247	14,250,607	97%	359,195	14,609,802	94%	1,004,708	7%
2021	15,126,564	14,894,177	98%	436,650	15,330,827	95%	1,034,791	7%
2022	15,542,545	15,125,242	97%	495,823	15,621,065	94%	1,162,377	7%
2023	15,045,216	14,202,313	94%	470,267	14,672,580	91%	1,120,014	7%
2024	15,290,563	14,130,184	92%	689,136	14,819,320	90%	1,105,959	7%
2025	15,509,422	14,368,810	93%	715,435	15,084,245	91%	1,115,934	7%

(1) Exclusive of penalties and interest.

(2) Includes personal property tax reimbursements from the Commonwealth

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Years	Personal Property			Real Estate		
	Personal Property	Fire Personal Property	Total Personal Property	Real Estate	Fire Real Estate	Total Real Estate
2016	\$ 4.25	\$ 0.20	\$ 4.45	\$ 0.65	\$ 0.05	0.70
2017	4.25	0.20	4.45	0.65	0.05	0.70
2018	4.25	0.20	4.45	0.67	0.06	0.73
2019	4.25	0.20	4.45	0.67	0.06	0.73
2020	4.25	0.20	4.45	0.67	0.06	0.73
2021	4.25	0.20	4.45	0.67	0.06	0.73
2022	4.25	0.20	4.45	0.67	0.06	0.73
2023	3.10	0.20	3.30	0.55	0.05	0.60
2024	3.48	0.20	3.68	0.55	0.06	0.61
2025	3.68	0.20	3.88	0.56	0.06	0.62

(1) Per \$100 of assessed value, including fire levy

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 (2)	Bonded Debt (3)	Ratio of General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
2016	7,373	\$ 1,680,753,998	\$ 2,920,000	0%	\$ 396
2017	7,388	1,675,721,247	2,465,000	0%	334
2018	7,388	1,690,218,067	2,005,000	0%	271
2019	7,252	1,702,362,212	1,540,000	0%	212
2020	7,370	1,716,994,287	1,220,000	0%	166
2021	7,370	1,868,246,694	890,000	0%	121
2022	7,407	1,883,593,732	555,000	0%	75
2023	7,502	2,127,851,585	370,000	0%	49
2024	7,414	2,241,637,425	185,000	0%	25
2025	7,409	2,267,427,245	-	0%	-

(1) US Census Bureau

(2) From Table 5

(3) Includes all long-term general obligation bonded debt and Literary Fund Loans.
Excludes compensated absences, leases, revenue bonds and landfill obligations.

Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Governmental Expenditures
Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service (2)	Total General Governmental Expenditures (1)	Ratio of Debt Service to General Governmental Expenditures
2016	\$ 445,000	\$ 154,844	\$ 599,844	\$ 23,036,371	3%
2017	455,000	131,951	586,951	23,218,924	3%
2018	460,000	108,680	568,680	23,789,827	2%
2019	465,000	84,681	549,681	25,148,782	2%
2020	320,000	64,730	384,730	25,999,958	1%
2021	330,000	49,150	379,150	27,037,500	1%
2022	335,000	33,226	368,226	27,272,365	1%
2023	185,000	21,275	206,275	29,011,587	1%
2024	185,000	12,765	197,765	29,189,092	1%
2025	185,000	4,255	189,255	31,943,485	1%

(1) Includes General, School Construction, and Special Revenue Funds and Component Unit School Board

(2) Includes all general obligation debt. Does not include revenue bonds.

Component Unit - Rappahnnock County Water and Sewer Authority
 Debt Service Coverage Schedule
 Year Ended June 30, 2025

Fiscal Year	Gross Revenue (1)	Less Operating Expenses (2)	Net Revenues available for debt service	Debt Service		Coverage
				Principal	Interest	
2025	\$ 332,716	\$ 273,849	\$ 58,867	-	44,556	132.12%

(1) Operating revenues, interest income, and connection charges

(2) Operating expenses net of depreciation and amortization

Compliance



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

**The Honorable Members of
the Board of Supervisors
County of Rappahannock, Virginia**

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

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Robinson, Farmer, Cox, Associates

Charlottesville, Virginia

December 1, 2025



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

**The Honorable Members of
the Board of Supervisors
County of Rappahannock, Virginia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (Continued)

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

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

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

Robinson, Farmer, Cox, Associates

Charlottesville, Virginia

December 1, 2025

COUNTY OF RAPPAHANNOCK, VIRGINIA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Agriculture:			
Pass - through payments:			
Virginia Department of Agriculture:			
National School Lunch Program - Food Distribution (Child Nutrition Cluster)	10.555	2024IN109941	\$ 43,029
Virginia Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	10.555	2024IN109941	<u>236,897</u>
Total National School Lunch Program			\$ 279,926
School Breakfast Program (Child Nutrition Cluster)	10.553	2024IN109941	131,126
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	2024IN109941	<u>29,172</u>
Total Child Nutrition Cluster			\$ 440,224
Virginia Department of Social Services:			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010124/0010125	<u>226,074</u>
Total Department of Agriculture			\$ <u>666,298</u>
Department of Health and Human Services:			
Pass - through payments:			
Virginia Department of Social Services:			
Title IV-E Prevention Program	93.472	1140123	\$ 3,816
Guardianship Assistance	93.090	1110123	181
MaryLee Allen Promoting Safe and Stable Families	93.556	0950124/0950123	18,974
Temporary Assistance for Needy Families (TANF)	93.558	0400124/0400123	83,004
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500124/0500123	109
Low-Income Home Energy Assistance	93.568	0600424/0600423	15,670
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760124/0760123	16,521
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900124/0900123	383
Foster Care - Title IV-E	93.658	1100124/1100123	63,594
Adoption Assistance	93.659	1120124/1120123	172,262
Social Services Block Grant	93.667	1000124/1000123	88,864
John H. Chafee Foster Care Independence Program for Successful Transition to Adulthood	93.674	9150124/9150123	1,164
Elder Abuse Prevention Interventions Program	93.747	8000224/8000323	7,740
Children's Health Insurance Program	93.767	0540124/0540123	2,425
Medical Assistance Program (Medicaid Cluster)	93.778	1200124/1200123	<u>192,923</u>
Total Department of Health and Human Services			\$ <u>667,630</u>
Department of Justice:			
Direct payments:			
Bulletproof Vest Partnership Program	16.607	Not Available	\$ 1,750
Pass - through payments:			
Virginia Department of Criminal Justice Services:			
Violence Against Women Formula Grants	16.588	Not Available	\$ 54,701
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Not Available	5,046
Equitable Sharing Program	16.922	Not Available	<u>9,574</u>
Total Department of Justice			\$ <u>71,071</u>

COUNTY OF RAPPAHANNOCK, VIRGINIA

Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2025 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Treasury:			
Pass - through payments:			
Virginia Department of Accounts:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Available	\$ <u>101,623</u>
Total Department of Treasury			\$ <u>101,623</u>
Department of Homeland Security:			
Pass - through payments:			
Virginia Department of Emergency Management:			
Emergency Management Performance Grants	97.042	Not Available	\$ 7,500
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	Not Available	<u>59,199</u>
Total Department of Homeland Security			\$ <u>66,699</u>
Department of Transportation:			
Pass - through payments:			
Virginia Department of Motor Vehicles:			
State and Community Highway Safety (Highway Safety Cluster)	20.600	60507-53000	\$ <u>18,890</u>
Department of Education:			
Pass - through payments:			
Virginia Department of Education:			
Career and Technical Education -- Basic Grants to States	84.048	V048A240046 V048A250046	\$ 14,944
Supporting Effective Instruction State Grants	84.367	S367A250044 S367A240044	51,130
Title I Grants to Local Educational Agencies	84.010	S010A250046 S010A240046	110,796
Student Support and Academic Enrichment Program	84.424	Not available	19,249
Competitive Grants for State Assessments	84.368	Not available	4,304
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	Not available	20,161
Special Education -- Grants to States (Special Education Cluster (IDEA))	84.027	H027A250107 H027A240107	334,276
Special Education -- Preschool Grants (Special Education Cluster (IDEA))	84.173	H173A250112 H173A240112	5,442
Total Special Education Cluster			\$ <u>339,718</u>
Total Department of Education			\$ <u>560,302</u>
Total expenditures of federal awards			\$ <u><u>2,152,513</u></u>

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF RAPPAHANNOCK, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Distribution

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

Note 4 - Subrecipients

No awards were passed through to subrecipients.

Note 5 - De Minimis Cost Rate

The County did not elect to use the 10-percent de minimis indirect cost rate under Uniform Guidance.

Note 6 - Loan Balances

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

Note 7 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund	\$ 1,190,250
ARPA Fund	24,160
Total Primary Government	\$ 1,214,410
Component Unit School Board:	
School Operating Fund	\$ 560,261
School Cafeteria Fund	487,727
Total Component Unit School Board	\$ 1,047,988
Less Payments in Lieu of Taxes not reported on Schedule of Expenditures of Federal Awards	\$ (109,885)
Total federal expenditures per basic financial statements	\$ 2,152,513
Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	\$ 2,152,513

COUNTY OF RAPPAHANNOCK, VIRGINIA

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

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? No

Identification of major programs:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
10.561	SNAP Cluster

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

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Prior Year Findings and Questioned Costs

None

Section V - Commonwealth of Virginia Findings and Questioned Costs

None