

# COUNTY OF LUNENBURG, VIRGINIA



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



**COUNTY OF LUNENBURG, VIRGINIA**

**ANNUAL FINANCIAL REPORT**

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

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# COUNTY OF LUNENBURG, VIRGINIA

## Board of Supervisors

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Alvester Edmonds, Chair

Robert G. Zava  
Dr. Frank W. Bacon, Vice-Chair  
T. Wayne Hoover

J. Mike Hankins  
Gregory Currin  
Edward W. Pennington

## Social Services Advisory Board

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Nancy Turner, Chair

David P. Fereday  
Gregory Currin

Jamyce Watson  
Elyssa Long

## County School Board

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Melanie Currin, Chair

Shannon Hinkle  
Doug Aibel  
Kendall Lee

Ruby B. Ingram  
Tony Craven

## Other Officials

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Judge of the Circuit Court ..... James William Watson Jr.  
Clerk of the Circuit Court ..... Gordon F. Erby  
Commonwealth's Attorney..... Rhonda Alexander  
Commissioner of the Revenue..... Liz Y. Hamlett  
Treasurer ..... Wanda Barnes  
Sheriff ..... Arthur Townsend  
Superintendent of Schools ..... Sharon Stanislas  
Director of Social Services ..... Melinda Elliott  
County Administrator ..... Tracy M. Gee

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**COUNTY OF LUNENBURG, VIRGINIA  
FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2025**

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**Independent Auditors' Report**

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**To the Honorable Members of the Board of Supervisors  
County of Lunenburg  
Lunenburg, 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 Lunenburg, 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 Lunenburg, Virginia'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 Lunenburg, 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 Lunenburg, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Changes in Accounting Principles***

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

***Restatement of Beginning Balances***

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

## ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about County of Lunenburg, 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 Lunenburg, 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 Lunenburg, Virginia's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

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

### ***Other Information***

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

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

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2025, on our consideration of County of Lunenburg, 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 Lunenburg, 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 Lunenburg, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*

Richmond, Virginia  
November 26, 2025

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**To the Honorable Members of the Board of Supervisors  
To the Citizens of Lunenburg County  
County of Lunenburg, Virginia**

As management of the County of Lunenburg, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2025. Please read it in conjunction with the County's basic financial statements, which follow this section.

### **Financial Highlights**

#### **Government-wide Financial Statements**

- < The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$20,848,403 (net position).
- < The combined long-term obligations decreased by \$679,775 during the current fiscal year.

#### **Fund Financial Statements**

The Governmental Funds, on a current financial resource basis, reported expenditures and other financing uses over revenues and other financing sources of \$810,971 (Exhibit 5) after making contributions totaling \$7,150,845 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$13,682,580 a decrease of \$810,971 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$10,409,097 or 56% of total general fund expenditures and other uses.

## **Overview of the Financial Statements**

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

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

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

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

The statement of net position presents information on all the County's assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, courts, police protection, sanitation, social services, education, cultural events, and recreation.

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

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

## **Overview of the Financial Statements (Continued)**

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

**Fiduciary funds** - The County is the trustee, or fiduciary, for the County's fiduciary funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All County fiduciary activities are reported in a separate statement of fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Fiduciary funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

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

**Other information** - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component units - School Board and Industrial Development Authority. Neither issue separate financial statements.

## **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities and deferred inflows of resources by \$20,848,403 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Position:

**County of Lunenburg, Virginia's Net Position**

	<b>Governmental Activities</b>	
	<b>2025</b>	<b>2024</b>
Current and other assets	\$ 20,756,718	\$ 21,650,888
Capital assets	<u>13,738,718</u>	<u>15,059,482</u>
Total assets	\$ <u>34,495,436</u>	\$ <u>36,710,370</u>
Deferred outflows of resources	\$ <u>862,067</u>	\$ <u>461,330</u>
Current liabilities	\$ 1,717,932	\$ 2,264,893
Long-term liabilities outstanding	<u>7,537,021</u>	<u>8,216,796</u>
Total liabilities	\$ <u>9,254,953</u>	\$ <u>10,481,689</u>
Deferred inflows of resources	\$ <u>5,254,147</u>	\$ <u>4,542,188</u>
Net position:		
Net investment in capital assets	\$ 7,652,489	\$ 8,130,313
Restricted	316,496	1,244,810
Unrestricted	<u>12,879,418</u>	<u>12,772,700</u>
Total net position	\$ <u><u>20,848,403</u></u>	\$ <u><u>22,147,823</u></u>

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**Government-wide Financial Analysis (Continued)**

The County's net position decreased by \$1,299,420 during the current fiscal year. The following table summarizes the County's Statement of Activities:

		<b>Governmental Activities</b>	
		<b>2025</b>	<b>2024</b>
Revenues:			
Program revenues:			
Charges for services	\$	1,321,828	\$ 969,496
Operating grants and contributions		5,118,483	6,435,155
Capital grants and contributions		476,864	356,873
General property taxes		7,637,628	7,394,611
Other local taxes		1,252,934	1,220,681
Grants and other contributions not restricted		1,227,440	1,238,393
Other general revenues		1,886,215	1,819,406
		<u>18,921,392</u>	<u>19,434,615</u>
Total revenues			
	\$	<u>18,921,392</u>	\$ <u>19,434,615</u>
Expenses:			
General government administration	\$	1,636,328	\$ 1,865,506
Judicial administration		1,321,365	1,196,984
Public safety		4,763,643	3,539,666
Public works		645,963	682,589
Health and welfare		3,046,613	3,205,087
Education		7,901,323	4,857,655
Community development		633,935	900,277
Interest and other fiscal charges		271,642	286,918
		<u>20,220,812</u>	<u>16,534,682</u>
Total expenses	\$	<u>20,220,812</u>	\$ <u>16,534,682</u>
Change in net position	\$	(1,299,420)	\$ 2,899,933
Net position, beginning of year		<u>22,147,823</u>	<u>19,247,890</u>
Net position, end of year	\$	<u><u>20,848,403</u></u>	\$ <u><u>22,147,823</u></u>

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## **Financial Analysis of the County's Funds**

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$13,682,580, a decrease of \$810,971 in comparison with the prior year. Approximately 76% of this total amount constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

## **General Fund Budgetary Highlights**

During the year, revenues and other sources exceeded budgetary estimates by \$1,543,361 and budgetary estimates were greater than expenditures and other uses by \$1,224,670, resulting in a positive variance for change in fund balance of \$2,768,031.

## **Capital Asset and Debt Administration**

< Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2025 amounts to \$13,738,718 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, intangible assets, and machinery and equipment.

Additional information on the County's capital assets can be found in Note 5 of this report.

Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of \$5,460,235. Of this amount, \$2,095,235 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., lease revenue bonds).

The County's total debt decreased by \$770,478 during the current fiscal year.

Additional information on the County of Lunenburg, Virginia's long-term debt can be found in Note 7 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

< Inflationary trends in the region are comparable to national indexes.

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

There was approximately 3.8% increase in the overall FY26 operating budget compared to FY25 and all tax rates remained the same as in 2025.

## **Requests for Information**

This financial report is designed to provide a general overview of the County of Lunenburg, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, 11413 Courthouse Road, Lunenburg, Virginia 23952.

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*BASIC FINANCIAL STATEMENTS*

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*GOVERNMENT-WIDE FINANCIAL STATEMENTS*

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

	Primary		Component			
	Government		Units			
	Governmental	Activities	School Board	IDA		
<b>ASSETS</b>						
Cash and cash equivalents	\$	13,633,899	\$	1,277,213	\$	440,420
Investments		1,411,174		-		-
Inventory		-		-		80,000
Receivables (net of allowance for uncollectibles):						
Taxes receivable		4,337,994		-		-
Accounts receivable		519,552		262,193		-
Due from other governmental units		783,229		2,122,214		-
Prepaid expenses		70,870		86,961		-
Net pension asset		-		495,385		-
Capital assets (net of accumulated depreciation):						
Land		276,151		37,807		-
Buildings and improvements		6,828,740		2,663,412		-
Intangible		14,800		-		-
Machinery and equipment		4,523,791		6,261,033		-
Jointly owned assets		2,095,236		5,713,290		-
Construction in progress		-		31,758		-
Subscription assets		-		219,768		-
Total assets	\$	34,495,436	\$	19,171,034	\$	520,420
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension related items	\$	803,876	\$	4,007,017	\$	-
OPEB related items		58,191		634,423		-
Total deferred outflow of resources	\$	862,067	\$	4,641,440	\$	-
<b>LIABILITIES</b>						
Accounts payable	\$	309,860	\$	2,527,187	\$	-
Accrued liabilities		548,707		-		-
Accrued interest payable		55,013		-		-
Due to other funds		394,338		-		-
Unearned revenue		410,014		-		-
Long-term liabilities:						
Due within one year		830,529		141,488		-
Due in more than one year		6,706,492		13,670,561		-
Total liabilities	\$	9,254,953	\$	16,339,236	\$	-
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenue - property taxes	\$	4,824,793	\$	-	\$	-
Pension related items		402,993		2,065,321		-
OPEB related items		26,361		565,720		-
Total deferred inflows of resources	\$	5,254,147	\$	2,631,041	\$	-
<b>NET POSITION</b>						
Net investment in capital assets	\$	7,652,489	\$	13,333,038	\$	-
Restricted						
School construction		181,117		-		-
Opioid settlement		135,379		-		-
Pension plan		-		495,385		-
Unrestricted (deficit)		12,879,418		(8,986,226)		520,420
Total net position	\$	20,848,403	\$	4,842,197	\$	520,420

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental	Component Units	
					Activities	School Board	IDA
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities:							
General government administration	\$ 1,636,328	\$ -	\$ 344,987	\$ -	\$ (1,291,341)	\$ -	\$ -
Judicial administration	1,321,365	35,057	715,689	-	(570,619)	-	-
Public safety	4,763,643	142,301	1,665,920	322,514	(2,632,908)	-	-
Public works	645,963	1,142,335	-	-	496,372	-	-
Health and welfare	3,046,613	-	2,234,086	-	(812,527)	-	-
Education	7,901,323	-	142,999	-	(7,758,324)	-	-
Community development	633,935	2,135	14,802	154,350	(462,648)	-	-
Interest on long-term debt	271,642	-	-	-	(271,642)	-	-
Total governmental activities	<u>\$ 20,220,812</u>	<u>\$ 1,321,828</u>	<u>\$ 5,118,483</u>	<u>\$ 476,864</u>	<u>\$ (13,303,637)</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 20,220,812</u>	<u>\$ 1,321,828</u>	<u>\$ 5,118,483</u>	<u>\$ 476,864</u>	<u>\$ (13,303,637)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>COMPONENT UNITS:</b>							
School Board	\$ 28,027,661	\$ 651,000	\$ 23,969,382	\$ -	\$ -	\$ (3,407,279)	\$ -
IDA	34,534	-	-	-	-	-	(34,534)
Total component units	<u>\$ 28,062,195</u>	<u>\$ 651,000</u>	<u>\$ 23,969,382</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,407,279)</u>	<u>\$ (34,534)</u>
General revenues:							
General property taxes					\$ 7,637,628	\$ -	\$ -
Local sales and use taxes					684,675	-	-
Motor vehicle licenses					223,473	-	-
Utility taxes					181,962	-	-
Other local taxes					162,824	-	-
Unrestricted revenues from use of money					515,823	9,729	12,136
Miscellaneous					1,370,392	412,726	-
Grants and contributions not restricted to specific programs					1,227,440	-	-
Contribution from Lunenburg County					-	7,725,791	-
Total general revenues					<u>\$ 12,004,217</u>	<u>\$ 8,148,246</u>	<u>\$ 12,136</u>
Change in net position					\$ (1,299,420)	\$ 4,740,967	\$ (22,398)
Net position - beginning, as previously reported					22,284,721	1,716,227	542,818
Restatement					(136,898)	(1,614,997)	-
Net position - beginning, restated					<u>\$ 22,147,823</u>	<u>\$ 101,230</u>	<u>\$ 542,818</u>
Net position - ending					<u>\$ 20,848,403</u>	<u>\$ 4,842,197</u>	<u>\$ 520,420</u>

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

*FUND FINANCIAL STATEMENTS*

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

	<u>General</u>	<u>County Special Revenue</u>	<u>County Debt Service</u>	<u>County Capital Projects</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 11,562,205	\$ 1,916,659	\$ -	\$ 251,053	\$ 13,729,917
Investments	1,315,156	-	-	-	1,315,156
Receivables (net of allowance for uncollectibles):					
Taxes receivable	4,337,994	-	-	-	4,337,994
Accounts receivable	519,266	286	-	-	519,552
Due from other governmental units	762,462	20,767	-	-	783,229
Prepaid items	70,870	-	-	-	70,870
Total assets	<u>\$ 18,567,953</u>	<u>\$ 1,937,712</u>	<u>\$ -</u>	<u>\$ 251,053</u>	<u>\$ 20,756,718</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 221,832	\$ 18,092	\$ -	69,936	\$ 309,860
Accrued liabilities	548,707	-	-	-	548,707
Due to component unit	394,338	-	-	-	394,338
Unearned revenue	410,014	-	-	-	410,014
Total liabilities	<u>\$ 1,574,891</u>	<u>\$ 18,092</u>	<u>\$ -</u>	<u>\$ 69,936</u>	<u>\$ 1,662,919</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	\$ 5,275,840	\$ -	\$ -	\$ -	\$ 5,275,840
Unavailable revenue - opioid settlement	135,379	-	-	-	135,379
Total deferred inflows of resources	<u>\$ 5,411,219</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,411,219</u>
<b>FUND BALANCES</b>					
Restricted	\$ 135,379	\$ -	\$ -	\$ 181,117	\$ 316,496
Committed	776,766	1,919,620	-	-	2,696,386
Assigned	260,601	-	-	-	260,601
Unassigned	10,409,097	-	-	-	10,409,097
Total fund balances	<u>\$ 11,581,843</u>	<u>\$ 1,919,620</u>	<u>\$ -</u>	<u>\$ 181,117</u>	<u>\$ 13,682,580</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,567,953</u>	<u>\$ 1,937,712</u>	<u>\$ -</u>	<u>\$ 251,053</u>	<u>\$ 20,756,718</u>

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

County of Lunenburg, Virginia  
 Reconciliation of the Balance Sheet of Governmental Funds  
 To the Statement of Net Position  
 June 30, 2025

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 13,682,580

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 26,448,146	
Accumulated depreciation	(12,709,428)	13,738,718

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Unavailable revenue - property taxes	\$ 451,047	
Unavailable revenue - opioid settlement	135,379	586,426

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

Pension related items	\$ 803,876	
OPEB related items	58,191	862,067

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

Lease revenue bond	\$ (3,365,000)	
General obligation bonds	(2,095,235)	
Bond premium	(625,994)	
Compensated absences	(402,942)	
Net pension liability	(903,784)	
Net OPEB liability	(144,066)	
Accrued interest payable	(55,013)	(7,592,034)

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

Pension related items	\$ (402,993)	
OPEB related items	(26,361)	(429,354)

Net position of governmental activities	\$ 20,848,403
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The notes to the financial statements are an integral part of this statement.

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

	<u>General</u>	<u>County Special Revenue</u>	<u>County Debt Service</u>	<u>County Capital Projects</u>	<u>Total</u>
<b>REVENUES</b>					
General property taxes	\$ 7,720,314	\$ -	\$ -	\$ -	\$ 7,720,314
Other local taxes	1,252,934	-	-	-	1,252,934
Permits, privilege fees, and regulatory licenses	119,669	-	-	-	119,669
Fines and forfeitures	22,216	-	-	-	22,216
Revenue from the use of money and property	508,970	2,266	-	4,587	515,823
Charges for services	1,178,601	1,342	-	-	1,179,943
Miscellaneous	267,686	1,111,524	-	-	1,379,210
Recovered costs	14,668	-	-	-	14,668
Intergovernmental:					
Commonwealth	5,052,248	157,485	-	-	5,209,733
Federal	1,470,055	-	142,999	-	1,613,054
Total revenues	<u>\$ 17,607,361</u>	<u>\$ 1,272,617</u>	<u>\$ 142,999</u>	<u>\$ 4,587</u>	<u>\$ 19,027,564</u>
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 1,571,498	\$ -	\$ -	\$ -	\$ 1,571,498
Judicial administration	1,110,094	1,642	-	-	1,111,736
Public safety	4,162,605	2,771	-	-	4,165,376
Public works	673,285	-	-	-	673,285
Health and welfare	3,035,961	-	-	-	3,035,961
Education	6,136,734	-	-	1,014,111	7,150,845
Community development	461,735	113,004	-	-	574,739
Capital projects	429,397	-	-	-	429,397
Debt service:					
Principal retirement	-	-	770,478	-	770,478
Interest and other fiscal charges	-	-	355,220	-	355,220
Total expenditures	<u>\$ 17,581,309</u>	<u>\$ 117,417</u>	<u>\$ 1,125,698</u>	<u>\$ 1,014,111</u>	<u>\$ 19,838,535</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 26,052</u>	<u>\$ 1,155,200</u>	<u>\$ (982,699)</u>	<u>\$ (1,009,524)</u>	<u>\$ (810,971)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 232,342	\$ 14,215	\$ 982,699	\$ -	\$ 1,229,256
Transfers out	(996,914)	(232,342)	-	-	(1,229,256)
Total other financing sources (uses)	<u>\$ (764,572)</u>	<u>\$ (218,127)</u>	<u>\$ 982,699</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ (738,520)	\$ 937,073	\$ -	\$ (1,009,524)	\$ (810,971)
Fund balances - beginning	12,320,363	982,547	-	1,190,641	14,493,551
Fund balances - ending	<u>\$ 11,581,843</u>	<u>\$ 1,919,620</u>	<u>\$ -</u>	<u>\$ 181,117</u>	<u>\$ 13,682,580</u>

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

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

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

Net change in fund balances - total governmental funds \$ (810,971)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. The following is a summary of items supporting this adjustment:

Capital asset additions	\$ 292,625	
Transfer of joint tenancy assets	(574,946)	
Depreciation expense	<u>(1,038,443)</u>	(1,320,764)

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

Property taxes	\$ (82,686)	
Opioid settlement	<u>(8,818)</u>	(91,504)

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

Principal retirement on lease revenue bonds	\$ 20,000	
Principal retirement on general obligation bonds	<u>750,478</u>	770,478

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.

(Increase) decrease in accrued interest payable	\$ 11,116	
Amortization of bond issuance premium	72,462	
Change in pension related items	100,308	
Change in OPEB related items	10,509	
(Increase) decrease in compensated absences	<u>(41,054)</u>	153,341

Change in net position of governmental activities \$ (1,299,420)

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

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

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	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 28,485
<b>NET POSITION</b>	
Individuals	\$ 2,571
Others	25,914
Total net position	<u>\$ 28,485</u>

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

County of Lunenburg, Virginia

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

	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Miscellaneous	\$ <u>7,824</u>
Total additions	\$ <u>7,824</u>
<b>DEDUCTIONS</b>	
Recipient payments	\$ <u>7,461</u>
Total deductions	\$ <u>7,461</u>
Net increase (decrease) in fiduciary net position	\$ 363
Net position - beginning	28,122
Net position - ending	\$ <u><u>28,485</u></u>

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

## COUNTY OF LUNENBURG, VIRGINIA

### Notes to Financial Statements

As of June 30, 2025

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#### Note 1—Summary of Significant Accounting Policies:

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

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

#### Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all 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 nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

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

## COUNTY OF LUNENBURG, VIRGINIA

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

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

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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.

#### **A. Financial Reporting Entity**

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

#### **B. Individual Component Unit Disclosures**

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

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

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

#### **C. Other Related Organizations**

##### Jointly Governed Organizations

The County, in conjunction with other localities, has created the Crossroads Community Services Board. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$64,629 to the Crossroads Community Services Board.

Complete financial statements of the jointly governed organizations may be obtained by contacting the County of Lunenburg, Virginia, Office of the Administrator, 11413 Courthouse Road, Lunenburg, VA 23952.

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

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

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

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

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

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

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

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

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

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

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

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

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

**1. Governmental Funds**

Governmental Funds are those through which most governmental functions typically are financed. The County reports the General Fund, County Special Revenue Fund, County Debt Service Fund, and County Capital Projects fund as major governmental funds.

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

Special Revenue Fund - The County Special Revenue Fund accounts for and reports the proceeds of specific revenue sources that are restricted, committed or assigned to expenditure for specified purposes other than debt service or capital projects.

Debt Service Fund - The County Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service.

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

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

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

2. Fiduciary Funds (Trust and Custodial Funds) - account for assets held by the County in a trustee capacity or as a custodian for individuals, private organizations, other governmental units, or other funds. These funds include Custodial Funds. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements. The County reports the following Fiduciary Funds: Special Welfare and Cell Tower Escrow.

3. Component Unit

The Lunenburg County School Board has the following funds:

Governmental Fund:

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

Special Revenue Fund:

School Cafeteria Fund - This fund is the operating fund of the school cafeteria and accounts for all revenues and expenditures applicable to the general operations of the school nutrition system. Revenues are derived primarily from charges for services and state and federal grants. The School Cafeteria Fund is considered a major fund of the School Board for financial reporting purposes.

School Activity Fund:

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

**E. Cash and Cash Equivalents**

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

**F. Investments**

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

COUNTY OF LUNENBURG, VIRGINIA

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

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

**F. Investments (Continued)**

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

**G. Receivables and Payables**

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

All trade and property tax receivables are shown net of an 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 \$320,859 on June 30, 2025 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

**H. Capital Assets**

Capital assets are tangible and intangible assets, which include property, plant, equipment, lease, subscription, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the County and Component Unit School Board as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. 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 and subscription assets, the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset’s capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

COUNTY OF LUNENBURG, VIRGINIA

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

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

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**H. Capital Assets (Continued)**

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

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

**I. Compensated Absences**

The liability for compensated absences represents amounts owed to employees for earned but unused vacation and other leave benefits. In accordance with GASB Statement No. 101, *Compensated Absences*, this liability is recognized when the leave is attributable to services already rendered, the leave accumulates, and it is probable that the leave will be used or paid. The liability is measured using the pay rates in effect as of the reporting date, including salary-related payments that are directly and incrementally associated with payments for compensated absences. The portion of the liability expected to be paid within one year is reported as a current liability in the financial statements.

**J. Use of Estimates**

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

**K. Net Position**

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

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

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

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**K. Net Position (Continued)**

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted net position and unrestricted net position in the 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.

**L. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information, 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, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup> and amounts prepaid on the 2<sup>nd</sup> half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup>, and amounts prepaid on the 2<sup>nd</sup> half installments are reported as deferred inflows of resources. In addition, certain items related to pension and OPEB and opioid settlement are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

**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 fund report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund).
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation.

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

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**M. Fund Balance (Continued)**

- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. 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).

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COUNTY OF LUNENBURG, VIRGINIA

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

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

**M. Fund Balance (Continued)**

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

	General Fund	Major Special Revenue Fund	Major Debt Service Fund	Major Capital Projects Fund	Total
<b>Fund Balances:</b>					
<b>Restricted:</b>					
School construction	\$ -	\$ -	\$ -	\$ 181,117	\$ 181,117
Opioid settlement	135,379	-	-	-	135,379
<b>Total Restricted Fund Balance</b>	<u>\$ 135,379</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,117</u>	<u>\$ 316,496</u>
<b>Committed:</b>					
Landfill	\$ 416,642	\$ -	\$ -	\$ -	\$ 416,642
Project lifesaver	-	3,612	-	-	3,612
Law library	-	26,085	-	-	26,085
Forfeited assets	-	33,709	-	-	33,709
Airport	-	(244)	-	-	(244)
Land sale unclaimed funds	208,876	-	-	-	208,876
E-911	151,248	-	-	-	151,248
Economic Development	-	1,856,458	-	-	1,856,458
<b>Total Committed</b>	<u>\$ 776,766</u>	<u>\$ 1,919,620</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,696,386</u>
<b>Assigned:</b>					
Emergency Services	\$ 260,601	\$ -	\$ -	\$ -	\$ 260,601
<b>Total Assigned</b>	<u>\$ 260,601</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260,601</u>
<b>Unassigned</b>	<u>\$ 10,409,097</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,409,097</u>
<b>Total Fund Balances</b>	<u><u>\$ 11,581,843</u></u>	<u><u>\$ 1,919,620</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 181,117</u></u>	<u><u>\$ 13,682,580</u></u>

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

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**N. Pensions**

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

**O. Other Postemployment Benefits (OPEB)**

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

**P. Long-term Obligations**

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

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

**Q. Inventory**

Inventory in the Component Unit - Industrial Development Authority consists of land held for resale.

**R. Subscription-Based IT Arrangements**

The County has various subscription-based IT arrangements (SBITAs) requiring recognition. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

*Subscriptions*

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

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

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**R. Subscription-Based IT Arrangements**

*Key Estimates and Judgments*

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

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

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

***Note 2—Stewardship, Compliance, and Accounting:***

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

1. On or before March 30<sup>th</sup>, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Special Revenue Fund, and the County Capital Projects Funds of the primary government and the School Operating Fund and School Special Revenue Funds of the School Board.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. All appropriations expire as of June 30 each year.

COUNTY OF LUNENBURG, VIRGINIA

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

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***Note 2—Stewardship, Compliance, and Accounting: (Continued)***

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8. All budgetary data presented in the accompanying financial statements is the original budget at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.
9. Expenditures and Appropriations  
Expenditures did not exceeded appropriations in any fund on June 30, 2025.

***Note 3—Deposits and Investments:***

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**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 more than 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).

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COUNTY OF LUNENBURG, VIRGINIA

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

**Note 3—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 the Standard & Poor’s rating scale.

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>		
	<u>AAA</u>	<u>AAAm</u>	<u>AA+</u>
State Non-Arbitrage Program (SNAP)	\$ -	\$ 96,018	\$ -
U.S. Agency Securities	-	-	1,315,156
Total	\$ -	\$ 96,018	\$ 1,315,156

**Interest Rate Risk**

<u>Investment Type</u>	<u>Investment Maturities (in years)</u>		
	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>
State Non-Arbitrage Program (SNAP)	\$ 96,018	\$ 96,018	\$ -
U.S. Agency Securities	1,315,156	594,726	720,430
Total	\$ 1,411,174	\$ 690,744	\$ 720,430

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COUNTY OF LUNENBURG, VIRGINIA

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

**Note 4—Due to/from Other Governments:**

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Other Local Governments:		
Lunenburg County	\$ -	\$ 394,338
Commonwealth of Virginia:		
Local sales tax	111,083	-
Welfare	44,647	-
Rolling stock tax	4,462	-
Mobile home titling tax	23,930	-
State sales tax	-	403,094
Constitutional officer reimbursements	152,170	-
Auto rental tax	1,219	-
Four-for-Life grant	12,863	-
Children's services act	205,318	-
PSAP grant	9,304	-
School resource officer	41,903	-
Communications tax	21,368	-
OCG grant	13,718	-
Industrial site readiness	20,767	-
Technology grant	-	154,000
Security grant	-	110,851
Federal Government:		
School funds grants	-	1,059,931
Emergency preparedness	32,986	-
Radio grant	4,812	-
Welfare	70,022	-
Transportation safety	4,779	-
Crime victim assistance	7,878	-
Total due from other governments	\$ <u>783,229</u>	\$ <u>2,122,214</u>

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

Other Local Governments:		
County of Lunenburg School Board	\$ <u>394,338</u>	\$ <u>-</u>
Total due to other governments	\$ <u>394,338</u>	\$ <u>-</u>

COUNTY OF LUNENBURG, VIRGINIA

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

**Note 5—Capital Assets:**

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

**Primary Government:**

	<u>Balance July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2025</u>
<b>Governmental activities:</b>				
Capital assets not subject to depreciation:				
Land	\$ 276,151	\$ -	\$ -	\$ 276,151
Construction in progress	-	87,474	87,474	-
Total capital assets not subject to depreciation	<u>\$ 276,151</u>	<u>\$ 87,474</u>	<u>\$ 87,474</u>	<u>\$ 276,151</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 12,330,935	\$ 99,105	\$ -	\$ 12,430,040
Machinery and equipment	7,975,110	175,020	6,300	8,143,830
Intangible	159,950	18,500	-	178,450
Jointly owned assets	6,906,869	-	1,487,194	5,419,675
Total capital assets subject to depreciation	<u>\$ 27,372,864</u>	<u>\$ 292,625</u>	<u>\$ 1,493,494</u>	<u>\$ 26,171,995</u>
Accumulated depreciation:				
Buildings and improvements	\$ 5,238,487	\$ 362,813	\$ -	\$ 5,601,300
Machinery and equipment	3,129,941	496,398	6,300	3,620,039
Intangible	159,950	3,700	-	163,650
Jointly owned assets	4,061,155	175,532	912,248	3,324,439
Total accumulated depreciation	<u>\$ 12,589,533</u>	<u>\$ 1,038,443</u>	<u>\$ 918,548</u>	<u>\$ 12,709,428</u>
Total capital assets being depreciated, net	<u>\$ 14,783,331</u>	<u>\$ (745,818)</u>	<u>\$ 574,946</u>	<u>\$ 13,462,567</u>
Governmental activities capital assets, net	<u>\$ 15,059,482</u>	<u>\$ (658,344)</u>	<u>\$ 662,420</u>	<u>\$ 13,738,718</u>

**Component Unit - School Board:**

	<u>Balance July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2025</u>
Capital assets not subject to depreciation:				
Land	\$ 37,807	\$ -	\$ -	\$ 37,807
Construction in progress	369,591	1,611,066	1,948,899	31,758
Total capital assets not subject to depreciation	<u>\$ 407,398</u>	<u>\$ 1,611,066</u>	<u>\$ 1,948,899</u>	<u>\$ 69,565</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 612,488	\$ 2,425,586	\$ -	\$ 3,038,074
Machinery and equipment	9,067,155	2,223,631	56,025	11,234,761
Subscription assets	-	253,286	-	253,286
Jointly owned assets	13,291,187	-	(1,487,194)	14,778,381
Total capital assets subject to depreciation	<u>\$ 22,970,830</u>	<u>\$ 4,902,503</u>	<u>\$ (1,431,169)</u>	<u>\$ 29,304,502</u>
Accumulated depreciation:				
Buildings and improvements	\$ 252,095	\$ 122,567	\$ -	\$ 374,662
Machinery and equipment	4,057,410	972,343	56,025	4,973,728
Subscription assets	-	33,518	-	33,518
Jointly owned assets	7,815,059	337,784	(912,248)	9,065,091
Total accumulated depreciation	<u>\$ 12,124,564</u>	<u>\$ 1,466,212</u>	<u>\$ (856,223)</u>	<u>\$ 14,446,999</u>
Total capital assets being depreciated, net	<u>\$ 10,846,266</u>	<u>\$ 3,436,291</u>	<u>\$ (574,946)</u>	<u>\$ 14,857,503</u>
Component Unit - School Board capital assets, net	<u>\$ 11,253,664</u>	<u>\$ 5,047,357</u>	<u>\$ 1,373,953</u>	<u>\$ 14,927,068</u>

COUNTY OF LUNENBURG, VIRGINIA

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

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**Note 5—Capital Assets: (Continued)**

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Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$	81,082
Judicial administration		229,692
Public safety		437,887
Public works		33,057
Health and welfare		20,580
Education		175,532
Community development		60,613
Total Governmental activities	\$	<u>1,038,443</u>
Component Unit School Board	\$	<u>1,466,212</u>

**Note 6—Interfund Transfers:**

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General	\$ 232,342	\$ 996,914
County special revenue	14,215	-
County debt service fund	982,699	-
County capital projects	-	232,342
Total Primary Government	\$ <u>1,229,256</u>	\$ <u>1,229,256</u>

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

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COUNTY OF LUNENBURG, VIRGINIA

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

**Note 7—Long-Term Obligations:**

**Primary Government:**

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

	Balance at July 1, 2024	Restatement	Restated Balance at July 1, 2024	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2025	Amounts Due Within One Year
Governmental Activities Obligations:							
Incurred by County:							
Compensated absences	\$ 224,990	\$ 136,898	\$ 361,888	\$ 77,243	\$ 36,189	\$ 402,942	\$ 40,294
Net pension liability	769,828	-	769,828	2,068,836	1,934,880	903,784	-
Net OPEB liability	155,911	-	155,911	73,981	85,826	144,066	-
Direct Borrowings and Direct Placements:							
Lease revenue bonds	3,385,000	-	3,385,000	-	20,000	3,365,000	20,000
Issuance premium	525,518	-	525,518	-	37,537	487,981	-
Total incurred by County	\$ 5,061,247	\$ 136,898	\$ 5,198,145	\$ 2,220,060	\$ 2,114,432	\$ 5,303,773	\$ 60,294
Incurred by School Board:							
Direct Borrowings and Direct Placements:							
General obligation bonds	\$ 2,845,713	\$ -	\$ 2,845,713	\$ -	\$ 750,478	\$ 2,095,235	\$ 770,235
Issuance premium	172,938	-	172,938	-	34,925	138,013	-
Total incurred by School Board	\$ 3,018,651	\$ -	\$ 3,018,651	\$ -	\$ 785,403	\$ 2,233,248	\$ 770,235
Total Governmental Activities Obligations	\$ 8,079,898	\$ 136,898	\$ 8,216,796	\$ 2,220,060	\$ 2,899,835	\$ 7,537,021	\$ 830,529

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

Year Ending June 30	County Obligations	
	Direct Borrowings and Direct Placements	
	Lease Revenue Bond	
	Principal	Interest
2026	\$ 20,000	\$ 126,825
2027	25,000	125,672
2028	80,000	122,981
2029	80,000	118,881
2030	200,000	111,706
2031-2035	1,985,000	329,159
2036-2037	975,000	21,525
Total	\$ 3,365,000	\$ 956,749

COUNTY OF LUNENBURG, VIRGINIA

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

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**Note 7—Long-Term Obligations: (Continued)**

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**Primary Government: (Continued)**

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

Year Ending June 30	Direct Borrowings and Direct Placements Incurred by School Board	
	General Obligation Bonds	
	Principal	Interest
2026	\$ 770,235	\$ 198,790
2027	410,000	179,923
2028	335,000	106,672
2029	350,000	95,184
2030	115,000	89,250
2031	115,000	89,250
Total	\$ 2,095,235	\$ 759,069

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COUNTY OF LUNENBURG, VIRGINIA

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

**Note 7—Long-Term Obligations: (Continued)**

**Primary Government: (Continued)**

Details of long-term indebtedness are as follows:

Incurring Entity	<u>Notes</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Balance Governmental Activities</u>	<u>Amount Due Within One Year</u>
<b>Incurring Entity: County</b>							
Compensated absences (payable from the General Fund)						\$ 402,942	\$ 40,294
Net OPEB liability (payable from the General Fund)						\$ 144,066	\$ -
Net pension liability (payable from the General Fund)						\$ 903,784	\$ -
<b>Direct borrowings and direct placements:</b>							
<u>Lease Revenue Bonds:</u>							
Virginia Resource Authority Lease Revenue Bond, plus unamortized premium of \$487,981	(a)	2.212% - 5.125%	11/17/2021	10/1/2036	3,425,000	\$ 3,852,981	\$ 20,000
Total long-term obligations incurred by the County						\$ 5,303,773	\$ 60,294
<b>Incurring Entity: School Board</b>							
<b>Direct borrowings and direct placements:</b>							
<u>General Obligation Bonds:</u>							
VPSA Bond Outstanding, plus unamortized premium of \$1,688	(a)	4.25%	7/8/2010	6/1/2027	\$ 1,175,000	\$ 171,688	\$ 85,000
VPSA Bond Outstanding	(a)	4.25%	12/15/2012	12/1/2030	2,100,000	690,000	115,000
VPSA Bond Outstanding	(a)	4.60% - 5.10%	10/25/2005	1/15/2026	5,856,256	370,235	370,235
VPSA Bond Outstanding, plus unamortized premium of \$136,325	(a)	5.05%	11/10/2020	7/15/2028	1,550,000	1,001,325	200,000
Total General Obligation and Lease Revenue Bonds						\$ 2,233,248	\$ 770,235
Total Direct Borrowings and Direct Placements						\$ 2,233,248	\$ 770,235
Total long-term obligations incurred by School Board, payable from the General Fund						\$ 2,233,248	\$ 770,235
Total outstanding debt - governmental activities						\$ 7,537,021	\$ 830,529

(a) No other terms specified in the debt agreement

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COUNTY OF LUNENBURG, VIRGINIA

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

**Note 7—Long-Term Obligations: (Continued)**

**Component Unit - School Board:**

Component Unit-School Board:

	Balance at July 1, 2024	Restatement	Restated Balance at July 1, 2024	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2025	Amounts Due Within One Year
Component Unit-School Board:							
Subscription liabilities	\$ -	\$ -	\$ -	\$ 18,534	\$ 7,975	\$ 10,559	\$ 5,118
Compensated absences	-	1,614,997	1,614,997	154,163	405,457	1,363,703	136,370
Net pension liability	10,856,149	-	10,856,149	4,644,783	5,825,818	9,675,114	-
Net OPEB liabilities	2,793,769	-	2,793,769	800,268	831,364	2,762,673	-
Total Component Unit-School Board	\$ 13,649,918	\$ 1,614,997	\$ 15,264,915	\$ 5,617,748	\$ 7,070,614	\$ 13,812,049	\$ 141,488

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

Year Ending June 30	Subscription Liabilities	
	Principal	Interest
2026	\$ 5,118	\$ 245
2027	5,441	126
Total	\$ 10,559	\$ 371

Details of long-term indebtedness are as follows:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Compensated absences (payable from the School Fund)					\$ 1,363,703	\$ 136,370
Net OPEB liability (payable from the School Fund)					\$ 2,762,673	\$ -
Net pension liability (payable from the School Fund)					\$ 9,675,114	\$ -
<u>Other Long-Term Obligations:</u>						
<u>Subscription Liabilities:</u>						
eduClimber subscription	2.32%	9/25/2024	9/30/2027	\$ 18,534	\$ 10,559	\$ 5,118
Total long-term obligations incurred by component unit - School Board					\$ 13,812,049	\$ 141,488

COUNTY OF LUNENBURG, VIRGINIA

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

**Note 8—Unearned and Deferred/Unavailable Revenue:**

Unearned and unavailable revenue represent 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. Unearned and deferred/unavailable revenue is comprised of the following:

	<u>Government-wide</u> <u>Governmental Activities</u>	<u>Balance Sheet</u> <u>Governmental Funds</u>
Deferred/Unavailable revenue:		
Unearned revenue representing the amount of unspent ARPA grant	\$ 398,119	\$ 398,119
Unearned revenue representing the amount of unspent FEMA grant	11,895	11,895
Total unearned revenue	<u>\$ 410,014</u>	<u>\$ 410,014</u>
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 451,047
2nd half assessment - property tax	3,571,580	3,571,580
Prepaid property taxes due in December but paid in advance by taxpayers	1,253,213	1,253,213
Unavailable opioid settlement revenue that is not available for funding of current expenditures	-	135,379
Total unavailable revenue	<u>\$ 4,824,793</u>	<u>\$ 5,411,219</u>

**Note 9—Commitments and Contingent Liabilities:**

Federal programs in which the County and its discretely presented component units participate were audited in accordance with the provisions of the Title 2 U. S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

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

Piedmont Juvenile Detention Center Commission entered into a master equipment financed purchase on January 13, 2023 with Signature Public Funding Corporation to lease energy efficient equipment. The County of Lunenburg is a member of the Commission, along with the Counties of Amelia, Buckingham, Cumberland, Nottoway, and Prince Edward. The County of Lunenburg has committed to making annual contributions to the Piedmont Juvenile Detention Center in the amount of \$42,214 through January 9, 2038 to assist with payments associated with the master equipment financed purchase.

## COUNTY OF LUNENBURG, VIRGINIA

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

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### ***Note 10—Litigation:***

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

### ***Note 11—Risk Management:***

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The County 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; injuries to employees; and natural disasters. The County participates with other Virginia localities in public entity risk pools for the provision of insurance coverage. The County receives workers' compensation, liability, and property loss coverage through the Virginia Association of Counties Group Self Insurance Risk Pool. The School Board receives its workers' compensation coverage from the School Systems of Virginia and all other coverage from commercial carriers. The County pays an annual premium to the pool for insurance through member premiums. There have been no reductions in any insurance coverage from the previous year and settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

### ***Note 12—Pension Plans:***

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#### ***Plan Description***

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

#### ***Benefit Structures***

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

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

***Note 12—Pension Plans: (Continued)***

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- c. service credit or when the sum of their age plus service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- d. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

***Average Final Compensation and Service Retirement Multiplier***

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

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

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

COUNTY OF LUNENBURG, VIRGINIA

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

**Note 12—Pension Plans: (Continued)**

**Employees Covered by Benefit Terms**

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

	<u>Primary Government</u>	<u>Component Unit School Board nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	66	30
Inactive members:		
Vested inactive members	10	1
Non-vested inactive members	33	9
Inactive members active elsewhere in VRS	<u>36</u>	<u>9</u>
Active members	<u>61</u>	<u>31</u>
Total covered employees	<u><u>206</u></u>	<u><u>80</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 because 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 11.06% 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 \$412,516 and \$399,727 for the years ended June 30, 2025 and June 30, 2024, respectively.

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2025 was 0.99% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by 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 \$8,504 and \$0 for the years ended June 30, 2025 and June 30, 2024, respectively.

COUNTY OF LUNENBURG, VIRGINIA

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

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**Note 12—Pension Plans: (Continued)**

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**Contributions (Continued)**

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 \$14,264 and \$5,871 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 \$9,078 and \$5,514 for the County and School Board, respectively, for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$1,424,488 and \$606,291 for the County and School Board, respectively, for the year ended June 30, 2025.

**Net Pension Liability (Asset)**

The net pension liability (asset) (NPL(A)) 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 liability/asset were determined by an actuarial valuation performed as of June 30, 2023, rolled forward to the measurement date of June 30, 2024.

**Actuarial Assumptions - General Employees**

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

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

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COUNTY OF LUNENBURG, VIRGINIA

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

**Note 12—Pension Plans: (Continued)**

**Actuarial Assumptions - General Employees (Continued)**

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the MP-2021 rates

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

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

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

COUNTY OF LUNENBURG, VIRGINIA

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

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**Note 12—Pension Plans: (Continued)**

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**Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits**

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

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

Mortality rates:

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-2021 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-2021 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-2021 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-2021 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the MP-2021 rates

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COUNTY OF LUNENBURG, VIRGINIA

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

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**Note 12—Pension Plans: (Continued)**

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

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

All Others (Non-10 Largest) - 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

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COUNTY OF LUNENBURG, VIRGINIA

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

**Note 12—Pension Plans: (Continued)**

**Long-Term Expected Rate of Return**

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

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

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

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

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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 used in 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

COUNTY OF LUNENBURG, VIRGINIA

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

**Note 12—Pension Plans: (Continued)**

**Discount Rate (Continued)**

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**

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2023	\$ 15,166,110	\$ 14,396,282	\$ 769,828
Changes for the year:			
Service cost	\$ 348,778	\$ -	\$ 348,778
Interest	1,014,114	-	1,014,114
Differences between expected and actual experience	696,584	-	696,584
Contributions - employer	-	399,727	(399,727)
Contributions - employee	-	154,288	(154,288)
Net investment income	-	1,380,586	(1,380,586)
Benefit payments, including refunds	(981,941)	(981,941)	-
Administrative expenses	-	(9,360)	9,360
Other changes	-	279	(279)
Net changes	\$ 1,077,535	\$ 943,579	\$ 133,956
Balances at June 30, 2024	\$ 16,243,645	\$ 15,339,861	\$ 903,784

COUNTY OF LUNENBURG, VIRGINIA

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

**Note 12—Pension Plans: (Continued)**

**Changes in Net Pension Liability (Asset)**

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 3,007,134	\$ 3,524,396	\$ (517,262)
Changes for the year:			
Service cost	\$ 57,815	\$ -	\$ 57,815
Interest	200,574	-	200,574
Differences between expected and actual experience	134,118	-	134,118
Contributions - employer	-	-	-
Contributions - employee	-	36,293	(36,293)
Net investment income	-	336,616	(336,616)
Benefit payments, including refunds	(186,971)	(186,971)	-
Administrative expenses	-	(2,345)	2,345
Other changes	-	66	(66)
Net changes	\$ 205,536	\$ 183,659	\$ 21,877
Balances at June 30, 2024	\$ 3,212,670	\$ 3,708,055	\$ (495,385)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County			
Net Pension Liability (Asset)	\$ 2,688,574	\$ 903,784	\$ (582,362)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ (131,493)	\$ (495,385)	\$ (799,322)

COUNTY OF LUNENBURG, VIRGINIA

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

**Note 12—Pension Plans: (Continued)**

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

For the year ended June 30, 2025, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$312,208 and (\$52,583), 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	\$ 391,360	\$ -	\$ 80,255	\$ 10,795
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	402,993	-	99,613
Employer contributions subsequent to the measurement date	412,516	-	8,504	-
<b>Total</b>	<b>\$ 803,876</b>	<b>\$ 402,993</b>	<b>\$ 88,759</b>	<b>\$ 110,408</b>

\$412,516 and \$8,504 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 year fiscal ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2026	\$ (49,425)	\$ (45,930)
2027	199,751	55,379
2028	(77,241)	(18,825)
2029	(84,718)	(20,777)
2030	-	-
Thereafter	-	-

***Note 12—Pension Plans: (Continued)***

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***Pension Plan Data***

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

**Component Unit School Board (professional)**

***Plan Description***

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

***Contributions***

The requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted because 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 \$1,664,138 and \$1,738,406 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$49,830 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 \$55,049 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$5,411,818 for the year ended June 30, 2025.

COUNTY OF LUNENBURG, VIRGINIA

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

**Note 12—Pension Plans: (Continued)**

**Component Unit School Board (professional) (Continued)**

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

At June 30, 2025, the school division reported a liability of \$9,675,114 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2024 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The school division’s proportion of the Net Pension Liability was based on the school division’s actuarially determined employer contributions to the pension plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division’s proportion was 0.10307% as compared to 0.10741% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized pension expense of \$1,107,938. 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, 2024, 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	\$ 1,678,496	\$ 199,217
Changes of assumptions	175,616	-
Net difference between projected and actual earnings on pension plan investments	-	1,331,785
Changes in proportion and differences between employer contributions and proportionate share of contributions	400,008	423,911
Employer contributions subsequent to the measurement date	<u>1,664,138</u>	<u>-</u>
Total	<u>\$ 3,918,258</u>	<u>\$ 1,954,913</u>

COUNTY OF LUNENBURG, VIRGINIA

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

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**Note 12—Pension Plans: (Continued)**

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**Component Unit School Board (professional) (Continued)**

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

\$1,664,138 reported as deferred outflows of resources related to pensions resulting from the school division's contributions after 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	\$ (577,550)
2027	885,323
2028	167,219
2029	(175,785)
2030	-

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-2021 Improvement Scale that is 75% of the standard rates

COUNTY OF LUNENBURG, VIRGINIA

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

**Note 12—Pension Plans: (Continued)**

**Component Unit School Board (professional) (Continued)**

**Actuarial Assumptions (Continued)**

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

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

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

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

COUNTY OF LUNENBURG, VIRGINIA

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

**Note 12—Pension Plans: (Continued)**

**Component Unit School Board (professional) (Continued)**

**Net Pension Liability (Continued)**

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School Board's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset) \$	17,974,465	\$ 9,675,114	\$ 2,878,209

**Pension Plan Fiduciary Net Position**

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

**Primary Government and Component Unit School Board**

**Aggregate Pension Information**

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 803,876	\$ 402,993	\$ 903,784	\$ 312,208	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	88,759	110,408	(495,385)	(52,583)
School Board Professional	-	-	-	-	3,918,258	1,954,913	9,675,114	1,107,938
Totals	<u>\$ 803,876</u>	<u>\$ 402,993</u>	<u>\$ 903,784</u>	<u>\$ 312,208</u>	<u>\$ 4,007,017</u>	<u>\$ 2,065,321</u>	<u>\$ 9,179,729</u>	<u>\$ 1,055,355</u>

***Note 13—Group Life Insurance (GLI) Plan (OPEB Plan):***

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

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

***Eligible Employees***

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

***Benefit Amounts***

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the 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 calculation. The minimum benefit adjusted for the COLA was \$9,532 as of June 30, 2025.

***Contributions***

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025, was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were \$17,558 and \$17,898 for the years ended June 30, 2025 and June 30, 2024, respectively.

***Note 13—Group Life Insurance (GLI) Plan (OPEB Plan):***

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***Contributions (Continued)***

Contributions to the Group Life Insurance Plan from the Component Unit School Board professional group were \$55,042 and \$59,613 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions to the Group Life Insurance Plan from the Component Unit School Board nonprofessional group were \$4,037 and \$4,542 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

On June 30, 2025, the County reported a liability of \$144,066 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$479,735 and \$36,602, respectively, 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. On June 30, 2024, the County's proportion was .01291% as compared to .01300% on June 30, 2023. On June 30, 2024, the Component Unit School Board professional and nonprofessional groups' proportion was .04299% and .04534%, respectively as compared to .00328% and .00303% respectively at June 30, 2023.

For the year ended June 30, 2025, the County recognized GLI OPEB expense of \$7,047. For the year ended June 30, 2025, the Component Unit School Board professional group recognized GLI OPEB expense of \$16,756. For the year ended June 30, 2025, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$605. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements  
As of 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)**

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

	Primary Government		Component School Board (professional)		Component School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,722	\$ 3,519	\$ 75,665	\$ 11,718	\$ 5,773	\$ 894
Net difference between projected and actual earnings on GLI OPEB plan investments	-	12,143	-	40,437	-	3,085
Changes of assumptions	821	7,140	2,734	23,775	209	1,814
Changes in proportionate share	17,090	3,559	26,893	28,686	2,594	2,245
Employer contributions subsequent to the measurement	17,558	-	55,042	-	4,037	-
Total	\$ 58,191	\$ 26,361	\$ 160,334	\$ 104,616	\$ 12,613	\$ 8,038

\$17,558, \$55,042, and \$4,037, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board professional and nonprofessional group’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
	2026	\$ (2,182)	\$ (16,733)
2027	5,899	8,734	511
2028	4,552	2,141	52
2029	3,929	3,342	738
2030	2,074	3,193	1,022
Thereafter	-	-	-

COUNTY OF LUNENBURG, VIRGINIA

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

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**Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

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**Actuarial Assumptions**

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

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

**Mortality Rates - Teachers**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the MP-2021 rates

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COUNTY OF LUNENBURG, VIRGINIA

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

**Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

**Actuarial Assumptions: (Continued)**

**Mortality Rates - Teachers (Continued)**

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

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

**Mortality Improvement Scale:**

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the MP-2021 rates

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements  
As of 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)**

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 because of the experience study and VRS Board action are as follows:

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

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

**Mortality Improvement Scale:**

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the MP-2021 rates

COUNTY OF LUNENBURG, VIRGINIA

Notes to Financial Statements  
As of 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)**

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 because of the experience study and VRS Board action are as follows:

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

**NET GLI OPEB Liability**

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

	<b>GLI OPEB Plan</b>
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 LUNENBURG, VIRGINIA

Notes to Financial Statements  
As of 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 Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<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 45<sup>th</sup> 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 LUNENBURG, VIRGINIA

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

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 224,041	\$ 144,066	\$ 79,456
Component School Board (professional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 746,050	\$ 479,735	\$ 264,587
Component School Board (nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 56,921	\$ 36,602	\$ 20,187

**GLI Plan Fiduciary Net Position**

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

***Note 14—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):***

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***Plan Description***

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

The specific information for the Teacher HIC OPEB, including eligibility, coverage, and benefits is described below:

***Eligible Employees***

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

***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 because of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2025 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$141,703 and \$133,578 for the years ended June 30, 2025 and June 30, 2024, respectively.

COUNTY OF LUNENBURG, VIRGINIA

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

**Note 14—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 \$1,190,780 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2024 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The school division’s proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division’s actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2024, the school division’s proportion of the VRS Teacher Employee HIC was .10304% as compared to .10710% on June 30, 2023.

For the year ended June 30, 2025, the school division recognized VRS Teacher Employee HIC OPEB expense of \$90,634. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

On 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	\$ -	\$ 56,416
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	4,236
Changes of assumptions	20,514	-
Changes in proportionate share and differences between actual and expected contributions	85,351	59,566
Employer contributions subsequent to the measurement date	<u>141,703</u>	<u>-</u>
Total	<u>\$ 247,568</u>	<u>\$ 120,218</u>

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COUNTY OF LUNENBURG, VIRGINIA

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

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***Note 14—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)***

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***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)***

\$141,703 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

**Year Ended June 30**

2026	\$	2,437
2027		5,761
2028		(5,036)
2029		(4,906)
2030		(4,435)
Thereafter		(8,175)

***Actuarial Assumptions***

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

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

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COUNTY OF LUNENBURG, VIRGINIA

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

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***Note 14—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)***

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**Mortality Rates - Teachers**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the MP-2021 rates

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COUNTY OF LUNENBURG, VIRGINIA

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

**Note 14—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

**Actuarial Assumptions (Continued)**

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

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

**Net Teacher Employee HIC OPEB Liability**

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

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

COUNTY OF LUNENBURG, VIRGINIA

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

**Note 14—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

**Long-Term Expected Rate of Return**

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

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

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

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

**Discount Rate**

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year 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

COUNTY OF LUNENBURG, VIRGINIA

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

**Note 14—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

**Discount Rate (Continued)**

contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division’s proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 1,354,214	\$ 1,190,780	\$ 1,052,255

**Teacher Employee HIC OPEB Fiduciary Net Position**

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

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

**Plan Description**

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

COUNTY OF LUNENBURG, VIRGINIA

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

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

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**Plan Description (Continued)**

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

**Eligible Employees**

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

**Benefit Amounts**

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

**HIC Plan Notes**

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

**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:

	<b>Component Unit School Board Nonprofessional</b>
Inactive members or their beneficiaries currently receiving benefits	7
Vested inactive members	1
Active members	39
Total covered employees	<u>47</u>

COUNTY OF LUNENBURG, VIRGINIA

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

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

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**Contributions**

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board’s contractually required employer contribution rate for the year ended June 30, 2025 was 1.18% 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 School Board to the HIC Plan were \$10,136 and \$9,926 for the years ended June 30, 2025 and June 30, 2024, respectively.

**Net HIC OPEB Liability**

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

**Actuarial Assumptions**

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the MP-2021 rates

COUNTY OF LUNENBURG, VIRGINIA

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

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

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

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

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

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COUNTY OF LUNENBURG, VIRGINIA

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

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

**Long-Term Expected Rate of Return**

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

<u>Asset Class (Strategy)</u>	<u>Long-term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<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 45<sup>th</sup> 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 LUNENBURG, VIRGINIA

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

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

**Discount Rate**

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

**Changes in Net HIC OPEB Liability**

	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	\$ 65,844	\$ 18,603	\$ 47,241
Changes for the year:			
Service cost	\$ 637	\$ -	\$ 637
Interest	4,394	-	4,394
Differences between expected and actual experience	(1,750)	-	(1,750)
Contributions - employer	-	9,926	(9,926)
Net investment income	-	2,213	(2,213)
Benefit payments	(2,784)	(2,784)	-
Administrative expenses	-	(34)	34
Net changes	\$ 497	\$ 9,321	\$ (8,824)
Balances at June 30, 2024	\$ 66,341	\$ 27,924	\$ 38,417

COUNTY OF LUNENBURG, VIRGINIA

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

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

**Sensitivity of the County and School Board’s HIC Net OPEB Liability (Asset) to Changes in the Discount Rate**

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the Nonprofessional Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 45,810	\$ 38,417	\$ 32,159

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

For the year ended June 30, 2025, the School Board recognized HIC Plan OPEB expense of \$(8,533). At June 30, 2025, the School Board reported deferred outflows of resources and deferred inflows of resources related to the County and School Board’s HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1	\$ 28,526
Changes of assumptions	4,341	-
Net difference between projected and actual earnings on pension plan investments	-	393
Employer contributions subsequent to the measurement date	10,136	-
<b>Total</b>	<b>\$ 14,478</b>	<b>\$ 28,919</b>

COUNTY OF LUNENBURG, VIRGINIA

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

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

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

\$10,136 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board’s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2026	\$ (12,469)
2027	(11,346)
2028	(563)
2029	(199)
2030	-
Thereafter	-

**Health Insurance Credit Program Plan Data**

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

**Note 16—Medical and Dental Pay-As-You-Go (OPEB Plan):**

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**School Board**

**Plan Description**

In addition to the pension benefits described in Note 12, the Component Unit School Board administers a single-employer defined benefit healthcare plan, The Lunenburg County Public Schools Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board’s pension plans. The plan does not issue a publicly available financial report.

**Benefits Provided**

Postemployment benefits that are provided to eligible School Board retirees include medical and dental insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses, and dependents of eligible retirees. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. Retirees and spouses that became eligible for Medicare are no longer eligible to participate in the Lunenburg County Public School’s retiree medical plan. Retirees are responsible for 100% of the premiums.

COUNTY OF LUNENBURG, VIRGINIA

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

**Note 16—Medical and Dental Pay-As-You-Go (OPEB Plan): (Continued)**

**School Board: (Continued)**

**Plan Membership**

On January 1, 2025 (valuation date), the following employees were covered by the benefit terms:

	Component Unit School Board
Total active employees with coverage	244
Total retirees with coverage	3
Total	247

**Contributions**

The School 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 \$40,735.

**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 as of that date.

**Actuarial Assumptions**

The total OPEB liability in the January 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	5.95% for 1 year of service, then grading to an ultimate
Discount Rate	5.20% as of June 30, 2025
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.90% in 2025 and gradually declines to 3.90% by the year 2073

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

Pre-Retirement: Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males. Base rates are shown below. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 5% of deaths are assumed to be service-related.

Post-Retirement: Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males. Base rates are shown below. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 5% of deaths are assumed to be service-related.

Post-Disablement: Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males. Base rates are shown below. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 5% of deaths are assumed to be service-related.

COUNTY OF LUNENBURG, VIRGINIA

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

**Note 16—Medical and Dental Pay-As-You-Go (OPEB Plan): (Continued)**

**School Board: (Continued)**

**Discount Rate**

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the Bond Buyer General Obligation 20 - Bond Municipal Index.

**Changes in Total OPEB Liability**

		<b>Component Unit School Board Total OPEB Liability</b>
		<u>                    </u>
Balance at June 30, 2024	\$	868,871
Changes for the year:		
Service cost	\$	48,024
Interest		35,241
Economic/demographic gains or losses		201,995
Changes in assumptions		(96,257)
Benefit payments		(40,735)
Net changes	\$	<u>148,268</u>
Balance at June 30, 2025	\$	<u><u>1,017,139</u></u>

**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 (4.20%) or one percentage point higher (6.20%) than the current discount rate:

	<b>Rate</b>		
	<u>1% Decrease (4.20%)</u>	<u>Current Discount Rate (5.20%)</u>	<u>1% Increase (6.20%)</u>
<b>Component Unit School Board:</b>			
Total OPEB liability	\$ 1,094,510	\$ 1,017,139	\$ 944,843

COUNTY OF LUNENBURG, VIRGINIA

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

**Note 16—Medical and Dental 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 (4.8% decreasing to 3.00% over 52 years) or one percentage point higher (6.80% decreasing to 5.00% over 52 years) than the current healthcare cost trend rates:

	Rates	
	Healthcare Cost	
	1% Decrease (4.90% decreasing to 2.90%)	1% Increase (6.90% decreasing to 4.90%)
	Trend (5.90% decreasing to 3.90%)	

**Component Unit School Board:**

Total OPEB liability	\$	918,835	\$	1,017,139	\$	1,130,014
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***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 \$45,980. On June 30, 2025, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 167,168	\$ 176,088
Changes in assumptions	32,262	127,841
Total	<u>\$ 199,430</u>	<u>\$ 303,929</u>

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COUNTY OF LUNENBURG, VIRGINIA

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

**Note 16—Medical and Dental Pay-As-You-Go (OPEB Plan): (Continued)**

**School Board: (Continued)**

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

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

<u>Year Ended June 30</u>	<u>Component Unit School Board</u>
2026	\$ (58,594)
2027	(58,594)
2028	(16,723)
2029	14,829
2030	14,583
Thereafter	-

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

**Note 17—Surety Bonds:**

The following surety bonds covered constitutional officers and County employees on June 30, 2025:

	<u>Amount</u>
Division of Risk Management Surety Bond:	
Commonwealth Funds	
Gordon F. Erby, Clerk of the Circuit Court	\$ 150,000
Wanda Barnes, Treasurer	400,000
Liz Y. Hamlett, Commissioner of the Revenue	3,000
Arthur Townsend, Sheriff	30,000
VACo Risk Management Programs:	
Kristin Peebles, Clerk of the School Board	10,000
Lucy Hall, Deputy Clerk of the Board	10,000
Sharon Stanislas, School Superintendent	10,000
All School Board Employees-blanket bond	2,500
Western Surety Company:	
Lisa Nagorsky, Acting Director of Social Services	100,000
VA Risk Pool:	
All Social Services Employees-Blanket Bond	1,000,000

COUNTY OF LUNENBURG, VIRGINIA

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

**Note 18—Fair Value Measurements:**

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

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

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

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

Investment type	Balance June 30, 2025	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Primary Government</b>				
<b>Debt Securities:</b>				
U.S. Agency Securities	\$ 1,315,156	\$ 1,315,156	\$ -	\$ -

**Note 19-Line of Duty Act (LODA) (OPEB Benefits):**

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

COUNTY OF LUNENBURG, VIRGINIA

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

**Note 19-Line of Duty Act (LODA) (OPEB Benefits): (Continued)**

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County’s LODA coverage is fully covered or “insured” through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County’s LODA premium for the year ended June 30, 2025 was \$23,399.

**Note 20—Summary of Other Postemployment Benefit Plans:**

**Aggregate OPEB Information**

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Plan (Note 13):								
County	\$ 58,191	\$ 26,361	\$ 144,066	\$ 7,047	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	12,613	8,038	36,602	605
School Board Professional	-	-	-	-	160,334	104,616	479,735	16,756
Teacher Health Insurance Credit Plan (Note 14)	-	-	-	-	247,568	120,218	1,190,780	90,634
Nonprofessional Health Insurance Credit Plan (Note 15)	-	-	-	-	14,478	28,919	38,417	(8,533)
School Stand-Alone Plan (Note 16)	-	-	-	-	199,430	303,929	1,017,139	45,980
Totals	\$ 58,191	\$ 26,361	\$ 144,066	\$ 7,047	\$ 634,423	\$ 565,720	\$ 2,762,673	\$ 145,442

**Note 21—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.

COUNTY OF LUNENBURG, VIRGINIA

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

**Note 22—Arbitrage Liability**

The County is subject to federal arbitrage regulations as stipulated under Section 148 of the Internal Revenue Code, which requires issuers of tax-exempt debt to rebate to the U.S. Treasury any excess earnings on investments above the bond yield (arbitrage). Arbitrage liability arises when investment returns from tax-exempt bond proceeds exceed the allowable bond yield, creating a liability to remit excess earnings to the U.S. Treasury.

As of June 30, 2025, the County has accrued a liability for arbitrage rebate in the amount of \$69,936. This liability reflects the estimated excess investment earnings on outstanding tax-exempt debt based on current calculations and is included in accounts payables.

**Note 23—Change in Accounting Principle:**

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

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

**Note 24—Restatement of Beginning Balances:**

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

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

	<b>Net Position</b>	
	<b>Governmental Activities</b>	<b>School Board</b>
Balance, June 30, 2024, as previously stated	\$ 22,284,721	\$ 1,716,227
<b>Implementation of GASB 101:</b>		
Compensated absences liability	(136,898)	(1,614,997)
Balance, July 1, 2024, as restated	<u>\$ 22,147,823</u>	<u>\$ 101,230</u>

*REQUIRED SUPPLEMENTARY INFORMATION*

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>REVENUES</b>				
General property taxes	\$ 7,892,000	\$ 7,892,000	\$ 7,720,314	\$ (171,686)
Other local taxes	1,038,000	1,038,000	1,252,934	214,934
Permits, privilege fees, and regulatory licenses	67,400	67,400	119,669	52,269
Fines and forfeitures	9,500	9,500	22,216	12,716
Revenue from the use of money and property	381,700	381,700	508,970	127,270
Charges for services	752,000	752,000	1,178,601	426,601
Miscellaneous	30,000	30,000	267,686	237,686
Recovered costs	5,000	5,000	14,668	9,668
Intergovernmental:				
Commonwealth	4,955,900	4,955,900	5,052,248	96,348
Federal	932,500	932,500	1,470,055	537,555
Total revenues	<u>\$ 16,064,000</u>	<u>\$ 16,064,000</u>	<u>\$ 17,607,361</u>	<u>\$ 1,543,361</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,546,300	\$ 1,546,300	\$ 1,571,498	\$ (25,198)
Judicial administration	1,012,450	1,012,450	1,110,094	(97,644)
Public safety	4,378,630	4,373,630	4,162,605	211,025
Public works	746,000	746,000	673,285	72,715
Health and welfare	3,601,630	3,147,377	3,035,961	111,416
Education	5,501,911	6,400,256	6,136,734	263,522
Community development	575,180	575,180	461,735	113,445
Capital projects	485,000	485,000	429,397	55,603
Total expenditures	<u>\$ 17,847,101</u>	<u>\$ 18,286,193</u>	<u>\$ 17,581,309</u>	<u>\$ 704,884</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,783,101)</u>	<u>\$ (2,222,193)</u>	<u>\$ 26,052</u>	<u>\$ 2,248,245</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 102,000	\$ 232,342	\$ 232,342	\$ -
Transfers out	(1,315,415)	(1,830,415)	(996,914)	833,501
Total other financing sources (uses)	<u>\$ (1,213,415)</u>	<u>\$ (1,598,073)</u>	<u>\$ (764,572)</u>	<u>\$ 833,501</u>
Net change in fund balances	\$ (2,996,516)	\$ (3,820,266)	\$ (738,520)	\$ 3,081,746
Fund balances - beginning	2,996,516	3,820,266	12,320,363	8,500,097
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,581,843</u>	<u>\$ 11,581,843</u>

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 2,600	\$ 2,652	\$ 2,266	\$ (386)
Charges for services	1,000	1,342	1,342	-
Miscellaneous	6,000	1,115,999	1,111,524	(4,475)
Intergovernmental:				
Commonwealth	2,700	2,700	157,485	154,785
Total revenues	\$ 12,300	\$ 1,122,693	\$ 1,272,617	\$ 149,924
<b>EXPENDITURES</b>				
Current:				
Judicial administration	\$ 1,000	\$ 1,642	\$ 1,642	\$ -
Public safety	1,000	9,271	2,771	6,500
Community development	29,000	74,671	113,004	(38,333)
Total expenditures	\$ 31,000	\$ 85,584	\$ 117,417	\$ (31,833)
Excess (deficiency) of revenues over (under) expenditures	\$ (18,700)	\$ 1,037,109	\$ 1,155,200	\$ 118,091
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 332,415	\$ 332,415	\$ 14,215	\$ (318,200)
Transfers out	(102,000)	(232,342)	(232,342)	-
Total other financing sources (uses)	\$ 230,415	\$ 100,073	\$ (218,127)	\$ (318,200)
Net change in fund balances	\$ 211,715	\$ 1,137,182	\$ 937,073	\$ (200,109)
Fund balances - beginning	(211,715)	(1,137,182)	982,547	2,119,729
Fund balances - ending	\$ -	\$ -	\$ 1,919,620	\$ 1,919,620

County of Lunenburg, Virginia

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Primary Government

For the Measurement Dates of June 30, 2015 through June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Total pension liability</b>			
Service cost	\$ 348,778	\$ 301,912	\$ 257,112
Interest	1,014,114	985,473	985,056
Differences between expected and actual experience	696,584	3,977	(457,088)
Assumption changes	-	-	-
Benefit payments	(981,941)	(845,879)	(801,541)
<b>Net change in total pension liability</b>	<u>\$ 1,077,535</u>	<u>\$ 445,483</u>	<u>\$ (16,461)</u>
<b>Total pension liability - beginning</b>	<u>15,166,110</u>	<u>14,720,627</u>	<u>14,737,088</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 16,243,645</u></u>	<u><u>\$ 15,166,110</u></u>	<u><u>\$ 14,720,627</u></u>
 <b>Plan fiduciary net position</b>			
Contributions - employer	\$ 399,727	\$ 373,066	\$ 330,006
Contributions - employee	154,288	142,505	122,702
Net investment income	1,380,586	886,007	(9,708)
Benefit payments	(981,941)	(845,879)	(801,541)
Administrator charges	(9,360)	(8,890)	(8,870)
Other	279	356	325
<b>Net change in plan fiduciary net position</b>	<u>\$ 943,579</u>	<u>\$ 547,165</u>	<u>\$ (367,086)</u>
<b>Plan fiduciary net position - beginning</b>	<u>14,396,282</u>	<u>13,849,117</u>	<u>14,216,203</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 15,339,861</u></u>	<u><u>\$ 14,396,282</u></u>	<u><u>\$ 13,849,117</u></u>
 <b>County's net pension liability - ending (a) - (b)</b>	 \$ 903,784	 \$ 769,828	 \$ 871,510
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	 94.44%	 94.92%	 94.08%
 <b>Covered payroll</b>	 \$ 3,314,359	 \$ 3,062,075	 \$ 2,565,264
 <b>County's net pension liability as a percentage of covered payroll</b>	 27.27%	 25.14%	 33.97%

	2021	2020	2019	2018	2017	2016	2015
\$	261,465	\$ 264,784	\$ 235,665	\$ 233,959	\$ 248,894	\$ 254,636	\$ 253,424
	933,546	893,972	865,998	863,622	847,873	827,318	796,712
	(286,989)	192,243	150,972	(367,253)	(74,609)	(37,291)	81,002
	392,874	-	342,586	-	(46,162)	-	-
	(788,244)	(741,177)	(704,025)	(688,743)	(813,271)	(688,771)	(699,037)
\$	512,652	\$ 609,822	\$ 891,196	\$ 41,585	\$ 162,725	\$ 355,892	\$ 432,101
	14,224,436	13,614,614	12,723,418	12,681,833	12,519,108	12,163,216	11,731,115
\$	14,737,088	\$ 14,224,436	\$ 13,614,614	\$ 12,723,418	\$ 12,681,833	\$ 12,519,108	\$ 12,163,216
\$	294,701	\$ 259,410	\$ 237,526	\$ 268,987	\$ 276,270	\$ 326,381	\$ 328,483
	109,245	115,712	106,233	103,367	106,205	117,177	108,843
	3,110,108	221,069	739,071	791,790	1,203,146	170,601	449,389
	(788,244)	(741,177)	(704,025)	(688,743)	(813,271)	(688,771)	(699,037)
	(7,898)	(7,674)	(7,525)	(6,955)	(7,228)	(6,342)	(6,324)
	292	(259)	(465)	(700)	(1,057)	(74)	(96)
\$	2,718,204	\$ (152,919)	\$ 370,815	\$ 467,746	\$ 764,065	\$ (81,028)	\$ 181,258
	11,497,999	11,650,918	11,280,103	10,812,357	10,048,292	10,129,320	9,948,062
\$	14,216,203	\$ 11,497,999	\$ 11,650,918	\$ 11,280,103	\$ 10,812,357	\$ 10,048,292	\$ 10,129,320
\$	520,885	\$ 2,726,437	\$ 1,963,696	\$ 1,443,315	\$ 1,869,476	\$ 2,470,816	\$ 2,033,896
	96.47%	80.83%	85.58%	88.66%	85.26%	80.26%	83.28%
\$	2,283,839	\$ 2,380,671	\$ 2,171,165	\$ 2,114,684	\$ 2,165,063	\$ 2,176,040	\$ 2,138,151
	22.81%	114.52%	90.44%	68.25%	86.35%	113.55%	95.12%

County of Lunenburg, Virginia

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Total pension liability</b>			
Service cost	\$ 57,815	\$ 50,396	\$ 49,034
Interest	200,574	201,126	194,883
Differences between expected and actual experience	134,118	(87,907)	6,352
Assumption changes	-	-	-
Benefit payments	(186,971)	(171,469)	(146,792)
<b>Net change in total pension liability</b>	<u>\$ 205,536</u>	<u>\$ (7,854)</u>	<u>\$ 103,477</u>
<b>Total pension liability - beginning</b>	<u>3,007,134</u>	<u>3,014,988</u>	<u>2,911,511</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 3,212,670</u></u>	<u><u>\$ 3,007,134</u></u>	<u><u>\$ 3,014,988</u></u>
 <b>Plan fiduciary net position</b>			
Contributions - employer	\$ -	\$ -	\$ 3,780
Contributions - employee	36,293	31,035	29,515
Net investment income	336,616	218,220	(2,217)
Benefit payments	(186,971)	(171,469)	(146,792)
Administrator charges	(2,345)	(2,246)	(2,243)
Other	66	82	81
<b>Net change in plan fiduciary net position</b>	<u>\$ 183,659</u>	<u>\$ 75,622</u>	<u>\$ (117,876)</u>
<b>Plan fiduciary net position - beginning</b>	<u>3,524,396</u>	<u>3,448,774</u>	<u>3,566,650</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 3,708,055</u></u>	<u><u>\$ 3,524,396</u></u>	<u><u>\$ 3,448,774</u></u>
 <b>School Board's net pension liability (asset) - ending (a) - (b)</b>	<u>\$ (495,385)</u>	<u>\$ (517,262)</u>	<u>\$ (433,786)</u>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	115.42%	117.20%	114.39%
 <b>Covered payroll</b>	<u>\$ 841,162</u>	<u>\$ 714,275</u>	<u>\$ 669,092</u>
 <b>School Board's net pension liability (asset) as a percentage of covered payroll</b>	-58.89%	-72.42%	-64.83%

Exhibit 12

	2021	2020	2019	2018	2017	2016	2015
\$	56,912	\$ 56,647	\$ 53,116	\$ 55,480	\$ 57,634	\$ 59,924	\$ 61,333
	178,383	173,897	166,402	162,172	158,497	155,869	152,679
	8,543	(32,568)	36,870	(30,275)	19,797	(69,531)	(70,799)
	91,535	-	70,479	-	(69,565)	-	-
	(133,151)	(129,885)	(125,692)	(128,200)	(99,528)	(117,897)	(77,403)
\$	<u>202,222</u>	<u>\$ 68,091</u>	<u>\$ 201,175</u>	<u>\$ 59,177</u>	<u>\$ 66,835</u>	<u>\$ 28,365</u>	<u>\$ 65,810</u>
	<u>2,709,289</u>	<u>2,641,198</u>	<u>2,440,023</u>	<u>2,380,846</u>	<u>2,314,011</u>	<u>2,285,646</u>	<u>2,219,836</u>
\$	<u><u>2,911,511</u></u>	<u><u>2,709,289</u></u>	<u><u>2,641,198</u></u>	<u><u>2,440,023</u></u>	<u><u>2,380,846</u></u>	<u><u>2,314,011</u></u>	<u><u>2,285,646</u></u>
\$	4,750	\$ 5,886	\$ 6,087	\$ 9,888	\$ 11,017	\$ 39,362	\$ 38,525
	30,669	31,066	29,121	29,353	30,300	31,397	30,884
	781,309	55,438	185,892	199,084	300,235	43,532	109,677
	(133,151)	(129,885)	(125,692)	(128,200)	(99,528)	(117,897)	(77,403)
	(1,988)	(1,932)	(1,892)	(1,759)	(1,756)	(1,566)	(1,488)
	73	(65)	(117)	(176)	(266)	(18)	(24)
\$	<u>681,662</u>	<u>\$ (39,492)</u>	<u>\$ 93,399</u>	<u>\$ 108,190</u>	<u>\$ 240,002</u>	<u>\$ (5,190)</u>	<u>\$ 100,171</u>
	<u>2,884,988</u>	<u>2,924,480</u>	<u>2,831,081</u>	<u>2,722,891</u>	<u>2,482,889</u>	<u>2,488,079</u>	<u>2,387,908</u>
\$	<u><u>3,566,650</u></u>	<u><u>2,884,988</u></u>	<u><u>2,924,480</u></u>	<u><u>2,831,081</u></u>	<u><u>2,722,891</u></u>	<u><u>2,482,889</u></u>	<u><u>2,488,079</u></u>
\$	(655,139)	\$ (175,699)	\$ (283,282)	\$ (391,058)	\$ (342,045)	\$ (168,878)	\$ (202,433)
	122.50%	106.49%	110.73%	116.03%	114.37%	107.30%	108.86%
\$	677,275	\$ 685,240	\$ 637,701	\$ 641,120	\$ 647,223	\$ 658,317	\$ 631,847
	-96.73%	-25.64%	-44.42%	-61.00%	-52.85%	-25.65%	-32.04%

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

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (6)
2024	0.10307%	\$ 9,675,114	\$ 11,039,503	87.64%	84.52%
2023	0.10741%	10,856,149	10,680,320	101.65%	82.45%
2022	0.10338%	9,842,395	9,558,758	102.97%	82.61%
2021	0.10075%	7,821,321	8,835,579	88.52%	85.46%
2020	0.10362%	15,079,431	8,998,972	167.57%	71.47%
2019	0.09786%	12,878,932	8,151,751	157.99%	73.51%
2018	0.09684%	11,388,000	7,804,042	145.92%	74.81%
2017	0.09711%	11,943,000	7,630,185	156.52%	72.92%
2016	0.01080%	15,129,000	8,231,247	183.80%	68.28%
2015	0.10488%	13,200,000	7,797,820	169.28%	70.68%

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

Date	Contractually Required Contribution*	Contributions in Relation to Contractually Required Contribution*	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
(1)	(2)	(3)	(4)	(5)	
<b>Primary Government</b>					
2025	\$ 412,516	\$ 412,516	\$ -	\$ 3,729,801	11.06%
2024	399,727	399,727	-	3,314,359	12.06%
2023	373,084	373,084	-	3,062,075	12.18%
2022	329,994	329,994	-	2,565,264	12.86%
2021	294,700	294,700	-	2,283,839	12.90%
2020	259,561	259,561	-	2,380,671	10.90%
2019	237,533	237,533	-	2,171,165	10.94%
2018	268,986	268,986	-	2,114,684	12.72%
2017	278,860	278,860	-	2,165,063	12.88%
2016	331,846	331,846	-	2,176,040	15.25%
<b>Component Unit School Board (nonprofessional)</b>					
2025	\$ 8,504	\$ 8,504	\$ -	\$ 858,986	0.99%
2024	-	-	-	841,162	0.00%
2023	-	-	-	714,275	0.00%
2022	2,506	2,506	-	669,092	0.37%
2021	3,596	3,596	-	677,275	0.53%
2020	5,850	5,850	-	685,240	0.85%
2019	6,073	6,073	-	637,701	0.95%
2018	9,888	9,888	-	641,120	1.54%
2017	13,527	13,527	-	647,223	2.09%
2016	40,881	40,881	-	658,317	6.21%
<b>Component Unit School Board (professional)</b>					
2025	\$ 1,664,138	\$ 1,664,138	\$ -	\$ 11,711,032	14.21%
2024	1,738,406	1,738,406	-	11,039,503	15.75%
2023	1,695,523	1,695,523	-	10,680,320	15.88%
2022	1,535,748	1,535,748	-	9,558,758	16.07%
2021	1,425,309	1,425,309	-	8,835,579	16.13%
2020	1,376,948	1,376,948	-	8,998,972	15.30%
2019	1,284,719	1,284,719	-	8,151,751	15.76%
2018	1,220,769	1,220,769	-	7,804,042	15.64%
2017	1,133,557	1,133,557	-	7,630,185	14.86%
2016	1,154,390	1,154,390	-	8,231,247	14.02%

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

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

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

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

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

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

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

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

Component Unit School Board - Professional Employees:

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

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability 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	0.01291% \$	144,066 \$	3,314,359	4.35%	73.41%
2023	0.01300%	155,911	3,062,075	5.09%	69.30%
2022	0.01180%	141,963	2,565,264	5.53%	67.21%
2021	0.01110%	128,768	2,283,839	5.64%	67.45%
2020	0.01160%	193,085	2,380,671	8.11%	52.64%
2019	0.01108%	180,301	2,171,165	8.30%	52.00%
2018	0.01112%	169,000	2,114,684	7.99%	51.22%
2017	0.01174%	176,000	2,165,063	8.13%	48.86%
Component Unit School Board (nonprofessional):					
2024	0.00328% \$	36,602 \$	841,162	4.35%	73.41%
2023	0.00303%	36,339	714,275	5.09%	69.30%
2022	0.00312%	37,568	677,712	5.54%	67.21%
2021	0.00330%	38,188	677,275	5.64%	67.45%
2020	0.00330%	55,572	685,240	8.11%	52.64%
2019	0.00331%	53,863	649,629	8.29%	52.00%
2018	0.00338%	51,000	642,832	7.93%	51.22%
2017	0.00351%	53,000	647,223	8.19%	48.86%
Component Unit School Board (professional):					
2024	0.04299% \$	479,735 \$	11,039,503	4.35%	73.41%
2023	0.04534%	543,769	10,680,320	5.09%	69.30%
2022	0.04395%	529,080	9,558,758	5.54%	67.21%
2021	0.04280%	498,308	8,836,872	5.64%	67.45%
2020	0.04370%	729,615	8,998,972	8.11%	52.64%
2019	0.04164%	677,593	8,162,286	8.30%	52.00%
2018	0.04104%	624,000	7,804,042	8.00%	51.22%
2017	0.04137%	622,000	7,630,185	8.15%	48.86%

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

County of Lunenburg, Virginia  
 Schedule of Employer Contributions  
 Group Life Insurance (GLI) Plan  
 For the Years Ended June 30, 2016 through June 30, 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2025	\$ 17,558	\$ 17,558	\$ -	\$ 3,735,718	0.47%
2024	17,898	17,898	-	3,314,359	0.54%
2023	16,535	16,535	-	3,062,075	0.54%
2022	13,852	13,852	-	2,565,264	0.54%
2021	12,333	12,333	-	2,283,839	0.54%
2020	12,379	12,379	-	2,380,671	0.52%
2019	11,290	11,290	-	2,171,165	0.52%
2018	10,996	10,996	-	2,114,684	0.52%
2017	11,258	11,258	-	2,165,063	0.52%
2016	10,445	10,445	-	2,176,040	0.48%
<b>Component Unit School Board (nonprofessional)</b>					
2025	\$ 4,037	\$ 4,037	\$ -	\$ 858,986	0.47%
2024	4,542	4,542	-	841,162	0.54%
2023	3,857	3,857	-	714,275	0.54%
2022	3,660	3,660	-	677,712	0.54%
2021	3,657	3,657	-	677,275	0.54%
2020	3,563	3,563	-	685,240	0.52%
2019	3,378	3,378	-	649,629	0.52%
2018	3,343	3,343	-	642,832	0.52%
2017	3,366	3,366	-	647,223	0.52%
2016	3,160	3,160	-	658,317	0.48%
<b>Component Unit School Board (professional)</b>					
2025	\$ 55,042	\$ 55,042	\$ -	\$ 11,711,032	0.47%
2024	59,613	59,613	-	11,039,503	0.54%
2023	57,674	57,674	-	10,680,320	0.54%
2022	51,617	51,617	-	9,558,758	0.54%
2021	47,719	47,719	-	8,836,872	0.54%
2020	46,795	46,795	-	8,998,972	0.52%
2019	42,444	42,444	-	8,162,286	0.52%
2018	40,581	40,581	-	7,804,042	0.52%
2017	39,677	39,677	-	7,630,185	0.52%
2016	39,510	39,510	-	8,231,247	0.48%

**County of Lunenburg, Virginia**  
**Notes to Required Supplementary Information**  
**Group Life Insurance (GLI) Plan**  
**For the Year Ended June 30, 2025**

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

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

**Teachers**

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

**Non-Largest Ten Locality Employers - General Employees**

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

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

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

County of Lunenburg, Virginia  
 Schedule of County 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	0.10304%	\$ 1,190,780	\$ 11,039,503	10.79%	21.82%
2023	0.10710%	1,297,549	10,680,320	12.15%	17.90%
2022	0.10256%	1,281,022	9,558,758	13.40%	15.08%
2021	0.09991%	1,282,414	8,835,579	14.51%	13.15%
2020	0.10265%	1,339,086	8,998,972	14.88%	9.95%
2019	0.09719%	1,272,312	8,151,751	15.61%	8.97%
2018	0.09650%	1,225,000	7,804,042	15.70%	8.08%
2017	0.09668%	1,226,000	7,630,185	16.07%	7.04%

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

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

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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	\$ 141,703	\$ 141,703	-	\$ 11,711,032	1.21%
2024	133,578	133,578	-	11,039,503	1.21%
2023	129,232	129,232	-	10,680,320	1.21%
2022	115,661	115,661	-	9,558,758	1.21%
2021	106,911	106,911	-	8,835,579	1.21%
2020	107,988	107,988	-	8,998,972	1.20%
2019	97,821	97,821	-	8,151,751	1.20%
2018	95,990	95,990	-	7,804,042	1.23%
2017	84,695	84,695	-	7,630,185	1.11%
2016	87,251	87,251	-	8,231,247	1.06%

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

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

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

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

## County of Lunenburg, Virginia

## Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios

## Health Insurance Credit (HIC) Plan

## Component Unit School Board (Nonprofessional)

## For the Measurement Dates of June 30, 2020 through June 30, 2024

	2024	2023	2022	2021	2020
<b>Total HIC OPEB Liability</b>					
Service cost	\$ 637	\$ 575	\$ 877	\$ 985	\$ -
Interest	4,394	7,554	6,777	6,109	-
Changes of benefit terms	-	-	-	-	90,502
Differences between expected and actual experience	(1,750)	(52,253)	(8,113)	1	-
Changes of assumptions	-	-	14,416	2,716	-
Benefit payments	(2,784)	(2,736)	(1,566)	-	-
<b>Net change in total HIC OPEB liability</b>	<b>\$ 497</b>	<b>\$ (46,860)</b>	<b>\$ 12,391</b>	<b>\$ 9,811</b>	<b>\$ 90,502</b>
<b>Total HIC OPEB Liability - beginning</b>	<b>65,844</b>	<b>112,704</b>	<b>100,313</b>	<b>90,502</b>	<b>-</b>
<b>Total HIC OPEB Liability - ending (a)</b>	<b>\$ 66,341</b>	<b>\$ 65,844</b>	<b>\$ 112,704</b>	<b>\$ 100,313</b>	<b>\$ 90,502</b>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 9,926	\$ 8,428	\$ 6,514	\$ 6,299	\$ -
Net investment income	2,213	982	(103)	866	-
Benefit payments	(2,784)	(2,736)	(1,566)	-	-
Administrator charges	(34)	(28)	(25)	(28)	-
<b>Net change in plan fiduciary net position</b>	<b>\$ 9,321</b>	<b>\$ 6,646</b>	<b>\$ 4,820</b>	<b>\$ 7,137</b>	<b>\$ -</b>
<b>Plan fiduciary net position - beginning</b>	<b>18,603</b>	<b>11,957</b>	<b>7,137</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 27,924</b>	<b>\$ 18,603</b>	<b>\$ 11,957</b>	<b>\$ 7,137</b>	<b>\$ -</b>
<b>School Board's net HIC OPEB liability - ending (a) - (b)</b>	<b>\$ 38,417</b>	<b>\$ 47,241</b>	<b>\$ 100,747</b>	<b>\$ 93,176</b>	<b>\$ 90,502</b>
<b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b>	<b>42.09%</b>	<b>28.25%</b>	<b>10.61%</b>	<b>7.11%</b>	<b>0.00%</b>
<b>Covered payroll</b>	<b>\$ 841,162</b>	<b>\$ 714,275</b>	<b>\$ 669,092</b>	<b>\$ 677,275</b>	<b>\$ -</b>
<b>School Board's net HIC OPEB liability as a percentage of covered payroll</b>	<b>4.57%</b>	<b>6.61%</b>	<b>15.06%</b>	<b>13.76%</b>	<b>0.00%</b>

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

**County of Lunenburg, Virginia  
 Schedule of Employer Contributions  
 Health Insurance Credit (HIC) Plan  
 For the Years Ended June 30, 2021 through June 30, 2025**

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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)
<b>Component Unit School Board (Nonprofessional)</b>					
2025	\$ 10,136	\$ 10,136	-	\$ 858,986	1.18%
2024	9,926	9,926	-	841,162	1.18%
2023	8,428	8,428	-	714,275	1.18%
2022	6,223	6,223	-	669,092	0.93%
2021	6,299	6,299	-	677,275	0.93%

Schedule is intended to show information for 10 years. 2021 was the initial year for the nonprofessional plan at Lunenburg School Board.

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

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

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

**Non-Largest Ten Locality Employers - General Employees**

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

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

	2025	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>								
Service cost	\$ 48,024	\$ 35,915	\$ 41,967	\$ 54,313	\$ 34,328	\$ 40,475	\$ 33,161	\$ 38,403
Interest	35,241	31,758	32,297	20,988	27,071	37,777	33,186	29,742
Changes in assumptions	(96,257)	(18,029)	2,686	(101,585)	97,990	93,623	171,569	(28,601)
Economic/Demographic Gains or Losses	201,995	-	(86,664)	-	(416,913)	-	(5,257)	-
Benefit payments	(40,735)	(29,618)	(23,378)	(18,165)	(13,338)	(26,784)	(20,037)	(22,589)
<b>Net change in total OPEB liability</b>	\$ 148,268	\$ 20,026	\$ (33,092)	\$ (44,449)	\$ (270,862)	\$ 145,091	\$ 212,622	\$ 16,955
<b>Total OPEB liability - beginning</b>	868,871	848,845	881,937	926,386	1,197,248	1,052,157	839,535	822,580
<b>Total OPEB liability - ending</b>	\$ 1,017,139	\$ 868,871	\$ 848,845	\$ 881,937	\$ 926,386	\$ 1,197,248	\$ 1,052,157	\$ 839,535
<b>Covered-employee payroll</b>	\$ 12,453,304	\$ 10,907,713	\$ 10,907,713	\$ 9,449,070	\$ 9,449,070	\$ 8,879,040	\$ 8,879,040	\$ 8,177,100
<b>School's total OPEB liability (asset) as a percentage of covered-employee payroll</b>	8.17%	7.97%	7.78%	9.33%	9.80%	13.48%	11.85%	10.27%

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

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

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Valuation Date: 1/1/2025  
 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
Discount Rate	5.20% as of June 30, 2025
Inflation	2.50% per year
Salary Increases Including Inflation	5.95% for 1 year of service, then grading to an ultimate rate of 3.50% for 20+ years
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.90% in 2025 and gradually declines to 3.90% by the year 2073

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*OTHER SUPPLEMENTARY INFORMATION*

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*COMBINING AND INDIVIDUAL FUND FINANCIAL  
STATEMENTS AND SCHEDULES*

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County of Lunenburg, Virginia  
 County Debt Service Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
Federal	\$ 143,000	\$ 143,000	\$ 142,999	\$ (1)
Total revenues	\$ 143,000	\$ 143,000	\$ 142,999	\$ (1)
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	\$ 721,525	\$ 1,236,525	\$ 770,478	\$ 466,047
Interest and other fiscal charges	404,475	404,475	355,220	49,255
Total expenditures	\$ 1,126,000	\$ 1,641,000	\$ 1,125,698	\$ 515,302
Excess (deficiency) of revenues over (under) expenditures	\$ (983,000)	\$ (1,498,000)	\$ (982,699)	\$ 515,301
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 983,000	\$ 1,498,000	\$ 982,699	\$ (515,301)
Total other financing sources (uses)	\$ 983,000	\$ 1,498,000	\$ 982,699	\$ (515,301)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 4,587	\$ 4,587
Total revenues	\$ -	\$ -	\$ 4,587	\$ 4,587
<b>EXPENDITURES</b>				
Current:				
Education	\$ 1,439,108	\$ 1,439,108	\$ 1,014,111	\$ 424,997
Total expenditures	\$ 1,439,108	\$ 1,439,108	\$ 1,014,111	\$ 424,997
Net change in fund balances	\$ (1,439,108)	\$ (1,439,108)	\$ (1,009,524)	\$ 429,584
Fund balances - beginning	1,439,108	1,439,108	1,190,641	(248,467)
Fund balances - ending	\$ -	\$ -	\$ 181,117	\$ 181,117

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

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	Custodial Funds		
	Special Welfare	Cell Tower Escrow	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,571	\$ 25,914	\$ 28,485
	<u>\$ 2,571</u>	<u>\$ 25,914</u>	<u>\$ 28,485</u>
<b>NET POSITION</b>			
Restricted:			
Individuals	\$ 2,571	\$ -	\$ 2,571
Others	-	25,914	25,914
Total net position	<u>\$ 2,571</u>	<u>\$ 25,914</u>	<u>\$ 28,485</u>

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

	<u>Custodial Funds</u>		
	<u>Special Welfare</u>	<u>Cell Tower Escrow</u>	<u>Total</u>
<b>Additions</b>			
Miscellaneous	\$ 7,824	\$ -	\$ 7,824
<b>Deductions</b>			
Recipient payments	\$ 7,461	\$ -	\$ 7,461
Net increase (decrease) in fiduciary net position	\$ 363	\$ -	\$ 363
Net position - beginning	\$ 2,208	\$ 25,914	\$ 28,122
Net position - ending	<u>\$ 2,571</u>	<u>\$ 25,914</u>	<u>\$ 28,485</u>

*DISCRETELY PRESENTED COMPONENT UNIT  
SCHOOL BOARD*

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

	<u>School Operating Fund</u>	<u>School Special Revenue Fund</u>	<u>School Activity Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 945,670	\$ 331,543	\$ 1,277,213
Receivables (net of allowance for uncollectibles):				
Accounts receivable	262,193	-	-	262,193
Due from primary government	394,338	-	-	394,338
Due from other governmental units	1,718,985	8,891	-	1,727,876
Prepaid items	86,961	-	-	86,961
Total assets	<u>\$ 2,462,477</u>	<u>\$ 954,561</u>	<u>\$ 331,543</u>	<u>\$ 3,748,581</u>
<b>LIABILITIES</b>				
Liabilities:				
Accounts payable	\$ 2,375,516	\$ 151,671	\$ -	\$ 2,527,187
Total liabilities	<u>\$ 2,375,516</u>	<u>\$ 151,671</u>	<u>\$ -</u>	<u>\$ 2,527,187</u>
<b>FUND BALANCES</b>				
Assigned	\$ 86,961	\$ 802,890	\$ 331,543	\$ 1,221,394
Total fund balances	<u>\$ 86,961</u>	<u>\$ 802,890</u>	<u>\$ 331,543</u>	<u>\$ 1,221,394</u>
Total liabilities and fund balances	<u>\$ 2,462,477</u>	<u>\$ 954,561</u>	<u>\$ 331,543</u>	<u>\$ 3,748,581</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:				
Total fund balances per above				\$ 1,221,394
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				
Capital assets, cost			\$ 29,374,067	
Accumulated depreciation			<u>(14,446,999)</u>	14,927,068
The net pension asset is not an available resource and, therefore, is not reported in the funds.				
				495,385
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.				
Pension related items			\$ 4,007,017	
OPEB related items			<u>634,423</u>	4,641,440
Long-term liabilities, including net OPEB obligation, are not due and payable in the current period and, therefore, are not reported in the funds.				
Net pension liability			\$ (9,675,114)	
Net OPEB liabilities			(2,762,673)	
Subscription liabilities			(10,559)	
Compensated absences			<u>(1,363,703)</u>	(13,812,049)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.				
Pension related items			\$ (2,065,321)	
OPEB related items			<u>(565,720)</u>	(2,631,041)
Net position of governmental activities				<u>\$ 4,842,197</u>

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

	School Operating Fund	School Special Revenue Fund	School Activity Fund	Total Governmental Funds
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ 9,729	\$ -	\$ 9,729
Charges for services	543,349	107,651	-	651,000
Miscellaneous	73,542	-	339,184	412,726
Intergovernmental:				
Local government	7,150,845	-	-	7,150,845
Commonwealth	19,450,049	201,490	-	19,651,539
Federal	3,069,309	1,248,534	-	4,317,843
Total revenues	\$ 30,287,094	\$ 1,567,404	\$ 339,184	\$ 32,193,682
<b>EXPENDITURES</b>				
Current:				
Education	\$ 30,210,692	\$ 1,588,587	\$ 301,634	\$ 32,100,913
Debt service:				
Principal retirement	7,975	-	-	7,975
Total expenditures	\$ 30,218,667	\$ 1,588,587	\$ 301,634	\$ 32,108,888
Excess (deficiency) of revenues over (under) expenditures	\$ 68,427	\$ (21,183)	\$ 37,550	\$ 84,794
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of leases	\$ 18,534	\$ -	\$ -	\$ 18,534
Total other financing sources (uses)	\$ 18,534	\$ -	\$ -	\$ 18,534
Net change in fund balances	\$ 86,961	\$ (21,183)	\$ 37,550	\$ 84,794
Fund balances - beginning	-	824,073	293,993	1,118,066
Fund balances - ending	\$ 86,961	\$ 802,890	\$ 331,543	\$ 1,202,860

Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:

Net change in fund balances above	\$ 84,794
-----------------------------------	-----------

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

Capital outlay	\$ 4,564,670	
Transfer of joint tenancy assets	574,946	
Depreciation expense	(1,466,212)	3,673,404

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal retirement on SBITAs	9,775
--------------------------------	-------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Change in Net OPEB obligation		
Change in pension related items	\$ 617,288	
Change in OPEB related items	106,212	
Change in compensated absences	251,294	974,794

Change in net position of governmental activities	\$ 4,740,967
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County of Lunenburg, Virginia  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2025

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	2,100	267,267	543,349	276,082
Miscellaneous	119,027	119,027	73,542	(45,485)
Intergovernmental:				
Local government	5,501,911	7,839,364	7,150,845	(688,519)
Commonwealth	19,004,008	19,383,785	19,450,049	66,264
Federal	1,574,064	3,615,498	3,069,309	(546,189)
Total revenues	<u>\$ 26,201,110</u>	<u>\$ 31,224,941</u>	<u>\$ 30,287,094</u>	<u>\$ (937,847)</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 26,201,110	\$ 31,224,941	\$ 30,210,692	\$ 1,014,249
Debt service:				
Principal retirement	-	-	7,975	(7,975)
Total expenditures	<u>\$ 26,201,110</u>	<u>\$ 31,224,941</u>	<u>\$ 30,218,667</u>	<u>\$ 1,006,274</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,427</u>	<u>\$ 68,427</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of leases	\$ -	\$ -	\$ 18,534	\$ 18,534
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,534</u>	<u>\$ 18,534</u>
Net change in fund balances	\$ -	\$ -	\$ 86,961	\$ 86,961
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,961</u>	<u>\$ 86,961</u>

Exhibit 33

School Special Revenue Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 62,088	\$ 62,088	\$ 9,729	\$ (52,359)
438,310	438,310	107,651	(330,659)
-	-	-	-
-	-	-	-
197,657	197,657	201,490	3,833
790,220	1,072,779	1,248,534	175,755
<u>\$ 1,488,275</u>	<u>\$ 1,770,834</u>	<u>\$ 1,567,404</u>	<u>\$ (203,430)</u>
\$ 1,423,275	\$ 1,770,834	\$ 1,588,587	\$ 182,247
-	-	-	-
<u>\$ 1,423,275</u>	<u>\$ 1,770,834</u>	<u>\$ 1,588,587</u>	<u>\$ 182,247</u>
\$ 65,000	\$ -	\$ (21,183)	\$ (21,183)
\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 65,000	\$ -	\$ (21,183)	\$ (21,183)
-	-	824,073	824,073
<u>\$ 65,000</u>	<u>\$ -</u>	<u>\$ 802,890</u>	<u>\$ 802,890</u>

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*DISCRETELY PRESENTED COMPONENT UNIT  
INDUSTRIAL DEVELOPMENT AUTHORITY*

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County of Lunenburg, Virginia  
Statement of Net Position  
Discretely Presented Component Unit - Industrial Development Authority  
June 30, 2025

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**ASSETS**

## Current assets:

Cash and cash equivalents	\$ 440,420
Inventory	80,000
Total current assets	<u>\$ 520,420</u>
Total assets	<u>\$ 520,420</u>

**NET POSITION**

Unrestricted	\$ 520,420
Total net position	<u><u>\$ 520,420</u></u>

County of Lunenburg, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Discretely Presented Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2025

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**OPERATING EXPENSES**

Other charges	\$ 31,534
Total operating expenses	<u>\$ 31,534</u>
Operating income (loss)	<u>\$ (31,534)</u>

**NONOPERATING REVENUES (EXPENSES)**

Interest income	\$ 12,136
Grants	(3,000)
Total nonoperating revenues (expenses)	<u>\$ 9,136</u>
Change in net position	\$ (22,398)

Net position - beginning	542,818
Net position - ending	<u><u>\$ 520,420</u></u>

County of Lunenburg, Virginia  
Statement of Cash Flows  
Discretely Presented Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2025

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Other receipts (payments)	\$ (31,534)
Net cash provided by (used for) operating activities	\$ (31,534)

**CASH FLOWS FROM NONCAPITAL FINANCING  
ACTIVITIES**

Grants	\$ (3,000)
Net cash provided by (used for) noncapital financing activities	\$ (3,000)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest income	\$ 12,136
Net cash provided by (used for) investing activities	\$ 12,136

Net increase (decrease) in cash and cash equivalents	\$ (22,398)
--	-------------

Cash and cash equivalents - beginning	462,818
Cash and cash equivalents - ending	\$ 440,420

**Reconciliation of operating income (loss) to net cash  
provided (used) by operating activities:**

Operating income (loss)	\$ (31,534)
Net cash provided (used) by operating activities	\$ (31,534)

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*SUPPORTING SCHEDULES*

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 4,055,000	\$ 4,055,000	\$ 3,749,915	\$ (305,085)
Real and personal public service corporation taxes	230,000	230,000	290,967	60,967
Personal property taxes	3,040,000	3,040,000	3,035,734	(4,266)
Mobile home taxes	22,000	22,000	19,989	(2,011)
Machinery and tools taxes	325,000	325,000	318,796	(6,204)
Merchant's capital taxes	100,000	100,000	106,170	6,170
Penalties	120,000	120,000	126,784	6,784
Interest	-	-	71,959	71,959
Total general property taxes	<u>\$ 7,892,000</u>	<u>\$ 7,892,000</u>	<u>\$ 7,720,314</u>	<u>\$ (171,686)</u>
Other local taxes:				
Local sales and use taxes	\$ 550,000	\$ 550,000	\$ 684,675	\$ 134,675
Utility taxes	180,000	180,000	181,962	1,962
Consumption tax	20,000	20,000	23,514	3,514
Motor vehicle licenses	217,000	217,000	223,473	6,473
Taxes on recordation and wills	71,000	71,000	139,310	68,310
Total other local taxes	<u>\$ 1,038,000</u>	<u>\$ 1,038,000</u>	<u>\$ 1,252,934</u>	<u>\$ 214,934</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 5,000	\$ 5,000	\$ 3,960	\$ (1,040)
Transfer fees	400	400	429	29
Permits and other licenses	62,000	62,000	115,280	53,280
Total permits, privilege fees, and regulatory licenses	<u>\$ 67,400</u>	<u>\$ 67,400</u>	<u>\$ 119,669</u>	<u>\$ 52,269</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 9,500	\$ 9,500	\$ 22,216	\$ 12,716
Total fines and forfeitures	<u>\$ 9,500</u>	<u>\$ 9,500</u>	<u>\$ 22,216</u>	<u>\$ 12,716</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 350,000	\$ 350,000	\$ 476,237	\$ 126,237
Revenue from use of property	31,700	31,700	32,733	1,033
Total revenue from use of money and property	<u>\$ 381,700</u>	<u>\$ 381,700</u>	<u>\$ 508,970</u>	<u>\$ 127,270</u>
Charges for services:				
Excess fees of clerk	\$ 7,000	\$ 7,000	\$ 8,745	\$ 1,745
Sheriff's fees	600	600	235	(365)
Courthouse security fees	14,000	14,000	23,891	9,891
Landfill fees	728,000	728,000	1,142,335	414,335
Charges for Commonwealth's Attorney	800	800	1,079	279
Charges for correction and detention	100	100	181	81
Document reproduction costs	1,500	1,500	2,135	635
Total charges for services	<u>\$ 752,000</u>	<u>\$ 752,000</u>	<u>\$ 1,178,601</u>	<u>\$ 426,601</u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 30,000	\$ 30,000	\$ 244,797	\$ 214,797
Opioid settlement	-	-	22,889	22,889
Total miscellaneous	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 267,686</u>	<u>\$ 237,686</u>
Recovered costs:				
Town of Victoria/Town of Kenbridge	\$ 5,000	\$ 5,000	\$ 14,668	\$ 9,668
Total recovered costs	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 14,668</u>	<u>\$ 9,668</u>
Total revenue from local sources	<u>\$ 10,175,600</u>	<u>\$ 10,175,600</u>	<u>\$ 11,085,058</u>	<u>\$ 909,458</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ 140,000	\$ 140,000	\$ 133,904	\$ (6,096)
Mobile home titling tax	32,000	32,000	40,842	8,842
Rolling stock tax	4,000	4,000	4,462	462
Personal property tax relief funds	1,048,200	1,048,200	1,048,232	32
Total noncategorical aid	<u>\$ 1,224,200</u>	<u>\$ 1,224,200</u>	<u>\$ 1,227,440</u>	<u>\$ 3,240</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 344,900	\$ 344,900	\$ 318,363	\$ (26,537)
Sheriff	996,000	996,000	992,806	(3,194)
Commissioner of revenue	135,300	135,300	135,660	360
Treasurer	138,600	138,600	133,403	(5,197)
Registrar/electoral board	70,000	70,000	72,779	2,779
Clerk of the Circuit Court	274,000	274,000	397,326	123,326
Total shared expenses	<u>\$ 1,958,800</u>	<u>\$ 1,958,800</u>	<u>\$ 2,050,337</u>	<u>\$ 91,537</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 550,000	\$ 550,000	\$ 566,901	\$ 16,901
Animal friendly plates	100	100	10	(90)
Auto rental	800	800	5,677	4,877
DMV ATV tax	1,500	1,500	1,736	236
Children's services act	877,000	877,000	792,380	(84,620)
School resource officer	171,500	171,500	93,188	(78,312)
Emergency medical services	12,000	12,000	12,863	863
Victim-witness grant	66,000	66,000	22,544	(43,456)
E-911 wireless	45,000	45,000	54,722	9,722
E-911 equipment grant	-	-	61,812	61,812
Selective enforcement grant	-	-	101,250	101,250

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Litter control	\$ 13,000	\$ 13,000	\$ 14,802	\$ 1,802
Fire programs fund	36,000	36,000	46,586	10,586
Total other categorical aid	<u>\$ 1,772,900</u>	<u>\$ 1,772,900</u>	<u>\$ 1,774,471</u>	<u>\$ 1,571</u>
Total categorical aid	<u>\$ 3,731,700</u>	<u>\$ 3,731,700</u>	<u>\$ 3,824,808</u>	<u>\$ 93,108</u>
Total revenue from the Commonwealth	<u>\$ 4,955,900</u>	<u>\$ 4,955,900</u>	<u>\$ 5,052,248</u>	<u>\$ 96,348</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 865,000	\$ 865,000	\$ 874,805	\$ 9,805
Victim witness grant	-	-	43,495	43,495
FEMA/Homeland Security grants	67,500	67,500	255,890	188,390
Radio system	-	-	4,812	4,812
American Rescue Plan Act	-	-	280,475	280,475
Transportation safety grant	-	-	10,578	10,578
Total categorical aid	<u>\$ 932,500</u>	<u>\$ 932,500</u>	<u>\$ 1,470,055</u>	<u>\$ 537,555</u>
Total revenue from the federal government	<u>\$ 932,500</u>	<u>\$ 932,500</u>	<u>\$ 1,470,055</u>	<u>\$ 537,555</u>
Total General Fund	<u>\$ 16,064,000</u>	<u>\$ 16,064,000</u>	<u>\$ 17,607,361</u>	<u>\$ 1,543,361</u>
<b>Special Revenue Fund:</b>				
<b>County Special Revenue Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ 52	\$ 52	\$ -
Revenue from the use of property	2,600	2,600	2,214	(386)
Total revenue from use of money and property	<u>\$ 2,600</u>	<u>\$ 2,652</u>	<u>\$ 2,266</u>	<u>\$ (386)</u>
Charges for services:				
Law Library	\$ 1,000	\$ 1,342	\$ 1,342	\$ -
Total charges for services	<u>\$ 1,000</u>	<u>\$ 1,342</u>	<u>\$ 1,342</u>	<u>\$ -</u>
Miscellaneous:				
Miscellaneous	\$ 6,000	\$ 6,000	\$ 1,525	\$ (4,475)
Solar siting	-	1,109,999	1,109,999	-
Total miscellaneous	<u>\$ 6,000</u>	<u>\$ 1,115,999</u>	<u>\$ 1,111,524</u>	<u>\$ (4,475)</u>
Total revenue from local sources	<u>\$ 9,600</u>	<u>\$ 1,119,993</u>	<u>\$ 1,115,132</u>	<u>\$ (4,861)</u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Special Revenue Fund: (Continued)</b>				
<b>County Special Revenue Fund: (Continued)</b>				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Aviation fees	\$ 2,700	\$ 2,700	\$ 3,135	\$ 435
Tobacco funds	-	-	154,350	154,350
Total categorical aid	<u>\$ 2,700</u>	<u>\$ 2,700</u>	<u>\$ 157,485</u>	<u>\$ 154,785</u>
Total revenue from the Commonwealth	<u>\$ 2,700</u>	<u>\$ 2,700</u>	<u>\$ 157,485</u>	<u>\$ 154,785</u>
Total County Special Revenue Fund	<u><u>\$ 12,300</u></u>	<u><u>\$ 1,122,693</u></u>	<u><u>\$ 1,272,617</u></u>	<u><u>\$ 149,924</u></u>
<b>Debt Service Fund:</b>				
<b>County Debt Service Fund:</b>				
Revenue from the federal government:				
Categorical aid:				
QZAB subsidy	\$ 143,000	\$ 143,000	\$ 142,999	\$ (1)
Total categorical aid	<u>\$ 143,000</u>	<u>\$ 143,000</u>	<u>\$ 142,999</u>	<u>\$ (1)</u>
Total revenue from the federal government	<u>\$ 143,000</u>	<u>\$ 143,000</u>	<u>\$ 142,999</u>	<u>\$ (1)</u>
Total County Debt Service Fund	<u><u>\$ 143,000</u></u>	<u><u>\$ 143,000</u></u>	<u><u>\$ 142,999</u></u>	<u><u>\$ (1)</u></u>
<b>Capital Projects Fund:</b>				
<b>County Capital Projects Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 4,587	\$ 4,587
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,587</u>	<u>\$ 4,587</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,587</u>	<u>\$ 4,587</u>
Total County Capital Projects Fund	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,587</u></u>	<u><u>\$ 4,587</u></u>
Total Primary Government	<u><u>\$ 16,219,300</u></u>	<u><u>\$ 17,329,693</u></u>	<u><u>\$ 19,027,564</u></u>	<u><u>\$ 1,697,871</u></u>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Charges for services:				
Charges for education	\$ 2,100	\$ 2,100	\$ 213,182	\$ 211,082
Mental health contract	-	265,167	330,167	65,000
Total charges for services	<u>\$ 2,100</u>	<u>\$ 267,267</u>	<u>\$ 543,349</u>	<u>\$ 276,082</u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 119,027	\$ 119,027	\$ 73,542	\$ (45,485)
Total miscellaneous	\$ 119,027	\$ 119,027	\$ 73,542	\$ (45,485)
Total revenue from local sources	\$ 121,127	\$ 386,294	\$ 616,891	\$ 230,597
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Lunenburg, Virginia	\$ 5,501,911	\$ 7,839,364	\$ 7,150,845	\$ (688,519)
Total revenues from local governments	\$ 5,501,911	\$ 7,839,364	\$ 7,150,845	\$ (688,519)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,192,105	\$ 2,192,105	\$ 2,282,493	\$ 90,388
Basic school aid	8,048,143	8,048,143	8,006,127	(42,016)
Remedial summer education	91,191	91,191	61,454	(29,737)
Supplemental lottery support for schools	-	-	488,933	488,933
Gifted and talented	69,016	69,016	69,020	4
Special education	1,037,430	1,037,430	1,037,486	56
Vocational education	616,762	616,762	619,525	2,763
School fringes	1,473,436	1,473,436	1,473,516	80
CTE school equipment	-	-	3,888	3,888
Early reading intervention	78,606	78,606	56,596	(22,010)
Homebound	20,564	20,564	10,087	(10,477)
Vocational education - equipment	7,614	7,614	5,047	(2,567)
Workplace readiness	-	-	633	633
School security grant	-	200,000	110,851	(89,149)
At risk payments	3,056,921	3,056,921	3,064,716	7,795
Technology funds	154,000	154,000	154,000	-
Vision screening	-	3,220	33,220	30,000
Primary class size	396,515	396,515	394,454	(2,061)
Standards of Learning algebra readiness	41,696	41,696	45,019	3,323
Mentor teacher program	1,953	1,953	523	(1,430)
Project graduation	4,036	4,036	4,036	-
English as a second language	209,968	209,968	311,790	101,822
CTE industry credentials	-	-	1,025	1,025
Infrastructure - Lottery	487,302	487,302	176,557	(310,745)
Grow your own teacher	-	-	7,500	7,500
Compensation supplement	330,170	330,170	333,013	2,843
State miscellaneous	686,580	863,137	698,540	(164,597)
Total categorical aid	\$ 19,004,008	\$ 19,383,785	\$ 19,450,049	\$ 66,264
Total revenue from the Commonwealth	\$ 19,004,008	\$ 19,383,785	\$ 19,450,049	\$ 66,264

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 682,456	\$ 682,456	\$ 708,139	\$ 25,683
Vocational education	45,019	45,019	48,503	3,484
Title V-Rural	97,133	97,133	53,409	(43,724)
Title IV part A	51,133	361,625	226,793	(134,832)
Title VIB	607,133	607,133	391,204	(215,929)
Title III esl	14,854	14,854	(2,604)	(17,458)
ESSER education stabilization	-	1,373,344	1,385,694	12,350
Disaster grant	-	-	(17,383)	(17,383)
Title II, part a-teacher quality	76,336	76,336	82,250	5,914
American Rescue Plan Act	-	-	101,562	101,562
Other federal grants	-	357,598	91,742	(265,856)
Total categorical aid	<u>\$ 1,574,064</u>	<u>\$ 3,615,498</u>	<u>\$ 3,069,309</u>	<u>\$ (546,189)</u>
Total revenue from the federal government	<u>\$ 1,574,064</u>	<u>\$ 3,615,498</u>	<u>\$ 3,069,309</u>	<u>\$ (546,189)</u>
Total School Operating Fund	<u><u>\$ 26,201,110</u></u>	<u><u>\$ 31,224,941</u></u>	<u><u>\$ 30,287,094</u></u>	<u><u>\$ (937,847)</u></u>
<b>School Special Revenue Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 62,088	\$ 62,088	\$ 9,729	\$ (52,359)
Total revenue from use of money and property	<u>\$ 62,088</u>	<u>\$ 62,088</u>	<u>\$ 9,729</u>	<u>\$ (52,359)</u>
Charges for services:				
Cafeteria sales	\$ 438,310	\$ 438,310	\$ 107,651	\$ (330,659)
Total charges for services	<u>\$ 438,310</u>	<u>\$ 438,310</u>	<u>\$ 107,651</u>	<u>\$ (330,659)</u>
Total revenue from local sources	<u>\$ 500,398</u>	<u>\$ 500,398</u>	<u>\$ 117,380</u>	<u>\$ (383,018)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 22,225	\$ 22,225	\$ 26,049	\$ 3,824
Textbook payment	175,432	175,432	175,441	9
Total categorical aid	<u>\$ 197,657</u>	<u>\$ 197,657</u>	<u>\$ 201,490</u>	<u>\$ 3,833</u>
Total revenue from the Commonwealth	<u>\$ 197,657</u>	<u>\$ 197,657</u>	<u>\$ 201,490</u>	<u>\$ 3,833</u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Special Revenue Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 790,220	\$ 950,220	\$ 1,125,975	\$ 175,755
Commodities	-	122,559	122,559	-
Total categorical aid	<u>\$ 790,220</u>	<u>\$ 1,072,779</u>	<u>\$ 1,248,534</u>	<u>\$ 175,755</u>
Total revenue from the federal government	<u>\$ 790,220</u>	<u>\$ 1,072,779</u>	<u>\$ 1,248,534</u>	<u>\$ 175,755</u>
Total School Special Revenue Fund	<u>\$ 1,488,275</u>	<u>\$ 1,770,834</u>	<u>\$ 1,567,404</u>	<u>\$ (203,430)</u>
<b>School Activity Fund:</b>				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 339,184	\$ 339,184
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339,184</u>	<u>\$ 339,184</u>
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339,184</u>	<u>\$ 339,184</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 27,689,385</u>	<u>\$ 32,995,775</u>	<u>\$ 32,193,682</u>	<u>\$ (802,093)</u>

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 55,000	\$ 55,000	\$ 52,828	\$ 2,172
Total legislative	<u>\$ 55,000</u>	<u>\$ 55,000</u>	<u>\$ 52,828</u>	<u>\$ 2,172</u>
General and financial administration:				
County administrator	\$ 345,750	\$ 345,750	\$ 344,410	\$ 1,340
Professional services	130,000	130,000	148,357	(18,357)
Commissioner of revenue	281,500	281,500	278,489	3,011
Treasurer	277,100	277,100	284,345	(7,245)
Other general and financial administration	190,000	190,000	207,890	(17,890)
Total general and financial administration	<u>\$ 1,224,350</u>	<u>\$ 1,224,350</u>	<u>\$ 1,263,491</u>	<u>\$ (39,141)</u>
Board of elections:				
Electoral board and officials	\$ 94,550	\$ 94,550	\$ 88,266	\$ 6,284
Registrar	172,400	172,400	166,913	5,487
Total board of elections	<u>\$ 266,950</u>	<u>\$ 266,950</u>	<u>\$ 255,179</u>	<u>\$ 11,771</u>
Total general government administration	<u>\$ 1,546,300</u>	<u>\$ 1,546,300</u>	<u>\$ 1,571,498</u>	<u>\$ (25,198)</u>
Judicial administration:				
Courts:				
Circuit court	\$ 12,000	\$ 12,000	\$ 2,870	\$ 9,130
General district court	2,600	2,600	2,826	(226)
Special Magistrates	1,550	1,550	1,526	24
Juvenile and domestic relations court	112,550	112,550	123,310	(10,760)
Victim witness	76,450	76,450	79,993	(3,543)
Courthouse security	19,800	19,800	21,494	(1,694)
Clerk of the circuit court	378,500	378,500	503,464	(124,964)
Total courts	<u>\$ 603,450</u>	<u>\$ 603,450</u>	<u>\$ 735,483</u>	<u>\$ (132,033)</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 409,000	\$ 409,000	\$ 374,611	\$ 34,389
Total commonwealth's attorney	<u>\$ 409,000</u>	<u>\$ 409,000</u>	<u>\$ 374,611</u>	<u>\$ 34,389</u>
Total judicial administration	<u>\$ 1,012,450</u>	<u>\$ 1,012,450</u>	<u>\$ 1,110,094</u>	<u>\$ (97,644)</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,252,000	\$ 2,247,000	\$ 2,224,884	\$ 22,116
Total law enforcement and traffic control	<u>\$ 2,252,000</u>	<u>\$ 2,247,000</u>	<u>\$ 2,224,884</u>	<u>\$ 22,116</u>
Fire and rescue services:				
Fire department	\$ 567,100	\$ 567,100	\$ 595,482	\$ (28,382)
Total fire and rescue services	<u>\$ 567,100</u>	<u>\$ 567,100</u>	<u>\$ 595,482</u>	<u>\$ (28,382)</u>
Correction and detention:				
Payments to Regional Jail	\$ 890,000	\$ 890,000	\$ 682,870	\$ 207,130
Total correction and detention	<u>\$ 890,000</u>	<u>\$ 890,000</u>	<u>\$ 682,870</u>	<u>\$ 207,130</u>

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Inspections:				
Building	\$ 116,700	\$ 116,700	\$ 116,396	\$ 304
Total inspections	<u>\$ 116,700</u>	<u>\$ 116,700</u>	<u>\$ 116,396</u>	<u>\$ 304</u>
Other protection:				
Animal control	\$ 165,630	\$ 165,630	\$ 166,789	\$ (1,159)
E-911	387,000	387,000	374,194	12,806
Medical examiner	200	200	1,990	(1,790)
Total other protection	<u>\$ 552,830</u>	<u>\$ 552,830</u>	<u>\$ 542,973</u>	<u>\$ 9,857</u>
Total public safety	<u>\$ 4,378,630</u>	<u>\$ 4,373,630</u>	<u>\$ 4,162,605</u>	<u>\$ 211,025</u>
Public works:				
Sanitation and waste removal:				
Refuse collection	\$ 355,000	\$ 395,000	\$ 341,421	\$ 53,579
Convenience sites	117,000	77,000	53,470	23,530
Total sanitation and waste removal	<u>\$ 472,000</u>	<u>\$ 472,000</u>	<u>\$ 394,891</u>	<u>\$ 77,109</u>
Maintenance of general buildings and grounds:				
General properties	\$ 274,000	\$ 274,000	\$ 278,394	\$ (4,394)
Total maintenance of general buildings and grounds	<u>\$ 274,000</u>	<u>\$ 274,000</u>	<u>\$ 278,394</u>	<u>\$ (4,394)</u>
Total public works	<u>\$ 746,000</u>	<u>\$ 746,000</u>	<u>\$ 673,285</u>	<u>\$ 72,715</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 88,000	\$ 88,000	\$ 84,035	\$ 3,965
Total health	<u>\$ 88,000</u>	<u>\$ 88,000</u>	<u>\$ 84,035</u>	<u>\$ 3,965</u>
Mental health and mental retardation:				
Crossroads Community Services Board	\$ 64,630	\$ 64,630	\$ 64,629	\$ 1
Madeline's house	7,000	7,000	7,000	-
Total mental health and mental retardation	<u>\$ 71,630</u>	<u>\$ 71,630</u>	<u>\$ 71,629</u>	<u>\$ 1</u>
Welfare:				
Public assistance and welfare administration	\$ 1,675,000	\$ 1,675,000	\$ 1,606,954	\$ 68,046
ARPA expenditures	677,000	154,747	275,000	(120,253)
Children's Services Act	1,090,000	1,158,000	998,343	159,657
Total welfare	<u>\$ 3,442,000</u>	<u>\$ 2,987,747</u>	<u>\$ 2,880,297</u>	<u>\$ 107,450</u>
Total health and welfare	<u>\$ 3,601,630</u>	<u>\$ 3,147,377</u>	<u>\$ 3,035,961</u>	<u>\$ 111,416</u>
Education:				
Other instructional costs:				
Contribution to County School Board	\$ 5,501,911	\$ 6,400,256	\$ 6,136,734	\$ 263,522
Total education	<u>\$ 5,501,911</u>	<u>\$ 6,400,256</u>	<u>\$ 6,136,734</u>	<u>\$ 263,522</u>

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Community development:				
Planning and community development:				
Planning and community development	\$ 362,080	\$ 362,080	\$ 348,619	\$ 13,461
Economic development	101,400	101,400	74,963	26,437
Contribution to IDA - tax incentives	50,000	50,000	-	50,000
Total planning and community development	<u>\$ 513,480</u>	<u>\$ 513,480</u>	<u>\$ 423,582</u>	<u>\$ 89,898</u>
Cooperative extension program:				
Extension office	\$ 61,700	\$ 61,700	\$ 38,153	\$ 23,547
Total cooperative extension program	<u>\$ 61,700</u>	<u>\$ 61,700</u>	<u>\$ 38,153</u>	<u>\$ 23,547</u>
Total community development	<u>\$ 575,180</u>	<u>\$ 575,180</u>	<u>\$ 461,735</u>	<u>\$ 113,445</u>
Capital projects:				
Capital improvements	\$ 485,000	\$ 485,000	\$ 429,397	\$ 55,603
Total capital projects	<u>\$ 485,000</u>	<u>\$ 485,000</u>	<u>\$ 429,397</u>	<u>\$ 55,603</u>
Total General Fund	<u><u>\$ 17,847,101</u></u>	<u><u>\$ 18,286,193</u></u>	<u><u>\$ 17,581,309</u></u>	<u><u>\$ 704,884</u></u>
<b>Special Revenue Fund:</b>				
<b>County Special Revenue Fund:</b>				
Judicial Administration:				
Courts:				
Law Library	\$ 1,000	\$ 1,642	\$ 1,642	\$ -
Total courts	<u>\$ 1,000</u>	<u>\$ 1,642</u>	<u>\$ 1,642</u>	<u>\$ -</u>
Total judicial administration	<u>\$ 1,000</u>	<u>\$ 1,642</u>	<u>\$ 1,642</u>	<u>\$ -</u>
Public Safety:				
Sheriff:				
Project lifesaver	\$ 1,000	\$ 1,500	\$ -	\$ 1,500
Asset forfeiture	-	7,771	2,771	5,000
Total Sheriff	<u>\$ 1,000</u>	<u>\$ 9,271</u>	<u>\$ 2,771</u>	<u>\$ 6,500</u>
Total public safety	<u>\$ 1,000</u>	<u>\$ 9,271</u>	<u>\$ 2,771</u>	<u>\$ 6,500</u>
Community Development:				
Airport	\$ 29,000	\$ 29,000	\$ 19,131	\$ 9,869
Solar	-	43,271	43,271	-
Economic development	-	2,400	50,602	(48,202)
Total community development	<u>\$ 29,000</u>	<u>\$ 74,671</u>	<u>\$ 113,004</u>	<u>\$ (38,333)</u>
Total County Special Revenue Fund	<u><u>\$ 31,000</u></u>	<u><u>\$ 85,584</u></u>	<u><u>\$ 117,417</u></u>	<u><u>\$ (31,833)</u></u>

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>County Debt Service Fund:</b>				
Debt service:				
Principal retirement	\$ 721,525	\$ 1,236,525	\$ 770,478	\$ 466,047
Interest and other fiscal charges	404,475	404,475	355,220	49,255
Total debt service	<u>\$ 1,126,000</u>	<u>\$ 1,641,000</u>	<u>\$ 1,125,698</u>	<u>\$ 515,302</u>
Total County Debt Service Fund	<u>\$ 1,126,000</u>	<u>\$ 1,641,000</u>	<u>\$ 1,125,698</u>	<u>\$ 515,302</u>
<b>Capital Projects Fund:</b>				
<b>County Capital Projects Fund:</b>				
Education:				
Other instructional costs:				
Contribution to County School Board	\$ 1,439,108	\$ 1,439,108	\$ 1,014,111	\$ 424,997
Total education	<u>\$ 1,439,108</u>	<u>\$ 1,439,108</u>	<u>\$ 1,014,111</u>	<u>\$ 424,997</u>
Total County Capital Projects Fund	<u>\$ 1,439,108</u>	<u>\$ 1,439,108</u>	<u>\$ 1,014,111</u>	<u>\$ 424,997</u>
Total Primary Government	<u>\$ 20,443,209</u>	<u>\$ 21,451,885</u>	<u>\$ 19,838,535</u>	<u>\$ 1,613,350</u>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Education:				
Instruction	\$ 19,447,002	\$ 22,249,623	\$ 20,809,598	\$ 1,440,025
Administration, health, and attendance	1,399,262	1,667,649	1,386,811	280,838
Pupil transportation	2,067,698	2,067,698	2,618,449	(550,751)
Operation and maintenance of school plant	3,287,148	5,239,971	5,395,834	(155,863)
Total education	<u>\$ 26,201,110</u>	<u>\$ 31,224,941</u>	<u>\$ 30,210,692</u>	<u>\$ 1,014,249</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 7,975	\$ (7,975)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,975</u>	<u>\$ (7,975)</u>
Total School Operating Fund	<u>\$ 26,201,110</u>	<u>\$ 31,224,941</u>	<u>\$ 30,218,667</u>	<u>\$ 1,006,274</u>
<b>School Special Revenue Fund:</b>				
Education:				
Textbooks purchased	\$ 237,520	\$ 237,520	\$ -	\$ 237,520
Administration of school food program	1,185,755	1,410,755	1,466,028	(55,273)
Commodities	-	122,559	122,559	-
Total school food services	<u>\$ 1,423,275</u>	<u>\$ 1,770,834</u>	<u>\$ 1,588,587</u>	<u>\$ 182,247</u>
Total education	<u>\$ 1,423,275</u>	<u>\$ 1,770,834</u>	<u>\$ 1,588,587</u>	<u>\$ 182,247</u>
Total School Special Revenue Fund	<u>\$ 1,423,275</u>	<u>\$ 1,770,834</u>	<u>\$ 1,588,587</u>	<u>\$ 182,247</u>
<b>School Activity Fund:</b>				
Education:				
Elementary and secondary schools	\$ -	\$ -	\$ 301,634	\$ (301,634)
Total education	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 301,634</u>	<u>\$ (301,634)</u>
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 301,634</u>	<u>\$ (301,634)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 27,624,385</u>	<u>\$ 32,995,775</u>	<u>\$ 32,108,888</u>	<u>\$ 886,887</u>

*OTHER STATISTICAL INFORMATION*

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare
2016	\$ 1,050,276	\$ 875,310	\$ 2,337,300	\$ 398,893	\$ 2,334,804
2017	1,063,344	932,939	2,290,208	418,352	2,447,789
2018	2,156,747	962,327	2,228,083	502,266	2,301,659
2019	1,076,899	948,303	2,411,413	426,234	2,319,268
2020	1,232,908	1,060,553	2,271,937	591,624	2,562,332
2021	1,506,045	1,102,671	2,867,748	512,211	3,728,150
2022	1,210,624	1,041,409	2,564,917	585,049	3,480,212
2023	1,380,428	1,160,149	2,577,432	615,073	3,659,731
2024	1,865,506	1,196,984	3,539,666	682,589	3,205,087
2025	1,636,328	1,321,365	4,763,643	645,963	3,046,613

Table 1

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Education	Parks, Recreation, and Cultural	Community Development	Interest on Long- Term Debt	Total
\$ 3,807,852	\$ -	\$ 614,157	\$ 505,103	\$ 11,923,695
4,012,355	-	517,514	419,389	12,101,890
3,941,309	-	483,415	407,364	12,983,170
4,638,256	-	444,798	378,674	12,643,845
4,401,518	-	403,166	349,873	12,873,911
4,005,259	-	1,342,493	368,463	15,433,040
5,202,215	-	1,057,032	555,785	15,697,243
6,434,098	-	777,335	355,013	16,959,259
4,857,655	-	900,277	286,918	16,534,682
7,901,323	-	633,935	271,642	20,220,812

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

PROGRAM REVENUES					
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
2016	\$ 336,993	\$ 3,504,970	\$ 161,250		
2017	324,967	3,503,832	418,367		
2018	307,852	3,661,994	149,463		
2019	396,717	3,939,207	240,775		
2020	461,715	4,042,459	68,883		
2021	745,794	5,595,086	978,575		
2022	629,345	4,934,876	157,662		
2023	730,633	5,595,825	1,783,338		
2024	969,496	6,435,155	356,873		
2025	1,321,828	5,118,483	476,864		

Table 2

GENERAL REVENUES					
General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total
\$ 5,707,134	\$ 889,055	\$ 77,496	\$ 229,326	\$ 1,292,264	\$ 12,198,488
5,905,263	920,475	73,420	837,687	1,281,236	13,265,247
6,439,308	972,692	688,340	84,637	1,287,127	13,591,413
6,612,170	955,967	102,420	93,241	1,261,796	13,602,293
6,538,921	1,035,657	100,749	209,547	1,259,543	13,717,474
6,898,034	1,087,072	69,951	202,556	1,240,972	16,818,040
7,304,257	1,124,699	37,096	141,092	1,276,693	15,605,720
7,556,288	1,163,983	192,522	1,425,770	1,227,711	19,676,070
7,394,611	1,220,681	473,003	1,346,403	1,238,393	19,434,615
7,637,628	1,252,934	515,823	1,370,392	1,227,440	18,921,392

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare
2016	\$ 946,751	\$ 666,682	\$ 2,200,354	\$ 368,027	\$ 2,334,705
2017	1,068,627	712,532	2,157,440	360,273	2,448,474
2018	1,235,277	752,221	1,993,502	375,851	2,270,648
2019	1,142,067	767,122	2,290,405	415,632	2,388,743
2020	1,162,040	814,230	2,111,555	554,063	2,527,219
2021	1,405,695	814,438	2,699,637	468,282	3,660,671
2022	1,290,848	871,489	2,436,635	553,545	3,492,561
2023	1,400,819	1,027,624	2,846,213	577,559	3,756,833
2024	1,921,803	1,064,241	3,726,134	654,090	3,327,681
2025	1,571,498	1,111,736	4,165,376	673,285	3,035,961

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

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

(3) Excludes Capital Projects.

Table 3

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Education (2)	Parks, Recreation, and Cultural	Community Development	Non- departmental	Debt Service	Total
\$ 16,629,670	\$ -	\$ 543,693	\$ 83,178	\$ 1,507,380	\$ 25,280,440
16,536,158	-	557,471	-	7,474,387	31,315,362
16,498,640	-	407,147	-	1,493,771	25,027,057
18,076,180	-	441,932	-	1,590,076	27,112,157
18,318,508	-	397,417	-	1,588,901	27,473,933
20,575,462	-	1,484,815	-	3,378,812	34,487,812
24,754,503	-	1,056,148	-	1,807,937	36,263,666
26,112,754	-	781,126	-	1,650,064	38,152,992
26,939,500	-	1,883,259	-	2,153,634	41,670,342
32,100,913	-	574,739	-	1,133,673	44,367,181

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property
2016	\$ 5,817,193	\$ 889,055	\$ 38,829	\$ 35,890	\$ 78,041
2017	5,866,563	920,475	33,376	23,544	73,734
2018	6,423,501	972,692	43,207	31,517	688,340
2019	6,522,172	955,967	35,763	30,127	102,861
2020	6,636,936	1,035,657	42,755	34,353	101,142
2021	6,953,895	1,087,072	50,876	9,493	70,156
2022	7,173,747	1,124,699	46,144	7,118	39,297
2023	7,542,628	1,163,983	52,302	9,742	83,985
2024	7,397,409	1,220,681	122,101	29,214	500,290
2025	7,720,314	1,252,934	119,669	22,216	520,965

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

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

(3) Excludes Capital Projects.

Table 4

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Charges for Services	Miscellaneous	Recovered Costs	Inter- governmental (2)	Total
\$ 720,215	\$ 159,003	\$ 25,422	\$ 17,816,366	\$ 25,580,014
600,100	67,446	10,938	18,786,580	26,382,756
233,128	84,637	13,234	18,245,322	26,735,578
648,692	98,526	14,334	18,856,576	27,265,018
463,323	344,783	6,334	19,480,425	28,145,708
698,507	394,540	3,489	24,786,738	34,054,766
630,843	539,424	4,683	27,280,837	36,846,792
761,797	2,299,904	-	27,705,982	39,620,323
1,385,843	1,654,913	14,668	29,589,920	41,915,039
1,830,943	1,791,936	14,668	30,792,169	44,065,814

Table 5

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

Fiscal Year	Total Tax Levy (1,3)		Current Tax Collections (1,3)	Percent of Levy Collected	Delinquent Tax Collections (1)		Total Tax Collections	Percent of Total Tax Collections to Tax Levy		Outstanding Delinquent Taxes (1,2)		Percent of Delinquent Taxes to Tax Levy	
	Levy (1,3)	\$			Delinquent Tax Collections (1)	Total Tax Collections		Total Tax Collections	to Tax Levy	Delinquent Taxes (1,2)	Delinquent Taxes to Tax Levy		
2016	\$	6,893,418	\$	6,591,800	95.62%	\$	160,893	\$	6,752,693	97.96%	\$	707,642	10.27%
2017		7,163,096		6,647,523	92.80%		155,534		6,803,057	94.97%		709,773	9.91%
2018		7,366,833		7,244,020	98.33%		123,350		7,367,370	100.01%		810,547	11.00%
2019		7,870,661		7,310,686	92.89%		132,873		7,443,559	94.57%		988,086	12.55%
2020		7,518,750		7,426,653	98.78%		142,198		7,568,851	100.67%		1,001,447	13.32%
2021		8,253,060		7,635,233	92.51%		242,052		7,877,285	95.45%		1,096,493	13.29%
2022		8,464,838		7,961,505	94.05%		130,868		8,092,373	95.60%		930,679	10.99%
2023		8,650,711		8,200,063	94.79%		239,561		8,439,624	97.56%		1,140,250	13.18%
2024		8,835,323		8,128,555	92.00%		170,193		8,298,748	93.93%		1,092,882	12.37%
2025		9,003,588		8,394,501	93.24%		175,304		8,569,805	95.18%		601,047	6.68%

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years and first half of current tax year.

(3) Includes Personal Property Tax Relief

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital	Public Utility (2)			Total
					Real Estate	Personal Property	Personal Property	
2016	\$ 861,620,018	\$ 89,727,790	\$ 17,533,857	\$ 6,278,956	\$ 51,634,069	\$ -	\$ -	\$ 1,026,794,690
2017	867,269,213	93,655,515	18,147,479	7,065,135	64,693,176	-	-	1,050,830,518
2018	923,664,589	94,411,146	18,608,383	7,349,197	66,483,626	-	-	1,110,516,941
2019	926,276,345	95,192,444	18,453,932	7,481,209	76,190,981	-	-	1,123,594,911
2020	935,399,374	94,305,337	13,984,362	6,724,995	74,737,487	-	-	1,125,151,555
2021	940,857,213	110,037,719	19,603,747	8,241,430	74,805,404	-	-	1,153,545,513
2022	948,563,674	121,069,063	15,470,890	8,783,475	68,685,904	-	-	1,162,573,006
2023	960,443,024	126,446,772	15,171,264	11,983,821	63,238,557	-	-	1,177,283,438
2024	1,216,301,600	118,398,565	15,820,959	12,413,607	54,299,967	-	-	1,417,234,698
2025	1,230,646,100	123,648,837	15,923,030	6,047,105	52,756,446	-	-	1,429,021,518

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

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

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital
2016	\$ 0.38	\$ 3.60	\$ 1.80	\$ 1.20
2017	0.38	3.60	1.80	1.20
2018	0.38	3.60	1.80	1.20
2019	0.38	3.80	1.80	1.20
2020	0.38	3.80	1.80	1.20
2021	0.38	3.80	1.80	1.20
2022	0.38	3.80	1.80	1.20
2023	0.38	3.80	1.80	1.20
2024	0.33	3.80	1.80	1.20
2025	0.33	3.80	1.80	1.20

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of	
					Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2016	12,914	\$ 1,026,794,690	\$ 8,479,327	\$ 8,479,327	0.83%	\$ 657
2017	12,914	1,050,830,518	8,125,025	8,125,025	0.77%	629
2018	12,914	1,110,516,941	7,497,016	7,497,016	0.68%	581
2019	12,914	1,123,594,911	6,758,107	6,758,107	0.60%	523
2020	12,914	1,125,151,555	5,999,885	5,999,885	0.53%	465
2021	11,936	1,153,545,513	5,025,914	5,025,914	0.44%	421
2022	11,936	1,162,573,006	4,283,737	4,283,737	0.37%	359
2023	11,936	1,177,283,438	3,576,872	3,576,872	0.30%	300
2024	11,936	1,417,234,698	2,845,713	2,845,713	0.20%	238
2025	11,936	1,429,021,518	2,095,235	2,095,235	0.15%	176

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

(2) From Table 6.

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

*COMPLIANCE*

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

**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***

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**To the Honorable Members of the Board of Supervisors  
County of Lunenburg  
Lunenburg, 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 Lunenburg Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise County of Lunenburg, Virginia's basic financial statements, and have issued our report thereon dated November 26, 2025.

**Report on Internal Control over Financial Reporting**

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

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

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

## Report on Compliance and Other Matters

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

### Purpose of This Report

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

*Robinson, Farmer, Cox Associates*

Richmond, Virginia  
November 26, 2025



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

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of County of Lunenburg, 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 Lunenburg, 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 Lunenburg, 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 Lunenburg, 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 Lunenburg, 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 Lunenburg, 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 Lunenburg, 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 Lunenburg, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

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

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

## Report on Internal Control over Compliance (Continued)

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

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

*Robinson, Farmer, Cox Associates*

Richmond, Virginia  
November 26, 2025

County of Lunenburg, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2025

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures Passed Through to Subrecipients
Department of Health and Human Services:				
Pass Through Payments:				
Department of Education:				
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Pubic Health Crisis Response	93.354	NU90TP922153	\$ (17,382)	\$ -
Department of Social Services:				
Temporary Assistance for Needy Families	93.558	0400124/0400125	122,795	-
Guardianship Assistance	93.090	1110124/1110125	155	-
Title IV-E Prevention Services	93.472	1140124/1140125	3,556	-
		0950123/0950124/ 0980120	7,779	-
MaryLee Allen Promoting Safe and Stable Families Program Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.556	0500125	413	-
Low Income Home Energy Assistance	93.568	0600424/0600425	25,383	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760124/0760125	24,934	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900123/0900124	411	-
Foster Care - Title IV-E	93.658	1100124/1100125	57,020	-
Adoption Assistance	93.659	1120124/1120125	140,377	-
Social Services Block Grant	93.667	1000124/1000125	108,245	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150123/9150124	964	-
Children's Health Insurance Program	93.767	0540124/0540125	2,201	-
Medical Assistance Program (Medicaid Cluster)	93.778	1200124/1200125	174,781	-
Total Department of Health and Human Services			\$ 651,632	\$ -
Department of Homeland Security:				
Pass Through Payments:				
Department of Emergency Services:				
Homeland Security Grant Program	97.067	SHSP20229916/ SHSP20239919	\$ 248,949	\$ -
Emergency Management Performance Grants	97.042	EMPG202399	11,752	-
Total Department of Homeland Security			\$ 260,701	\$ -
Department of Agriculture:				
Direct Payments:				
Distance Learning and Telemedicine Grants	10.855	N/A	\$ 91,742	\$ -
Pass Through Payments:				
Department of Education:				
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	25N11994	\$ 8,891	\$ -
Department of Agriculture:				
Food Distribution (Child Nutrition Cluster)	10.555	Not available	\$ 122,559	\$ -
Department of Education:				
National School Lunch Program (Child Nutrition Cluster) Total FALN# 10.555	10.555	24N11994/25N10994/ 25N1194	777,983	-
			\$ 900,542	\$ -
Department of Education:				
School Breakfast Program (Child Nutrition Cluster) Total FALN# 10.553	10.553	24N11994/25N10994/ 25N1194	\$ 336,695	\$ -
			\$ 336,695	\$ -
Total Child Nutrition Cluster			\$ 1,246,128	\$ -
Department of Education:				
Child and Adult Care Food Program	10.558	25N11994	\$ 2,405	\$ -
Pass Through Payments:				
Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010124/0010125/ 0040124/0040125	\$ 205,791	\$ -
Total Department of Agriculture			\$ 1,546,066	\$ -

County of Lunenburg, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2025

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures Passed Through to Subrecipients
Department of the Treasury:				
Direct payments:				
Department of Accounts:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 275,000	\$ -
Pass Through payments:				
Virginia Department of Elections:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Elections	21.027	Not available	5,475	-
Virginia Department of Education:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Schools	21.027	Not available	64,792	-
Total FALN# 21.027			\$ 345,267	\$ -
Total Department of Treasury			\$ 345,267	\$ -
Department of Justice:				
Pass Through Payments:				
Department of Criminal Justice Service:				
Crime Victim Assistance	16.575	25-01465VW22/ 01465VW20	\$ 43,495	\$ -
Total Department of Justice			\$ 43,495	\$ -
Department of Transportation:				
Pass Through Payments:				
Department of Motor Vehicles:				
State and Community Highway Safety (Highway Safety Cluster)	20.600	24-54323	\$ 10,578	\$ -
Total Department of Transportation			\$ 10,578	\$ -
Department of Education:				
Pass Through Payments:				
Department of Education:				
Title I Grants to Local Educational Agencies	84.010	S010A220046/ S010A230046	\$ 708,139	\$ -
Special Education Grants to States (Special Education Cluster)	84.027	H027A230107	391,204	-
Career and Technical Education - Basic Grants to States	84.048	V048A230046/ V048A240046	48,503	-
Supporting Effective Instruction State Grants	84.367	S367A230044	82,250	-
Rural Education	84.358	S358B230046/ S358B240046	53,409	-
English Language Acquisition Grants	84.365	S365A220046	(2,604)	-
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	S425U210008	1,385,694	-
College of William and Mary:				
American Rescue Plan - Elementary and Secondary School Emergency Relief Homeless Children and Youth	84.425W	S425W210048	36,771	-
Total FALN# 84.425			\$ 1,422,465	\$ -
Student Support and Academic Enrichment Program	84.424	S424F220048	226,793	-
Total Department of Education			\$ 2,930,159	\$ -
Total Expenditures of Federal Awards			\$ 5,787,898	\$ -

See accompanying notes to schedule of expenditures of federal awards.

County of Lunenburg, Virginia

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

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Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Lunenburg, 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 Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Lunenburg, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Lunenburg, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

The value of federal awards expended in the form of noncash assistance for food commodities is reported in the schedule.

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 1,470,055
County Debt Service Fund	142,999
Total primary government	\$ <u>1,613,054</u>

Component Unit School Board:

School Operating Fund	\$ 3,069,309
School Special Revenue Fund	1,248,534
Total component unit school board	\$ <u>4,317,843</u>

Total federal expenditures per basic financial statements \$ 5,930,897

BAB's subsidy \$ (142,999)

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 5,787,898

Note 5 - De Minimis Cost Rate

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

Note 6 - Loan Balances

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

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

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**Section I-Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes  no

Significant deficiency(ies) identified? \_\_\_\_\_ yes  none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes  no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ yes  no

Significant deficiency(ies) identified? \_\_\_\_\_ yes  none reported

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

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

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
84.425	Education Stabilization Fund

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

Auditee qualified as low-risk auditee?  yes \_\_\_\_\_ no

**County of Lunenburg, Virginia  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2025**

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**Section II-Financial Statement Findings**

None

**Section III-Federal Award Findings and Questioned Costs**

None

**Section IV-Status of Prior Audit Findings**

There were no prior year audit findings.